

PALOMAR
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**BOARD OF DIRECTORS
AGENDA PACKET**

February 11, 2008

*The mission of Palomar Pomerado Health
is to heal, comfort and promote health
in the communities we serve.*

A California Health Care District (Public Entity)

**PALOMAR POMERADO HEALTH
BOARD OF DIRECTORS**

Bruce G. Krider, MA, Chairman
Marcelo R. Rivera, MD, Vice Chairman
Linda Bailey, Secretary
T. E. Kleiter, Treasurer
Nancy L. Bassett, RN, MBA
Linda C. Greer, RN
Alan W. Larson, MD

Michael H. Covert, President and CEO

*Regular meetings of the Board of Directors are usually held on the second Monday
of each month at 6:30 p.m., unless indicated otherwise
For an agenda, locations or further information
call (858) 675-5106, or visit our website at www.pph.org*

MISSION STATEMENT

***The Mission of Palomar Pomerado Health is to:
Heal, Comfort, Promote Health in the Communities we Serve***

VISION STATEMENT

***Palomar Pomerado Health will 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***

CORE VALUES

Integrity

To be honest and ethical in all we do, regardless of consequences

Innovation and Creativity

To courageously seek and accept new challenges, take risks, and envision new and endless possibilities

Teamwork

To work together toward a common goal, while valuing our difference

Excellence

To continuously strive to meet the highest standards and to surpass all customer expectations

Compassion

*To treat our patients and their families with dignity, respect and empathy at all times and
to be considerate and respectful to colleagues*

Stewardship

To inspire commitment, accountability and a sense of common ownership by all individuals

Affiliated Entities

Escondido Surgery Center * Palomar Medical Center * Palomar Medical Auxiliary & Gift Shop * Palomar Continuing Care Center *
Palomar Pomerado Health Foundation * Palomar Pomerado Home Care * Pomerado Hospital * Pomerado Hospital Auxiliary & Gift Shop *
San Marcos Ambulatory Care Center * Ramona Radiology Center * VRC Gateway & Parkway Radiology Center * Villa Pomerado
• Palomar Pomerado Health Concern* Palomar Pomerado Health Source*Palomar Pomerado North County Health Development, Inc.*
• North San Diego County Health Facilities Financing Authority*

**PALOMAR POMERADO HEALTH
BOARD OF DIRECTORS
REGULAR MEETING AGENDA**

Monday, February 11, 2008

Commences 6:30 p.m.

**Palomar Medical Center
Graybill Auditorium
555 East Valley Parkway
Escondido, California**

Mission and Vision

"The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve."

"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."

	<u>Time</u>	<u>Page</u>
I. CALL TO ORDER		
II. OPENING CEREMONY	2 min	
A. Pledge of Allegiance		
III. PUBLIC COMMENTS	5	
<i>(5 mins allowed per speaker with cumulative total of 15 min per group – for further details & policy see Request for Public Comment notices available in meeting room).</i>		
IV. * MINUTES	5	
Regular Board Meeting – January 14, 2008 <i>(separate cover)</i>		
Special Board Meeting – November 1, 2007 <i>(separate cover)</i>		
V. * APPROVAL OF AGENDA to accept the Consent Items as listed	5	1-252
A. Consolidated Financial Statements		
B. Revolving Fund Transfers/Disbursements – December 2007		
1. Accounts Payable Invoices	\$35,363,877.00	
2. Net Payroll	<u>11,725,801.00</u>	
Total	<u>\$47,089,678.00</u>	
C. Ratification of Paid Bills		
D. December 2007 & YTD FY2008 Financial Report		

"In observance of the ADA (Americans with Disabilities Act), please notify us at 858-675-5106, 48 hours prior to the meeting so that we may provide reasonable accommodations"

*Asterisks indicate anticipated action;
Action is not limited to those designated items.*

- E. Independent Citizens' Oversight Committee – December 18, 2007 Minutes
- F. Independent Citizens' Oversight Committee – Annual Report of ICOC for District Fiscal Year 2006-2007
- G. Revised Board Policy for Annual Adoption of Statement of Investment as drafted
- H. Clinical Director Services Agreement with Jason Keri, M.D., for the Pomerado Gero-Psychiatric Unit (2 year agreement Jan 1, 2008 – Dec 31, 2010)
- I. Administrative Services Agreements for the Medical Staff Officers, Department Chairs and QMC Chair at PMC – Terms from Jan 1, 2008 – Dec 31, 2008
- J. Board Policies GOV-18; GOV-24; GOV-25; GOV-26; QLT-03; FIN-12 via Governance Committee February 1, 2008

VI. PRESENTATIONS -

- A. Environment of Care Annual Summary Report FY 2007 15
 - Kevin G. Matsukado, CSE, MAED, System Director, Safety & Security

VII. REPORTS

- A. Medical Staffs 10
 - * 1. Palomar Medical Center – John J. Lilley, M.D.
 - a. Credentialing/Reappointments 253-260
 - * 2. Pomerado Hospital – Benjamin Kanter, M.D.
 - a. Credentialing/Reappointments 261
- B. Administrative
 - 1. Chairman of Palomar Pomerado Health Foundation – Al Stehly 5
 - a. Update on PPHF Activities Verbal Report
 - 2. Chairman of the Board – Bruce G. Krider, M.A. 10
 - * a. Annual Election of Directors of Palomar Pomerado North County Health Development, Inc. for Calendar Year 2008 262
 - 3. President and CEO – Michael H. Covert, FACHE 10
 - a. City of Escondido Recognition of Ms Tina Pope for Outstanding Voluntary Service to Escondido
 - b. CAO Pomerado Hospital Candidate Selection Verbal Report

*Asterisks indicate anticipated action;
Action is not limited to those designated items.*

VIII. INFORMATION ITEMS (Discussion by exception only) 263-313

A. 2008 Meeting Schedule	Quality Review
B. Annual Review of Quality Review Committee Bylaws	Quality Review
C. Recruitment in General	Human Resources
D. Tuition/Scholarships Relationship to Retention	Human Resources
E. Hiring of Military Corpsmen	Human Resources
F. Smoke Free Environment	Human Resources
G. Hospital/Physician Information Technology Outreach	Strategic Planning
H. 2008 Meeting Schedule	Strategic Planning
I. Annual Review of Board Strategic Planning Committee Bylaws and Strategic Planning Committee Board Member Position Description	Strategic Planning
J. 2008 Meeting Schedule	Governance
K. Annual Review of Governance Committee Board Member Position Description	Governance
L. Public Requests for Information	Governance
M. Review of the Ralph M. Brown Act	Governance
N. Number of Board Members on Board Standing Committees	Governance
O. Committee Motions – <i>Voting Specifics</i>	Governance
P. Calling Special Board Meetings – <i>per Bylaws</i>	Governance
Q. 2008 Board Education	Governance
R. Legislative/Governmental Relations Update	Governance
S. PPH Intranet/Board Specific Overview	Governance
T. PPH “Community Service” Brochure Review	Governance
U. Annual Board Self-Evaluation Format	Governance
V. Annual CEO Evaluation Format	Governance
W. Round Table & Meeting Assessment	Governance
X. Board Policy – Expenditure & Requisition Approval Authority	Finance
Y. Annual Review of Board Finance Committee Bylaws	Finance
Z. 2008 Board Finance Committee Meeting Dates	Finance

IX. COMMITTEE REPORTS -

A. <u>Human Resources Committee</u> – Director Bassett, RN, MBA, Chair	10
* 1. Approval: Pension Plan Amendments, as submitted	314 -322
* 2. Approval: 415(m) Trust Alternatives (amendment to trust agreement established by PPH with Fidelity Management Trust Company (Fidelity))	323 - 324
B. <u>Governance Committee</u> – Linda C. Greer, RN, Chair	10
* 1. Approval: Annual Review of Governance Cttee Bylaws (amendments)	325 - 326
* 2. Approval: Governance Committee Charter (responsibilities)	327 - 329
* 3. Approval: Compliance Reporting to Audit/Audit Committee Name Change	330

*Asterisks indicate anticipated action;
Action is not limited to those designated items.*

- * 4. Approval: Board Member Position Descriptions – Board Officers 331 - 336
- * 5. Approval: Finance Committee Board Member Position Description (amendments) 337 - 338

B. Finance Committee – Director T. E. Kleiter, Chair 5

- * 1. Resolution No. 02.11.08 (01) – 01 Designation of Subordinate Officers of the District 339 - 340

C. Other Board Committee Chair Comments (standing item) 10

X. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH


XI. ADJOURNMENT

*Asterisks indicate anticipated action;
Action is not limited to those designated items.*

**PALOMAR POMERADO HEALTH
CONSOLIDATED DISBURSEMENTS
FOR THE MONTH OF
DECEMBER 2007**

12/01/07	TO	12/31/07	ACCOUNTS PAYABLE INVOICES	\$35,363,877.00
12/14/07	TO	12/28/07	NET PAYROLL	<u>\$11,725,801.00</u>
				\$47,089,678.00

I hereby state that this is an accurate and total listing of all accounts payable, patient refund and payroll fund disbursements by date and type since the last approval.



CHIEF FINANCIAL OFFICER

APPROVAL OF REVOLVING, PATIENT REFUND AND PAYROLL FUND DISBURSEMENTS:

Treasurer, Board of Directors PPH _____

Secretary, Board of Directors PPH _____

This approved document is to be attached to the last revolving fund disbursement page of the applicable financial month for future audit review.

cc: M. Covert, G. Bracht, R. Hemker

December 2007 & YTD FY2008 Financial Report

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, January 22, 2008
MEETING DATE: Monday, February 11, 2008
BY: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for December 2007 and YTD FY2008 are submitted for the Board's approval.

Budget Impact: N/A

Staff Recommendation: At the Board Finance Committee meeting, Staff recommended approval.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Board Financial Report (unaudited) for December 2007 and YTD FY2008 as submitted.

Motion: X

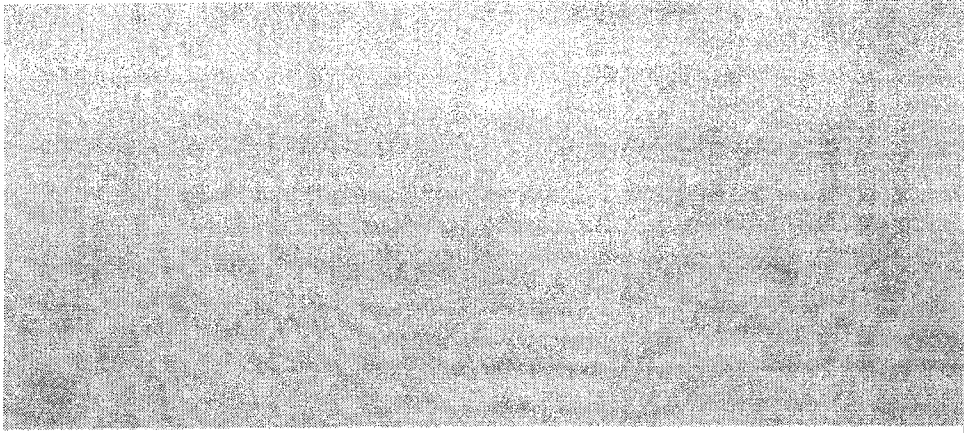
Individual Action:

Information:

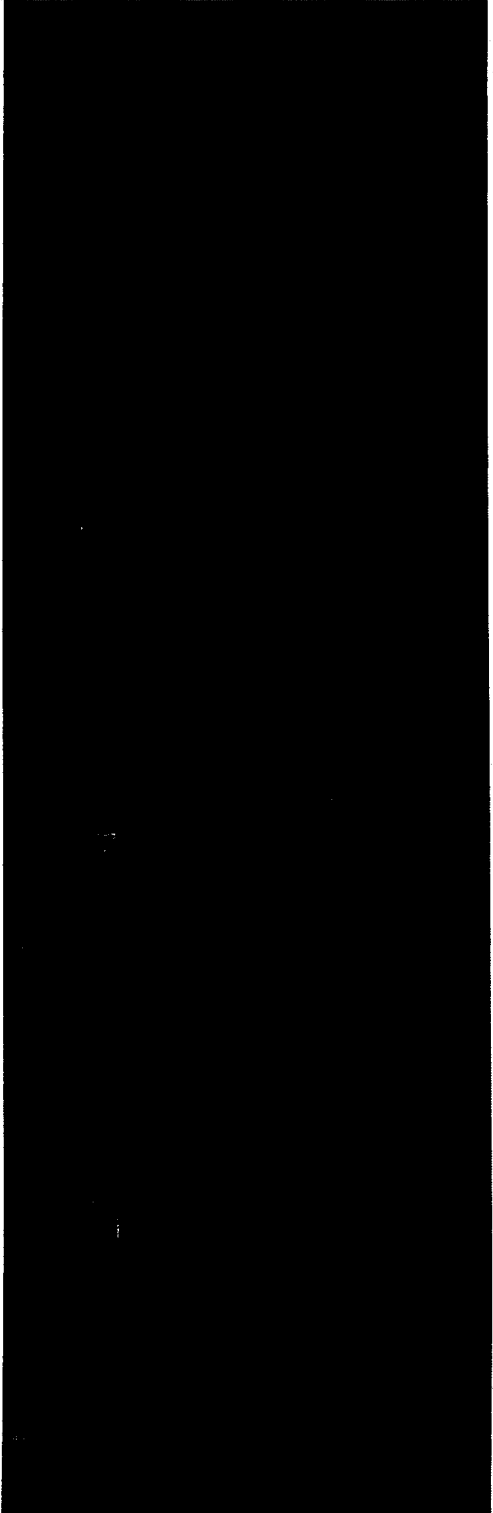
Required Time:

Financial Statements

December 2007



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December 2007 Financial Results Executive Summary and Highlights

E3

Statistics:

CONSOLIDATED	Nov		Nov vs Dec		Dec		Act vs Bud % Variance
	Nov	Dec	% Change	Budget	% Variance		
Patient Days Acute	9,291	9,397	1.1%	9,666	-2.8%		
Patient Days SNF	6,252	6,441	3.0%	6,546	-1.6%		
ADC Acute	309.70	303.13	-2.1%	311.82	-2.8%		
ADC SNF	208.40	207.77	-0.3%	211.16	-1.6%		
Surgeries CVS Cases	16	19	18.8%	12	58.3%		
Surgeries Total	1,619	1,833	13.2%	1,995	-8.1%		
Number of Births	470	436	-7.2%	466	-6.4%		
NORTH							
Patient Days Acute	6,789	7,049	3.8%	7,298	-3.4%		
Patient Days SNF	2,493	2,612	4.8%	2,720	-4.0%		
ADC Acute	226.30	227.37	0.5%	235.43	-3.4%		
ADC SNF	83.10	84.26	1.4%	87.74	-4.0%		
SOUTH							
Patient Days Acute	2,502	2,348	-6.2%	2,368	-0.8%		
Patient Days SNF	3,759	3,829	1.9%	3,826	0.1%		
ADC Acute	83.41	75.75	-9.2%	76.38	-0.8%		
ADC SNF	125.30	123.52	-1.4%	123.42	0.1%		

December 2007 Financial Results Executive Summary and Highlights (cont'd)

G4

Balance Sheet:

Current Cash & Cash Equivalents increased \$3.2 million from \$72.7 million in November to \$75.9 million in December. This increase is primarily due to the increase in the 1% Ad Valorem property taxes that were collected in December. Total Cash and Investments are \$95.0 million, compared to \$94.1 million at November 30, 2007. Days Cash on Hand remained at 85 days, unchanged from November.

Net Accounts Receivable increased to \$91.4 million in December as compared to \$88.8 million in November. Gross A/R days decreased from 54.2 days in November to 53.1 days in December. December patient account collections including capitation are \$32.4 million compared to budget of \$33.1 million. December YTD collections are \$193.7 million compared to budget of \$198.6 million.

Construction in Progress increased \$7.3 million from \$ 162.2 million in November to \$169.5 million in December. The increase is attributed to Building Expansion A & E Services and construction costs \$5.0 million and Pomerado Outpatient Pavilion tenant improvements \$1.5 million.

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December 2007 Financial Results Executive Summary and Highlights (cont'd)

G5

Income Statement:

Gross Patient Revenue for YTD reflects a favorable budget variance of \$11.9 million. The \$11.9 million favorable variance is composed of \$16.2 million unfavorable volume variance and \$28.1 million favorable rate variance based on adjusted discharges.

Routine revenue (inpatient room and board) reflects an unfavorable \$4.2 million budget variance. Inpatient Ancillary revenue represents a \$7.0 million favorable budget variance. North reflects \$3.8 million favorable variance and South reflects \$3.2 million favorable variance.

Outpatient revenue reflects a favorable budget variance of \$9.0 million. North has a \$10.8 million favorable variance. This amount is decreased by South \$1.0 million unfavorable variance and Outreach \$0.8 million unfavorable variance.

Deductions from Revenue reflect a YTD unfavorable variance of \$12.1 million. Total Deductions from Revenue is 69.95% of gross revenue compared to a budget of 69.38%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 65.62% of YTD Gross Revenue compared to budget of 65.03%.

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December 2007 Financial Results Executive Summary and Highlights (cont'd)

G6

Income Statement (cont'd):

The net capitation reflects a YTD unfavorable budget variance of \$0.1 million. Cap Premium and Out of Network Claim Expense both show a favorable budget variance of \$2.8 million and \$1.9 million, respectively. A favorable variance of Cap Premium is due to retro 2006 premium adjustments in August. Cap Valuation shows an unfavorable variance of \$4.8 million due to using bill drop date instead of discharge date.

Other Operating Revenue reflects a YTD unfavorable budget variance of \$2.8 million. The most significant contributor to this variance is the Foundation where actual revenue is zero versus a budget of \$1.8 million. After the budget was prepared, a change in procedure was initiated to credit the Foundation's expenses instead of revenue for funding requests. Therefore, the offset to this revenue loss is a reduction to expenses. This variance will be ongoing throughout the year. PPNC Health Development has a YTD unfavorable variance of \$0.7 million. Also contributing to this variance is the Grant program for Welcome Home Baby and Home Health Outreach where the YTD variances are unfavorable by \$0.5 million each. All these negative variances are partially offset by the Spartanburg class action settlement of \$0.2 million, a VHA Rebate of \$0.1 million and the insurance settlement for the Graybill Auditorium water damage of \$0.2 million.

Salaries, Wages & Contract Labor has a YTD unfavorable budget variance of \$4.6 million. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	103,791,225	99,198,198	(4,593,027)
North	59,588,000	57,518,526	(2,069,474)
South	24,499,771	23,204,252	(1,295,519)
Central	14,886,001	13,603,654	(1,282,347)
Outreach	4,817,453	4,871,766	54,313

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December 2007 Financial Results Executive Summary and Highlights (cont'd)

G7

Income Statement (cont'd):

Benefits Expense has a YTD unfavorable budget variance of \$972 thousand. This variance is due to various categories. They are: FICA – unfavorable by \$695 thousand; Health and Dental – unfavorable by \$536 thousand; Workers Compensation – unfavorable by \$231 thousand; and Pension – unfavorable by \$116 thousand. These are partially offset by a favorable variance in Other Benefits of \$608 thousand.

Supplies Expense reflects a YTD unfavorable budget variance of \$558 thousand. The unfavorable variance is composed of surgical general supplies at \$416 thousand, other medical supplies at \$368 thousand and other general supplies at \$317. The favorable variance is pharmacy at \$543 thousand.

Prof Fees & Purchased Services reflect a YTD favorable budget variance of \$0.6 million. The favorable variance of \$1.2 million in professional fees is due to physician income guarantees not realized and consulting fees in Design/Facility and Welcome Home Baby. The unfavorable variance of \$0.6 million in purchase services is due to contracted purchased services.

Non-Operating Income reflects a YTD favorable variance of \$2.4 million. This is mainly due to a favorable investment income variance of \$1.9 million.

Ratios & Margins:

All required bond covenant ratios were achieved in December 2007.

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Balanced Scorecard Financial Indicators December 31, 2007

G8

October		November		December		YTD 2008	
Actual	Budget / PY	Actual	Budget / PY	Actual	Budget	Actual	Budget
2.6%		7.7%	10.0%	-0.8%		6.5%	9.8%
\$ 2,888.56	\$ 2,834.52	\$ 2,980.36	\$ 2,705.14	\$ 2,980.36	\$ 2,717.27	\$ 2,781.63	\$ 2,717.27
\$ 1,710.00	\$ 1,662.78	\$ 1,871.72	\$ 1,577.84	\$ 1,871.72	\$ 1,578.55	\$ 1,655.85	\$ 1,578.55
6.49	6.41	6.94	6.62	6.94	6.62	6.53	6.62
12,775	12,969	13,000	12,813	13,000	78,686	78,374	78,686
8.1%		5.4%	11.0%	-1.5%		6.9%	10.8%
\$ 2,692.66	\$ 2,759.74	\$ 2,811.59	\$ 2,539.26	\$ 2,811.59	\$ 2,550.01	\$ 2,660.83	\$ 2,550.01
\$ 1,345.84	\$ 1,353.05	\$ 1,538.31	\$ 1,304.67	\$ 1,538.31	\$ 1,305.03	\$ 1,361.21	\$ 1,305.03
5.31	5.38	5.73	5.35	5.73	5.27	5.41	5.27
9,203	8,802	9,152	8,911	9,152	54,885	54,325	54,885
-14.8%		11.5%	5.7%	2.0%		4.1%	5.3%
\$ 2,916.94	\$ 2,573.49	\$ 2,800.78	\$ 2,565.39	\$ 2,800.78	\$ 2,577.70	\$ 2,595.83	\$ 2,577.70
\$ 1,411.65	\$ 1,305.00	\$ 1,534.66	\$ 1,303.06	\$ 1,534.66	\$ 1,303.37	\$ 1,336.29	\$ 1,303.37
6.40	5.90	6.65	6.04	6.65	6.06	6.16	6.06
3,334	3,928	3,698	3,700	3,698	22,316	22,708	22,316

YTD 2008

Actual	Budget	Variance	% Actual to Budget	Prior Year Actual
2,558.35		64.36		2,558.35
1,521.64		77.30		1,521.64
6.15		0.09	98.6%	6.15
75,536		(312)	103.8%	75,536

PPH Indicators:

OEBITDA Margin w/Prop Tax
Expenses/Wtd Day
SWB/Wtd Day
Prod FTE's/Adj Occupied Bed
Weighted Patient Days

PPH North Indicators:

OEBITDA Margin w/Prop Tax
Expenses/Wtd Day
SWB/Wtd Day
Prod FTE's/Adj Occupied Bed
Weighted Patient Days

PPH South Indicators:

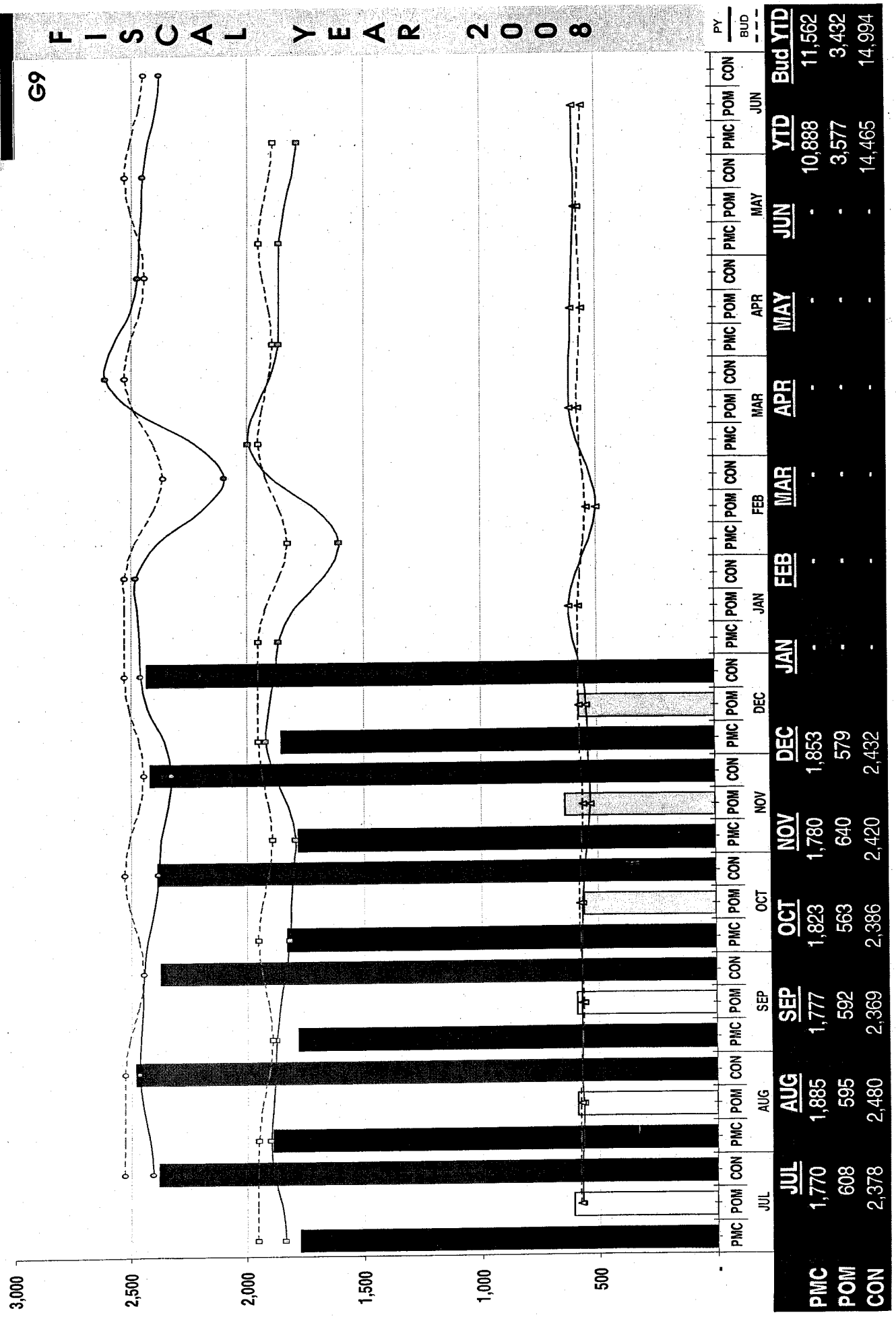
OEBITDA Margin w/Prop Tax
Expenses/Wtd Day
SWB/Wtd Day
Prod FTE's/Adj Occupied Bed
Weighted Patient Days

Weighted Patient Days is compared with Prior Year Actual

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Admissions - Acute

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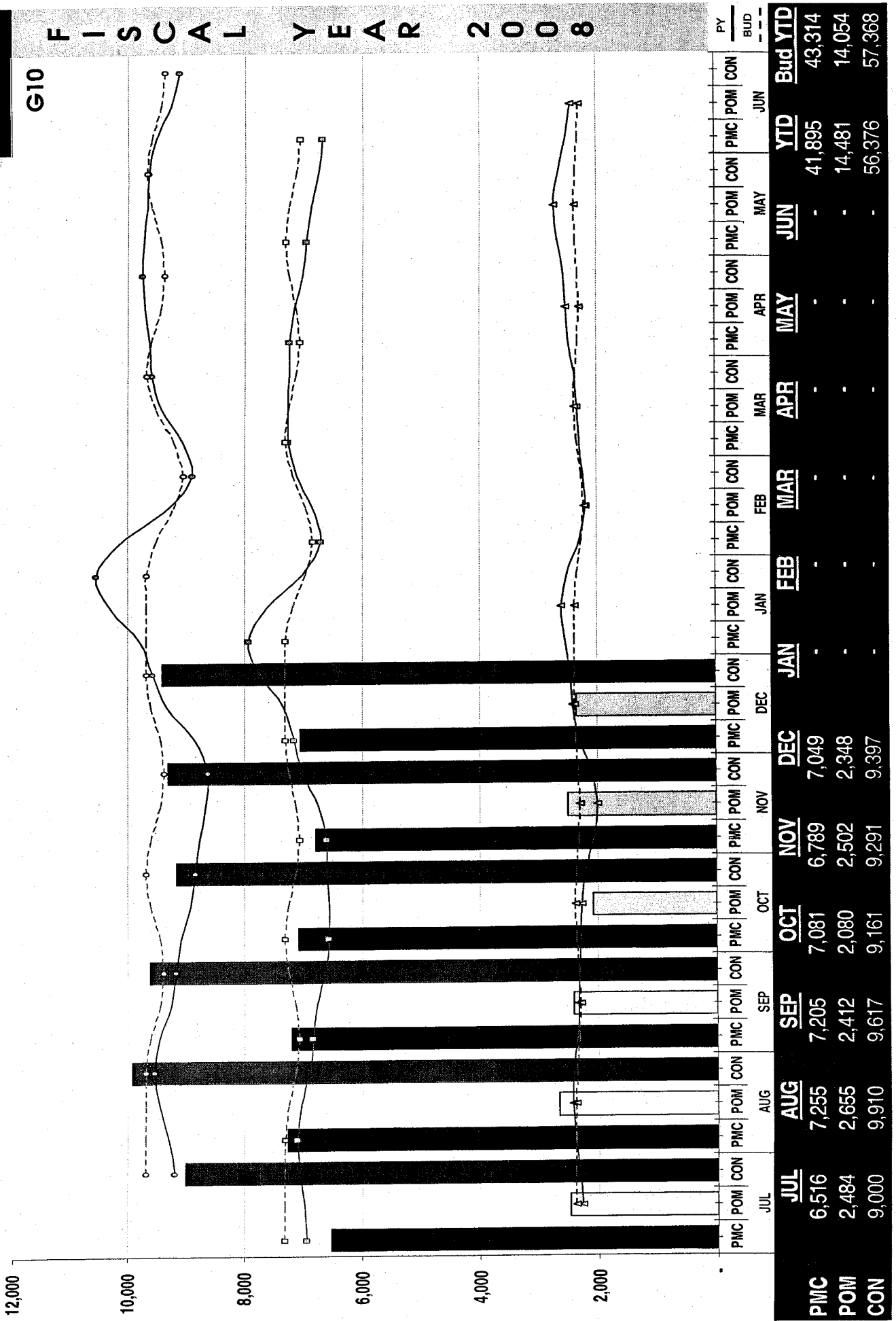


Patient Days - Acute

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FISCAL YEAR 2008

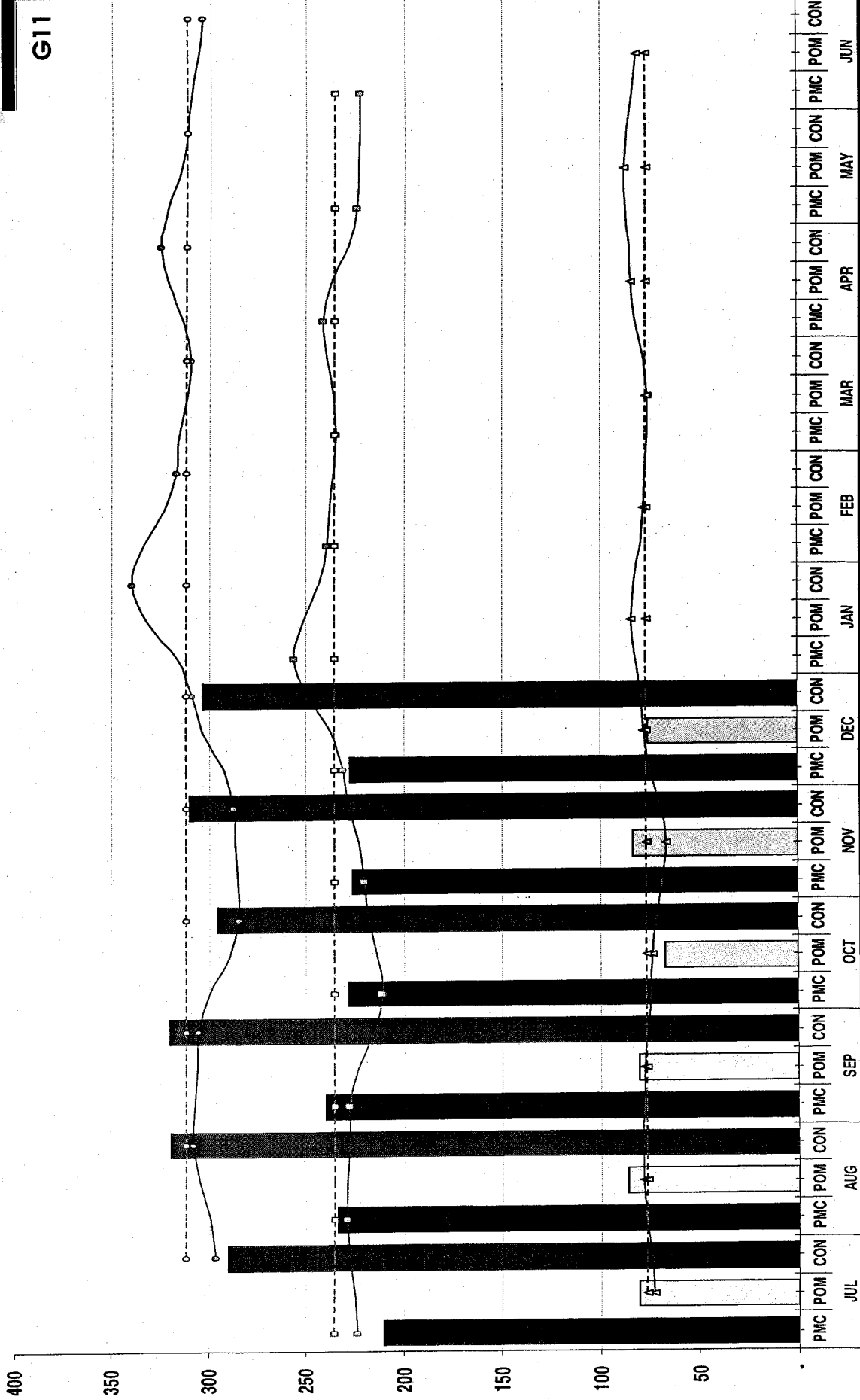


Average Daily Census - Acute

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FISCAL YEAR 2008

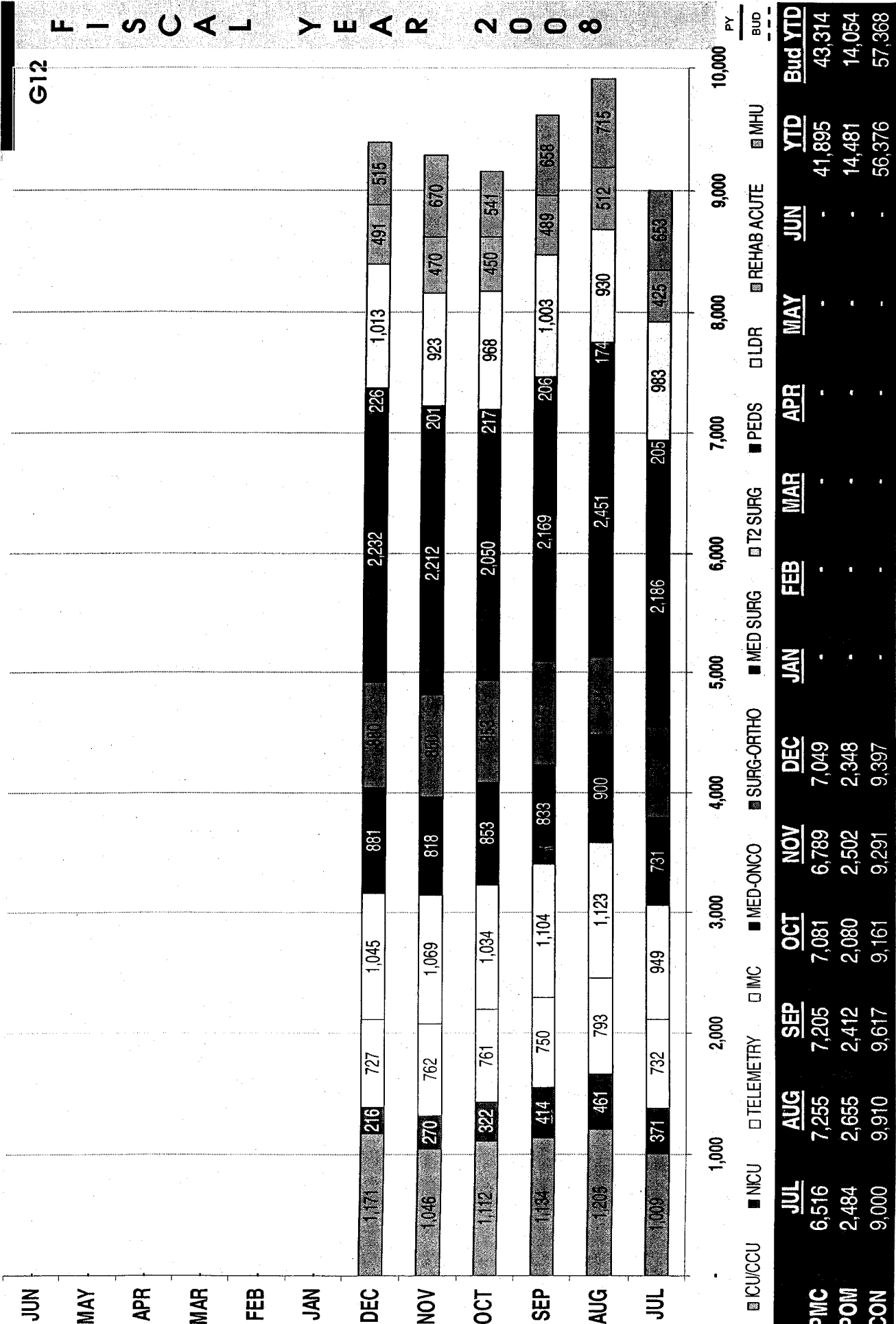


Patient Days

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FISCAL YEAR 2008



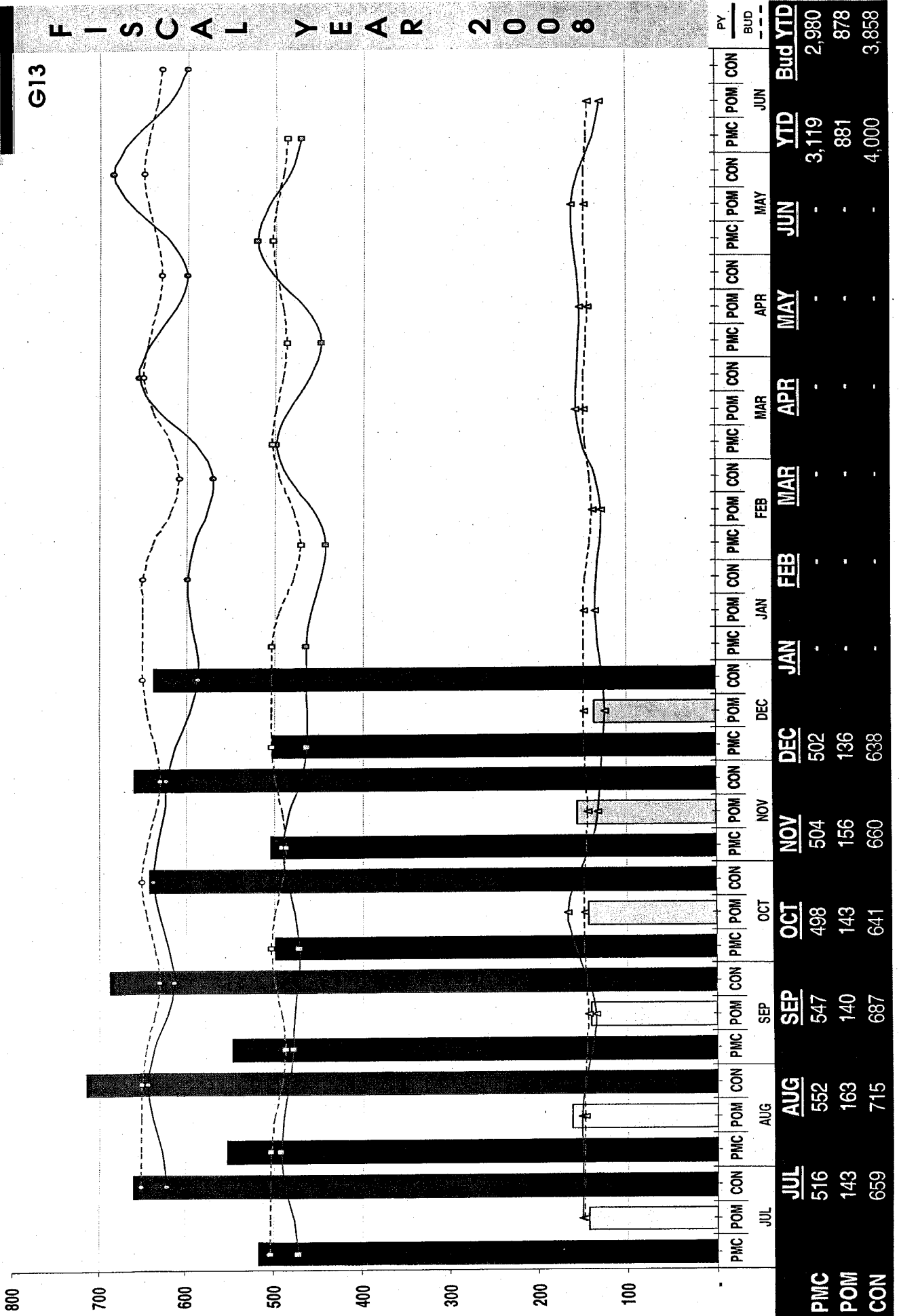
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMIC	6,516	7,255	7,205	7,081	6,789	7,049	-	-	-	-	-	-	41,895	43,314
POM	2,484	2,655	2,412	2,080	2,502	2,348	-	-	-	-	-	-	14,481	14,054
CON	9,000	9,910	9,617	9,161	9,291	9,397	-	-	-	-	-	-	56,376	57,368

Surgeries (In-Patient)

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FISCAL YEAR 2008



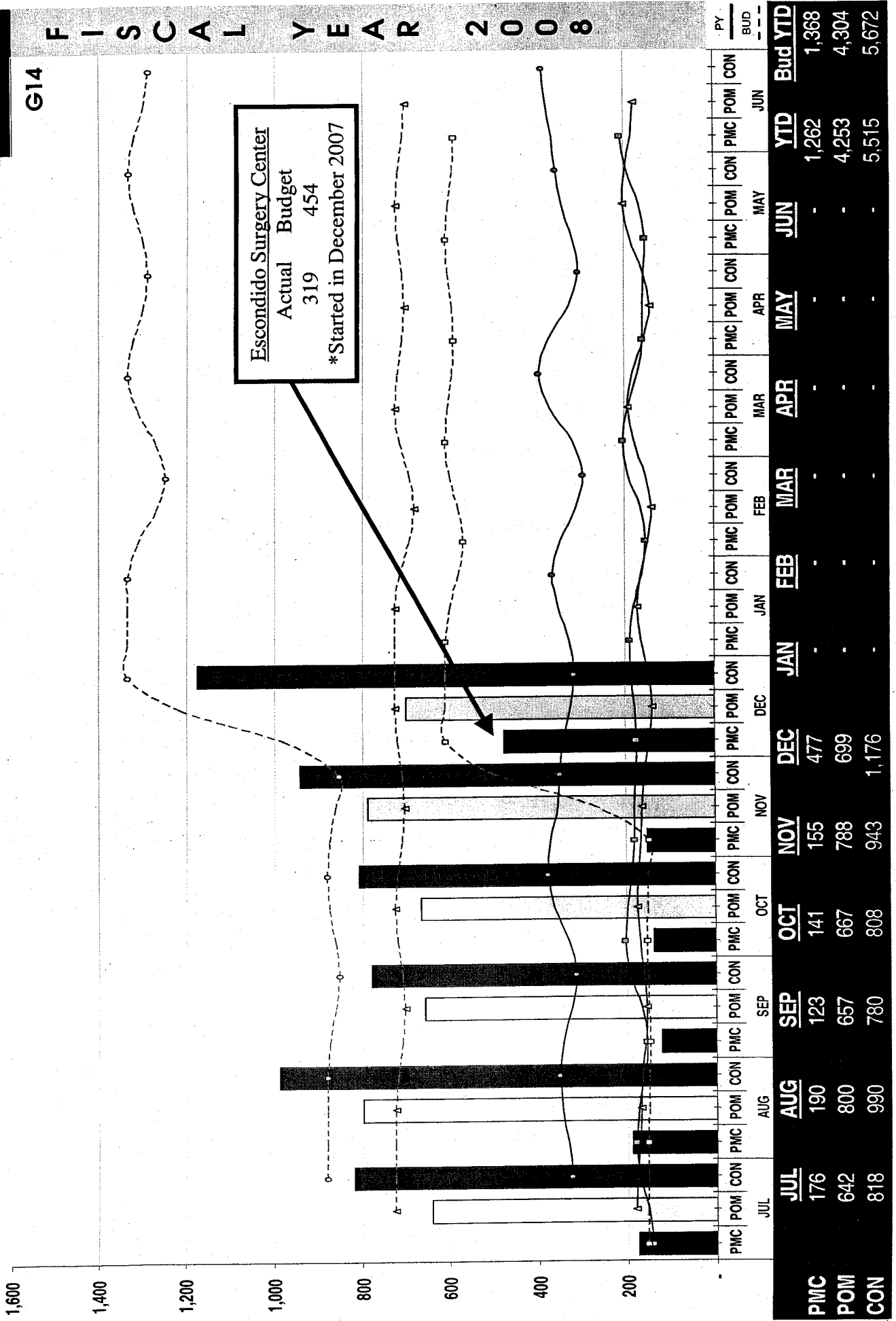
17

Surgeries (Out-Patient)

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FISCAL YEAR 2008

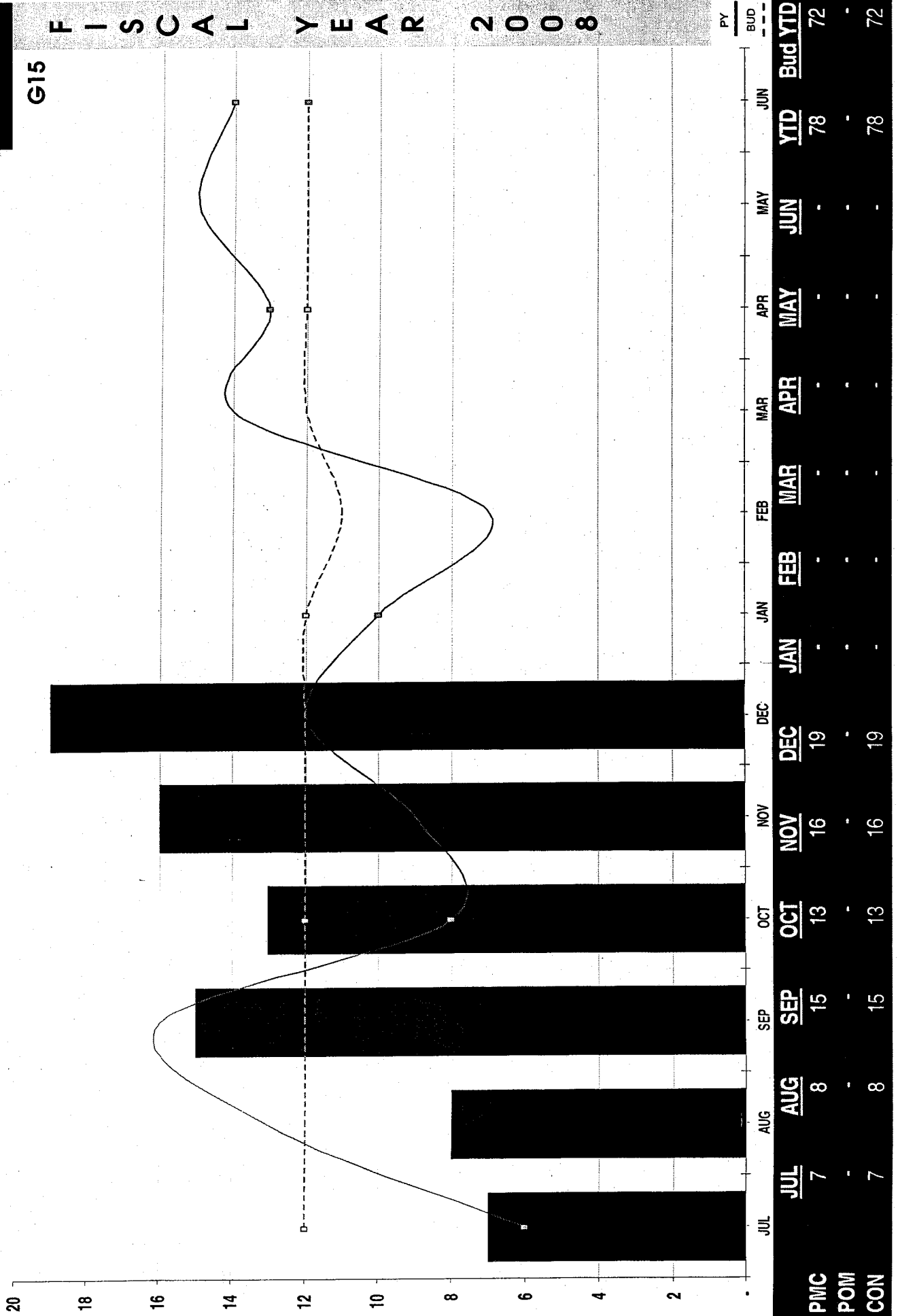


Surgeries - CVS (PMC)

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FISCAL YEAR 2008

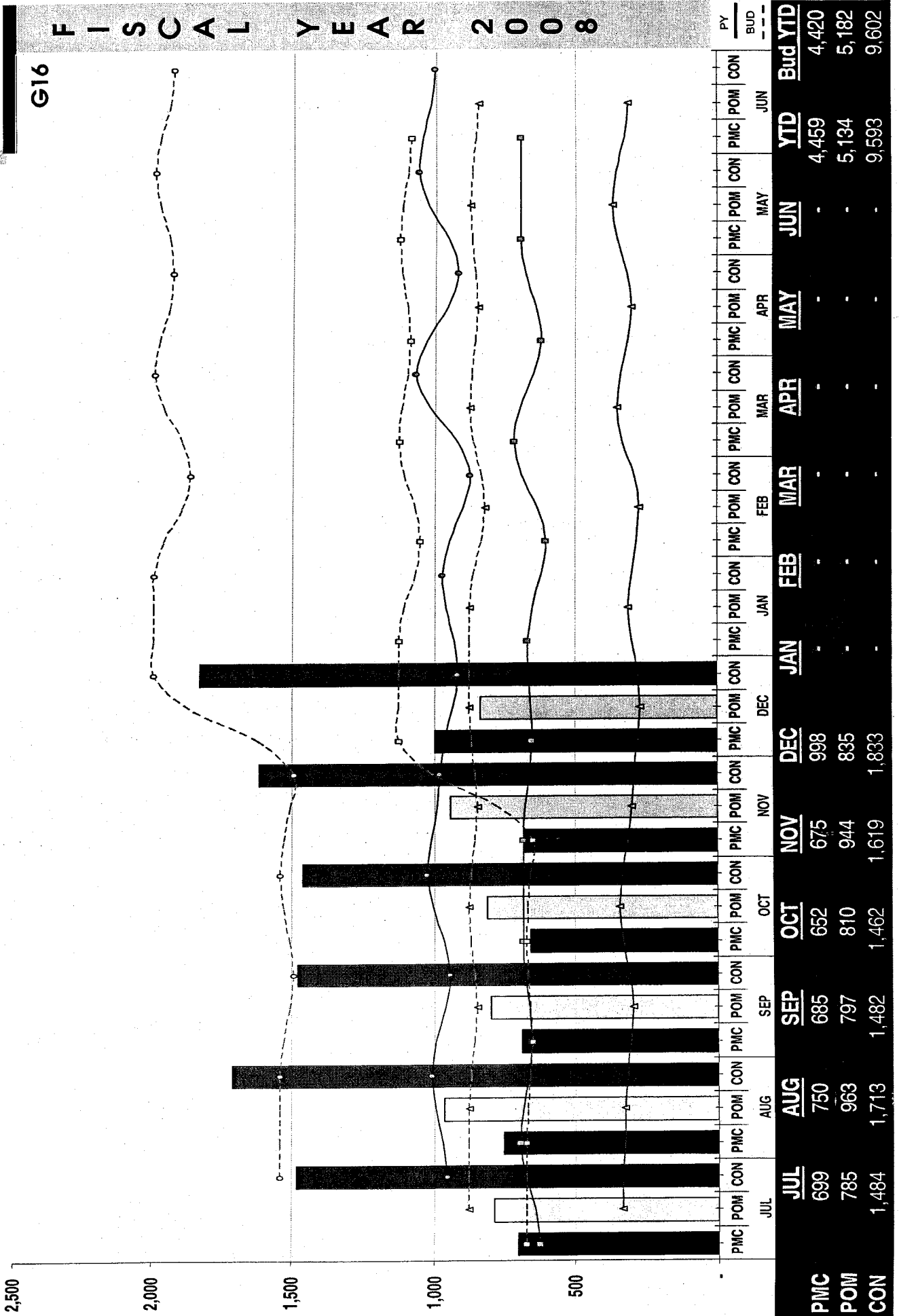


Total Surgeries

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FISCAL YEAR 2008

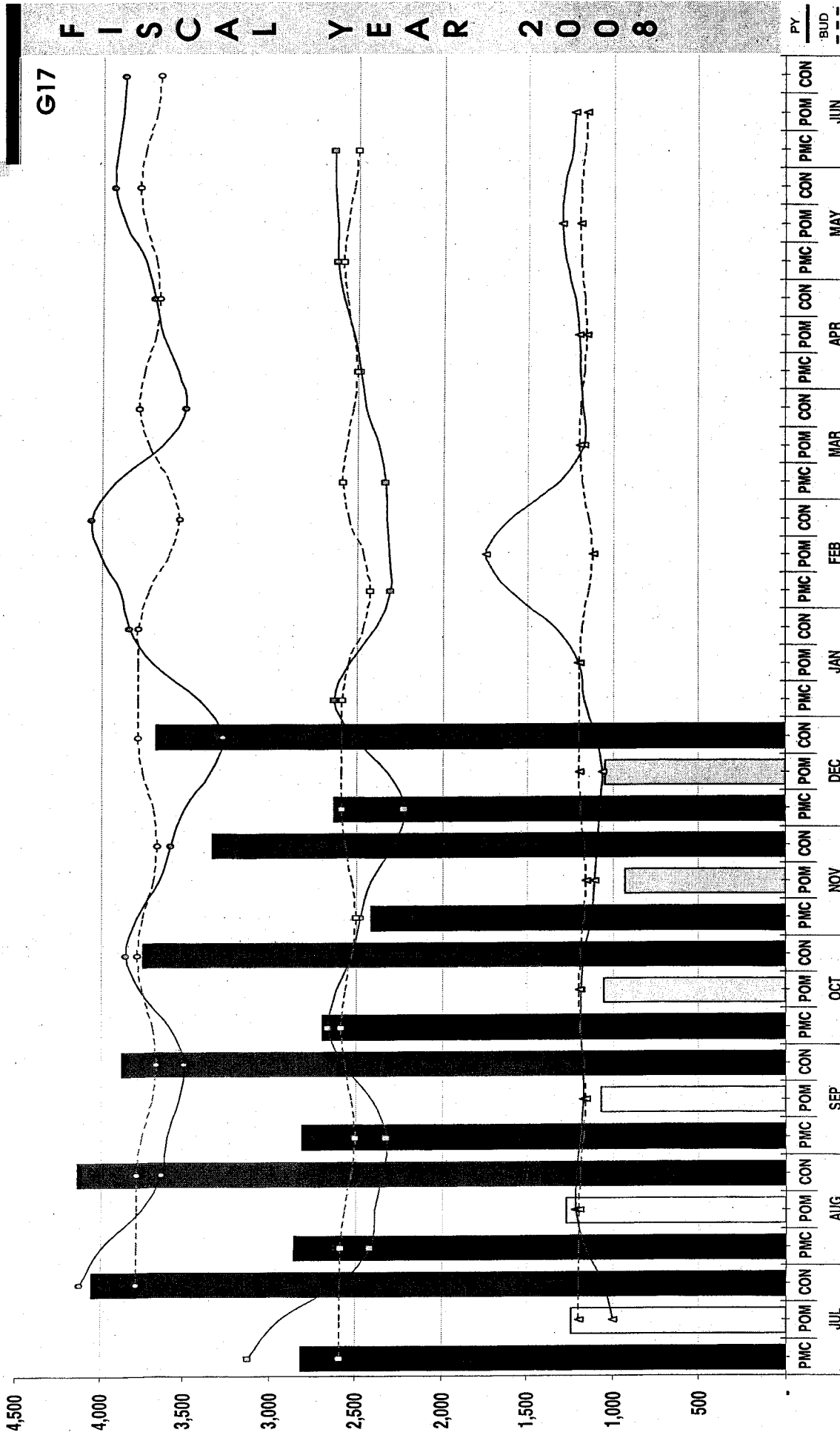


Outpatient Registration

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FISCAL YEAR 2008



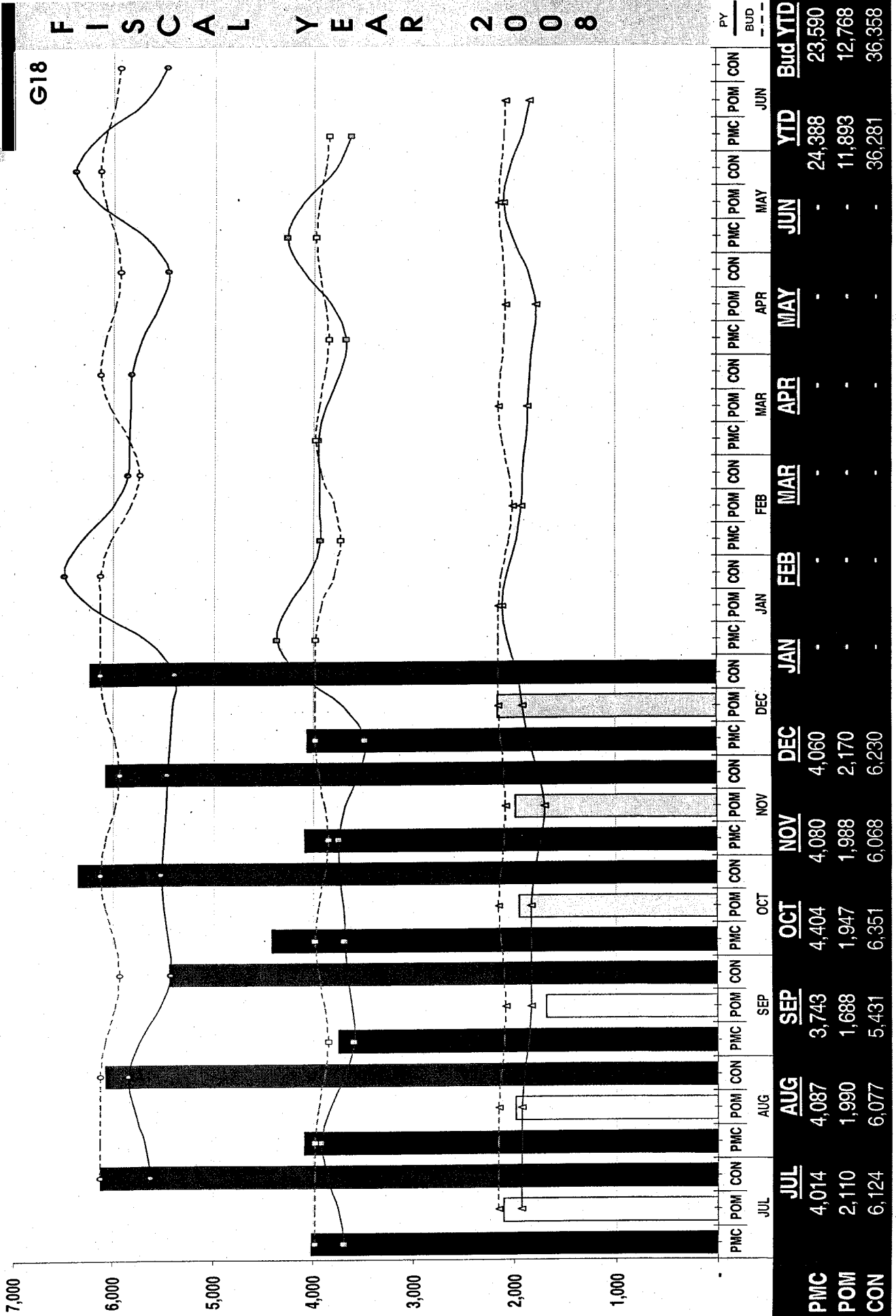
PY	JUL			AUG			SEP			OCT			NOV			DEC			JAN			FEB			MAR			APR			MAY			JUN			YTD	Bud YTD
	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON								
	2,811	1,238	4,049	2,861	1,274	4,135	2,808	1,066	3,874	2,693	1,057	3,750	2,414	932	3,346	2,635	1,044	3,679	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,222	15,360			

ER Visits includes Trauma

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FISCAL YEAR 2008

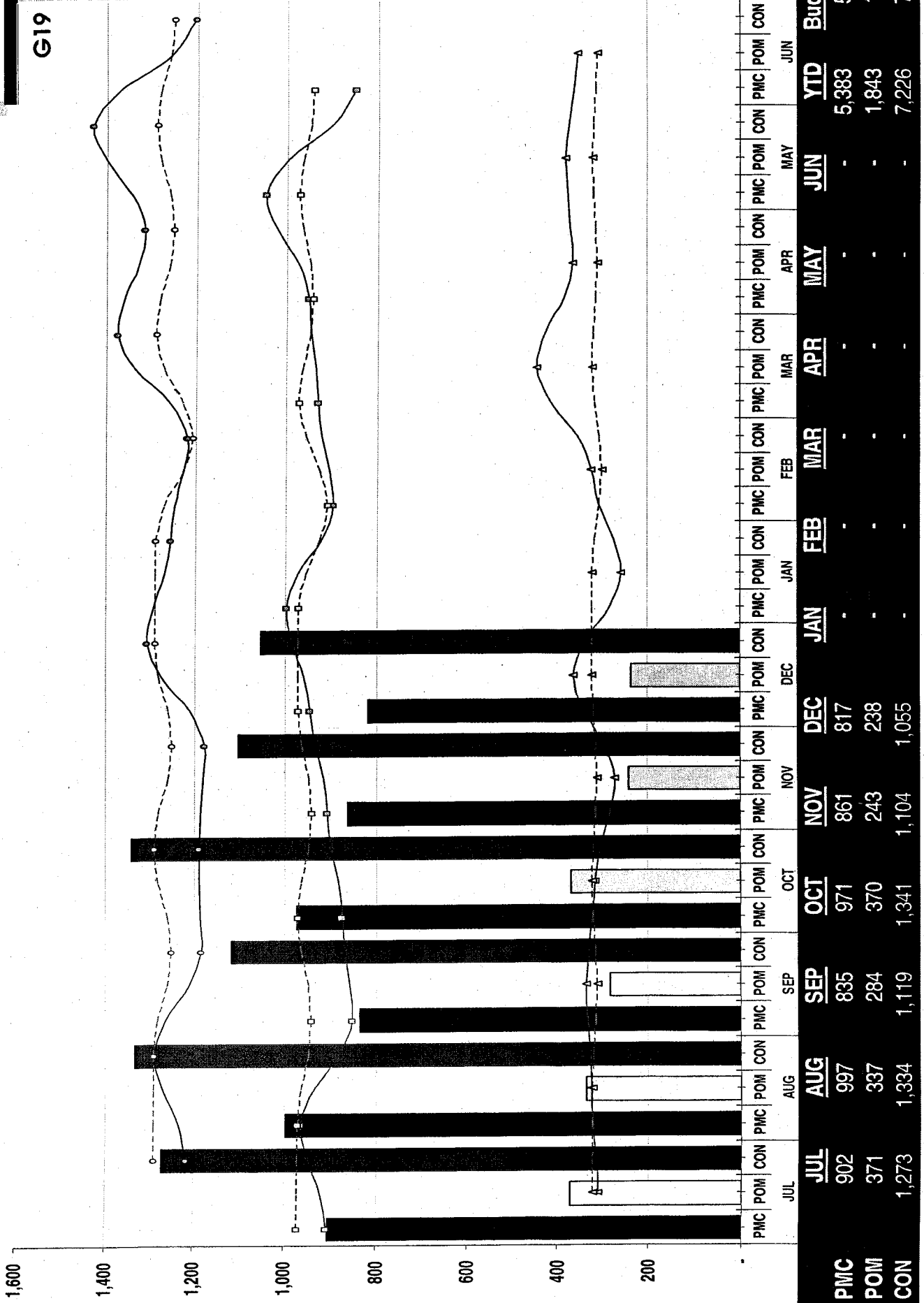


ER Admissions includes Trauma

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FISCAL YEAR 2008

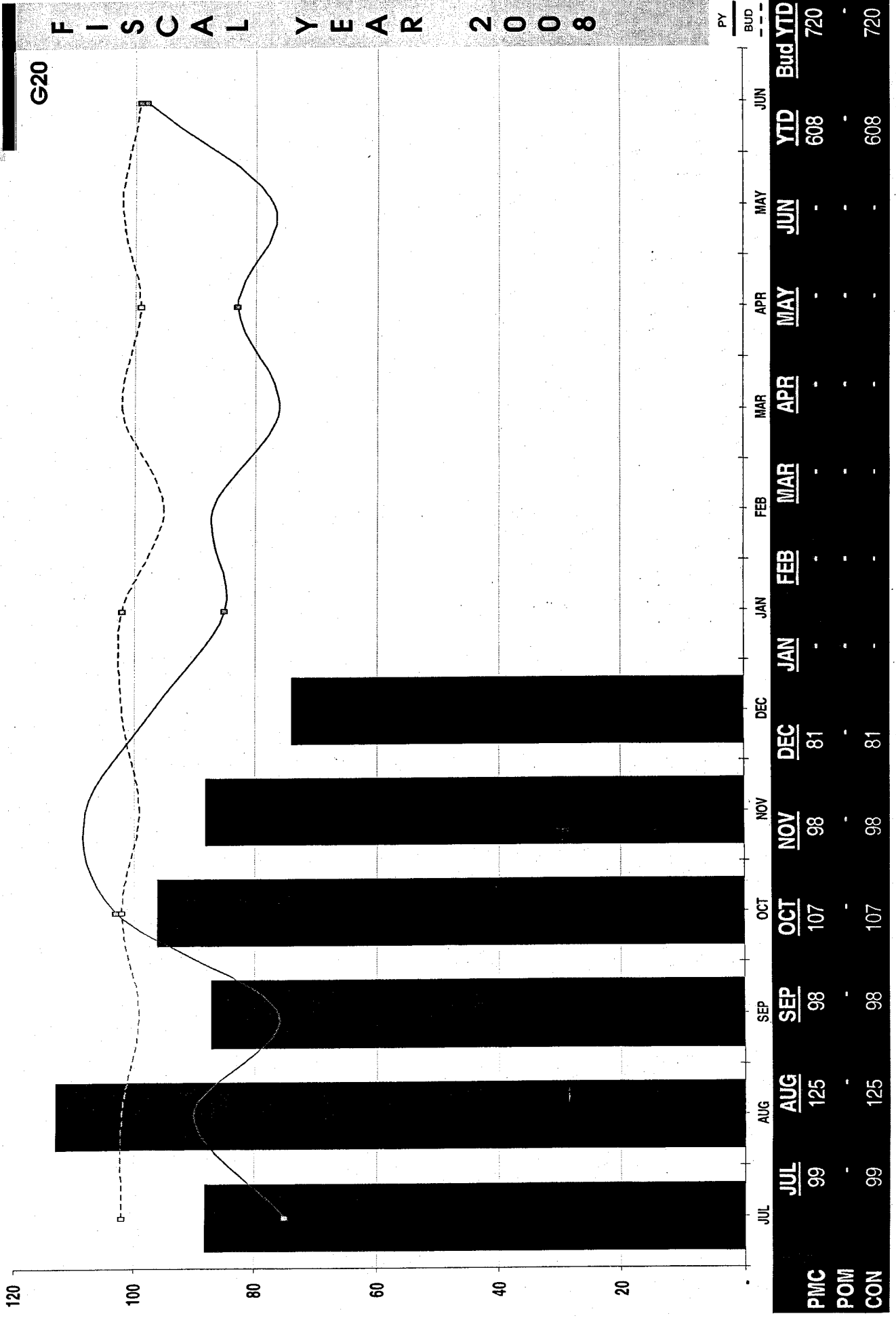


Trauma Cases (PMC)

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FISCAL YEAR 2008

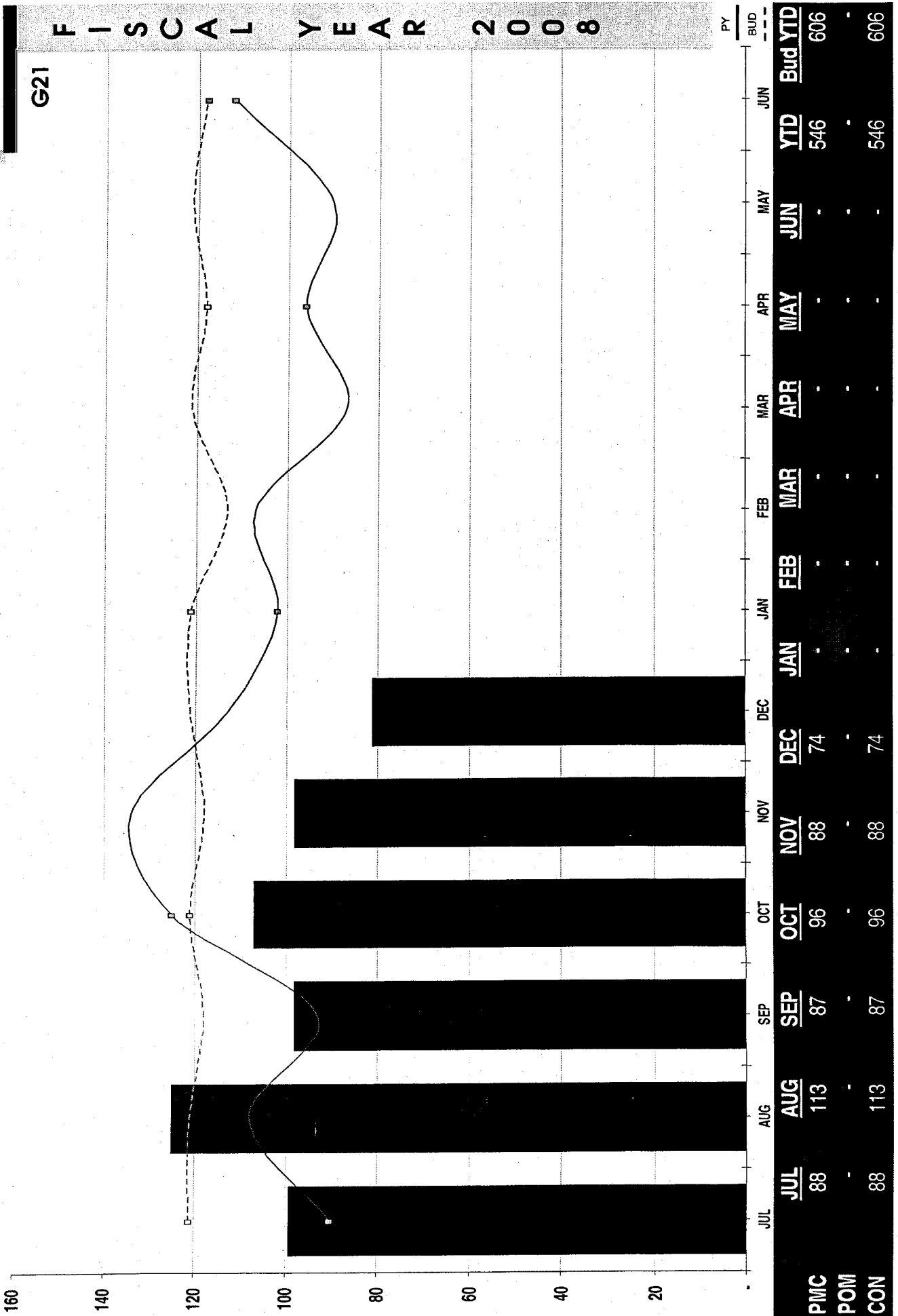


Trauma Admissions (PMC)

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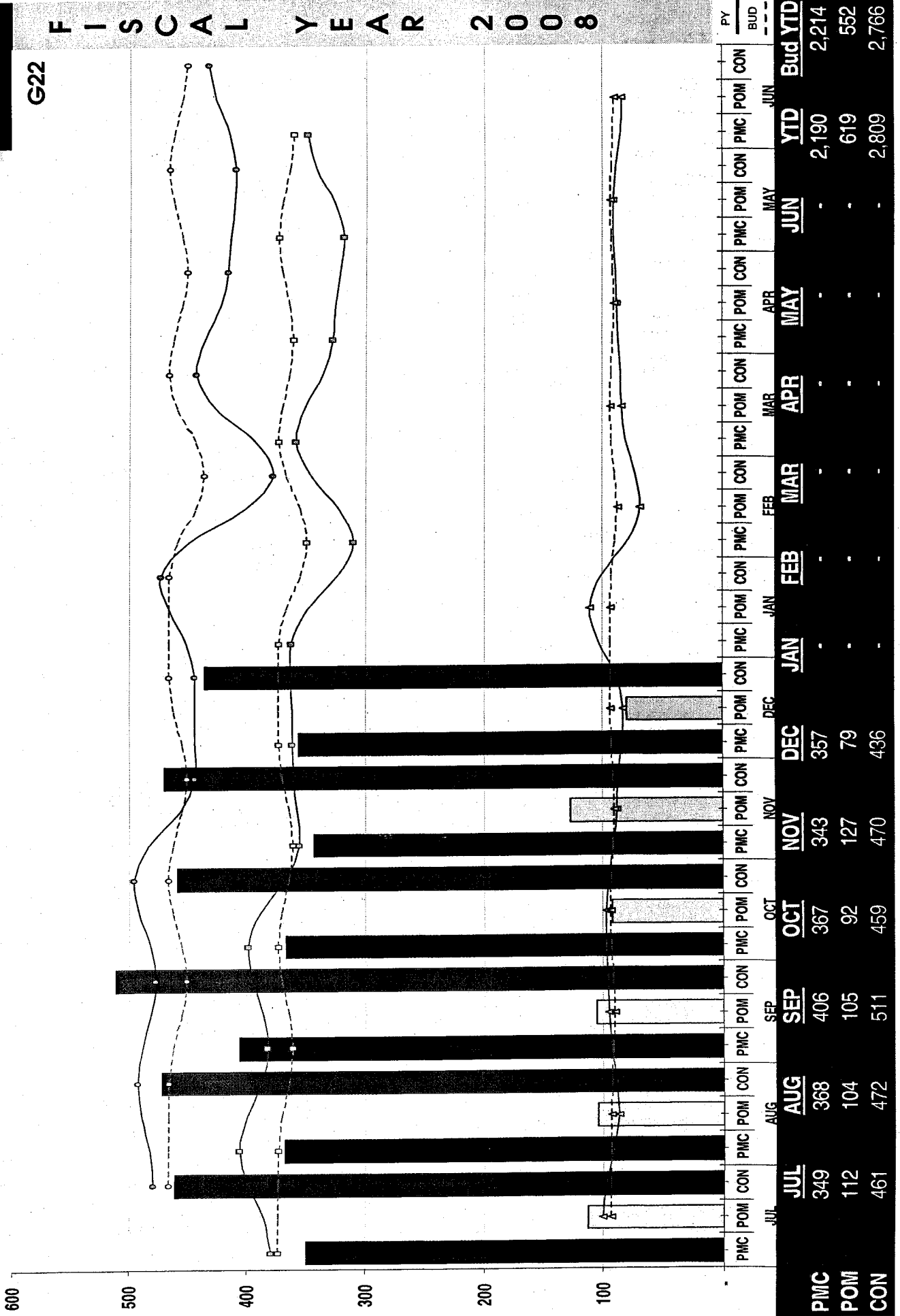
G21

FISCAL YEAR 2008



G22

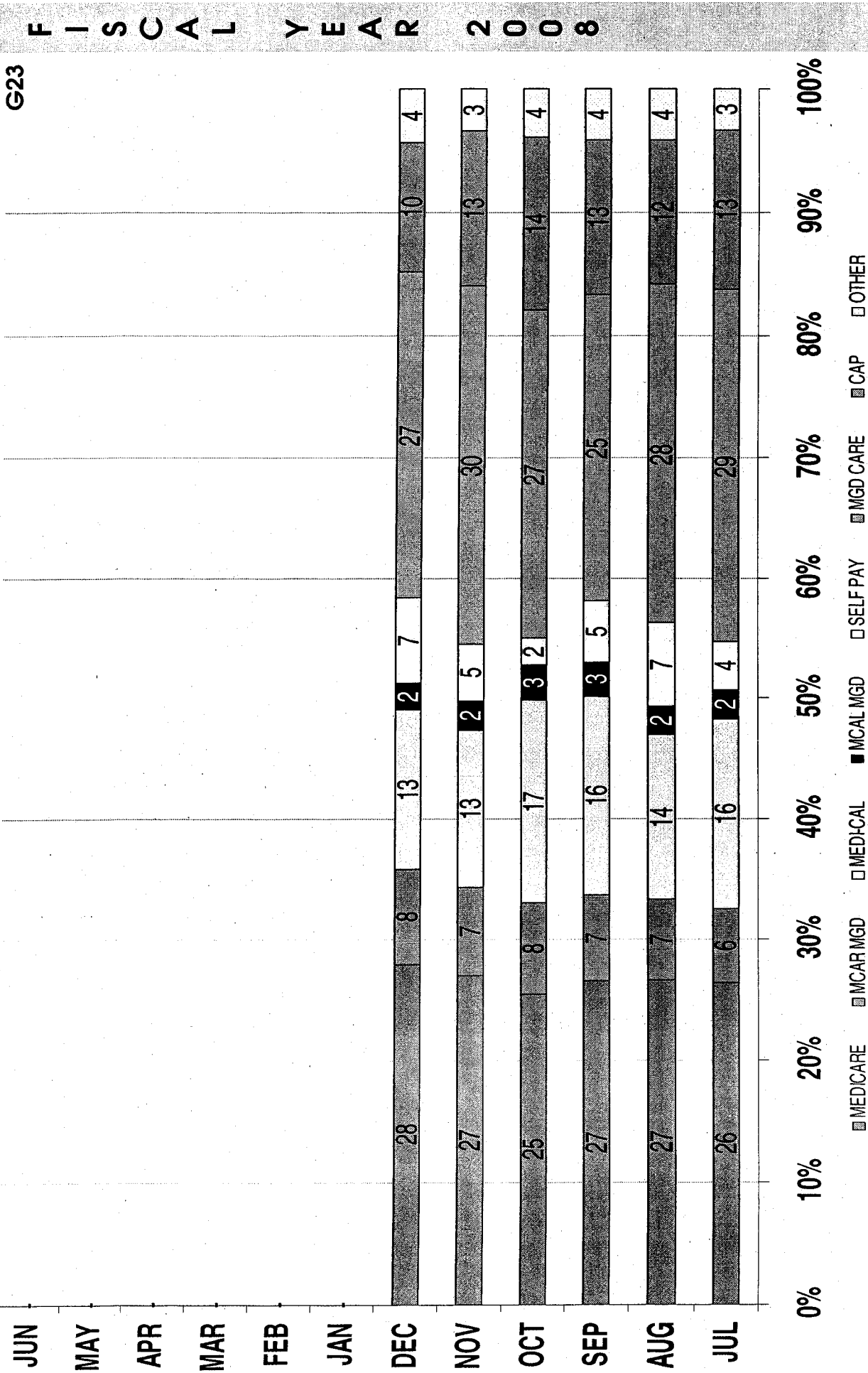
FISCAL YEAR 2008



27

Payor Mix based on Gross Revenue

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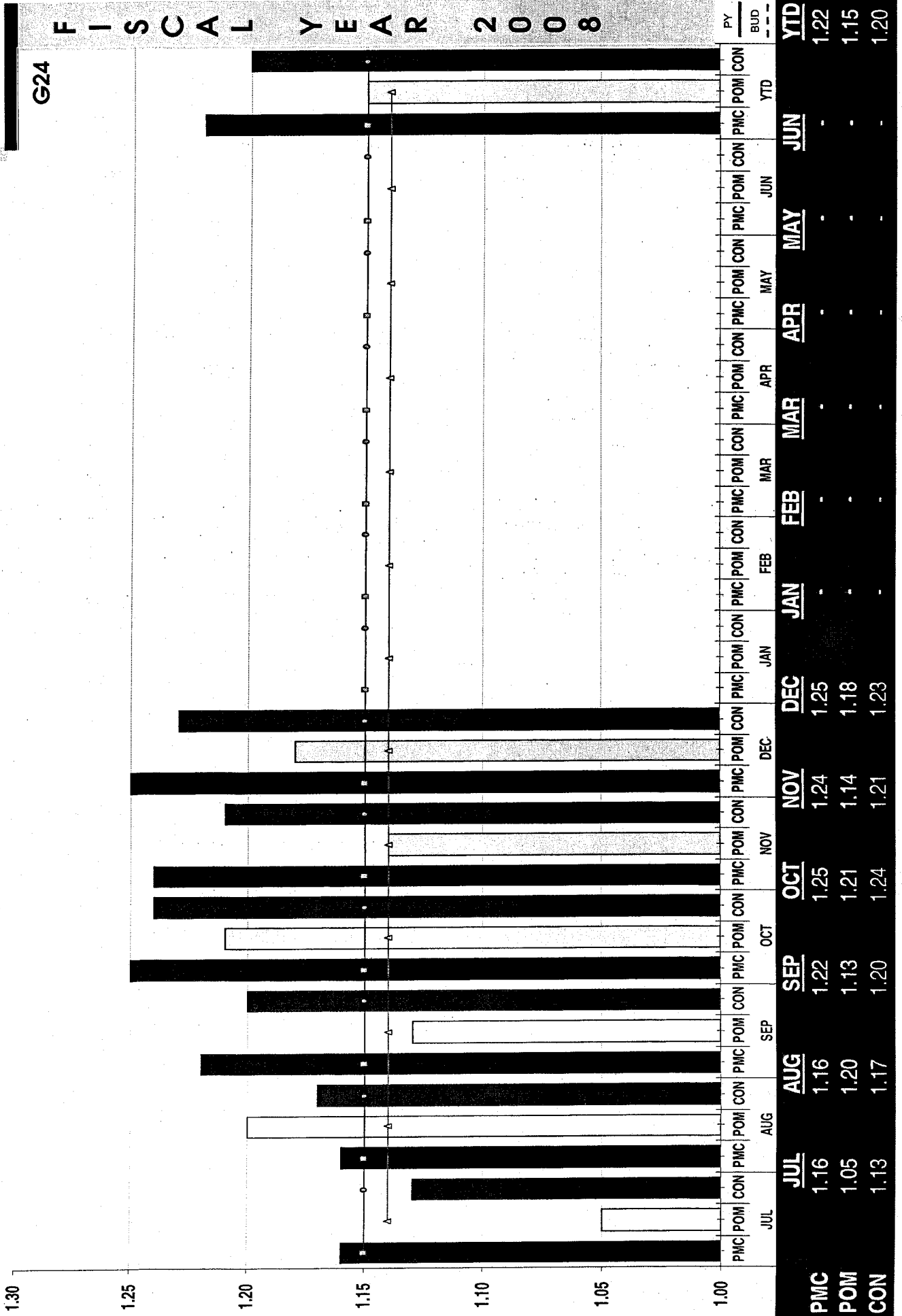
2

Case Mix Index

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FISCAL YEAR 2008

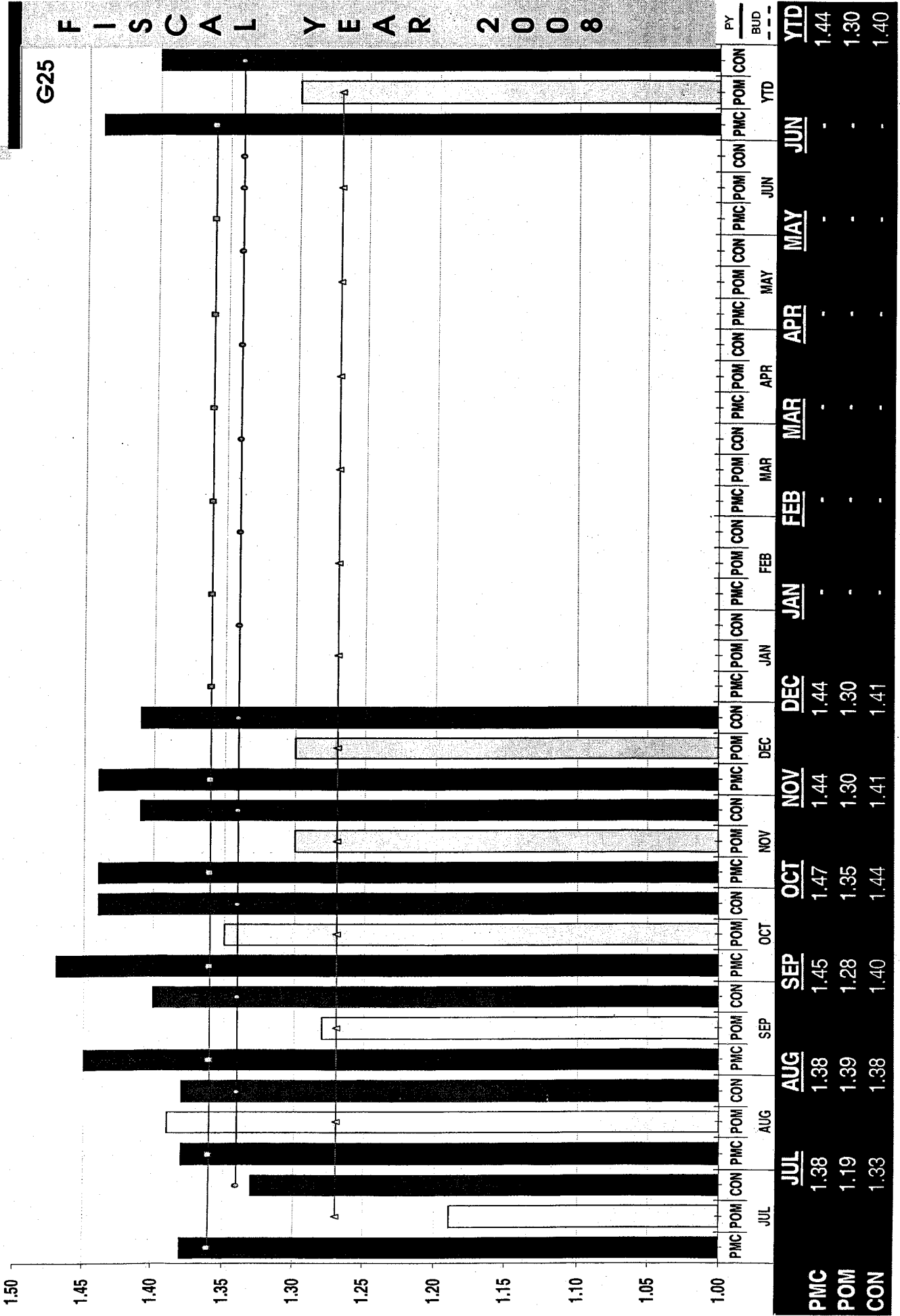


Case Mix Index by Region - Excludes Deliveries

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FISCAL YEAR 2008

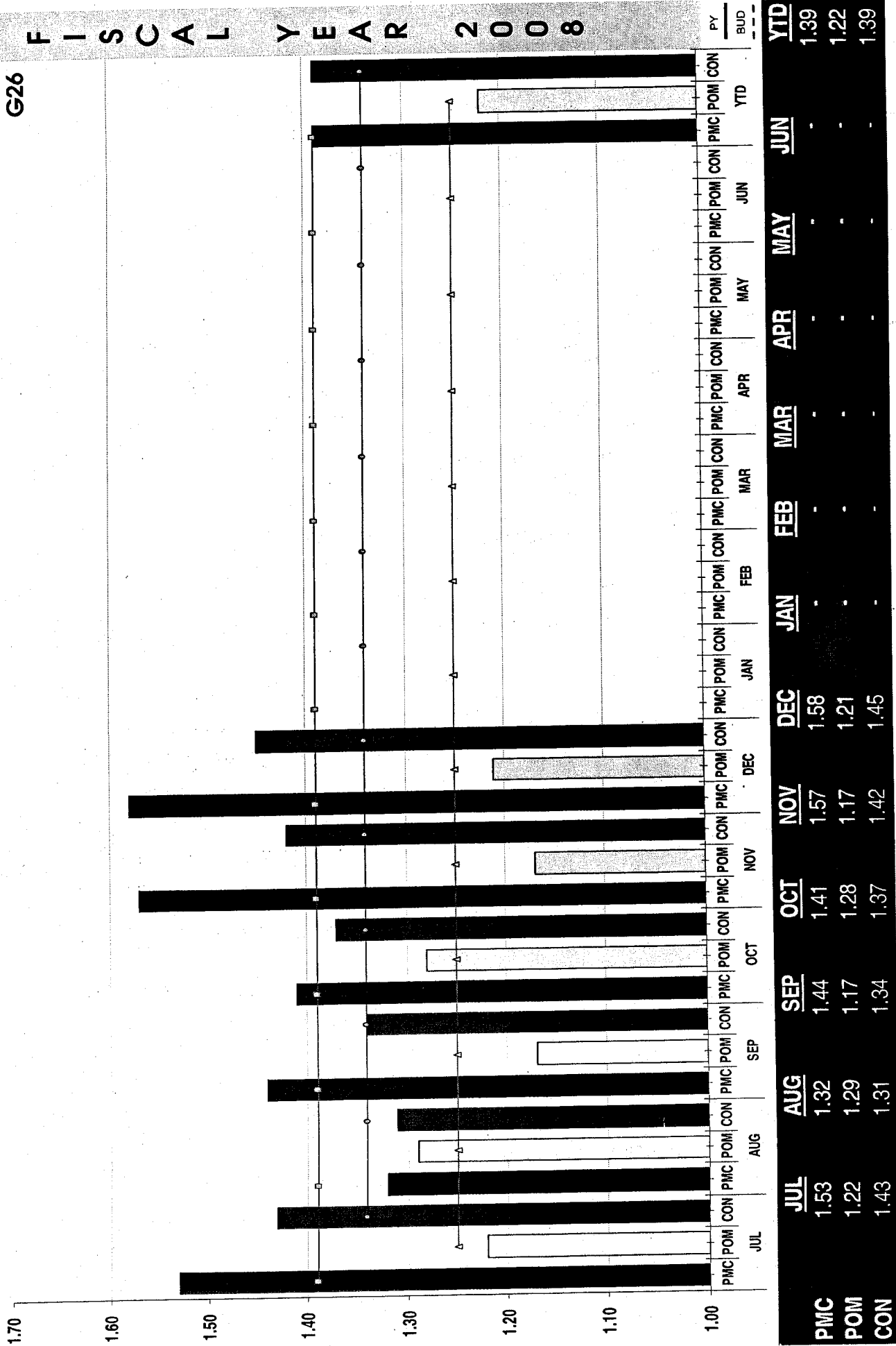


PY
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Case Mix Index by Region - Medicare

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Summary of Key Indicators and Results FYTD December 2007

G27

	ACTUAL	BUDGET	VARIANCE	FY 2007
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	10,888	11,562	(674)	11,120
Pomerado Hospital	3,577	3,432	145	3,356
Total:	14,465	14,994	(529)	14,476
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	250	296	(46)	314
Pomerado Hospital	284	280	4	269
Total:	534	576	(42)	583
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	41,895	43,314	(1,419)	41,150
Pomerado Hospital	14,481	14,054	427	13,704
Total:	56,376	57,368	(992)	54,854
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	15,664	16,144	(480)	16,084
Pomerado Hospital	22,647	22,710	(63)	22,747
Total:	38,311	38,854	(543)	38,831

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Summary of Key Indicators and Results FYTD December 2007 (cont'd)

G28

	ACTUAL	BUDGET	VARIANCE	FY 2007
<u>WEIGHTED PATIENT DAYS</u>				
Palomar Medical Center	54,325	54,885	(560)	52,207
Pomerado Hospital	22,708	22,316	392	21,852
Other Activities	1,341	1,485	(144)	1,477
Total:	78,374	78,686	(312)	75,536
<u>ADJUSTED DISCHARGES</u>				
Palomar Medical Center	14,095	14,659	(564)	14,188
Pomerado Hospital	5,294	5,149	145	5,062
Other Activities	433	498	(65)	510
Total:	19,822	20,306	(484)	19,760
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	3.84	3.75	0.09	3.69
Pomerado Hospital	4.03	4.10	(0.07)	4.06
Total:	3.89	3.83	0.06	3.77
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	64.46	55.67	8.79	52.39
Pomerado Hospital	80.59	81.11	(0.52)	84.56
Total:	73.11	68.16	4.95	67.41

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Summary of Key Indicators and Results FYTD December 2007 (cont'd)

G29

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	24,388	23,590	798	22,105
Pomerado Hospital	11,893	12,768	(875)	11,129
Total:	<u>36,281</u>	<u>36,358</u>	<u>(77)</u>	<u>33,234</u>
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	5,383	5,752	(369)	5,441
Pomerado Hospital	1,843	1,906	(63)	1,928
Total:	<u>7,226</u>	<u>7,658</u>	<u>(432)</u>	<u>7,369</u>
<u>SURGERIES:</u>				
Palomar Medical Center	4,459	4,420	39	3,975
Pomerado Hospital	5,134	5,182	(48)	5,164
Total:	<u>9,593</u>	<u>9,602</u>	<u>(9)</u>	<u>9,139</u>
<u>BIRTHS:</u>				
Palomar Medical Center	2,190	2,214	(24)	2,284
Pomerado Hospital	619	552	67	549
Total:	<u>2,809</u>	<u>2,766</u>	<u>43</u>	<u>2,833</u>

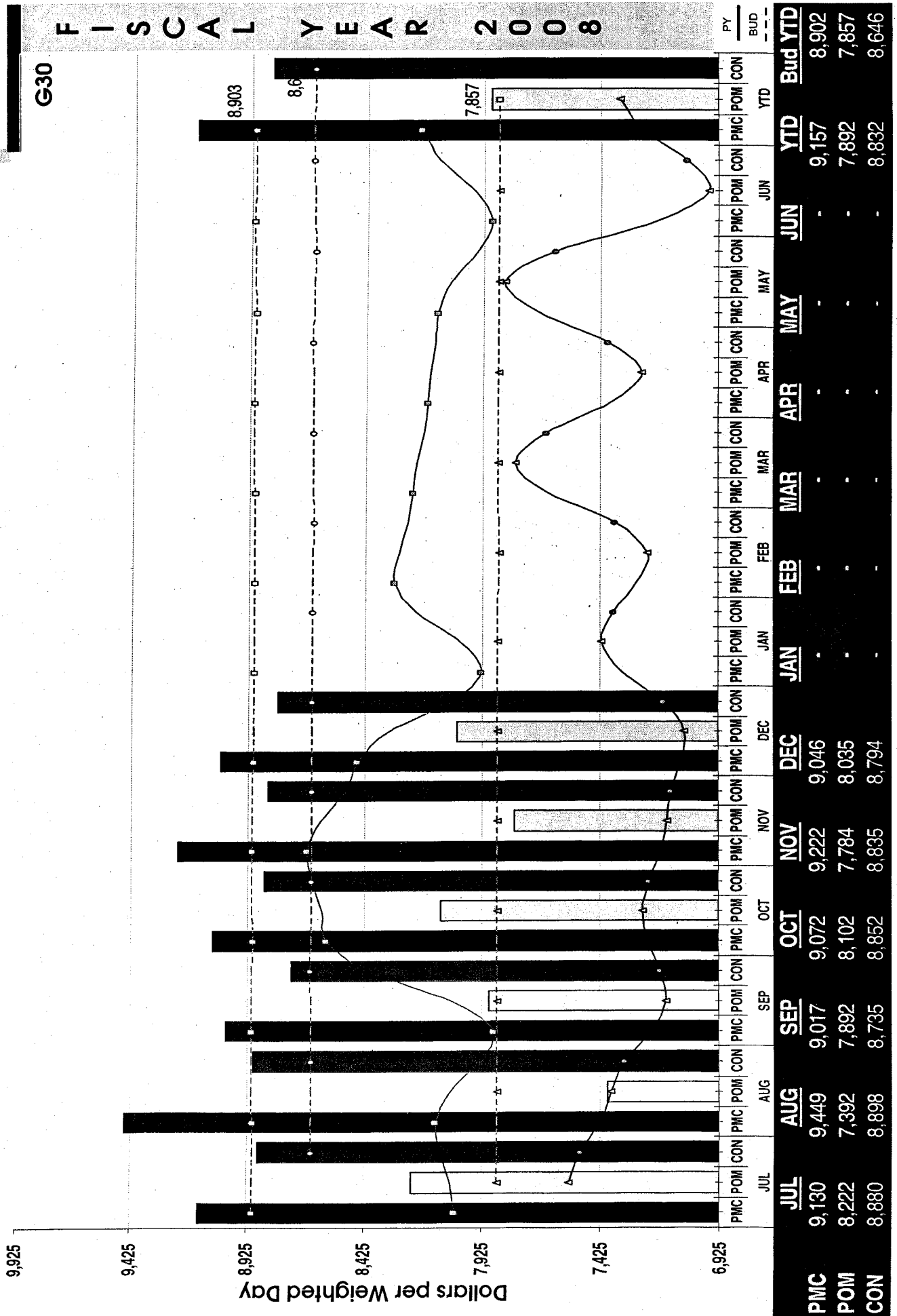
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Gross Patient Revenue per Weighted Patient Days

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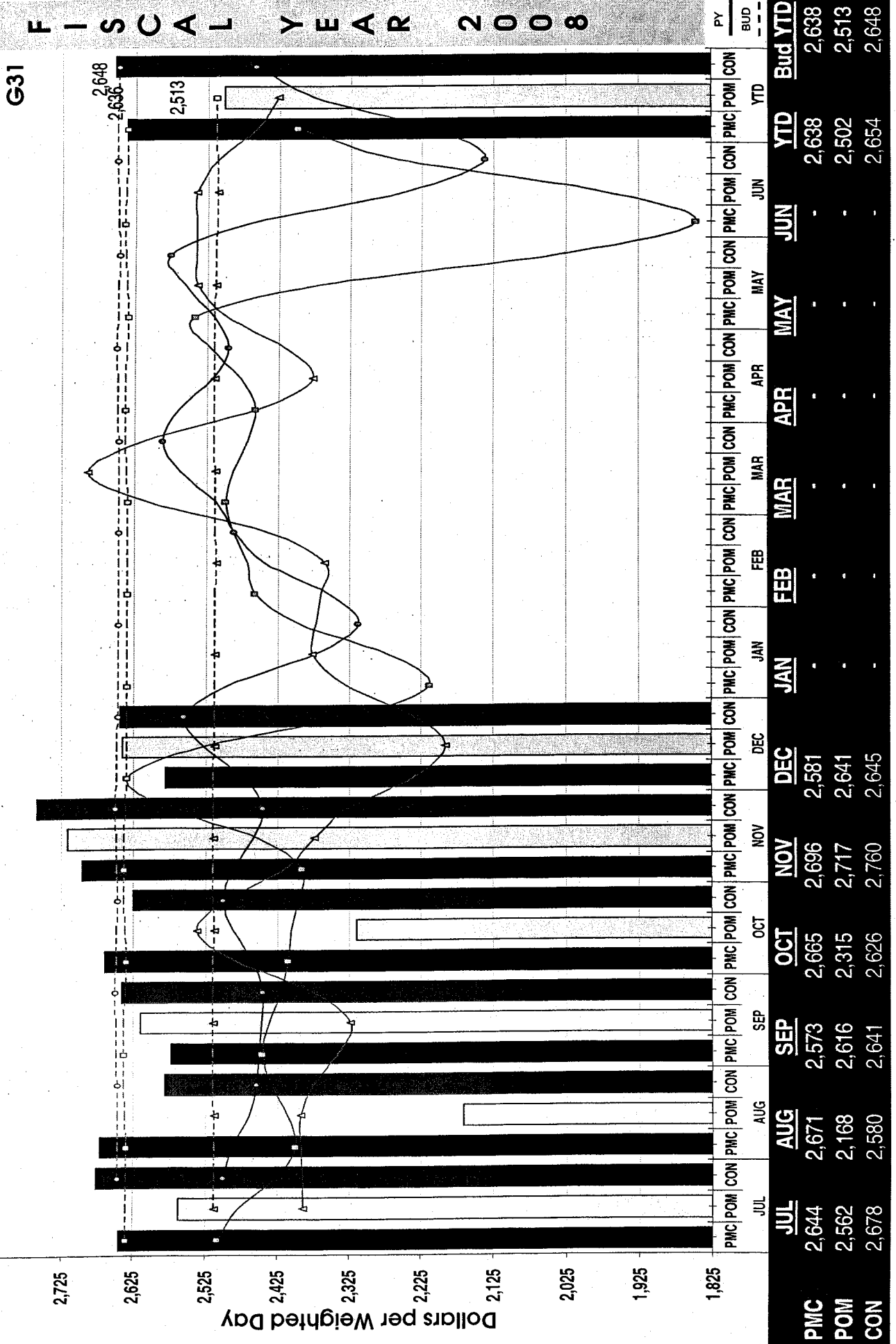
G30

FISCAL YEAR 2008



Net Patient Revenue per Weighted Patient Days

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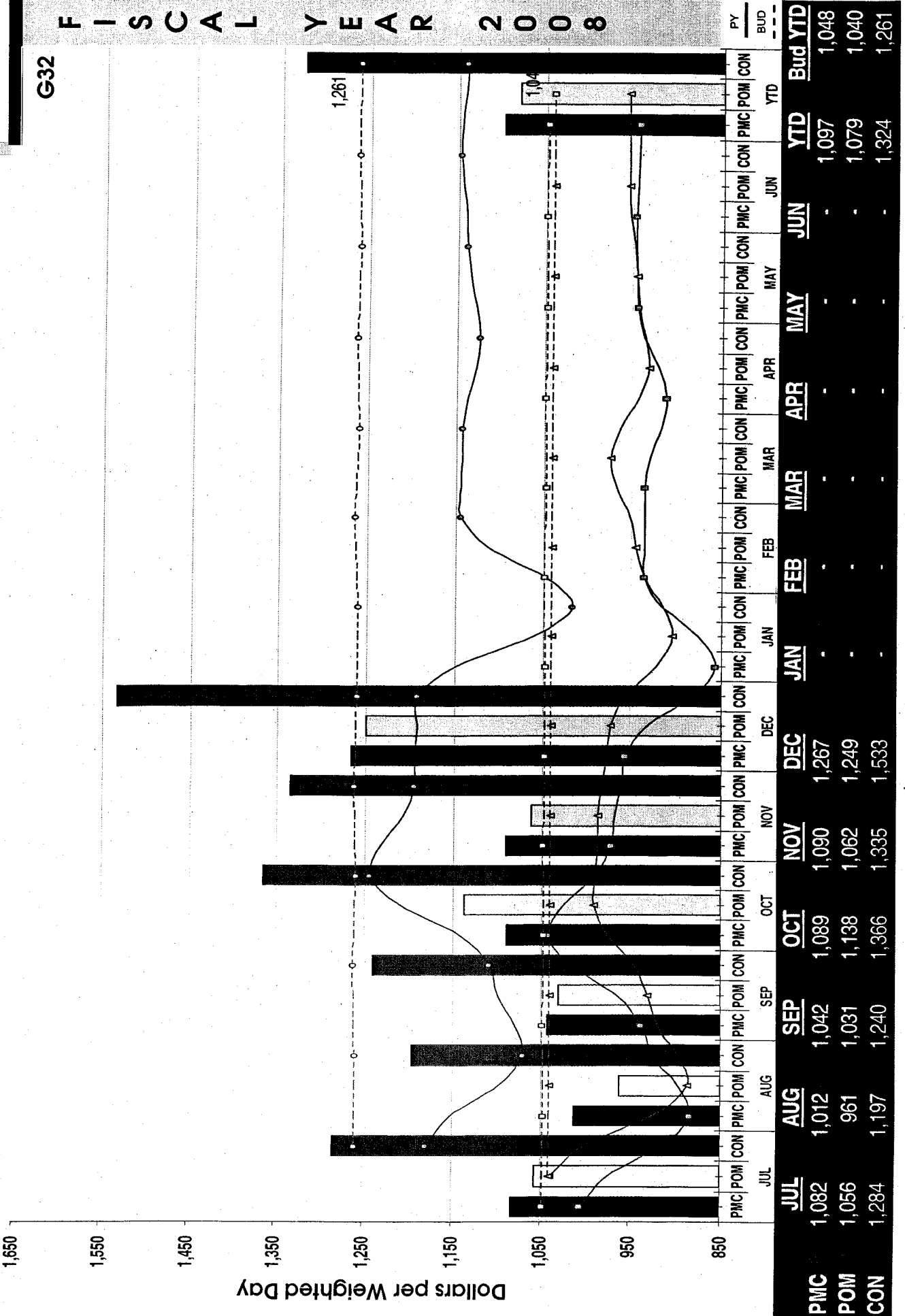


Salaries per Weighted Patient Days

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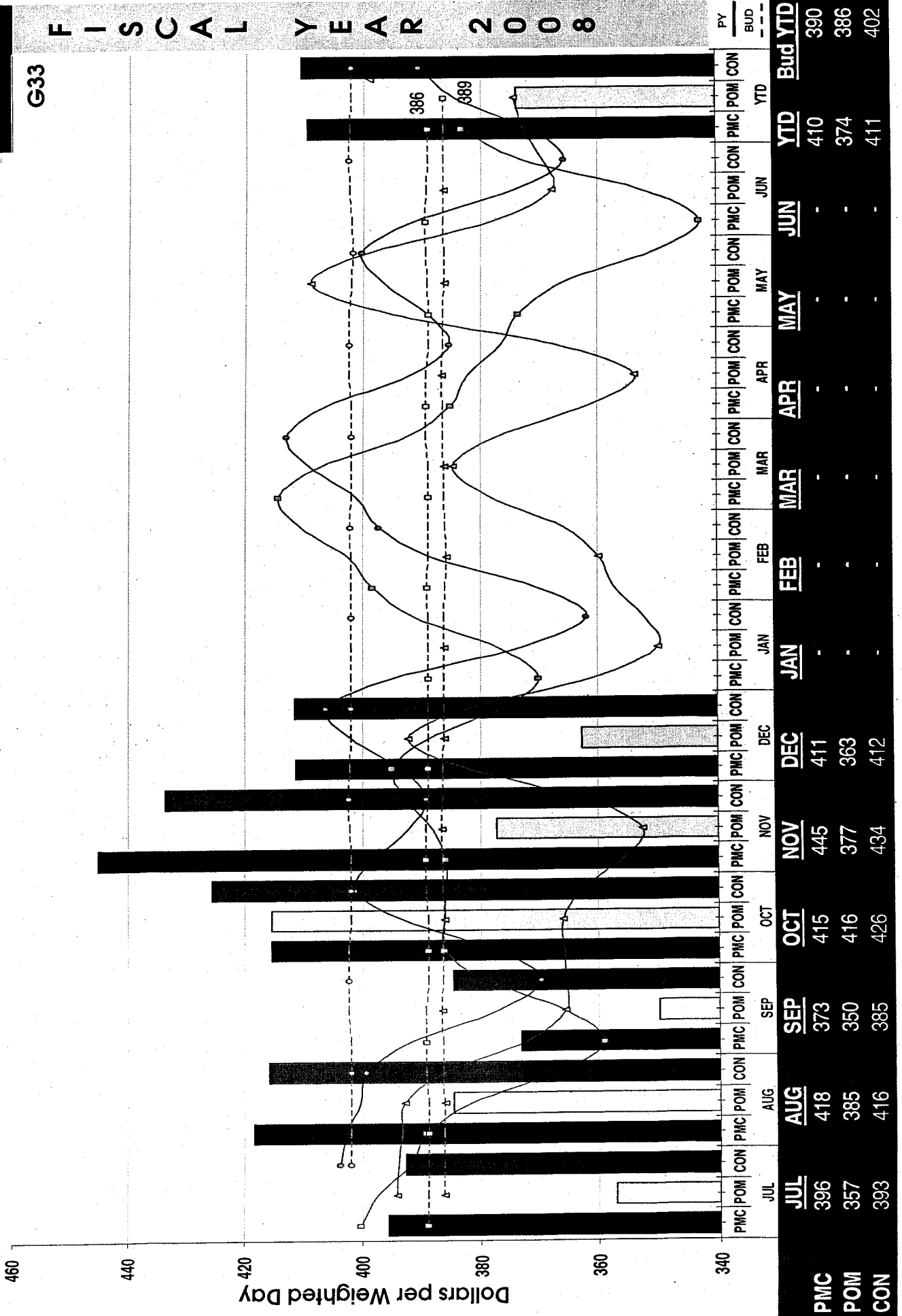


Supplies per Weighted Patient Days

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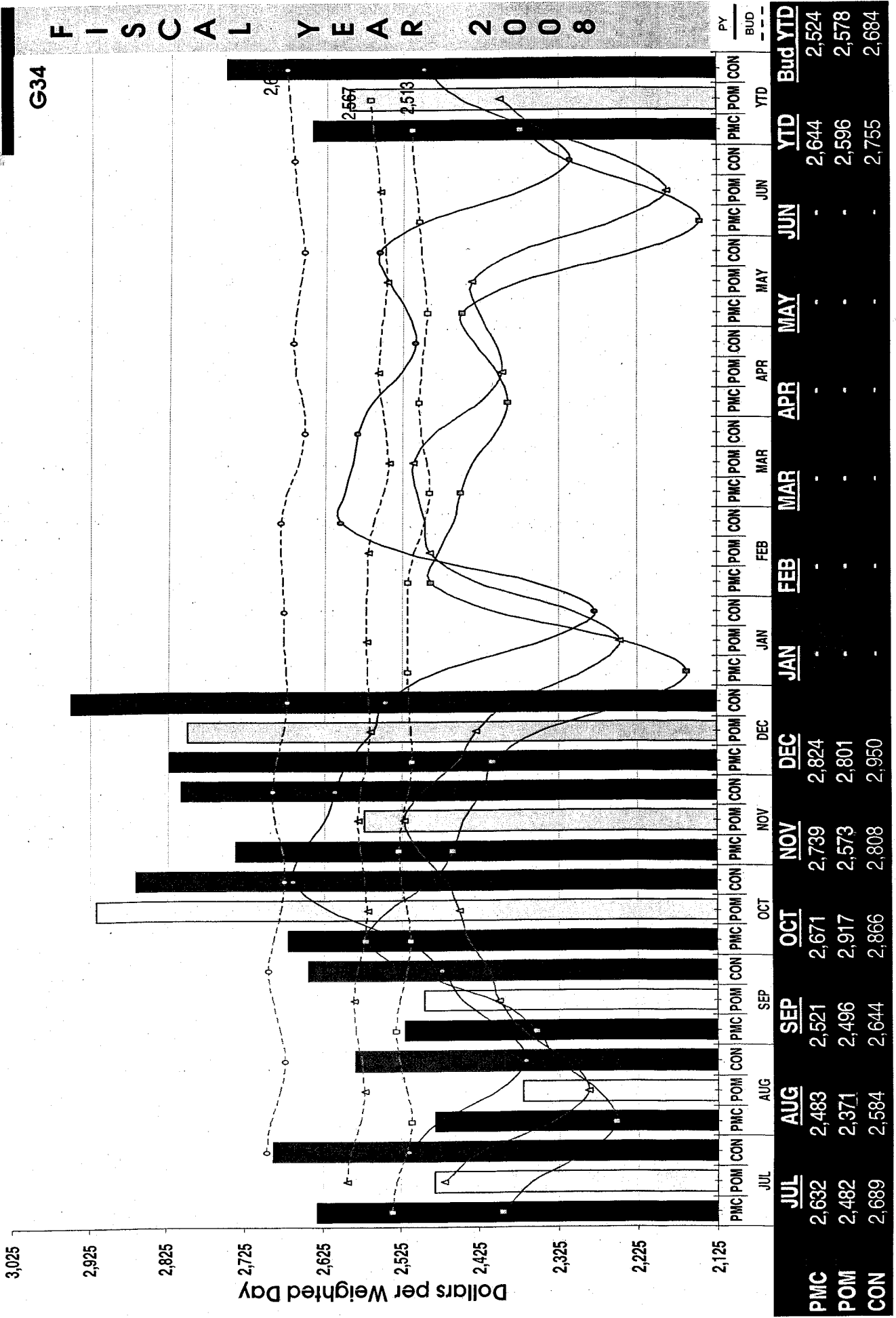


Total Expenses per Weighted Patient Days

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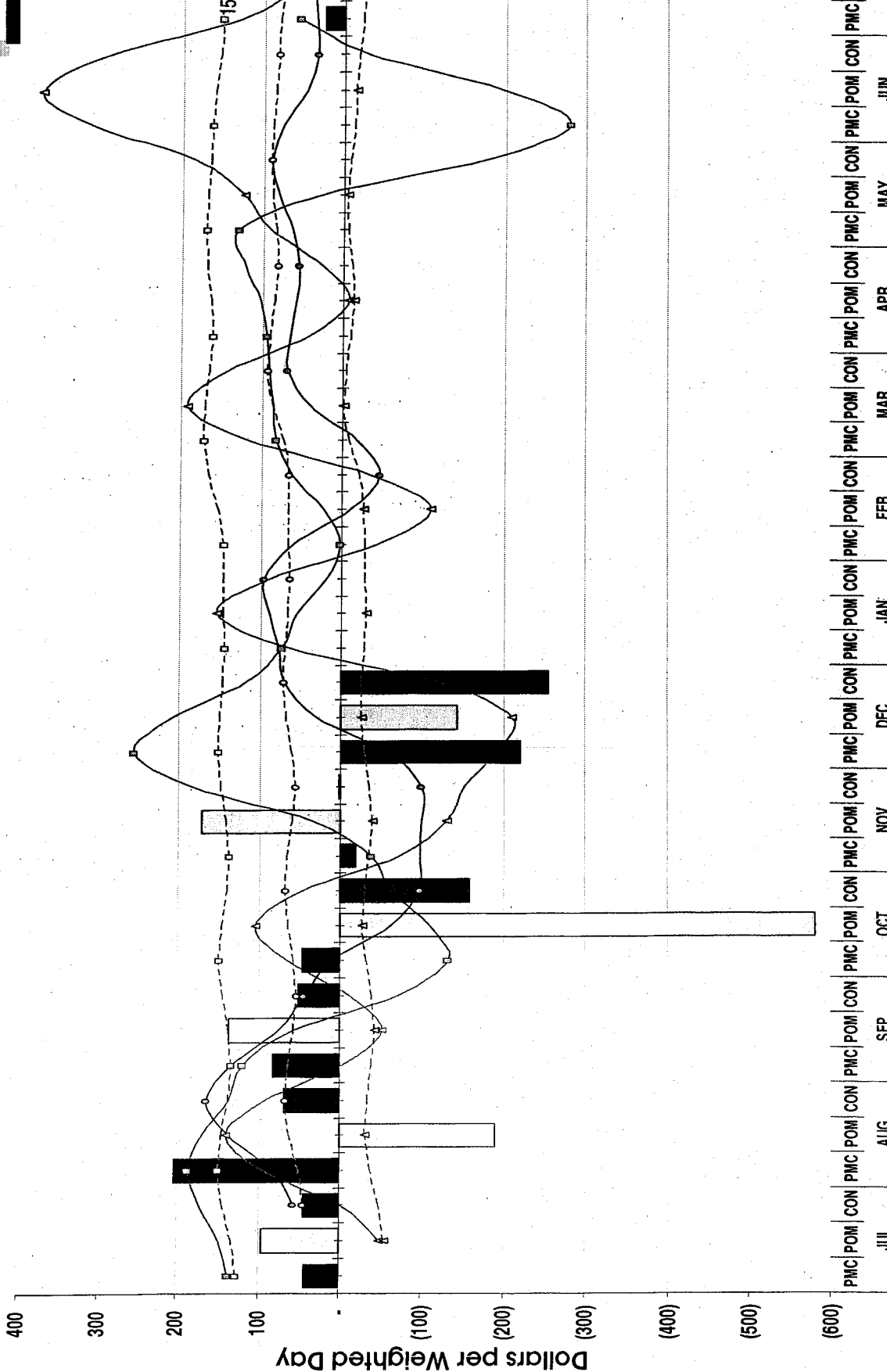


Net Operating Income per Weighted Patient Days

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G35



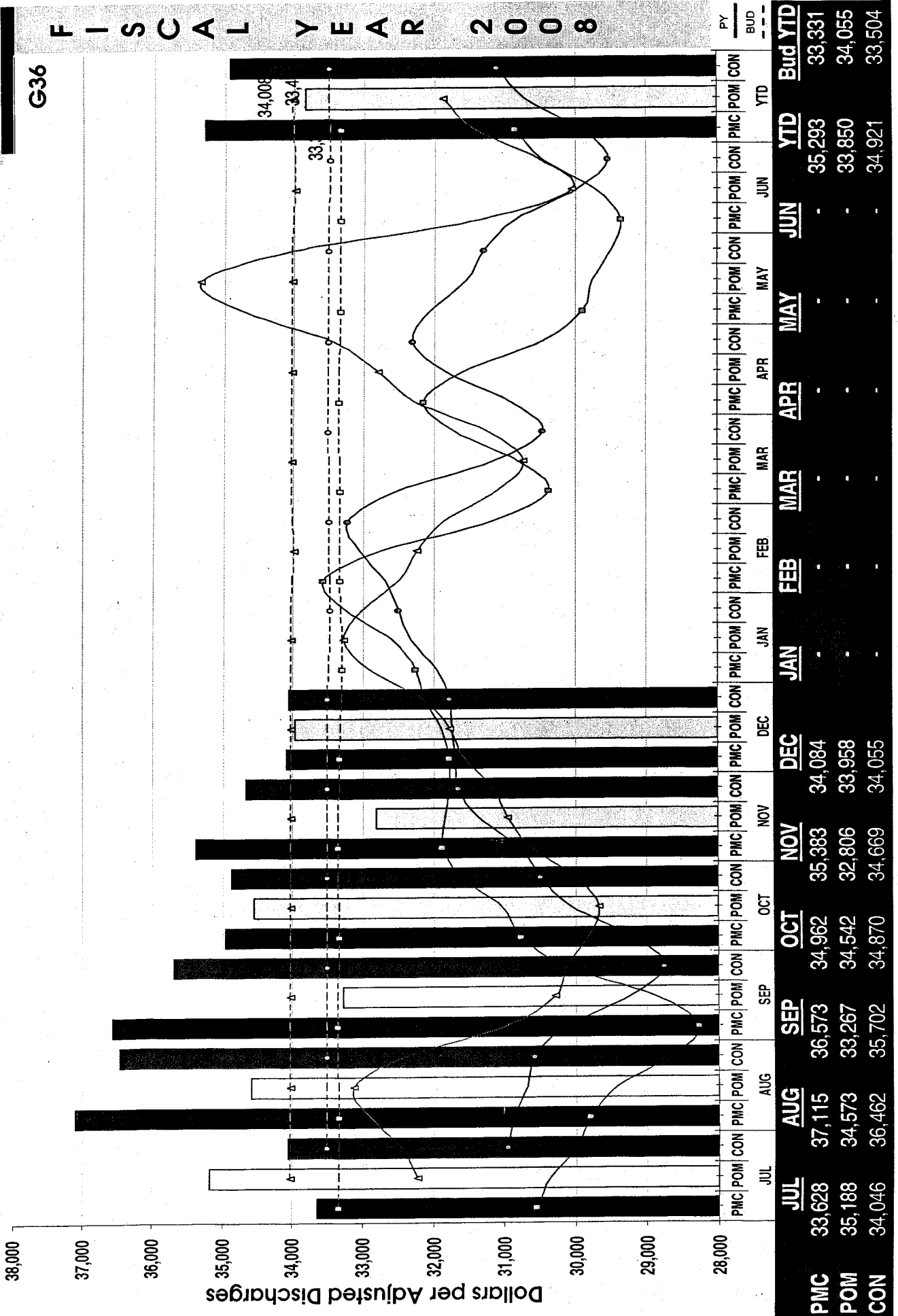
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMIC	43	204	83	46	(19)	(220)	-	-	-	-	-	-	24	141
POM	96	(190)	136	(582)	171	(143)	-	-	-	-	-	-	(75)	(37)
CON	45	68	51	(158)	1	(254)	-	-	-	-	-	-	(40)	59

Gross Patient Revenue per Adjusted Discharges

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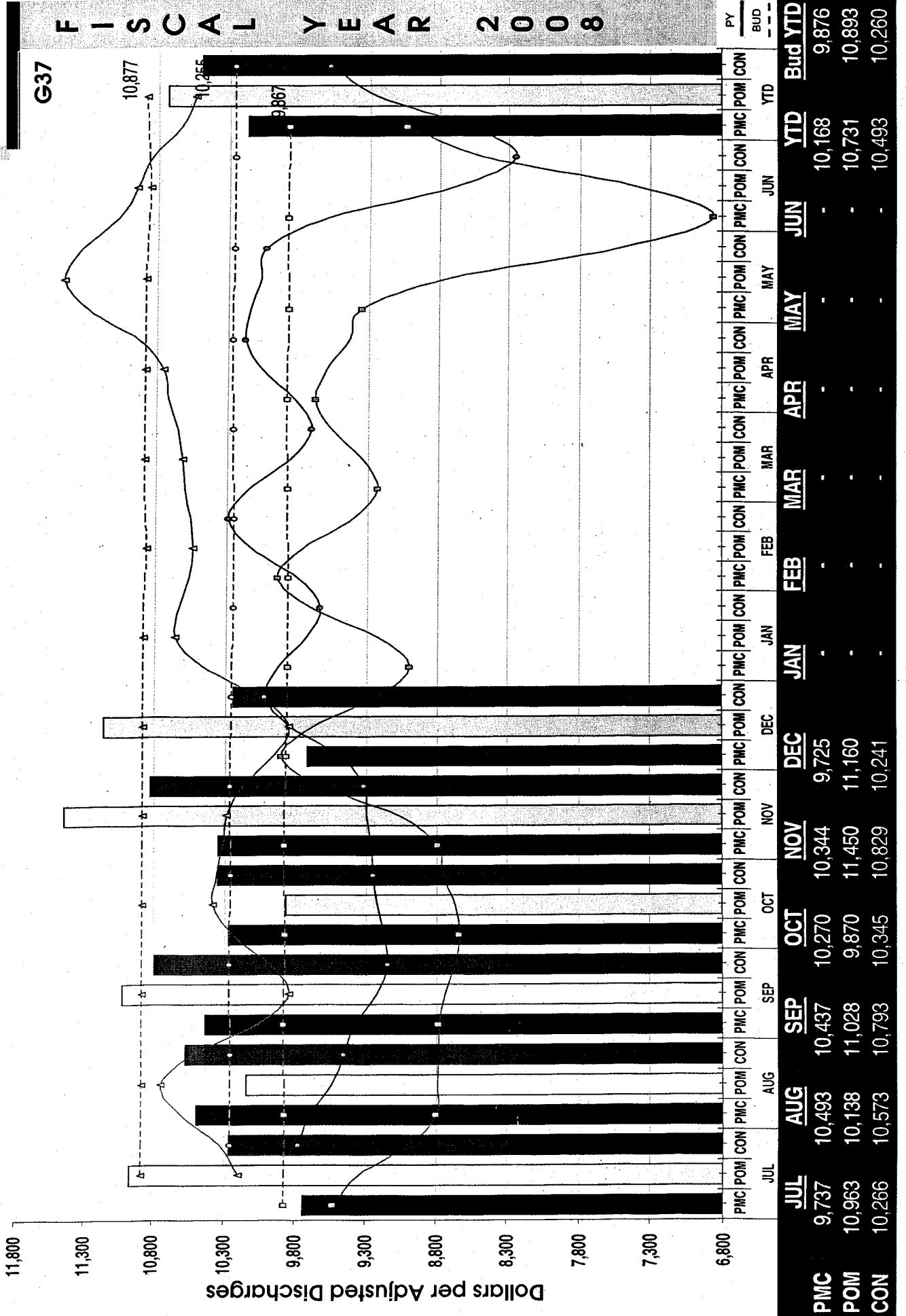
28

Net Patient Revenue per Adjusted Discharges

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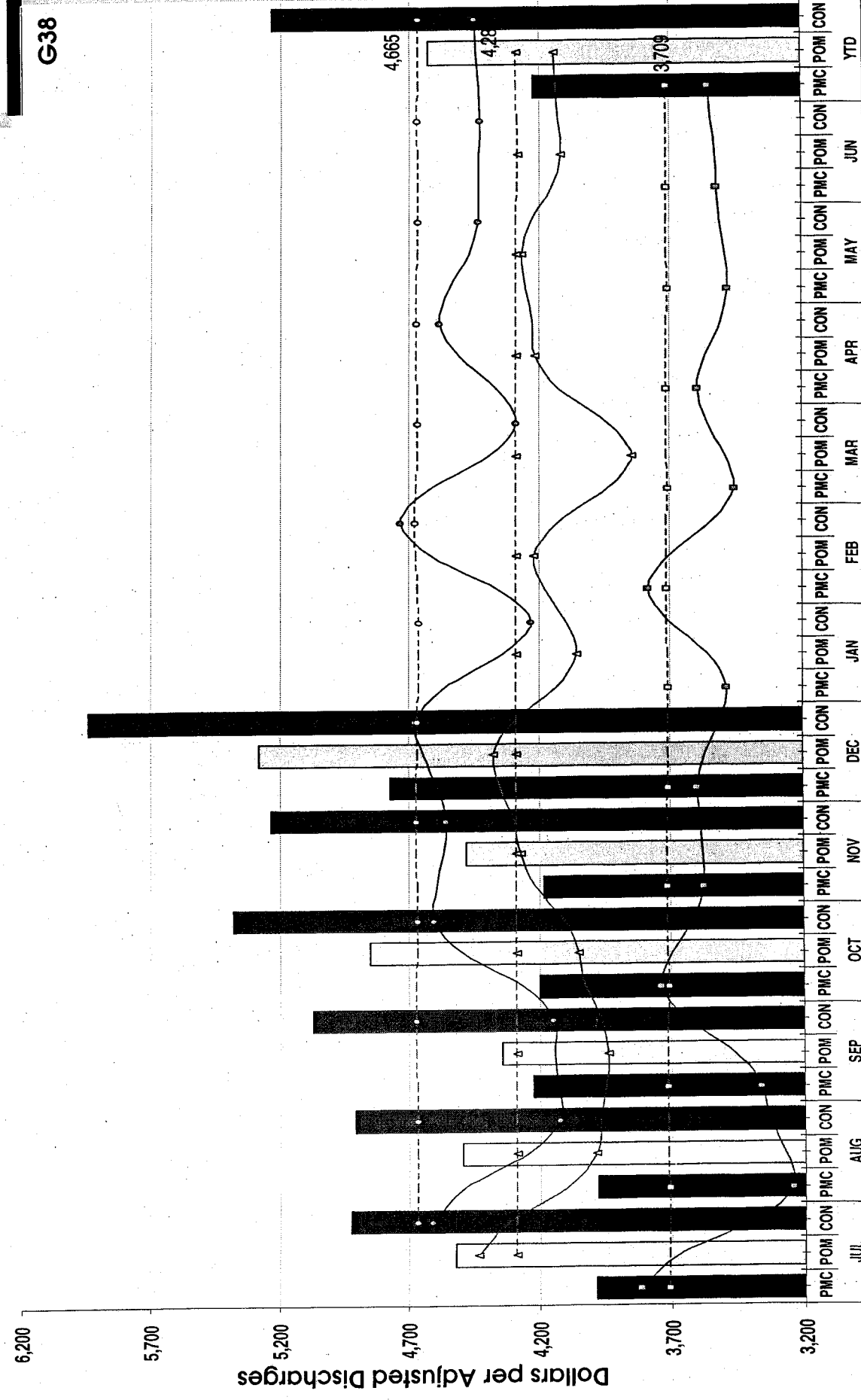
G37

FISCAL YEAR 2008



G38

FISCAL YEAR 2008



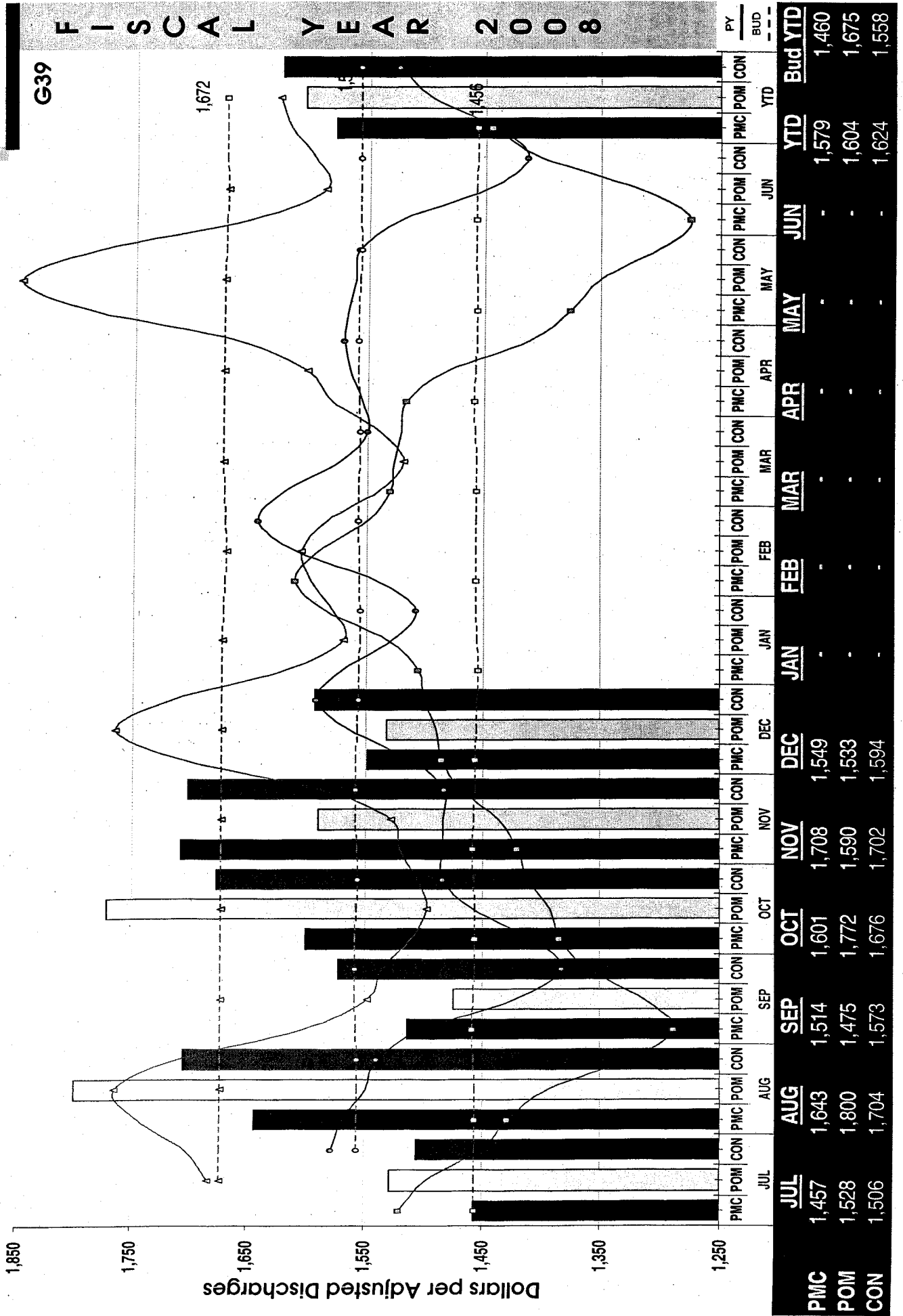
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUN	YTD	Bud YTD
PM	3,984	3,977	4,227	4,198	4,183	4,772	-	-	-	-	-	-	-	4,228	3,924
POM	4,518	4,494	4,344	4,852	4,477	5,280	-	-	-	-	-	-	-	4,628	4,507
CON	4,922	4,905	5,070	5,381	5,238	5,936	-	-	-	-	-	-	-	5,236	4,885

Supplies per Adjusted Discharges

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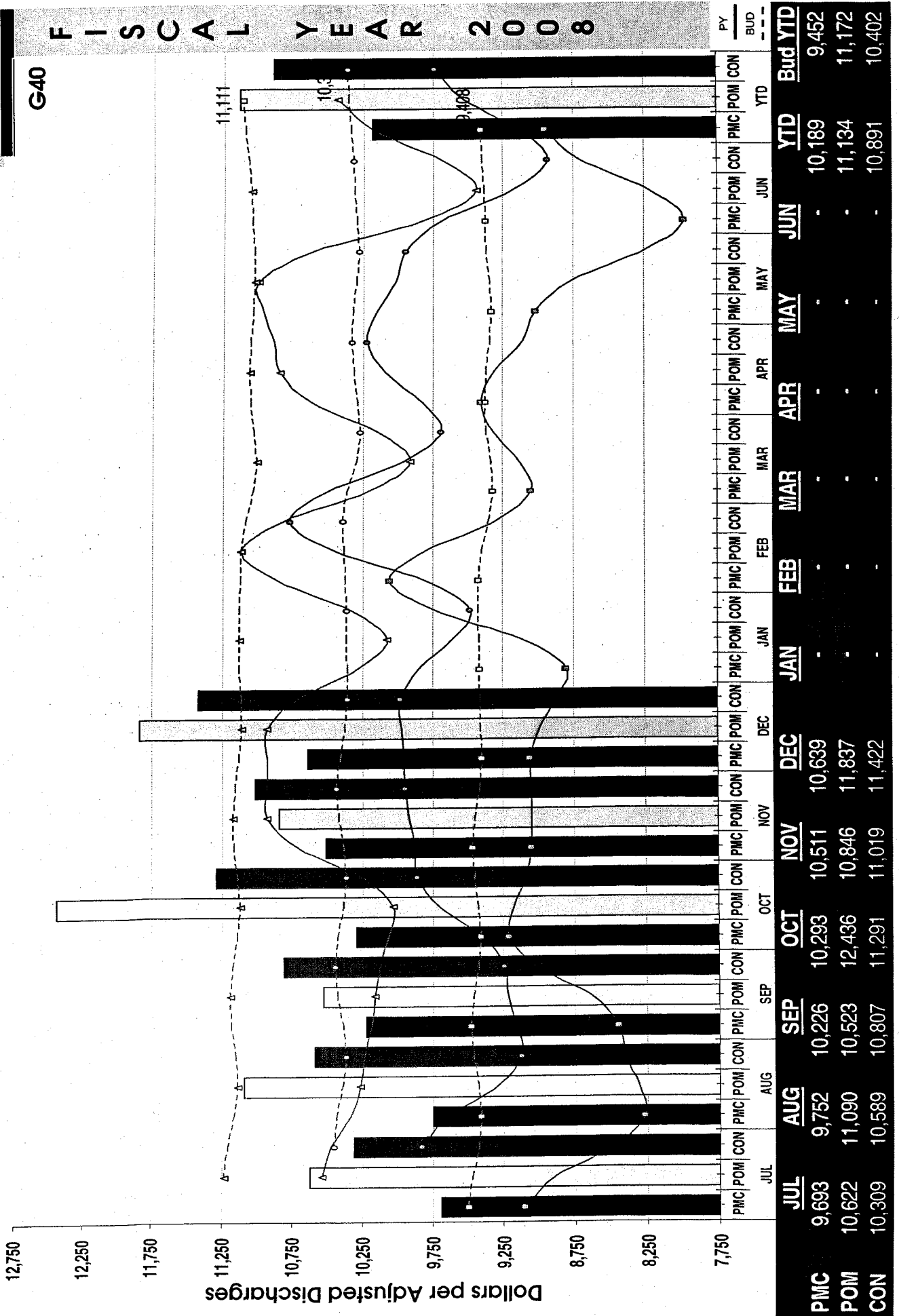


Total Expenses per Adjusted Discharges

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FISCAL YEAR 2008

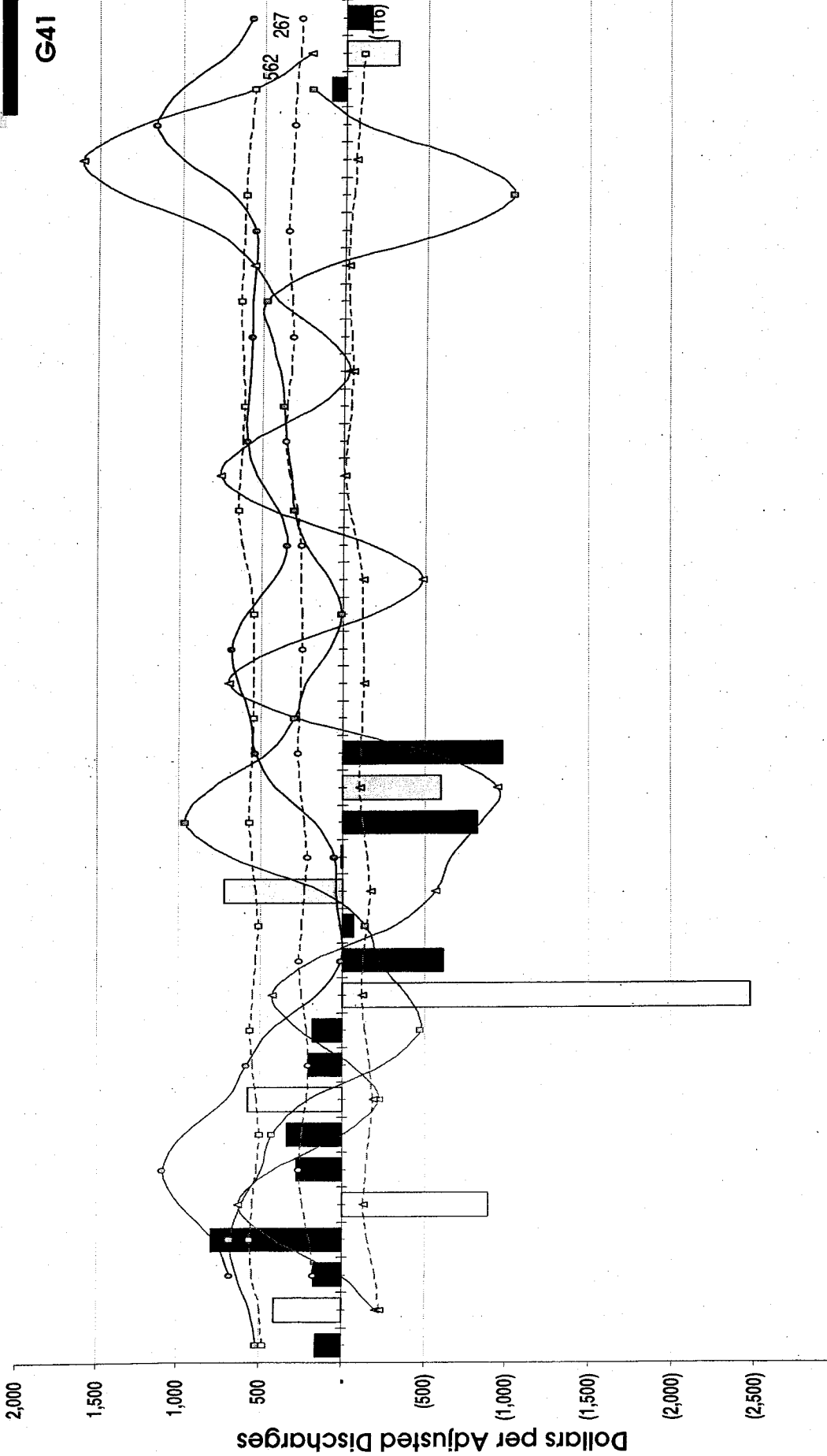


Net Operating Income per Adjusted Discharges

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FISCAL YEAR 2008



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud	YTD
PMIC	158	799	335	177	(72)	(827)	-	-	-	-	-	-	91	527	527
POM	411	(889)	575	(2,480)	722	(603)	-	-	-	-	-	-	(323)	(162)	(162)
CON	171	278	208	(623)	5	(985)	-	-	-	-	-	-	(158)	230	230

Key Variance Explanations December 31, 2007

G42

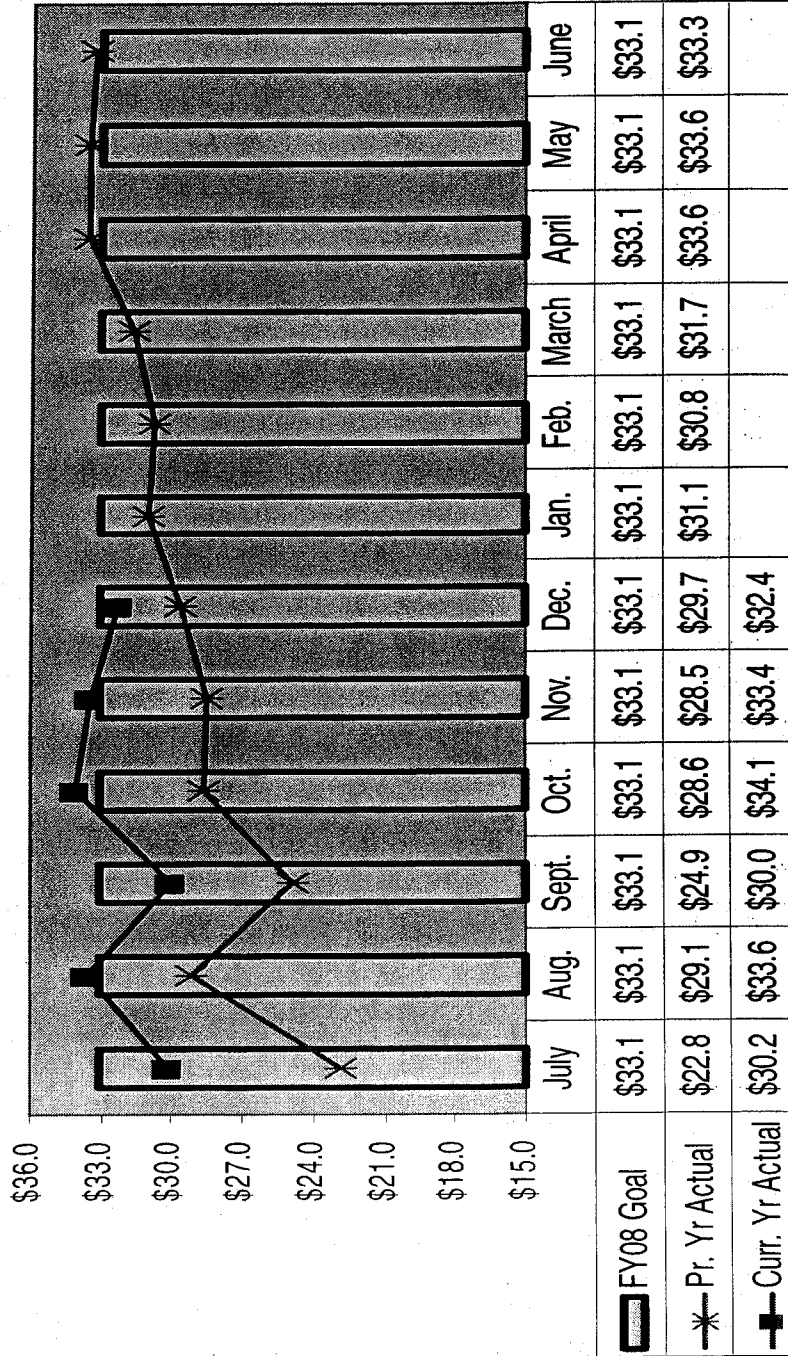
	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Net Income From Operations	(3,307,537)	919,595		(4,227,132)
<u>Total Net Revenue:</u>				
Net Patient Revenue			(714,452)	(714,452)
Other Operating Revenue			(601,028)	(601,028)
<u>Salary, Wages & Contract Labor:</u>				
Volume			459,036	459,036
Rate & Efficiency			(1,012,408)	(1,012,408)
Contract Labor			(152,139)	(152,139)
Incentive Compensation Bonus Award			(2,215,392)	(2,215,392)
Bonus: Sign-on, referral, Completion, Longevity & noncash			(299,339)	(299,339)
<u>Benefits:</u>				
FICA			(96,597)	(96,597)
Pension			(46,059)	(46,059)
Other			(48,464)	(48,464)
<u>Supplies:</u>				
Volume			146,368	146,368
Rate & Efficiency			28,887	28,887
Da Vinci Supplies			(198,095)	(198,095)
<u>Professional Fees & Purchase Services:</u>				
Disaster Expenses			(110,922)	(110,922)
Other			316,139	316,139
<u>Depreciation:</u>				
Close out and operationalize misc. CIPs			(112,826)	(112,826)
<u>Other Direct Expenses:</u>				
POP Rent - operationalize			(182,000)	(182,000)
Holiday Gift Cards			(94,000)	(94,000)
Other			708,159	708,159
Total Actual to Budget Variance for December 2007:	\$ (4,227,132)		\$ (4,227,132)	\$ (4,227,132)

Supplies Expense-Dec 07 YTD

Descriptions	Actual YTD	Budget YTD	Variances
Supplies surgical general	2,412,957	1,996,498	(416,459)
Supplies other medical	7,487,359	7,119,102	(368,257)
Other non medical	3,431,614	3,226,606	(205,008)
Other minor equipment	524,727	404,102	(120,625)
Prosthesis	7,156,838	7,065,682	(91,156)
Supplies employee apparel	70,877	46,686	(24,191)
Supplies food/meat	273,269	257,878	(15,391)
Supplies cleaning	207,281	192,912	(14,369)
Supplies radioactive	402,500	390,808	(11,692)
Supplies office/administration	545,494	535,312	(10,182)
Supplies oxygen/gas	138,780	132,436	(6,344)
Supplies linen	18,140	13,472	(4,668)
Supplies anesthesia material	6,132	4,352	(1,780)
Supplies forms	295,939	306,556	10,617
Supplies food other	1,314,123	1,324,976	10,853
Sutures surgical needles	759,540	776,792	17,252
Instruments minor equipment	185,217	209,814	24,597
Supplies iv solutions	234,970	259,874	24,904
Supplies x-ray material	12,550	38,306	25,756
Supplies surgical pack	863,999	938,598	74,599
Supplies pharmaceutical	5,843,871	6,387,028	543,157
TOTAL	32,186,175	31,627,790	(558,385)

Da Vinci expenses = \$198,095
in Surgical General expense

PBS Monthly Collections in Millions



Palomar Pomerado Health
Consolidated Balance Sheet
As of December 31, 2007

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$7,454,889	\$6,237,688	\$1,365,825
Cash Marketable Securities	68,464,790	66,434,916	107,847,524
Total Cash & Cash Equivalents	75,919,679	72,672,604	109,213,349
Patient Accounts Receivable	196,143,932	202,446,906	160,767,031
Allowance on Accounts	-104,792,440	-113,650,933	-81,286,268
Net Accounts Receivable	91,351,492	88,795,973	79,480,763
Inventories	7,003,935	6,903,051	7,025,980
Prepaid Expenses	4,910,479	5,026,849	2,071,008
Other	11,586,207	19,111,990	5,094,523
Total Current Assets	190,771,792	192,510,467	202,885,623
Non-Current Assets			
Restricted Assets	375,410,967	137,836,615	173,111,797
Restricted by Donor	300,765	299,451	296,184
Board Designated	19,045,674	21,435,031	0
Total Restricted Assets	394,757,406	159,571,097	173,407,981
Property Plant & Equipment	366,173,418	366,951,600	373,271,092
Accumulated Depreciation	-225,267,036	-224,713,145	-222,304,232
Construction in Process	169,503,671	162,164,361	121,244,746
Net Property Plant & Equipment	310,410,053	304,402,816	272,211,606
Investment in Related Companies	1,970,019	238,469	265,204
Deferred Financing Costs	20,307,960	17,024,886	17,245,255
Other Non-Current Assets	6,085,426	5,822,686	5,715,558
Total Non-Current Assets	733,530,864	487,059,954	468,845,604
Total Assets	\$924,302,656	\$679,570,421	\$671,731,227
Liabilities			
Current Liabilities			
Accounts Payable	\$21,761,957	\$25,976,944	\$27,500,989
Accrued Payroll	17,209,515	15,360,726	14,778,493
Accrued PTO	13,689,914	13,338,914	12,638,138
Accrued Interest Payable	1,454,870	877,481	1,906,574
Current Portion of Bonds	9,660,000	9,660,000	13,220,000
Est Third Party Settlements	-315,752	-404,508	-2,579,788
Other Current Liabilities	19,718,485	19,240,230	12,085,069
Total Current Liabilities	83,178,989	84,049,787	79,549,475
Long Term Liabilities			
Bonds & Contracts Payable	531,968,848	285,158,801	294,723,824
General Fund Balance			
Unrestricted	289,808,385	288,627,356	297,161,750
Restricted for Other Purpose	300,765	299,451	296,184
Board Designated	19,045,674	21,435,031	0
Total Fund Balance	309,154,824	310,361,838	297,457,934
Total Liabilities / Fund Balance	\$924,302,656	\$679,570,421	\$671,731,227

**PALOMAR POMERADO HEALTH
CONSOLIDATED
FY 2008 Year-to-Date as of December**

	Statistics:		Variance				
	Actual	Budget	Volume	Rate/Eff	Actual	\$Weighted Pt Days Budget	Variance
Admissions - Acute	14,465	14,994	(529)				
Admissions - SNF	534	576	(42)				
Patient Days - Acute	56,376	57,368	(992)				
Patient Days - SNF	38,311	38,854	(543)				
ALOS - Acute	3.89	3.83	0.06				
ALOS - SNF	73.11	68.16	4.95				
Weighted Patient Days	78,374	78,686	(312)				
Revenue:							
Gross Revenue	\$ 692,195,258	\$ 680,339,986	\$ 11,855,272	\$ 14,552,907	\$ 8,831.95	\$ 8,646.26	\$ 185.69
Deductions from Rev	(484,201,483)	(472,006,768)	(12,194,715)	(14,066,282)	(6,178.09)	(5,998.61)	(179.48)
Net Patient Revenue	207,993,775	208,333,218	(339,443)	486,625	2,653.86	2,647.65	6.21
Other Oper Revenue	4,755,539	7,548,804	(2,793,265)	(2,763,333)	60.68	95.94	(35.26)
Total Net Revenue	212,749,314	215,882,022	(3,132,708)	(2,276,708)	2,714.54	2,743.59	(29.05)
Expenses:							
Salaries, Wages & Contr Labor	103,791,225	99,198,198	(4,593,027)	(4,986,360)	1,324.31	1,260.68	(63.62)
Benefits	25,984,209	25,011,860	(972,349)	(1,071,524)	331.54	317.87	(13.67)
Supplies	32,186,175	31,627,790	(558,385)	(683,793)	410.67	401.95	(8.72)
Prof Fees & Purch Svc	30,903,260	31,495,666	(592,406)	467,522	394.30	400.27	5.97
Depreciation	10,981,206	10,649,142	(332,064)	(374,289)	140.11	135.34	(4.78)
Other	12,044,505	13,232,676	(1,188,171)	1,135,702	153.68	168.17	14.49
Total Expenses	215,890,580	211,215,333	(4,675,247)	(5,512,743)	2,754.62	2,684.28	(70.34)
Net Inc Before Non-Oper Income	(3,141,266)	4,666,689	(7,807,955)	(7,789,451)	(40.08)	59.31	(99.39)
Property Tax Revenue	6,750,000	6,750,000	-	26,765	86.13	85.78	0.34
Non-Operating Income	2,814,406	397,908	2,416,498	2,418,076	35.91	5.06	30.85
Net Income (Loss)	\$ 6,423,140	\$ 11,814,597	(5,391,457)	(5,344,611)	\$ 81.95	\$ 150.15	\$ (68.19)
Net Income Margin	2.8%	5.2%	-2.4%				
OEBITDA Margin w/o Prop Tax	3.5%	6.8%	-3.3%				
OEBITDA Margin with Prop Tax	6.5%	9.8%	-3.3%				

F= Favorable variance
U= Unfavorable variance

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**PALOMAR POMERADO HEALTH
CONSOLIDATED
Month-to-Date as of December, FY 2008**

	Actual		Budget		Variance		Volume		Rate/Eff		Actual		Budget		Variance	
Statistics:																
Admissions - Acute	2,432	2,526				(94)										
Admissions - SNF	97	97														
Patient Days - Acute	9,397	9,666				(269)										
Patient Days - SNF	6,441	6,546				(105)										
ALOS - Acute	3.82	3.83				(0.01)										
ALOS - SNF	68.52	68.19				0.33										
Weighted Patient Days	13,000	13,258				(258)										
Revenue:																
Gross Revenue	\$ 114,323,264	\$ 114,616,558				(293,294) U										
Deductions from Rev	(79,944,031.00)	(79,522,873)				(421,158) U										
Net Patient Revenue	34,379,233	35,093,685				(714,452) U										
Other Oper Revenue	657,106	1,258,134				(601,028) U										
Total Net Revenue	35,036,339	36,351,819				(1,315,480) U										
Expenses:																
Salaries, Wages & Contr Labor	19,926,214	16,705,972				(3,220,242) U										
Benefits	4,406,086	4,212,966				(193,120) U										
Supplies	5,349,701	5,326,861				(22,840) U										
Prof Fees & Purch Svc	4,989,017	5,194,234				205,218 F										
Depreciation	1,887,683	1,774,857				(112,826) U										
Other	1,785,175	2,217,335				432,160 F										
Total Expenses	38,343,876	35,432,224				(2,911,651) U										
Net Inc Before Non-Oper Income	(3,307,537)	919,595				(4,227,131) U										
Property Tax Revenue	1,125,000	1,125,000				-										
Non-Operating Income	76,272	66,318				9,954 F										
Net Income (Loss)	\$ (2,106,265)	\$ 2,110,913				(4,217,177) U										
Net Income Margin	-5.7%	5.5%				-11.2%										
OEBITDA Margin w/o Prop Tax	-3.8%	7.1%				-10.9%										
OEBITDA Margin with Prop Tax	-0.8%	10.0%				-10.8%										

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
December 2007 YTD vs. December 2006 YTD**

	December 07 YTD		December 06		Variance				\$/Weighted Pt Days				
					Volume	Rate/Eff	Actual	Budget	Variance				
Revenue:													
Gross Revenue	\$ 692,195,258	\$ 606,493,620	\$ 85,701,638	F	\$ 22,786,868	\$ 62,914,770	\$ 8,831,95	\$ 8,029.20	\$	802.75			
Deductions from Rev	(484,201,483.00)	(418,941,064)	(65,260,419)	U	(15,740,240)	(49,520,179)	(6,178.09)	(5,546.24)		(631.84)			
Net Patient Revenue	207,993,775	187,552,556	20,441,219	F	7,046,629	13,394,590	2,663.86	2,482.96		170.91			
Other Oper Revenue	4,755,539	5,218,772	(463,233)	U	196,077	(659,310)	60.68	69.09		(8.41)			
Total Net Revenue	212,749,314	192,771,328	19,977,986	F	7,242,706	12,735,280	2,714.54	2,552.05		162.49			
Expenses:													
Salaries, Wages & Contr Labor	103,791,225	92,018,168	(11,773,057)	U	(3,457,260)	(8,315,797)	1,324.31	1,218.20		(106.10)			
Benefits	25,984,209	22,920,634	(3,063,575)	U	(861,162)	(2,202,413)	331.54	303.44		(28.10)			
Supplies	32,186,175	29,829,599	(2,356,576)	U	(1,120,742)	(1,235,834)	410.67	394.91		(15.77)			
Prof Fees & Purch Svc	30,903,260	25,385,507	(5,517,753)	U	(953,771)	(4,563,982)	394.30	336.07		(58.23)			
Depreciation	10,981,206	9,992,076	(989,130)	U	(375,417)	(613,713)	140.11	132.28		(7.83)			
Other	12,044,505	10,718,349	(1,326,156)	U	(402,704)	(923,452)	153.68	141.90		(11.78)			
Total Expenses	215,890,580	190,864,333	(25,026,247)	U	(7,171,057)	(17,855,190)	2,754.62	2,526.80		(227.82)			
Net Inc Before Non-Oper Income	(3,141,266)	1,906,995	(5,048,261)	U	71,649	(5,119,910)	(40.08)	25.25		(65.33)			
Property Tax Revenue	6,750,000	6,324,996	425,004	F	237,640	187,364	86.13	83.73		2.39			
Non-Operating Income	2,814,406	1,536,323	1,278,083	F	57,722	1,220,361	35.91	20.34		15.57			
Net Income (Loss)	\$ 6,423,140	\$ 9,768,314	(3,345,174)	U	\$ 367,010	(3,712,184)	\$ 81.95	\$ 129.32		(47.36)			
Net Income Margin	2.8%	4.7%	-1.9%										
OEBITDA Margin w/o Prop Tax	3.5%	5.8%	-2.3%										
OEBITDA Margin with Prop Tax	6.5%	8.8%	-2.3%										

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
Actual Dec 07 YTD + 6 Month Budget
FY 08 Projection**

	6 Act + 6 Bud		FY 08 Budget		Variance		\$/Weighted Pt Days			
					Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:										
Admissions - Acute	29,298		29,827	(529)						
Admissions - SNF	1,105		1,147	(42)						
Patient Days - Acute	113,119		114,111	(992)						
Patient Days - SNF	76,720		77,263	(543)						
Weighted Patient Days	40,085		40,397	(312)						
Revenue:										
Gross Revenue	\$ 1,365,120,538	\$ 1,353,265,267	\$ 11,855,271	F	\$ (10,451,736)	\$ 22,307,007	\$ 34,055.65	\$ 33,499.15	\$ 556.49	
Deductions from Rev	(951,077,781)	(938,883,067)	(12,194,714)	U	7,251,319	(19,446,033)	(23,726.53)	(23,241.41)	(485.12)	
Net Patient Revenue	414,042,757	414,382,200	(339,443)	U	(3,200,417)	2,860,974	10,329.12	10,257.75	71.37	
Other Oper Revenue	12,304,340	15,097,606	(2,793,266)	U	(116,604)	(2,676,662)	306.96	373.73	(66.77)	
Total Net Revenue	426,347,097	429,479,806	(3,132,709)	U	(3,317,021)	184,312	10,636.08	10,631.48	4.60	
Expenses:										
Salaries, Wages & Contr Labor	201,947,186	197,354,158	(4,593,028)	U	1,524,234	(6,117,262)	5,037.97	4,885.37	(152.61)	
Benefits	50,729,496	49,757,147	(972,349)	U	384,292	(1,356,641)	1,265.55	1,231.70	(33.84)	
Supplies	63,472,658	62,914,273	(558,385)	U	485,909	(1,044,294)	1,583.45	1,557.40	(26.05)	
Prof Fees & Purch Svc	60,336,424	60,928,830	592,406	F	470,574	121,832	1,505.21	1,508.25	3.04	
Depreciation	21,675,696	21,343,632	(332,064)	U	164,844	(496,908)	540.74	528.35	(12.40)	
Other	25,205,793	26,393,963	1,188,170	F	203,850	964,320	628.81	653.36	24.56	
Total Expenses	423,367,253	418,692,003	(4,675,250)	U	3,233,703	(7,908,953)	10,561.74	10,364.43	(197.30)	
Net Inc Before Non-Oper Income	2,979,844	10,787,803	(7,807,958)	U	(83,318)	(7,724,641)	74.34	267.04	(192.71)	
Property Tax Revenue	13,500,000	13,500,000	-	-	(104,265)	104,265	336.78	334.18	2.60	
Non-Operating Income	3,212,319	795,822	2,416,497	F	(6,146)	2,422,643	80.14	19.70	60.44	
Net Income (Loss)	\$ 19,692,163	\$ 25,083,625	\$ (5,391,457)	U	\$ (193,730)	\$ (5,197,732)	\$ 491.26	\$ 620.93	\$ (129.67)	
Net Income Margin	4.4%	5.6%	-1.2%							
OEBITDA Margin w/o Prop Tax	5.5%	7.1%	-1.6%							
OEBITDA Margin with Prop Tax	8.5%	10.1%	-1.6%							

F= Favorable variance

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CONSOLIDATED
MONTHLY TREND

	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Statistics:							
Admissions - Acute	2,378	2,480	2,369	2,386	2,420	2,432	14,465
Admissions - SNF	98	83	95	82	79	97	534
Patient Days - Acute	9,000	9,910	9,617	9,161	9,291	9,397	56,376
Patient Days - SNF	6,453	6,703	6,262	6,200	6,252	6,441	38,311
LOS - Acute	3.77	4.03	4.03	3.85	3.84	3.82	3.89
LOS - SNF	74.17	77.94	63.90	68.89	90.61	68.52	73.11
Weighted Patient Days	12,587	13,756	13,284	12,775	12,969	13,000	78,374
Adjusted Discharges	3,283	3,357	3,250	3,272	3,305	3,357	19,822
Revenue:							
Gross Revenue	\$ 111,773,221	\$ 122,404,049	\$ 116,030,872	\$ 113,082,612	\$ 114,581,236	\$ 114,323,264	\$ 692,195,258
Deductions from Rev	(78,069,250)	(86,911,029)	(80,952,920)	(79,532,906)	(78,791,347)	(79,944,031)	(484,201,483)
Net Patient Revenue	33,703,971	35,493,020	35,077,952	33,549,706	35,789,889	34,379,233	207,993,775
Other Oper Revenue	701,388	986,768	719,079	1,046,518	644,683	657,106	4,755,539
Total Net Revenue	34,405,359	36,479,788	35,797,031	34,596,224	36,434,572	35,036,339	212,749,314
Expenses:							
Salaries, Wages & Contr Labor	16,158,669	16,464,478	16,477,521	17,451,691	17,312,652	19,926,214	103,791,225
Benefits	4,208,437	4,396,919	4,327,260	4,393,500	4,252,006	4,406,086	25,984,209
Supplies	4,942,769	5,720,791	5,111,919	5,436,382	5,624,615	5,349,701	32,186,175
Prof Fees & Purch Svc	4,291,556	5,235,293	5,463,126	5,405,362	5,518,907	4,989,017	30,903,260
Depreciation	1,787,630	1,785,978	1,804,198	1,804,702	1,911,015	1,887,683	10,981,206
Other	2,455,357	1,944,304	1,937,161	2,125,075	1,797,432	1,785,175	12,044,505
Total Expenses	33,844,418	35,547,763	35,121,185	36,616,712	36,416,627	38,343,876	215,890,580
Net Inc Before Non-Oper Income	560,941	932,026	675,846	(2,020,488)	17,945	(3,307,537)	(3,141,266)
Property Tax Revenue	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	6,750,000
Non-Operating Income	331,466	517,863	795,728	174,686	918,390	76,272	2,814,406
Net Income (Loss)	\$ 2,017,407	\$ 2,574,888	\$ 2,596,574	\$ (720,802)	\$ 2,061,335	\$ (2,106,265)	6,423,140
Net Income Margin	5.8%	5.8%	7.3%	-2.1%	5.2%	-5.7%	2.8%
OEBITDA Margin w/o Prop Tax	6.8%	6.1%	7.0%	-0.6%	4.9%	-3.8%	3.5%
OEBITDA Margin with Prop Tax	10.1%	8.6%	10.1%	2.6%	7.7%	-0.8%	6.5%

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PALOMAR POMERADO HEALTH
CONSOLIDATED
FY 2008 Year-to-Date as of December

	Actual		Budget		Variance			Volume		Rate/Eff		Actual		Budget		Variance		
Statistics:																		
Admissions - Acute	14,465	14,994			(529)													
Admissions - SNF	534	576			(42)													
Patient Days - Acute	56,376	57,368			(992)													
Patient Days - SNF	38,311	38,854			(543)													
ALOS - Acute	3.89	3.83			0.06													
ALOS - SNF	73.11	68.16			4.95													
Adjusted Discharges	19,822	20,306			(484)													
Revenue:																		
Gross Revenue	\$ 692,195,258	\$ 680,339,986	\$ 11,855,272	F														
Deductions from Rev	(484,201,483)	(472,006,768)	(12,194,715)	U														
Net Patient Revenue	207,993,775	208,333,218	(339,443)	U														
Other Oper Revenue	4,755,539	7,548,804	(2,793,265)	U														
Total Net Revenue	212,749,314	215,882,022	(3,132,708)	U														
Expenses:																		
Salaries, Wages & Contr Labor	103,791,225	99,198,198	(4,593,027)	U														
Benefits	25,984,209	25,011,860	(972,349)	U														
Supplies	32,186,175	31,627,790	(558,385)	U														
Prof Fees & Purch Svc	30,903,260	31,495,666	592,406	F														
Depreciation	10,981,206	10,649,142	(332,064)	U														
Other	12,044,505	13,232,676	1,188,171	F														
Total Expenses	215,890,580	211,215,333	(4,675,247)	U														
Net Inc Before Non-Oper Income	(3,141,266)	4,666,689	(7,807,955)	U														
Property Tax Revenue	6,750,000	6,750,000	-															
Non-Operating Income	2,814,406	397,908	(2,416,498)	F														
Net Income (Loss)	\$ 6,423,140	\$ 11,814,597	(5,391,457)	U														
Net Income Margin	2.8%	5.2%	-2.4%															
OEBITDA Margin w/o Prop Tax	3.5%	6.8%	-3.3%															
OEBITDA Margin with Prop Tax	6.5%	9.8%	-3.3%															

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PALOMAR POMERADO HEALTH
CONSOLIDATED
Month-to-Date as of December FY 2008

	Actual		Budget		Variance		Rate/Eff		Actual		\$/Adjusted Discharges	
					Volume				Budget		Budget	Variance
Statistics:												
Admissions - Acute	2,432	2,526	(94)									
Admissions - SNF	97	97	(269)									
Patient Days - Acute	9,397	9,666	(105)									
Patient Days - SNF	6,441	6,546	(0.01)									
ALOS - Acute	3.82	3.83	0.33									
ALOS - SNF	68.52	68.19	(64)									
Adjusted Discharges	3,357	3,421										
Revenue:												
Gross Revenue	\$ 114,323,264	\$ 114,616,558	\$ (293,294) U		\$ (2,144,244)	\$ 1,850,950		\$ 34,055.19	\$ 33,503.82	\$ 551.37		
Deductions from Rev	(79,944,031.00)	(79,522,873)	(421,158) U		1,487,712	(1,908,870)		(23,814.13)	(23,245.51)	(568.62)		
Net Patient Revenue	34,379,233	35,093,685	(714,452) U		(656,532)	(57,920)		10,241.06	10,258.31	(17.25)		
Other Oper Revenue	657,106	1,258,134	(601,028) U		(23,537)	(577,491)		195.74	367.77	(172.03)		
Total Net Revenue	35,036,339	36,351,819	(1,315,480) U		(680,069)	(635,411)		10,436.80	10,626.08	(189.28)		
Expenses:												
Salaries, Wages & Contr Labor	19,926,214	16,705,972	(3,220,242) U		312,535	(3,532,777)		5,935.72	4,883.36	(1,052.36)		
Benefits	4,406,086	4,212,966	(193,120) U		78,816	(271,936)		1,312.51	1,231.50	(81.01)		
Supplies	5,349,701	5,326,861	(22,840) U		99,655	(122,495)		1,593.60	1,557.11	(36.49)		
Prof Fees & Purch Svc	4,989,017	5,194,234	205,218 F		97,174	108,043		1,486.15	1,518.34	32.18		
Depreciation	1,987,683	1,774,857	(112,826) U		33,204	(146,090)		562.31	518.81	(43.50)		
Other	1,785,175	2,217,335	432,160 F		41,482	390,678		531.78	648.15	116.38		
Total Expenses	38,343,876	35,432,224	(2,911,651) U		662,865	(3,574,516)		11,422.07	10,357.27	(1,064.79)		
Net Inc Before Non-Oper Income	(3,307,537)	919,595	(4,227,131) U		(17,204)	(4,209,927)		(985.27)	268.81	(1,254.07)		
Property Tax Revenue	1,125,000	1,125,000	-		(21,046)	21,046		335.12	328.85	6.27		
Non-Operating Income	76,272	66,318	9,954 F		(1,241)	1,195		22.72	19.39	3.33		
Net Income (Loss)	\$ (2,106,265)	\$ 2,110,913	(4,217,177) U		\$ (39,491)	\$ (4,177,686)		\$ (627.42)	\$ 617.05	(1,244.47)		
Net Income Margin	-5.7%	5.5%	-11.2%									
OEBITDA Margin w/o Prop Tax	-3.8%	7.1%	-10.9%									
OEBITDA Margin with Prop Tax	-0.8%	10.0%	-10.8%									

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**PALOMAR POMERADO HEALTH
CONSOLIDATED
December 2007 YTD vs. December 2006 YTD**

	December 07 YTD		December 06 YTD		Variance		\$/Adjusted Discharges					
							Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:												
Admissions - Acute	14,465	14,476	(11)									
Admissions - SNF	534	583	(49)									
Patient Days - Acute	56,376	54,854	1,522									
Patient Days - SNF	38,311	38,831	(520)									
ALOS - Acute	3.89	3.77	0.12									
ALOS - SNF	73.11	67.41	5.70									
Adjusted Discharges	19,822	19,760	62									
Revenue:												
Gross Revenue	\$ 692,195,258	\$ 606,493,620	\$ 85,701,638	F	\$ 1,902,966	\$ 83,798,672	\$ 34,920.56	\$ 30,693.00	\$ 4,227.56			
Deductions from Rev	(484,201,483.00)	(418,941,064)	(65,260,419)	U	(1,314,491)	(63,945,928)	(24,427.48)	(21,201.47)	(3,226.01)			
Net Patient Revenue	207,993,775	187,552,556	20,441,219	F	588,475	19,862,744	10,493.08	9,491.53	1,001.55			
Other Oper Revenue	4,755,539	5,218,772	(463,233)	U	16,375	(479,608)	239.91	264.11	(24.20)			
Total Net Revenue	212,749,314	192,771,328	19,977,986	F	604,849	19,373,137	10,732.99	9,755.63	977.36			
Expenses:												
Salaries, Wages & Contr Labor	103,791,225	92,018,168	(11,773,057)	U	(288,721)	(11,484,336)	5,236.16	4,656.79	(579.37)			
Benefits	25,984,209	22,920,684	(3,063,525)	U	(71,917)	(2,991,658)	1,310.88	1,159.95	(150.93)			
Supplies	32,186,175	29,829,599	(2,356,576)	U	(93,595)	(2,262,981)	1,623.76	1,509.60	(114.17)			
Prof Fees & Purch Svc	30,903,260	25,385,507	(5,517,753)	U	(79,651)	(5,438,102)	1,559.04	1,284.69	(274.35)			
Depreciation	10,981,206	9,992,076	(989,130)	U	(31,352)	(957,778)	553.99	505.67	(48.32)			
Other	12,044,505	10,718,349	(1,326,156)	U	(33,630)	(1,292,526)	607.63	542.43	(65.21)			
Total Expenses	215,890,580	190,864,333	(25,026,247)	U	(598,866)	(24,427,381)	10,891.46	9,659.13	(1,232.34)			
Net Inc Before Non-Oper Income	(3,141,266)	1,906,995	(5,048,261)	U	5,983	(5,054,244)	(158.47)	96.51	(254.98)			
Property Tax Revenue	6,750,000	6,324,996	425,004	F	19,846	405,158	340.53	320.09	20.44			
Non-Operating Income	2,814,406	1,536,323	1,278,083	F	4,820	1,273,263	141.98	77.75	64.23			
Net Income (Loss)	\$ 6,423,140	\$ 9,768,314	(3,345,174)	U	\$ 30,650	(3,375,824)	\$ 324.04	\$ 494.35	(170.31)			
Net Income Margin	2.8%	4.7%	-1.9%									
OEBITDA Margin w/o Prop Tax	3.5%	5.8%	-2.3%									
OEBITDA Margin with Prop Tax	6.5%	8.8%	-2.3%									

F= Favorable variance
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**PALOMAR POMERADO HEALTH
CONSOLIDATED
Actual Dec 07 YTD + 6 Month Budget
FY 08 Projection**

	6 Act + 6 Bud		FY 08 Budget		Variance		Rate/Eff		\$/Adjusted Discharges		
					Volume				Actual	Budget	Variance
Statistics:											
Admissions - Acute	29,298		29,827	(529)							
Admissions - SNF	1,105		1,147	(42)							
Patient Days - Acute	113,119		114,111	(992)							
Patient Days - SNF	76,720		77,263	(543)							
Adjusted Discharges	39,913		40,397	(484)							
Revenue:											
Gross Revenue	\$ 1,365,120,538	\$ 1,353,265,267	\$ 11,855,271	F	\$ (16,213,590)	\$ 28,068,861	\$ 34,202.40	\$ 33,499.15	\$ 703.25		
Deductions from Rev	(951,077,781)	(938,883,067)	(12,194,714)	U	11,248,840	(23,443,554)	(23,828.77)	(23,241.41)	(587.37)		
Net Patient Revenue	414,042,757	414,382,200	(339,443)	U	(4,964,749)	4,625,306	10,373.63	10,257.75	115.88		
Other Oper Revenue	12,304,340	15,097,606	(2,793,266)	U	(180,886)	(2,612,380)	308.28	373.73	(65.45)		
Total Net Revenue	426,347,097	429,479,806	(3,132,709)	U	(5,145,635)	2,012,926	10,681.91	10,631.48	50.43		
Expenses:											
Salaries, Wages & Contr Labor	201,947,186	197,354,158	(4,593,028)	U	2,364,517	(6,957,545)	5,059.68	4,885.37	(174.32)		
Benefits	50,729,496	49,757,147	(972,349)	U	596,145	(1,568,494)	1,271.00	1,231.70	(39.30)		
Supplies	63,472,658	62,914,273	(558,385)	U	753,781	(1,312,166)	1,590.28	1,557.40	(32.88)		
Prof Fees & Purch Svc	60,336,424	60,928,830	592,406	F	729,994	(137,588)	1,511.70	1,508.25	(3.45)		
Depreciation	21,675,696	21,343,632	(332,064)	U	255,720	(587,784)	543.07	528.35	(14.73)		
Other	25,205,793	26,393,963	1,188,170	F	316,228	871,942	631.52	653.36	21.85		
Total Expenses	423,367,253	418,692,003	(4,675,250)	U	5,016,386	(9,691,636)	10,607.25	10,364.43	(242.82)		
Net Inc Before Non-Oper Income	2,979,844	10,787,803	(7,807,958)	U	(129,250)	(7,678,709)	74.66	267.04	(192.39)		
Property Tax Revenue	13,500,000	13,500,000	-		(161,745)	161,745	338.24	334.18	4.05		
Non-Operating Income	3,212,319	795,822	2,416,497	F	(9,535)	2,426,032	80.48	19.70	60.78		
Net Income (Loss)	\$ 19,692,163	\$ 25,083,625	\$ (5,391,461)	U	(300,529)	(5,090,933)	\$ 493.38	\$ 620.93	\$ (127.55)		
Net Income Margin	4.4%	5.6%	-1.2%								
OEBITDA Margin w/o Prop Tax	5.5%	7.1%	-1.6%								
OEBITDA Margin with Prop Tax	8.5%	10.1%	-1.6%								
F= Favorable variance											
U= Unfavorable variance											

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Statement of Cash Flows

G55

Fiscal Year 2008	December	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	(3,308,287)	(3,142,518)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,887,683	10,981,206
Provision for bad debts	2,647,677	18,358,418
Changes in operating assets and liabilities:		
Patient accounts receivable	(5,203,196)	(24,413,068)
Property Tax and other receivables	(1,336,834)	(18,413,806)
Inventories	(100,884)	37,337
Prepaid expenses and Other Non-Current assets	(1,615,180)	(3,019,041)
Accounts payable	(4,214,992)	(9,803,450)
Accrued compensation	2,199,789	2,936,680
Estimated settlement amounts due third-party payors	88,756	1,268,445
Other current liabilities	1,603,255	17,214,220
Net cash provided by operating activities	(7,352,213)	(7,995,577)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	(237,216,183)	(173,971,048)
Interest (Loss) received on investments	455,345	4,740,521
Investment in affiliates	0	(2,089,587)
Net cash used in investing activities	(236,760,838)	(171,320,114)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	3,980,253	4,922,379
Receipt of District Taxes	4,619,625	5,921,418
Net cash used in non-capital financing activities	8,599,877	10,843,797
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(6,777,726)	(43,872,869)
Proceeds from sale of asset	0	0
Deferred Financing Costs	(3,283,074)	(15,430,958)
G.O. Bond Interest paid	0	(1,745,713)
Revenue Bond Interest paid	0	(1,856,203)
Proceeds from issuance of debt	246,791,175	246,791,175
Payments of Long Term Debt	0	(13,220,000)
Net cash used in activities	236,730,375	170,665,433
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,217,201	2,193,539
CASH AND CASH EQUIVALENTS - Beginning of period	6,237,688	5,261,349
CASH AND CASH EQUIVALENTS - End of period	7,454,889	7,454,888

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BOND COVENANT RATIOS

Cushion Ratio	Jun-06	Jun-07	Dec-07
Cash and Cash Equivalents	112,036,430	109,213,349	75,919,679
Board Designated Reserves	9,267,526	-	19,045,674
Trustee-held Funds	12,170,183	143,341,920	108,965,190
Total	133,474,139	252,555,269	203,930,543
Divided by: Max Annual Debt Service (Bond Year 2008)	10,697,594	16,972,692	16,972,692

Cushion Ratio	12.5	14.9	12.0
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved

Days Cash on Hand	Jun-06	Jun-07	Dec-07
Cash and Cash Equivalents	112,036,430	109,213,349	75,919,679
Board Designated Reserves	9,267,526	-	19,045,674
Total	121,303,956	109,213,349	94,965,353

Divide Total by Average Adjusted Expenses per Day			
Total Expenses	364,120,335	385,355,509	215,890,580
Less: Depreciation	18,737,467	19,453,013	10,981,206
Adjusted Expenses	345,382,868	365,902,496	204,909,374

Number of days in period	365	365	184
Average Adjusted Expenses per Day	946,254	1,002,473	1,113,638

Days Cash on Hand	128	109	85
REQUIREMENT	90	80	80
	Achieved	Achieved	Achieved

Net Income Available for Debt Service	Jun-06	Jun-07	Dec-07
Excess of revenue over expenses Cur Mo.	1,315,850	2,963,446	(2,106,265)
Excess of revenues over expenses YTD (General Funds)	11,558,633	21,974,509	6,423,140
ADD:			
Depreciation and Amortization	18,737,467	19,453,013	10,981,206
Interest Expense	4,405,929	3,343,683	2,115,309
Net Income Available for Debt Service	34,702,029	44,771,205	19,519,655

Aggregate Debt Service	Jun-06	Jun-07	Dec-07
1993 Insured Refunding Revenue Bonds	3,639,772	0	0
1999 Insured Refunding Revenue Bonds	6,950,508	8,249,916	4,125,443
2006 Certificates of Participation	10,590,280	4,373,342	3,748,579
Aggregate Debt Service	21,180,560	12,623,258	7,874,021

Net Income Available for Debt Service	3.28	3.55	2.48
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

Investment Fund Balances-Quarterly Report

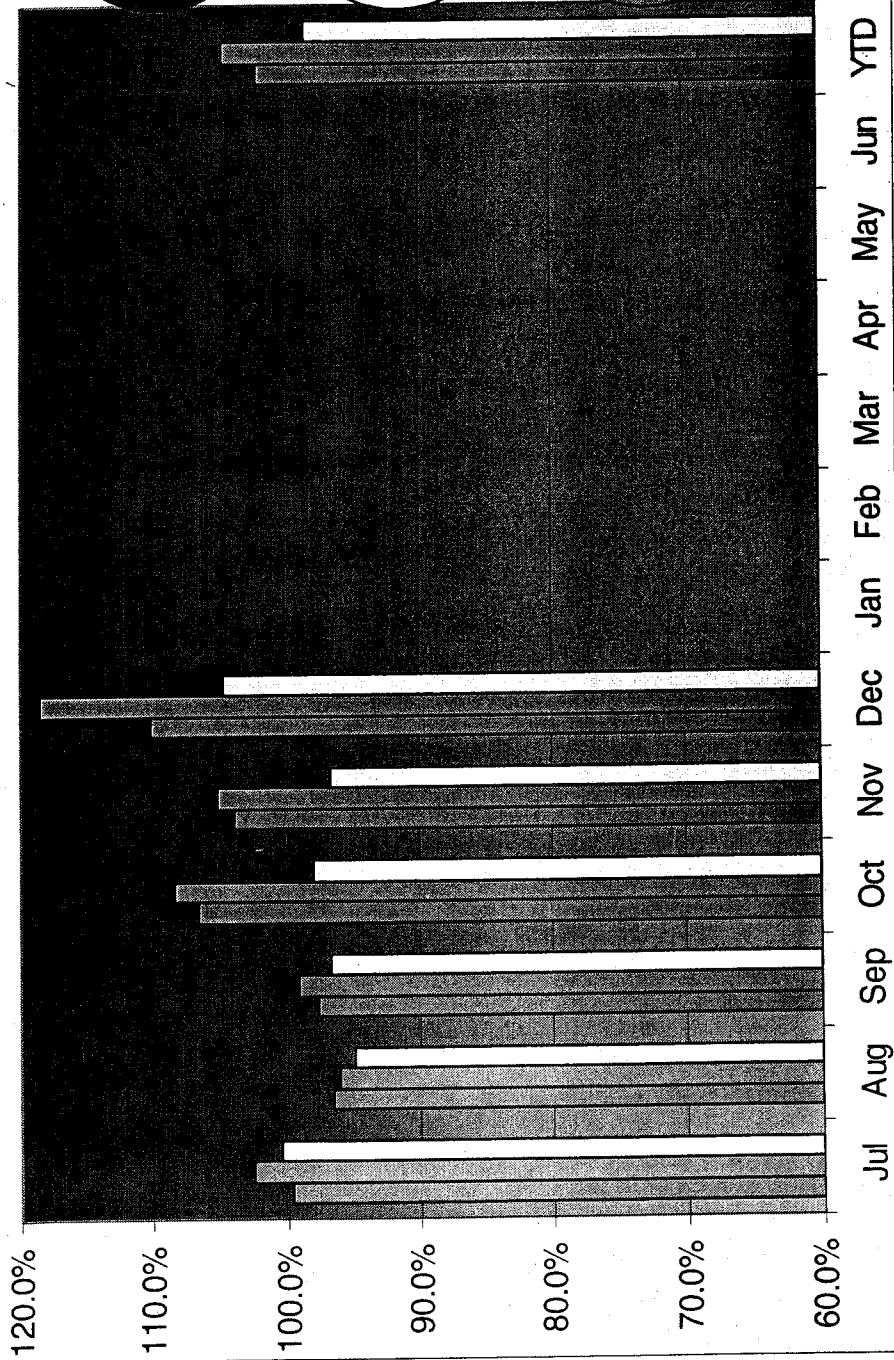
Investment Account:	Interest Payable	Interest Rate	Maturity Date	Dec. 31, 2007	Sept. 30, 2007	IN/(DE)CREASE
Fidelity-Institutional Portfolio Treasury Fund	Monthly	3.39%	Demand	\$ 987,712	\$ 977,693	\$ 10,019
State Treasurer Local Agency Investment Fund	Quarterly	4.96%	Demand	591,699	584,203	7,496
Salomon Brothers	Various	Various	Various	34,506,994	33,689,491	817,503
Pacific Income Advisors, Inc.	Various	Various	Various	33,044,500	32,409,784	634,716
Morgan Stanley & Co.	Various	Various	Various	18,860,662	24,418,751	(5,558,089)
TOTAL INVESTMENTS AT CURRENT FAIR MARKET VALUE				\$ 87,991,567	\$ 92,079,922	\$ (4,088,355)
ACCRUED INTEREST INCOME RECEIVABLE				807,374	693,234	114,140
				10,862	148,355	(137,493)
Bank of America - Cash in Checking/COR Acct.				\$ 88,809,803	\$ 92,921,511	\$ (4,111,708)
TOTAL VALUE OF INVESTMENT PORTFOLIO						
INVESTMENTS COMPARATIVE						
12/07	\$ 87,991,567			\$ 88,509,038	\$ 92,623,030	\$ (4,113,992)
12/06	\$ 95,076,392			300,765	298,481	2,284
12/05	\$132,022,711			\$ 88,809,803	\$ 92,921,511	\$ (4,111,708)
12/04	\$142,752,906					
12/03	\$155,822,700					

SUMMARY OF INVESTMENT PORTFOLIO BY FUND
 Palomar Pomerado Unrestricted Fund
 Palomar Pomerado Restricted Fund

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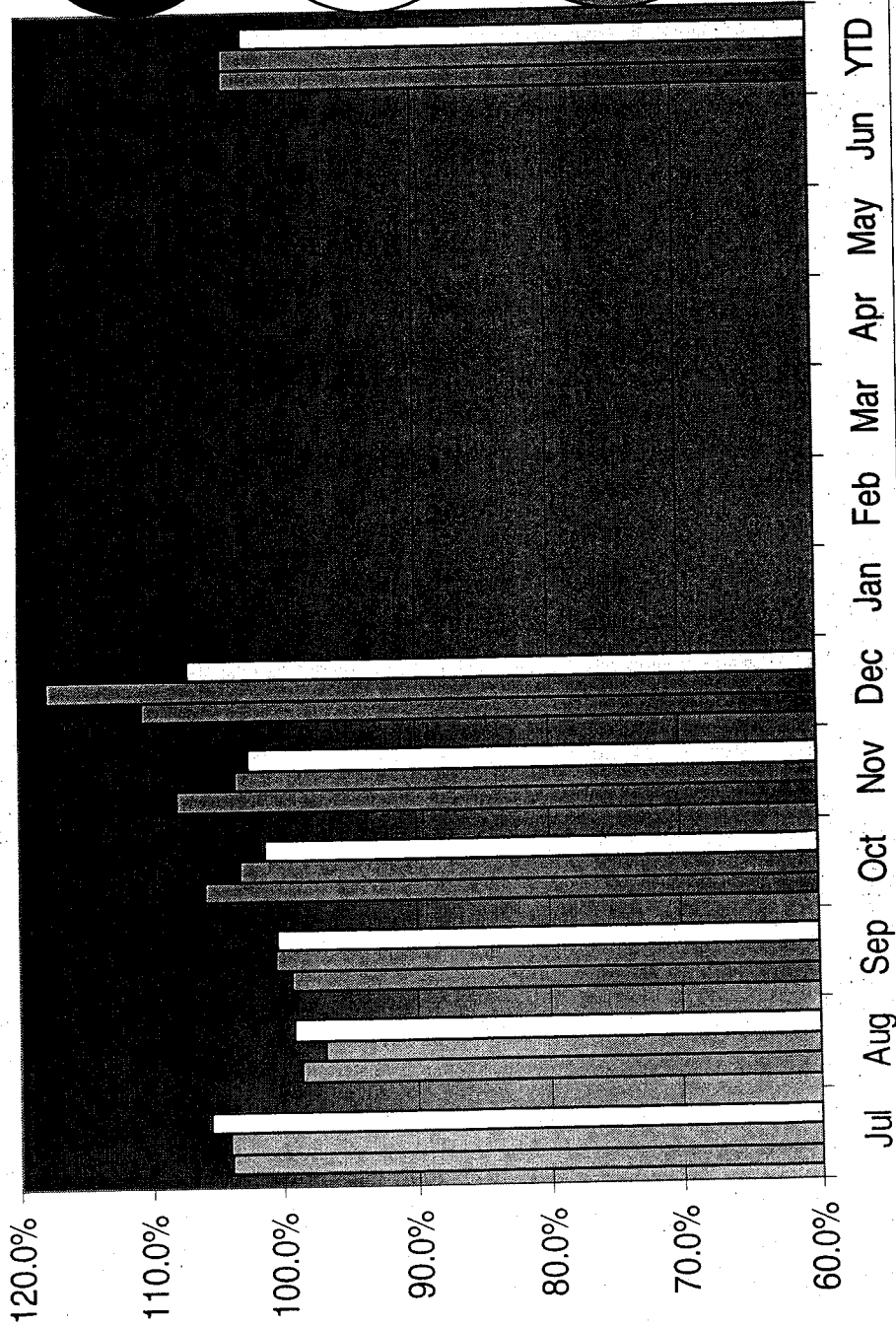
Total Consolidated Financial Indicators BSC-FY08

■ % exp /wtd pt day ■ % SWB/wt pt day □ % Prod FTE/AOB



North Consolidated Financial Indicators BSC-FY08

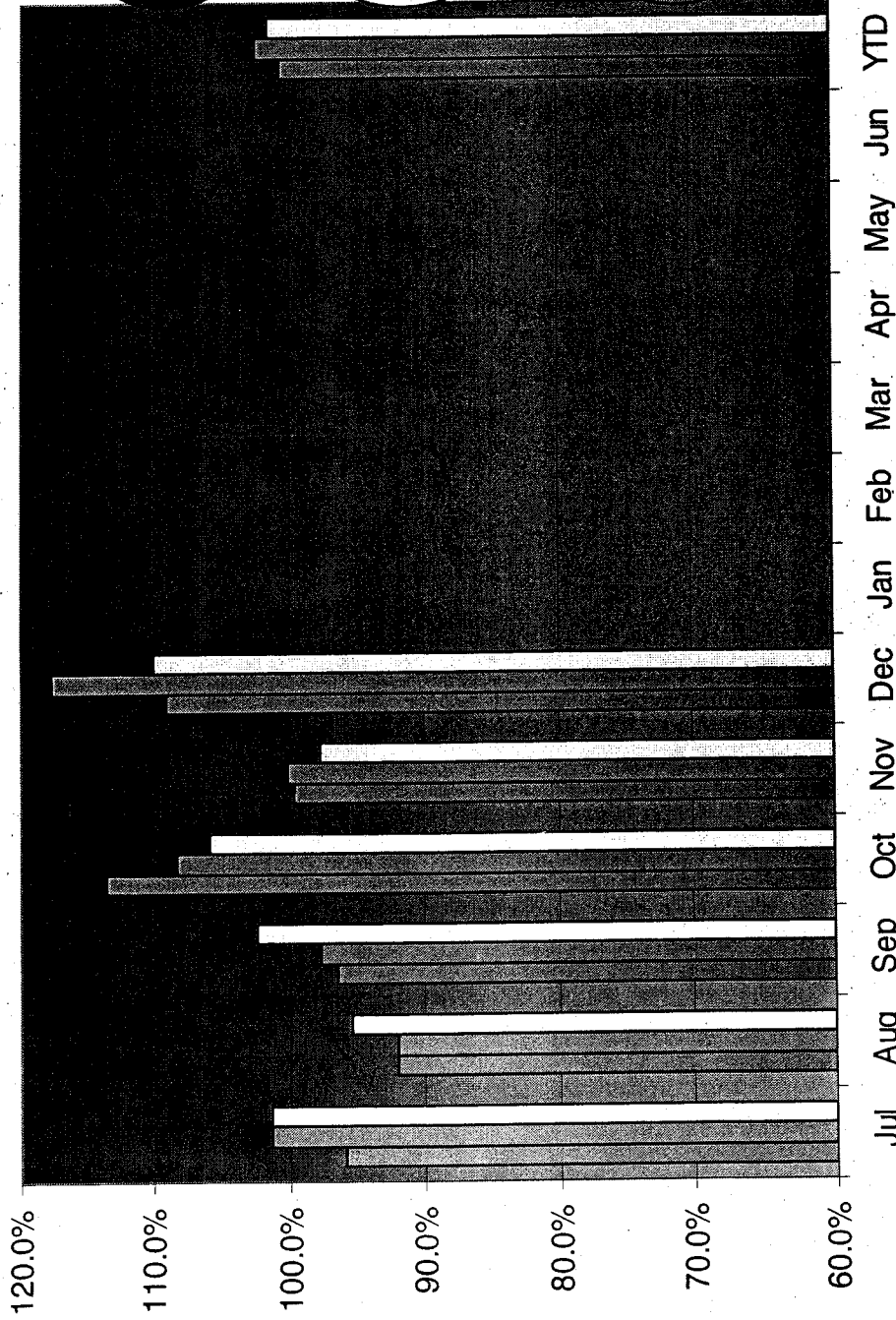
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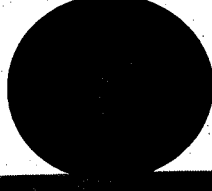
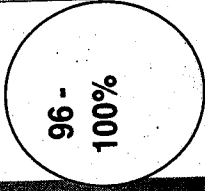
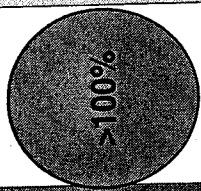
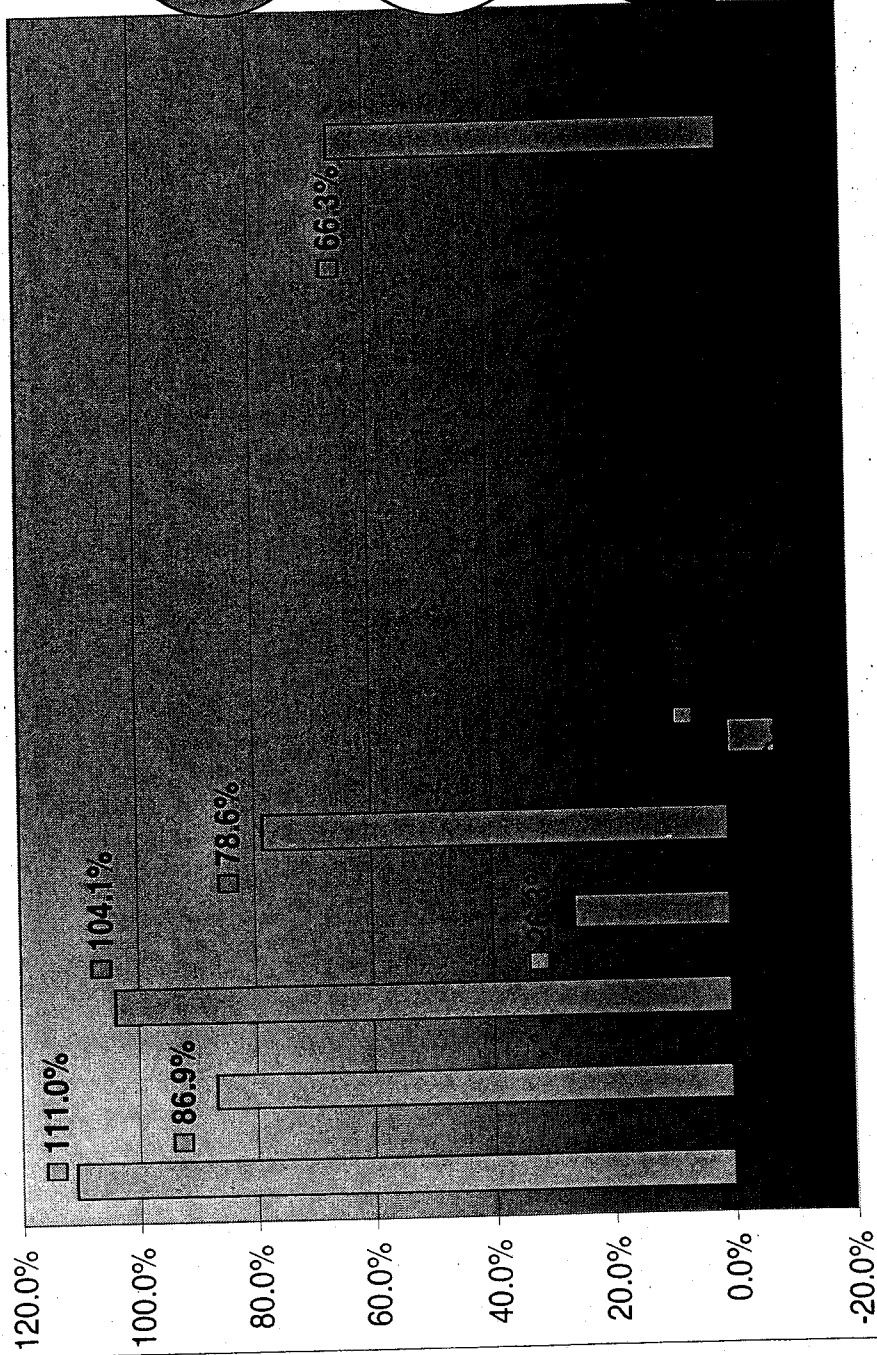
South Consolidated Financial Indicators BSC-FY08

% exp /wtd pt day
 % SWB/wt pt day
 % Prod FTE/AOB

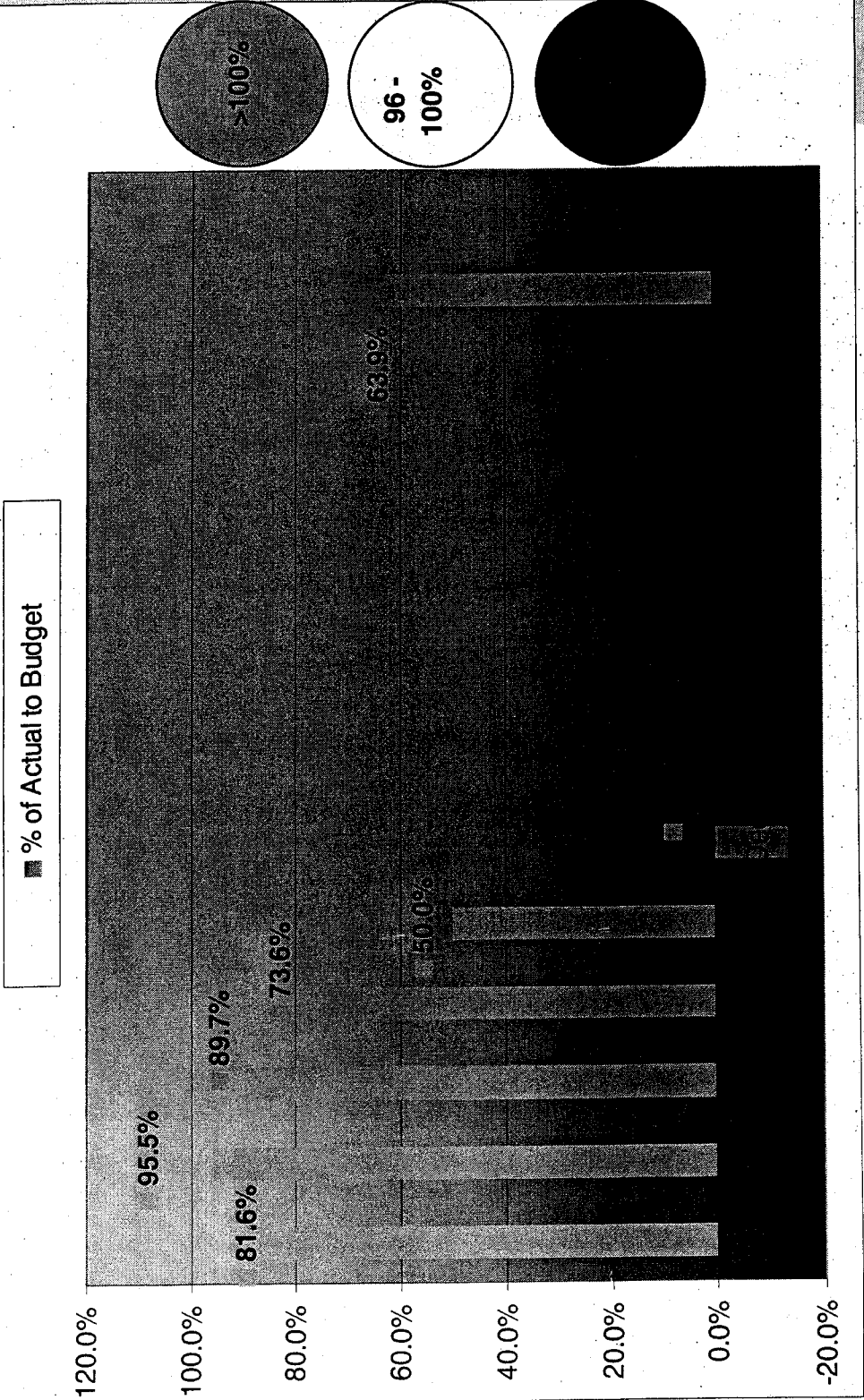


Total Consolidated OEBITDA w/ Prop Taxes -FY08

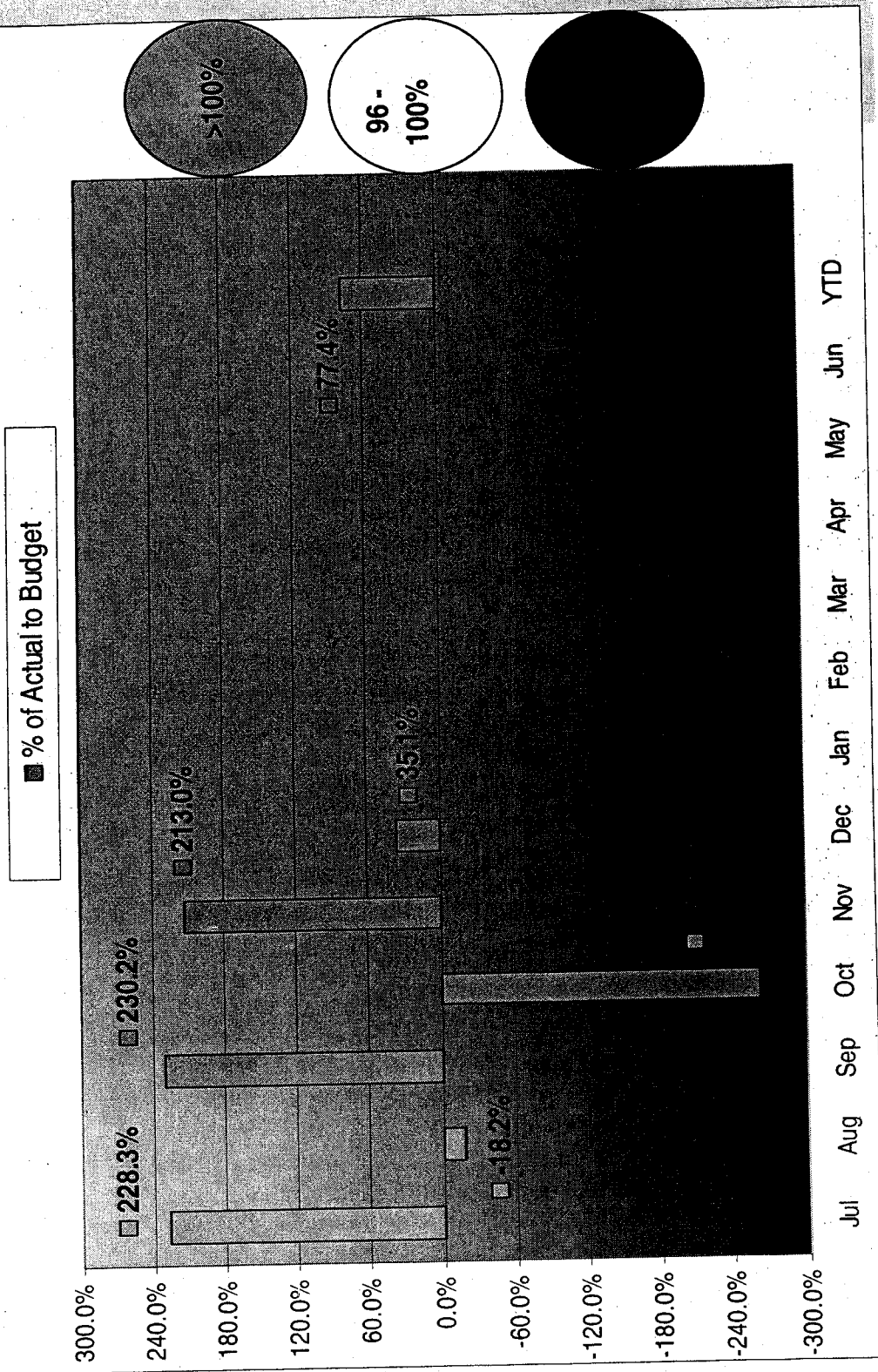
■ % of Actual to Budget



North Consolidated OEBITDA w/ Prop Taxes - FY08



South Consolidated OEBITDA w/ Prop Taxes - FY08



5

	Current Month End	Most Recent Month End	Most Recent Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending Days in Period	12/31/2007 31	11/30/2007 30	10/31/2007 31	12/31/2007 184	6/30/2007 365	12/31/2006 184	
Revenue							
Gross for Month (Month to Date)	112,502,936	111,744,594	110,501,244	\$ 676,531,903	\$ 1,205,732,433	\$ 591,184,089	\$ 758,342
Net Revenue	\$ 33,975,887	\$ 34,728,969	\$ 32,789,418	\$ 202,456,687	\$ 371,016,682	\$ 180,434,169	\$ (753,082)
Net:Gross %	30.2%	31.1%	29.7%	29.9%	30.8%	30.5%	-0.9%
Last 3 Month Daily Average (Gross)	\$ 3,638,574	\$ 3,685,478	\$ 3,730,526	\$ 3,676,804	\$ 3,303,377	\$ 3,212,957	\$ (46,904)
Last 3 Month Daily Average (Net)	1,103,199	1,115,601	1,099,121	1,100,308	1,016,484	980,620	(12,402)
Cash Collections							
Month to Date	32,376,467	33,428,875	34,139,078	\$ 193,752,414	\$ 357,733,249	\$ 163,645,397	\$ (1,052,408)
Month to Date Goal	33,582,023	33,806,264	35,059,317	199,070,212	358,561,284	179,280,642	(224,241)
Over (under) Goal	(1,205,556)	(377,389)	(920,239)	(5,317,798)	(828,035)	(15,635,245)	(828,167)
% of Goal	96%	99%	97%	97.3%	99.8%	91.3%	-2.5%
Point of Service Collections							
Month to Date	205,007	258,409	323,959	\$ 1,637,667	\$ 3,244,728	\$ 1,541,680	\$ (53,402)
Month to Date Goal	328,000	328,000	328,000	1,875,000	3,265,740	1,632,870	\$ -
Over (under) Goal	\$(122,993)	\$(69,591)	\$(4,041)	\$(237,333)	\$(21,012)	\$(91,190)	\$(53,402)
% of Goal	62.5%	78.8%	98.8%	87.3%	99.4%	94.4%	-16.3%
Accounts Receivable							
0-30	\$ 91,763,515	\$ 100,998,909	\$ 110,507,718	\$ [REDACTED]	\$ 73,718,929	\$ 76,416,036	\$ (9,235,394)
31-60	29,336,477	26,655,827	27,942,238	[REDACTED]	19,857,146	23,923,299	2,680,650
61-90	17,767,927	18,215,569	17,834,773	[REDACTED]	13,499,609	18,079,663	(447,642)
91-180	27,222,624	25,849,766	24,852,934	[REDACTED]	26,694,468	28,448,630	1,372,958
Over 180	23,439,829	25,138,857	24,781,284	[REDACTED]	21,653,269	27,138,052	(1,699,028)
Total	\$ 189,530,372	\$ 196,858,928	\$ 205,918,946	\$ [REDACTED]	\$ 155,423,421	\$ 174,005,700	\$ (7,328,556)
A/R Days (Gross)	52.09	53.41	55.20	[REDACTED]	47.05	54.16	-1.33
% of AR aged over 180 days	12.4%	12.8%	12.0%	[REDACTED]	14%	15.6%	0.00
Number of Accounts	60,570	61,028	60,275	[REDACTED]	61,809	NA	(458)
Credit Balance Accounts:							
Dollars	\$ (1,934,496)	\$ (2,287,665)	\$ (3,699,107)	\$ [REDACTED]	\$ (3,955,501)	\$ 353,170	\$ 502
Number of Accounts	1,970	1,468	1,746	[REDACTED]	1,642		

Revenue Cycle Key Indicators Trending Report

G65

	Current Month End	Most Recent Month End	Most Recent Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
	12/31/2007	11/30/2007	10/31/2007	12/31/2007	6/30/2007	12/31/2006	
Period Ending Days in Period	31	30	31	184	365	184	
Accounts Receivable by Major Payer							
Medicare	43,023,471	43,570,604	46,005,816		31,212,504	\$ 35,262,240	\$ (547,133)
Last 3 months daily average revenue	980,937	976,727	983,702		965,874	846,557	4,210
Gross Days revenue outstanding	43.86	44.61	46.77		32.32	41.65	-0.75
MediCal (Includes M-Cal HMO)	28,574,315	28,877,573	33,515,257		23,655,071	26,767,322	(303,258)
Last 3 months daily average revenue	613,369	675,561	687,702		522,046	552,180	(62,192)
Gross Days revenue outstanding	46.59	42.75	48.74		45.31	48.48	3.84
Comm/Managed Care (Incl Mcaire HMO)	84,843,423	94,653,986	94,989,226		72,445,182	73,115,816	(9,810,563)
Last 3 months daily average revenue	1,873,393	1,886,724	1,869,709		1,679,046	1,619,629	(13,331)
Gross Days revenue outstanding	45.29	50.17	50.80		43.15	45.14	-4.88
Self-Pay	33,089,164	29,756,765	31,408,647		28,110,665	33,086,417	3,332,399
Last 3 months daily average revenue	170,875	146,466	180,609		165,713	228,445	24,408
Gross Days revenue outstanding	193.65	203.16	173.90		169.63	144.83	-9.52
Bad Debt Write-offs							
M-T-D Amount net of Recovery	2,854,390	1,892,415	4,887,299	13,514,477	28,183,764	\$ 3,853,741	\$ 961,975
% of Gross Revenue (Target < 2%)	2.5%	1.7%	4.4%	2.0%	2.3%	0.7%	0.8%
Charity & Undocumented Write-offs							
M-T-D Amount	2,331,704	1,837,963	2,710,367	12,247,144	13,375,244	\$ 2,348,402	\$ 493,741
% of Gross Revenue (Target < 2%)	2.1%	1.6%	2.5%	1.8%	1.1%	0.4%	0.4%
Denial & Other Admin Adjustments							
M-T-D Amount	496,745	529,594	566,461	3,210,092	3,471,349	\$ 267,479	\$ (32,849)
% of Gross Revenue (Target < 1%)	0.4%	0.5%	0.5%	0.5%	0.3%	0.0%	0.0%

Revenue Cycle Key Indicators Trending Report

G66

Current Month End	12/31/2007	11/30/2007	10/31/2007	6/30/2007	12/31/2006	Prior Year Y-T-D	Change from Prior Month
Period Ending	12/31/2007	11/30/2007	10/31/2007	6/30/2007	12/31/2006		
Days in Period	31	30	31	184	184		

Discharged Not Final Billed (DNFB)

DNFB Action Required							
HIM (Waiting for Coding)	\$ 17,001,618	\$ 6,328,591	\$ 9,650,157	6,249,765	\$ 10,673,027		
PBS (Correction required)	771,118	823,744	578,343	18,284	(52,626)		
Other holds requiring correction							
Total Action Required	17,772,736	7,152,335	10,228,500	6,268,049	10,620,401		
# of AR Days Action Required	4.88	1.94	2.74	1.83	2.94		

DNFB No Action Required							
4 Day Standard Delay	\$ 20,420,634	\$ 24,171,028	\$ 19,270,871	22,948,148	\$ (3,750,394)		
Other	2,787,499	2,688,420	1,127,493	664,451	99,079		
Total No Action Required	23,208,133	26,859,448	20,398,364	23,612,599	(3,651,315)		

Total DNFB	\$ 40,980,869	\$ 34,011,783	\$ 30,626,864	29,880,648	6,969,086		
Total Days in DNFB	11.26	9.23	8.21	8.73	2.03		

Late Charges

Late Charges from Date of Service 5 to 20 Days

Number of line items	2,076	4,142	22,384	78,806	(2,066)
Dollar amount of Charges	405,959	794,017	703,864	4,914,736	(388,058)
Dollar amount of Credits	(115,628)	(359,570)	(393,481)	(2,456,779)	243,942
Net Dollar Amount	290,331	434,447	310,382	2,457,957	(144,116)
Absolute Dollar Amount	\$ 405,959	\$ 794,017	\$ 703,864	\$ 6,502,835	\$ (388,058)

Late Charges from Date of Service > 21 Days

Number of line items	33,014	106,725	7,206	302,035	(73,711)
Dollar amount of Charges	568,410	394,261	518,436	4,007,689	174,150
Dollar amount of Credits	(422,159)	(520,654)	(426,489)	(6,817,110)	98,495
Net Dollar Amount	146,251	(126,394)	91,947	(2,809,421)	272,645
Absolute Dollar Amount	\$ 990,570	\$ 914,915	\$ 944,926	\$ 10,824,799	\$ 75,655

Denials:

Inventory of OPEN denials - # encounters	2,639	3,308	3,040	1,219	(669)
Inventory of OPEN denials - (\$ at risk)	\$ 33,053,616	\$ 30,470,262	\$ 28,740,365	\$ 21,403,453	\$ 2,583,355

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Weekly Flash Report

G67

January 08	Jan 4 - 10	Jan 11-17	MTD Total	MTD Budget	% Variance
ADC (Acute)	315	320	318	312	1.83
PMC	241	235	238	235	1.13
POM	74	85	79	76	3.98
PCCC	86	83	84	88	(3.86)
VP	124	126	125	123	1.16
Patient Days (Acute)	2207	2238	4,445	4,365	1.83
PMC	1690	1643	3,333	3,296	1.13
POM	517	595	1,112	1,069	3.98
PCCC	599	582	1,181	1,228	(3.86)
VP	866	882	1,748	1,728	1.16
Discharges	537	597	1,134	1,141	(0.59)
PMC	420	448	868	880	(1.33)
POM	117	149	266	261	1.90
Number of Surgeries	224	261	485	444	9.14
PMC	141	175	316	302	4.75
POM	83	86	169	143	18.42
Number of Births	98	99	197	210	(6.39)
PMC	81	81	162	168	(3.83)
POM	17	18	35	42	(16.67)
Outpatient Visits (inc. L)	2052	1936	3,988	3,881	2.75
PMC	1322	1234	2,556	2,562	(0.25)
POM	730	702	1,432	1,319	8.59
ER Visits	1766	1867	3,633	3,349	8.49
PMC	1195	1273	2,468	2,232	10.56
POM	571	594	1,165	1,116	4.35
Trauma Visits	15	14	29	55	(46.93)
IP	11	14	25	46	(45.73)
OP	4	0	4	9	(53.38)

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Weekly Flash Report (cont'd)

G68

January 08	Jan 4 - 10	Jan 11-17	MTD Total	MTD Budget	% Variance
Gross IP Revenue	19,400,880	20,257,865	39,658,745	39,671,731	(0.03)
Gross OP Revenue	6,680,706	7,130,602	13,811,308	12,090,585	14.23
Cash Collection	11,771,417	6,649,278	18,420,695	19,532,379	(5.69)
Days cash on hand	99	93	93	80	
Prod Hrs (PP14)	187,572		187,572	191,981	2.30
PMC - North	112,744		112,744	113,766	0.90
POM - South	48,990		48,990	49,674	1.38
Others	25,838		25,838	28,541	9.47
Prod \$ (PP 14)	5,976,617		5,976,617	5,915,932	(1.03)
PMC - North	3,657,277		3,657,277	3,542,053	(3.25)
POM - South	1,489,290		1,489,290	1,431,302	(4.05)
Others	830,050		830,050	942,577	11.94

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Subset Slide Additions

- The following two slides—utilized during the financial presentation at the Board Finance Committee Meeting on January 22nd—were the only slides not previously distributed

**PALOMAR POMERADO HEALTH
CONSOLIDATED
ADJUSTED Actual Dec 07 YTD + 6 Month Budget
FY 08 Projection**

	6 Act + 6 Bud		FY 08 Budget		Variance		Rate/Eff		\$/Adjusted Discharges	
					Volume		Actual	Budget	Variance	
Statistics:										
Admissions - Acute	29,298	29,827	(529)							
Admissions - SNF	1,105	1,147	(42)							
Patient Days - Acute	113,119	114,111	(992)							
Patient Days - SNF	76,720	77,263	(543)							
Adjusted Discharges	39,913	40,397	(484)							
Revenue:										
Net Patient Revenue	414,042,757	414,382,200	(339,443) U		(4,964,749)	4,625,306	10,374	10,258	116	
Other Oper Revenue	12,304,340	15,097,606	(2,793,266) U		(180,886)	(2,612,380)	308	374	(65)	
Total Net Revenue	426,347,097	429,479,806	(3,132,709) U		(5,145,635)	2,012,926	10,682	10,631	50	
Expenses:										
Salaries, Wages & Contr Labor	201,947,186	197,354,158	(4,593,028) U		2,364,517	(6,957,545)	5,060	4,885	(174)	
Benefits	50,729,496	49,757,147	(972,349) U		596,145	(1,568,494)	1,271	1,292	(39)	
Supplies	63,472,658	62,914,273	(558,385) U		753,781	(1,312,166)	1,590	1,557	(33)	
other not listed										
Total Expenses	423,367,253	418,692,003	(4,675,250) U		5,016,386	(9,691,636)	10,607	10,364	(243)	
Net Inc Before Non-Oper Income	2,979,844	10,787,803	(7,807,958) U		(129,250)	(7,678,709)	75	267	(192)	
Adjustments:										
Incentive Compensation	2,200,000		2,200,000		-	2,200,000	55	-	55	
Impact of October Wildfires (A)	3,000,000		3,000,000		-	3,000,000	75	-	75	
Adj. Net Inc Before Non-Op Inc.	8,179,844	10,787,803	(2,607,959)		(129,250)	(2,478,709)	205	267	(62)	
Property Tax Revenue	13,500,000	13,500,000			(161,745)	161,745	338	334	4	
Non-Operating Income	3,212,319	795,822	2,416,497 F		(9,535)	2,426,032	80	20	61	
Net Income (Loss)	\$ 24,892,163	\$ 25,083,625	\$ (191,462) U		(300,529)	(109,067)	624	621	3	
Net Income Margin	5.5%	5.6%	-0.1%							
OEBITDA Margin w/o Prop Tax	6.6%	7.1%	-0.5%							
OEBITDA Margin with Prop Tax	9.6%	10.1%	-0.5%							

(A): net revenue \$ 1.4 million
labor expenses \$ 1.2 million
non-labor expenses \$.4 million

Key Variance Explanations YTD December 31, 2007

Subset 71

PALOMAR POMERADO HEALTH YTD Key Variance Explanations through December 2007

	Actual	Budget	Variance
Adjusted Discharges	19,822	20,306	(484)
Gross Patient Revenue:			
Volume Variance	692,195,258	680,339,986	11,855,272
Rate Variance			(16,216,121)
			28,071,393
Other Operating Revenue:			
PPH Foundation	4,755,539	7,548,804	(2,793,265)
PPNC Health Development			(1,769,010)
Home Health Outreach			(670,646)
Welcome Home Baby			(533,099)
			(458,921)
Salaries & Wages:			
Volume Variance	98,329,130	94,741,238	(3,587,892)
Rate Variance			2,258,188
			(5,846,080)
Incentive Bonus	(2,215,392)		
PTO Coupon	(514,855)		
Benefits:			
FICA	25,984,209	25,011,860	(972,349)
			(694,862)
Contract Labor:			
20-7010 Emergency Room (including Salary & Wages = -\$159k var)	5,462,095	4,456,960	(1,005,135)
20-6150 Intermediate Care (including Salary & Wages = +150k var)			(403,810)
20-6400 Labor Delivery (including Salary & Wages = -109k var)			(399,867)
Other			(323,815)
			122,357
Professional Fees:			
Admin Legal Fees	14,602,331	15,805,774	1,203,443
WHB Other Pro Fees (for First Five Commission Subcontractors)			(162,080)
Physician Income Guarantees Not Realized			405,594
			703,735
			(658,385)
Supplies:			
	32,186,175	31,627,790	(558,385)
Purchased Services:			
Repairs & Maintenance	16,300,929	15,689,892	(611,037)
Disaster Relief Expenses			(534,071)
			(253,372)
Depreciation:			
	10,981,206	10,649,142	(332,064)
Other Direct Expenses:			
Foundation	12,044,505	13,232,676	1,188,171
			1,008,113
Net Income From Operations	(3,141,266)	8,031,395	(7,807,955)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

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Independent Citizens' Oversight Committee
Approval of Minutes from Annual Meeting, December 18, 2007

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, January 22, 2008
MEETING DATE: Monday, February 11, 2008
BY: Bob Hemker, CFO

Background: On Tuesday, December 18, 2007, the Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds Independent Citizens' Oversight Committee (ICOC) held their annual meeting.

Pursuant to §6.4 of the ICOC PP&G, a draft report of all ICOC meetings is to be submitted to the District Board for inclusion in the Board's public records. The draft minutes from the Annual Meeting of December 18, 2007, have been reviewed by the Chair and the Secretary of the ICOC and approved for presentation to the ICOC members and the District Board (*Attached*).

Budget Impact: N/A

Staff Recommendation: At the Board Finance Committee meeting, staff recommended approval of the draft minutes from the ICOC Annual Meeting held on December 18, 2007.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the draft minutes from the ICOC Annual Meeting held on December 18, 2007.

Motion: X

Individual Action:

Information:

Required Time:

PARTICIPANT ROSTER
PALOMAR POMERADO HEALTH
HOSPITAL, EMERGENCY CARE, TRAUMA CENTER IMPROVEMENT AND REPAIR MEASURE BONDS
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE

ANNUAL MEETING

Palomar Pomerado Health, 2ND Floor Conference Room, 2227 Enterprise Street, Escondido, CA

PARTICIPANTS	MEETING DATES				
	7/12/05	10/5/05	3/28/06	12/19/06	12/18/07
MEMBERS					
WILLIAM L. CORWIN (AT LARGE)	P	P	P	P	P
MARGUERITE JACKSON DILL, PHD, RN, FAAN (AT LARGE)				P	P
STEPHEN FRIAR (AT LARGE)	P	P	P	P	P
GEORGE KUNG, M.D. (PHYSICIAN)				P	P
EDWARD R. LEHMAN (SR CITIZENS' ORG)	P	P	P	P	P
JOHN MCIVER (BUSINESS ORG) – SECRETARY	P	P	P	P	P
KATHY LEECH MCKINNEY (AT LARGE)	P	P	P	E	P
MARGARET MOIR (AT LARGE)	P	P	P	P	P
BOB WELLS (TAXPAYERS' ORG) – VICE CHAIR	P	P	E	P	P
STEPHEN P. YERXA (AT LARGE) – CHAIR	P	P	P	P	P
DISTRICT SUPPORT STAFF					
BOB HEMKER, CFO	P	P	P	P	P
TANYA HOWELL, EXECUTIVE ASST – SCRIBE	P	P	P	P	P
GUEST(S)					
KATHLEEN LEAK, BOND COUNSEL - ORRICK, HERRINGTON & SUTCLIFFE			P	P	P

[P = Present E = Excused A = Absent]

Independent Citizens' Oversight Committee (ICOC) Meeting Minutes – Tuesday, December 18, 2007

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
<p>CALL TO ORDER & ROLL CALL</p>	<p>The meeting was called to order at 2:04 p.m. by Chair Steve Yerxa, followed by roll call.</p> <p>See roster for attendance</p>	<ul style="list-style-type: none"> • As applicable to information within the ICOC purview, Mr. Hemker will reply to Dr. Michael on behalf of the ICOC, with a copy of the response to the ICOC. • Consensus of the ICOC to ensure that the 5-minute rule for public comments is strictly enforced at future meetings
<p>I. PUBLIC COMMENTS</p>	<ul style="list-style-type: none"> • Larry Michael, Orthodontist in Escondido <ul style="list-style-type: none"> o Owns building near Palomar Medical Center ("PMC") East – provided handouts o Observations <ul style="list-style-type: none"> ▪ Not clear on ICOC & its capabilities ▪ Palomar Pomerado Health ("PPH") is renovating PMC - \$73M to be spent there. Concern that on Facilities Master Plan ("FMP"), money to be spent there seems to be going away. From 1st page of handout – McLeod down from \$35M to \$42M, then in July 2007, down to \$3M. Huge concern to him – where is Prop BB money going? Warehouse I & II included in PMC East – is \$3M correct? If so, where did all the money go? Where will the rest of the money come from? Is that anything ICOC has jurisdiction over or they can look at? Didn't Prop BB say how much money would be spent downtown? o Steve Yerxa informed Dr. Michael that whether \$73/3M are spent or scheduled to be spent is not the function of the ICOC. The ICOC is here to ensure that Prop BB funds are spent for appropriate activities – only to those elements that qualify for expenditure. However, it seems like he has a legitimate question – perhaps Mr. Hemker could suggest how ICOC would respond? o Bob Hemker stated that, although not required, it could be treated similarly to a public information request as submitted to the District, whereby a member of the public would submit a request in writing, and the ICOC would produce materials requested so long as they are within the purview of the Committee. District information should be requested through the PPH request for information protocol. The ICOC is not bound to the process, timing or methods of PPH in responding to public information request. The ICOC will take Dr. Michael's questions as a verbal request for clarification of the project budget as it relates to PMC east and the amount currently in budget and will follow up as appropriate for the information within the scope of authority for the ICOC. o Mr. Hemker stated that Measure BB, which was a totality of the FMP with a certain number of dollars, did not specify which campuses the bond monies would benefit. It has always been a composite of General Obligation ("GO") and Revenue Bond financing along with cash reserve and philanthropy. With regard to the McLeod Tower, the question must be asked, "What is its highest and best use at the end of the day?" It is still an evolving issue through seismic legislation. Can't transition any more quickly until patients currently utilizing the services there have a location into which to be moved. 	

Independent Citizens' Oversight Committee (ICOC) Meeting Minutes – Tuesday, December 18, 2007

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> o Dr. Michael asked why dollars have been moved totally out of PMC East? He also stated that the Smart Voter Website stated that "this is what the dollars will be spent for", now all of a sudden it's no longer there. Requested any response be sent to him via email at drmichael@cox.net. • After Dr. Michael left, John McIver commented on the fact that his questions had taken a great deal more time than the 5 minutes allocated on the agenda. He asked if there was any way to screen members of the public before they show up at meetings. Mr. Hemker stated that the ICOC is bound by the Brown Act and must let each member of the public speak. The only thing we can do is to hold them to 5 minutes, 15 in aggregate if more than one person shows up with the same topic. 	
<p>II. INFORMATION ITEM(S)</p>	<ul style="list-style-type: none"> • Bob Hemker distributed the Official Statement ("OS"), which is the offering document relating to the new tranche of \$241M of General Obligation ("GO") Bonds for purposes of future reference. Expenditures as part of this annual review were not funded from this anticipated issuance. <ul style="list-style-type: none"> o Monies from GO Bond issuances need to be spent within a specific period of time (i.e., 3 yrs) <ul style="list-style-type: none"> ■ Couldn't have spent down all \$496M of authorized GO Bonds in 3 years ■ FMP intertwines GO with Revenue Bonds based on usage and needs o PPH has a Joint Powers Authority ("JPA") with Tri-City & Grossmont Hospital Districts – allows PPH to take advantage of a negotiated fixed rate, with the sale as an orchestrated and timed event <ul style="list-style-type: none"> ■ PPH sells the bonds to the JPA ■ JPA sells them to the underwriter ■ Underwriter sells them to public ■ Funds funnel back through ■ Steve Yerxa asked what dollar value of the bonds to be added was included in the JPA <ul style="list-style-type: none"> ▲ Mr. Hemker indicated there is no limit – goes issue by issue, with each party indemnifying their own issues o Priced and "sold" the bonds on December 4th <ul style="list-style-type: none"> ■ Public can pick up on the secondary market, through their brokerage firm ■ Should feel very good that PPH paper continues to attract interest & sells well o Will close the deal on December 20th o Rating agency meetings <ul style="list-style-type: none"> ■ Met with all three, two weeks after the fires: Moody's, Standard & Poor's ("S&P") and Fitch 	<ul style="list-style-type: none"> • Bob Hemker will review expenditures in March 2008 to determine if there is anything at that point worth taking the time to hold an April/May meeting • Discussions regarding holding quarterly meetings may be held at future meetings • Kathleen Leak is to review potential conflict issues raised by Steve Friar & Marguerite Jackson Dill and notify ICOC of her findings

Independent Citizens' Oversight Committee (ICOC) Meeting Minutes – Tuesday, December 18, 2007

GENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> ■ All were concerned about two questions <ul style="list-style-type: none"> ▲ What's happening because of sub-prime defaults? ▲ What will happen to the assessed value of the District due to fires <ul style="list-style-type: none"> (a) Only about 1% of the assessed value properties were involved in the fires • Term of office <ul style="list-style-type: none"> ○ Originally added to agenda as staff & counsel were reviewing possibility of changing terms of office and or meeting frequency <ul style="list-style-type: none"> ■ After further review of Procedures, Policies & Guidelines ("PP&G"), determination was made that changing term of office was not feasible ○ Discussion of meeting frequency <ul style="list-style-type: none"> ■ PPH annual report has been presented to group within 5 months of fiscal year end ■ Aiming for September/October timeframe should be adequate for PPH to get their books closed for that fiscal year <ul style="list-style-type: none"> ▲ Purpose of meeting is to sign off on ICOC annual report ■ John McIver suggested possibility of a second meeting, 6-9 months into the next year <ul style="list-style-type: none"> ▲ As we start getting into the project, spend rate & frequency might be more useful to ICOC • Steve Friar is in the process of presenting his pre-qualifications for a construction job and wanted the ICOC to be aware he might have a conflict therefrom that would require his resignation • Marguerite Jackson Dill has been appointed to the State Hospital Building & Safety Board (HBSB) <ul style="list-style-type: none"> ○ The group is working with seismic information filing deficits ○ Appointed due to her Infection Control & RN qualifications <ul style="list-style-type: none"> ■ Doesn't think there is a conflict, but wanted ICOC and counsel to be aware 	
IV. OATH OF OFFICE	<p>Reappointed members Kathy Leech-McKinney, Edward R. Lehman, Bob Wells & Stephen P. Yerxa simultaneously read the Oath of Office, then signed copies for their files and for the record</p> <ul style="list-style-type: none"> • Initially there was no discussion and action was taken to approve the minutes as noted • Margaret Moir arrived after approval and requested to be allowed some clarifying questions: 	
V. MINUTES ICOC MEETING MARCH 28, 2006		<p>MOTION: By Ed Lehman, seconded by John McIver, and carried to approve the Minutes of the December 19, 2006, ICOC Meeting</p>

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**Independent Citizens' Oversight Committee (ICOC)
Meeting Minutes – Tuesday, December 18, 2007**

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> o The Minutes appear to read as though members are not able to speak to members of the public/press and must send all requests for discussion through to the Chair o There was a note that the Chair had requested interim quarterly reports – was that done? 	<ul style="list-style-type: none"> • Consensus was reached that members should preface any comments to ensure they are not misconstrued as representing the ICOC in an official capacity, then they will be able to discuss/answer questions • Written requests from the public/press should still be handled through the "public info request" procedure to the Chair • We are moving to a semi-annual approach for meetings in lieu of sending quarterly info, which was not done last year – looking at an April/May timeframe, with Annual meeting in September/October • Annual meeting may move from current date
VI. DISCUSSION AGENDA		
REPORTS		
A. IDENTIFICATION OF OFFICERS APPOINTED PURSUANT TO ICOC PP&G	<ul style="list-style-type: none"> • The District Board is responsible for making officer appointments <ul style="list-style-type: none"> o No one chose to decline o Steve Yerxa was reappointed Chair of the ICOC o Bob Wells was reappointed Vice-Chair of the ICOC o John McIver was reappointed Secretary of the ICOC 	No Action Required
B. POTENTIAL NEW DATE FOR FUTURE ANNUAL MEETINGS OF THE ICOC	<ul style="list-style-type: none"> • This item was discussed under Section V. Minutes 	No Action Required
A. MASTER FACILITY PLAN – STATUS REPORT	<p>Utilizing the attached presentation (Attachment A), Mike Shanahan gave the Committee an overview of the current status of the MFP projects. Highlighted were:</p> <ul style="list-style-type: none"> • Site prep, blasting completed on a number of areas • Last night the District Board approved an amendment to the California Environmental Quality Act ("CEQA") environmental impact report for approval of a rock crushing operation at the PMC West site at the Escondido Research and Technology Center ("ERTC") 	Information only

Independent Citizens' Oversight Committee (ICOC) Meeting Minutes – Tuesday, December 18, 2007

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> • Steel mill order <ul style="list-style-type: none"> ○ Should be delivered from Herrick in late July 2008 ○ One of 2 major competitors in area, based in Orange County ○ All by competitive bids • Groundbreaking ceremony 12/14 <ul style="list-style-type: none"> ○ ICOC was not invited - was the ceremony perfunctory? - will there be another one? ○ Needed to do a small media groundbreaking ○ Will do a more publicly visible, safety-oriented ceremony later on ○ Goal is to keep it top of mind for the community – will cover milestones ○ Noted that it is important that the ICOC be put on top of the invitation list • 11-story building • Ms. Moir expressed concern that architectural from Anshen + Allen & CO Architects was already at \$31M. Doesn't know how we're going to build this thing – seems like we've already spent a lot of money without much more than a hole in the ground <ul style="list-style-type: none"> ○ Responsibility of group to assure that funds authorized by Measure BB are used according to Measure BB as opposed to specificity of campus ○ Also needs to be clearly understood that Measure BB was not intended to be the totality of financing ○ A lot of monies spent in early time will feel like "what have we gotten for our money?" ○ First \$80M has been spent, in good part on land and for professionals sitting around a table • Mr. Lehman questioned when PPH would get back to downtown – as evidenced by guest today, people are under the impression we're going to be spending money downtown <ul style="list-style-type: none"> ○ Timing for that campus can't occur until operations have moved to the new hospital ○ Key is how we stage <ul style="list-style-type: none"> ▪ Couldn't do PMC east first, as it's not available for us to do so ▪ McLeod has not been deemed to be an impaired asset ○ Again, need to get patient flow up to new site before construction begins on PMC East • Rancho Peñasquitos site <ul style="list-style-type: none"> ○ We're having land zoned for medical building use ○ 2-story medical office with urgent care ○ Leasing a Medical Office Building ("MOB") 	

Independent Citizens' Oversight Committee (ICOC) Meeting Minutes – Tuesday, December 18, 2007

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> ▪ May be a ground lease ▪ May do a long-term lease ▪ May take an equity position in the building <ul style="list-style-type: none"> • Following all regulatory guidelines for public bids and trade requirement <ul style="list-style-type: none"> ○ Must demonstrate quality, not just best price, in the selection methods • Architectural is large at beginning of a project as it is front-loaded, but diminishes as the project continues • Ms. McKinney stated that she brings her education and 30 years of experience with a number of hospital systems with her when evaluating the District <ul style="list-style-type: none"> ○ She was impressed with the wonderful numbers she saw, what the organization was doing, and how successful it was in its mission ○ She was amazed at the smooth operation of the evacuation ○ The level of satisfaction of employees appears to be fairly high ○ Finds PPH trustworthy ○ It's a tough job to build a hospital, and she will keep supporting the District until reasons are proven to cause her to feel otherwise • Ms. Moir clarified her questions, noting that she felt it her responsibility to ask questions, which is not in any way an attempt to say anyone is unethical • FMP summary – where are we? <ul style="list-style-type: none"> ○ Max is \$983M ○ We're in the process of getting things moved from contingency and into firm costs bucket ○ Funding sources in FMP – \$496M bond issue, revenue bond, foundation and cash reserves 	
B. REVIEW OF THE DUTIES & ROLES OF THE ICOC	<ul style="list-style-type: none"> • Any need for new explanation? Addendum B – no need. 	<ul style="list-style-type: none"> • Any questions, call Bob Hemker or Kathleen Leak
C. DISTRICT EXPENDITURE REPORT FOR FYE JUNE 30, 2007	<p>Utilizing the addendum of information in the packet, the annual expenditures were reviewed for appropriateness and consistency with Measure BB authorization:</p> <ul style="list-style-type: none"> • Materials kept in format of our fiscal years <ul style="list-style-type: none"> ○ Formally reviewing draws 7-16, with supplemental information through draw 18 (Pages C2-5) ○ Residual monies are coming in and the reclassification of the honorariums, might be about another \$15K of expenditures ○ Banking cycle is based on when bonds were issued 	<ul style="list-style-type: none"> • Consensus of group that we do not need site differentiation information, but it would be nice to have going forward <ul style="list-style-type: none"> ○ Data are already recorded on the accounting system, expenditures broken down by campus ○ Tim Nguyen & Bob Hemker to discuss and will attempt to retrieve and create a sample report

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Independent Citizens' Oversight Committee (ICOC) Meeting Minutes – Tuesday, December 18, 2007

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> • Will receive another \$241M as of the end of this week from 2007 tranche issuance • 1st question – did we spend as allowed? <ul style="list-style-type: none"> o Met spend down rules – no taxable debt created • Attachment B is supplemental material to the remainder of the banking schedule <ul style="list-style-type: none"> o Page 2 ties to July cash on page C4 of the agenda packet and provides a validation of banking • Discussion of different funds for interest earnings & what they can be spent for • Honorariums were originally thought to be part of Architecture & Engineering (“A&E”) – it was questioned, so we reversed to be conservative <ul style="list-style-type: none"> o A number are shown as reversals to be paid from other funds o Some more were identified as charged to the cost center that missed first review (see Attachment C) o Will all at the end of the day be zeroed out • Rancho Bernardo Inn was the venue for design meetings – approvable A&E cost • Once paper is submitted for a draw, the paying agent must approve before payment is received <ul style="list-style-type: none"> o Requisition #10 was unsigned in book – copy of signed document provided (see Attachment D) o When Bob Hemker is away, specific authority has been given to Corporate Controller Tim Nguyen (Page C-138) <ul style="list-style-type: none"> ▪ Paying agent will not distribute funds unless draw request is signed by Bob Hemker/Tim Nguyen ▪ Draw 17 – date added in later on the copy of the requisition is the same as the date of the letter (see Attachment D) and is within the period of time authorized therein • These documents become the summary draw schedule that goes to the paying agent and is backed up by detailed books (which were on hand should members want to review them) <ul style="list-style-type: none"> o Will continue to bring source documents to the ICOC meetings o If members would like to review details in advance of the meeting, please schedule through Tanya Howell • Suggested that sometimes discussions tend to make more sense of documentation • Mr. McIver stated that the double sort by description and by draw helped his understanding 	<p>(perhaps in pie chart form) then send it out to ensure it's what the members needed</p>

Independent Citizens' Oversight Committee (ICOC)
 Meeting Minutes – Tuesday, December 18, 2007

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> • What is Bureau Veritas Company? <ul style="list-style-type: none"> o Listed as a construction expense o It is a geologic testing company • Discussion regarding on which campus funds are spent and whether that detail would be beneficial to the ICOC <ul style="list-style-type: none"> o Are there any overall ballpark costs – such as 8-10% for A&E? o Is there a pie chart for such? o Is the sorting done more by trades? o Are costs coded as to what project they apply to? <ul style="list-style-type: none"> ▪Easiest way would be to bifurcate or code to indicate what went to which campus ▪Will look into adding that as it would be good for our knowledge, also ▪Mr. McIver – doesn't care which campus – collectively of bond issue <ul style="list-style-type: none"> (1) Would be an interesting point, but do we really need it? ▪Need to look at economy of scale – what's important for the ICOC to function adequately? ▪Ms. Moir didn't think it made any difference, either ▪Information comes back in reverse from the bank ▪Do we want or need it identified? ▪We are only reviewing GO expenditures – anything that isn't GO is not our venue 	
<p>D. ANNUAL REPORT OF THE COMMITTEE TO THE PPH BOARD</p>	<p>A draft of the Annual Report was presented for review by the membership</p> <ul style="list-style-type: none"> • Page 2 contains space for any issues/concerns to be written in • No issues of concern were noted 	<ul style="list-style-type: none"> • MOTION: By Mr. McIver, seconded by Ms. Jackson Dill to approve the annual report as written, with no issues of concern annotated. All in favor, none opposed and no abstentions NOTE: Members George Kung, MD, and Bob Wells both had to leave the meeting prior to the above vote. Both members indicated prior to their departures that they had read the information, and neither of them had any objections or exceptions to the Annual Report.

Independent Citizens' Oversight Committee (ICOC) Meeting Minutes – Tuesday, December 18, 2007

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
<p>E. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MEETING</p>	<ul style="list-style-type: none"> • Chair Steve Yerxa asked the membership to expect a likely April/May 2008 meeting • Mr. Yerxa also requested that the minutes be typed and distributed within the next 30 days • Mr. Yerxa will await a report back from Bob Hemker on the determination of the PPH Finance Department's ability to identify expenditures of funds by facility/site for future reports <ul style="list-style-type: none"> o How many staff does Finance have to handle accounting on these projects? <ul style="list-style-type: none"> ▪ Only one full-time and one part-time 	<ul style="list-style-type: none"> • MOTION: By Mr. McIver, seconded by Mr. Lehman to adjourn the meeting
<p>F. ADJOURNMENT</p>	<p>Meeting adjourned at 4:42 p.m.</p>	
<p>DRAFT REVIEWED AND APPROVED FOR SUBMISSION TO DISTRICT BOARD</p>	<p>CHAIR _____ Steven P. Yerxa</p> <p>SECRETARY _____ John McIver</p>	
<p>APPROVED BY DISTRICT BOARD</p>	<p>CHAIR _____ Bruce G. Krider, MA</p> <p>SECRETARY _____ Linda Bailey</p>	

JX

ATTACHMENT A

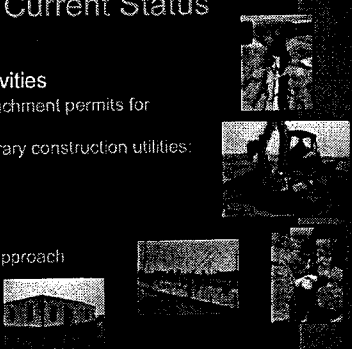
Citizen's Independent Oversight Committee
 December 18, 2007

Palomar Pomerado Health

PALOMAR POMERADO HEALTH

Palomar West - Current Status

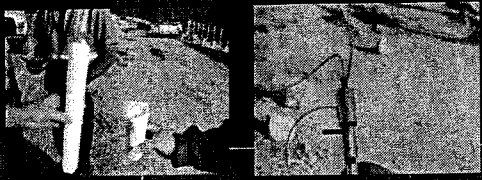
- **Site preparation activities**
 - Acquisition of encroachment permits for mobilization
 - Installation of temporary construction utilities:
 - Sewer
 - Water
 - Power
 - Installation of drive approach
 - Mobilized trailers



PALOMAR POMERADO HEALTH


Palomar West - Current Status

- Blasting notifications sent to surrounding businesses and residences
- Acquired City approval for grading
 - Begin drill and blast operation October

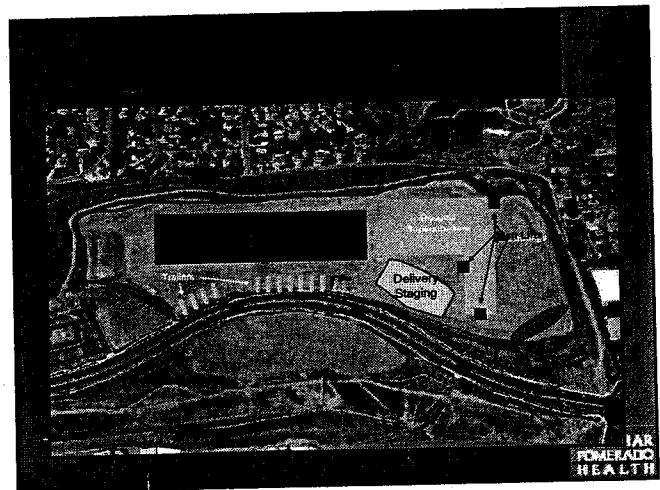
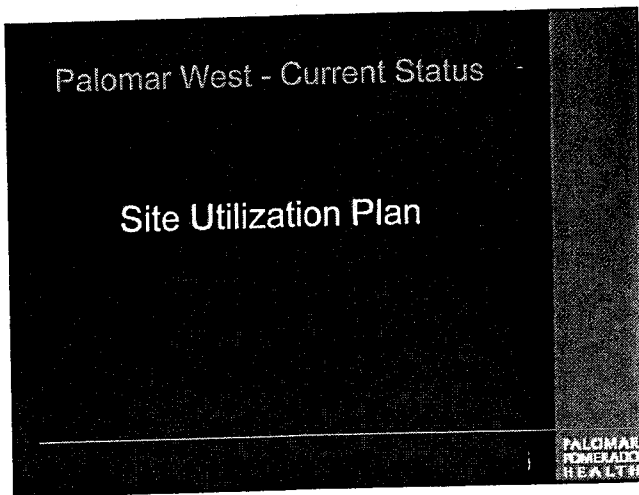
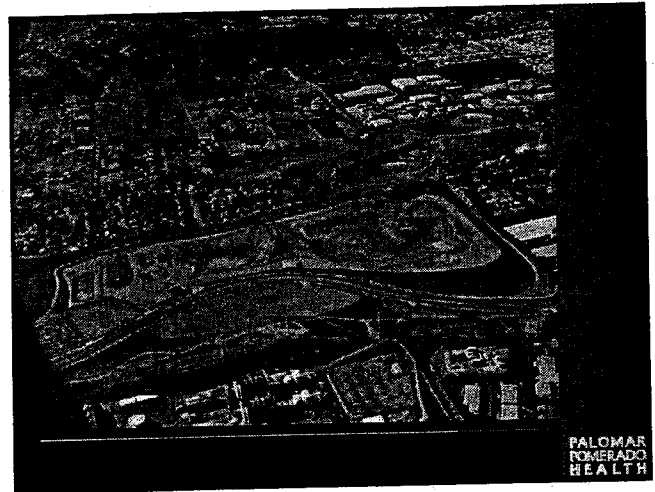
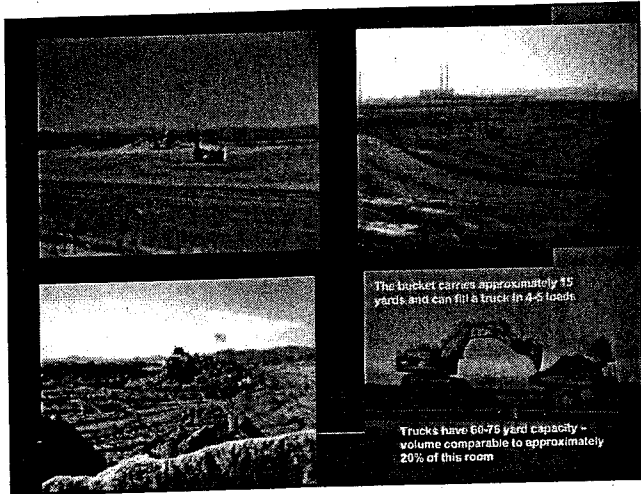


PALOMAR POMERADO HEALTH

Blasting on PMC West Site (movie)



PALOMAR POMERADO HEALTH



Three Month Look Ahead

- **Activities through 2007**

- Rock crushing, blasting of rock
- Selection of concrete contractor
- Detailing for foundations (reinforcing steel, rock anchors and anchor bolts)
- Steel mill order
- Complete hospital basement excavation
- MEP systems fully coordinated in BIM model (Basement through Level 3)

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POMERADO
HEALTH

SCHEDULE SUMMARY

Month	October				November				December			
Week	01	02	03	04	01	02	03	04	01	02	03	04

THREE-MONTH LOOK-AHEAD

Blasting	[Bar]											
Rock Crushing	[Bar]											
Rock Export	[Bar]											
Select Concrete	[Bar]											
Detail Foundations	[Bar]											
Steel Mill Order	[Bar]											
Basement Subgrade	[Bar]											
MEP Level 0 - 3	[Bar]											

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Entire Project Look Ahead

- **Major Milestones**

- Steel erection July 2008
- MEP overhead rough-in December 2008
- Drywall (non-priority) begins April 2009
- Steel topping off June 2009
- Tower roof complete March 2010
- Tower weathertight March 2010
- Building energized March 2010
- Elevators ready to use April 2010
- Central plant ready to occupy February 2011
- Hospital ready to occupy July 2011

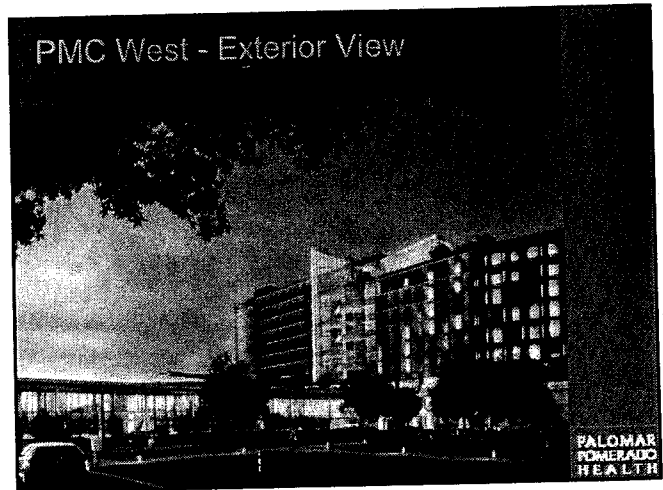
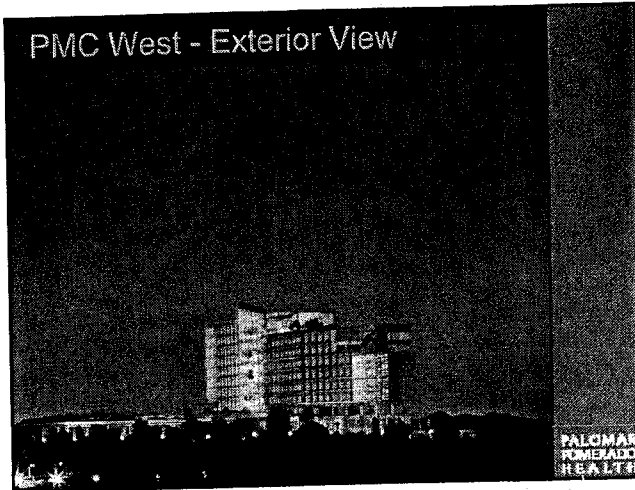
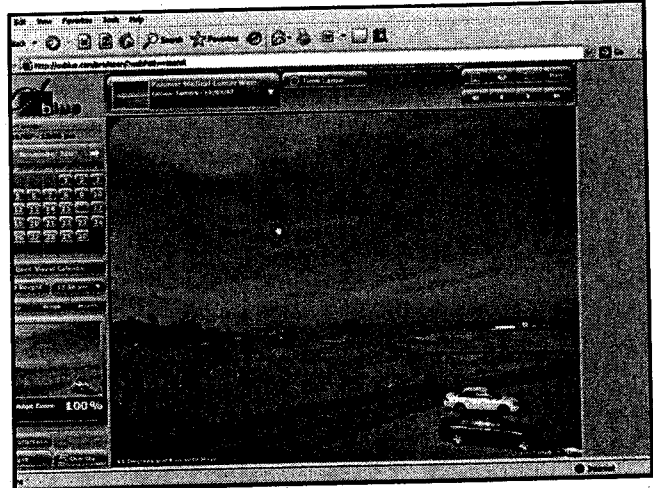
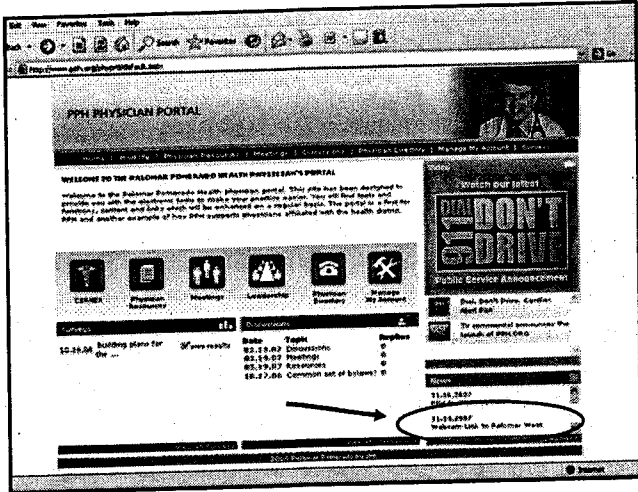
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OVERALL SCHEDULE SUMMARY

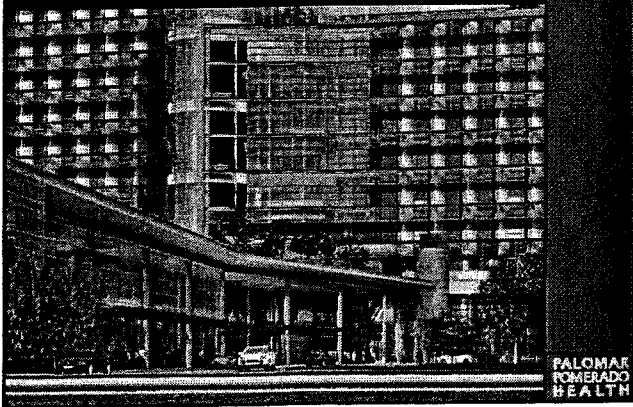
Year	2007			2008			2009			2010			2011		
Quarter	01	02	03	01	02	03	01	02	03	01	02	03	01	02	03

PROCUREMENT															
Bidding	[Bar]														
MEP Coord	[Bar]														
Submittals	[Bar]														
Procurement	[Bar]														
CONSTRUCTION															
Hospital Site Work	[Bar]														
Central Plant	[Bar]														
Hospital Construction	[Bar]														
Foundations	[Bar]														
Structural Steel	[Bar]														
OH MEP Rough-in	[Bar]														
Exterior Skin	[Bar]														
Framing & Drywall	[Bar]														
Finishes	[Bar]														
Start-up and Testing	[Bar]														
Agency Approvals	[Bar]														
Move-in	[Bar]														

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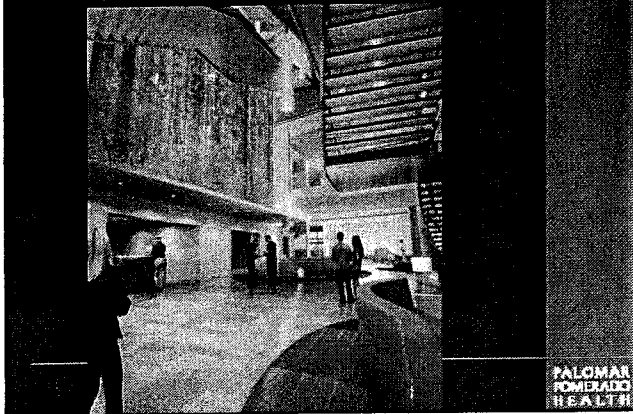
PMC West - Exterior View



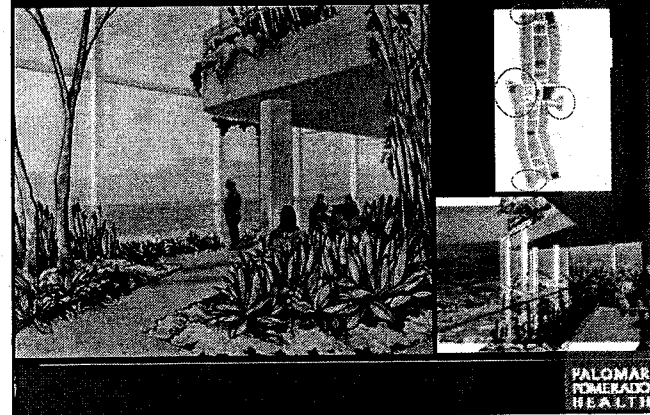
PMC West - Main Lobby



PMC West - Main Lobby



PMC West - Conservatory Terraces



Pomerado Hospital – Update

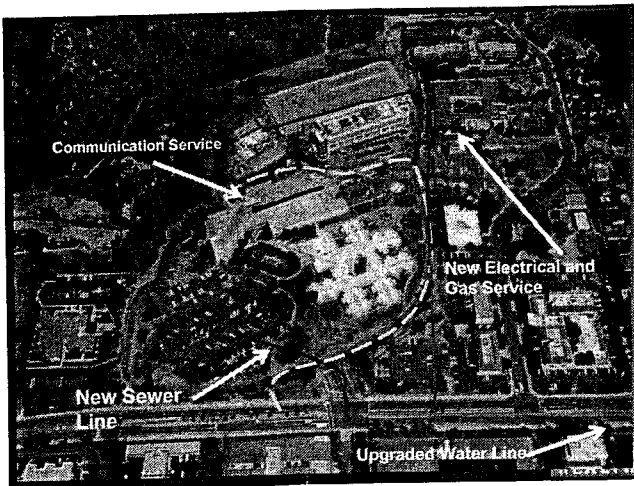
PALOMAR
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Pomerado Hospital - Current Status

- Site preparation activities
 - Phase I make ready work 98% completed
- Installation of new utility upgrades:
 - Sewer
 - Water
 - Power
 - Communication



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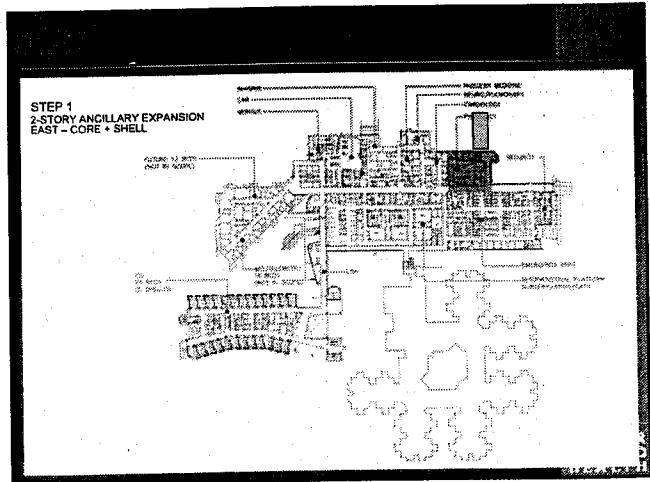
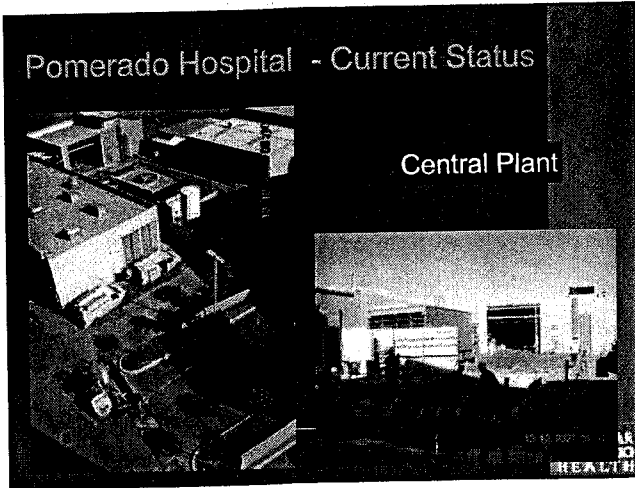
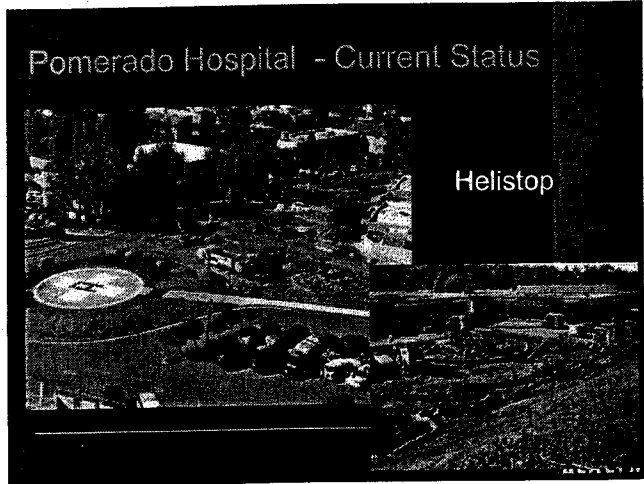
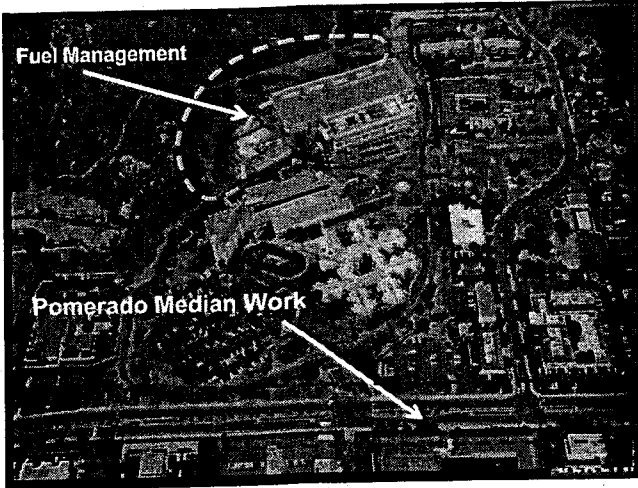


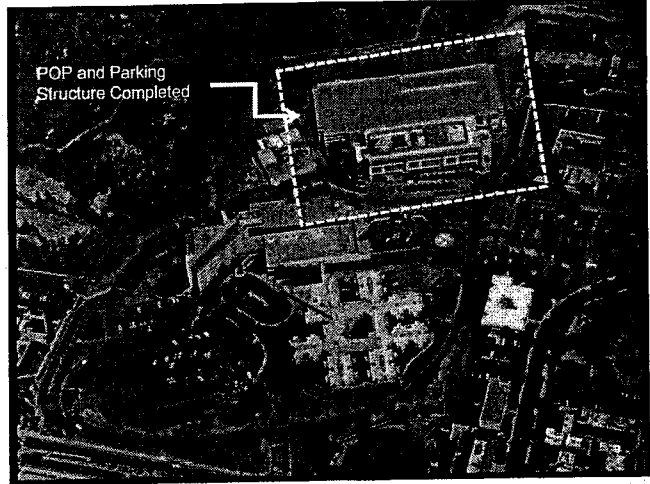
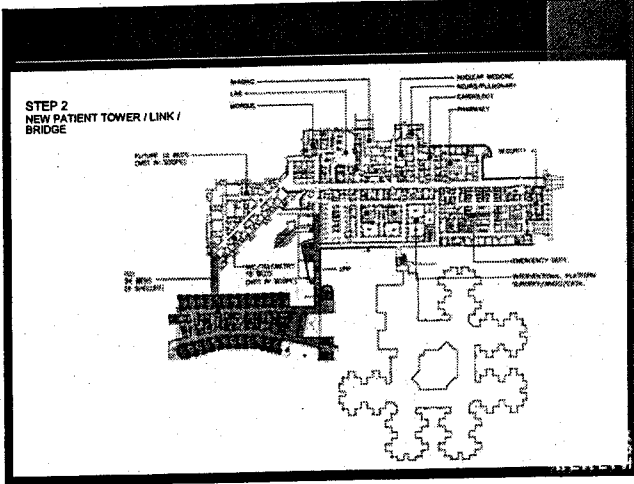
Pomerado Hospital - Current Status

- Off Site Improvements
 - Twin Peaks & Camino Del Norte work



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Three Month Look Ahead

- **Activities through 2007**
 - Relocation of underground utilities for New Patient Tower
 - MEP systems fully coordinated in BIM model for initial OSHPD submission
 - Exterior building envelope will be detailed for initial OSHPD submission

**FALOMAR
PENNERADO
HEALTH**

Entire Project Look Ahead

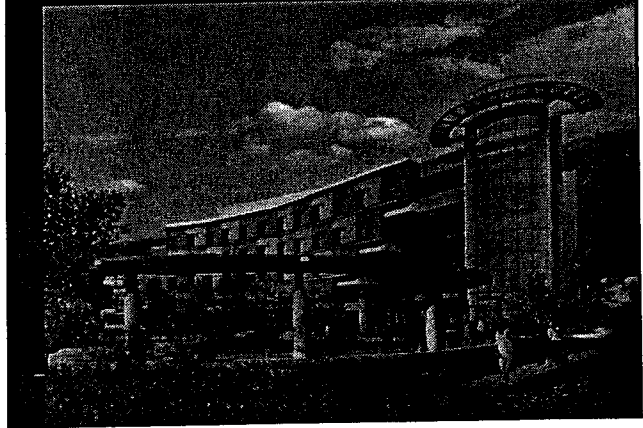
- **Major Milestones**
 - Helistop Completed March 2008
 - Central Plant Completed May 2009
 - POP Connector July 2009
 - D&T Phase I August 2009

**FALOMAR
PENNERADO
HEALTH**

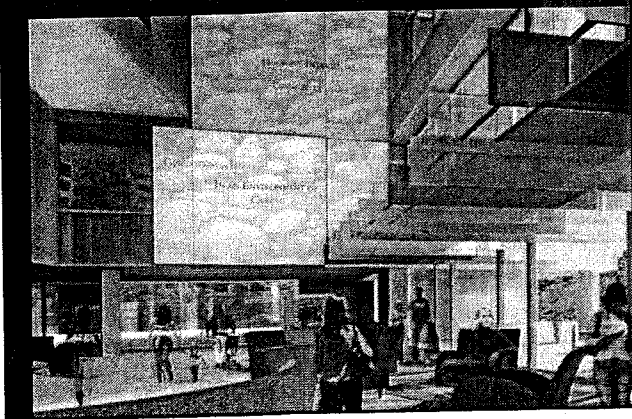
Pomerado Hospital - Main Entry



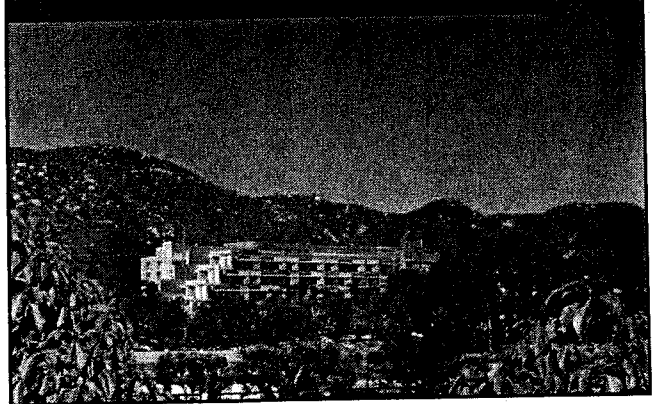
Pomerado Hospital - Tower



Pomerado Hospital - Main Lobby

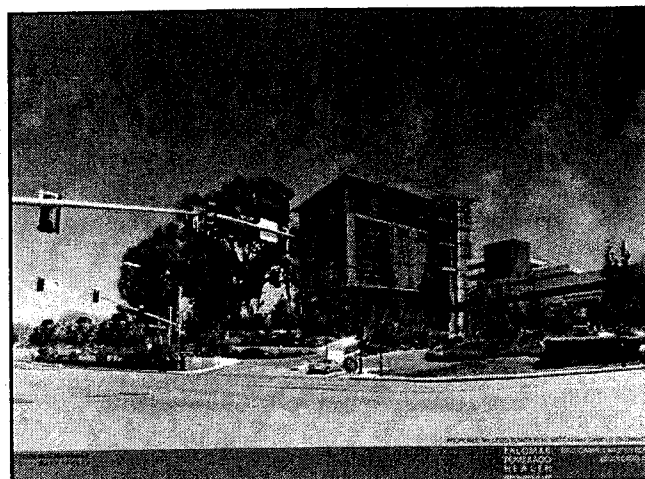
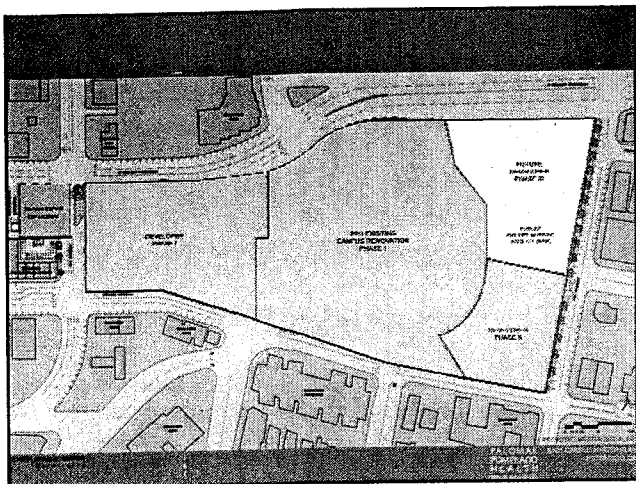
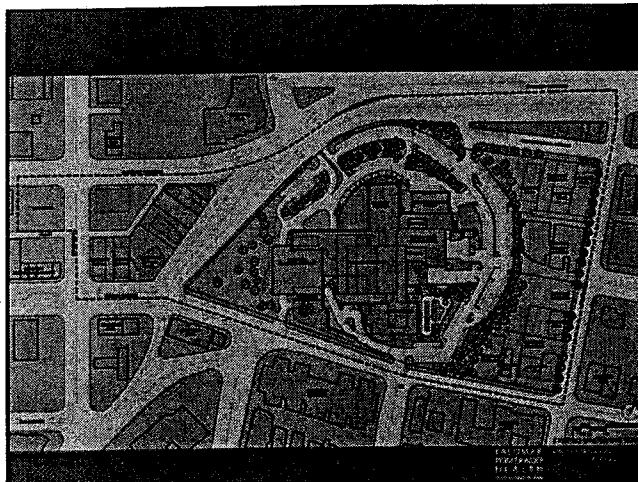


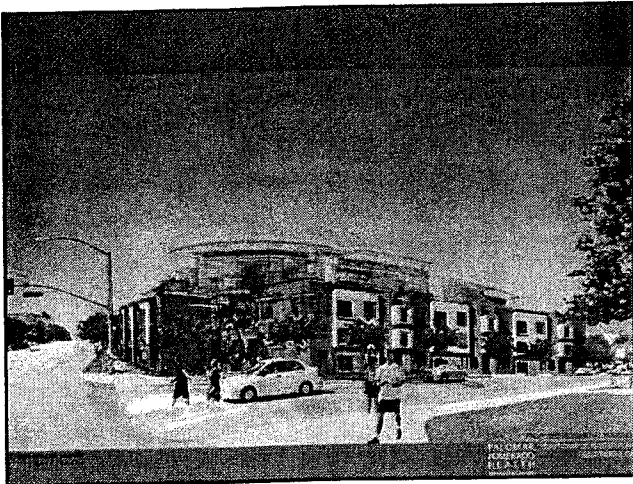
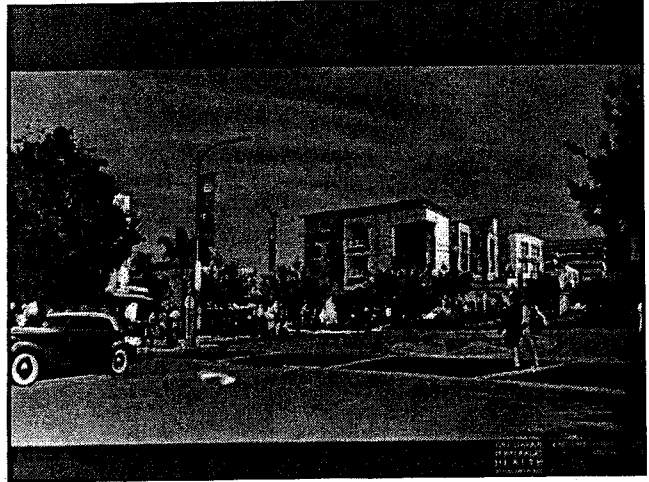
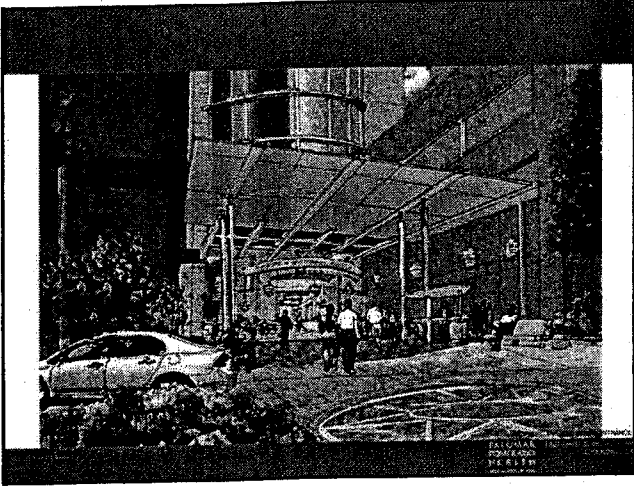
Pomerado Hospital - Exterior View



Palomar Medical Center - East

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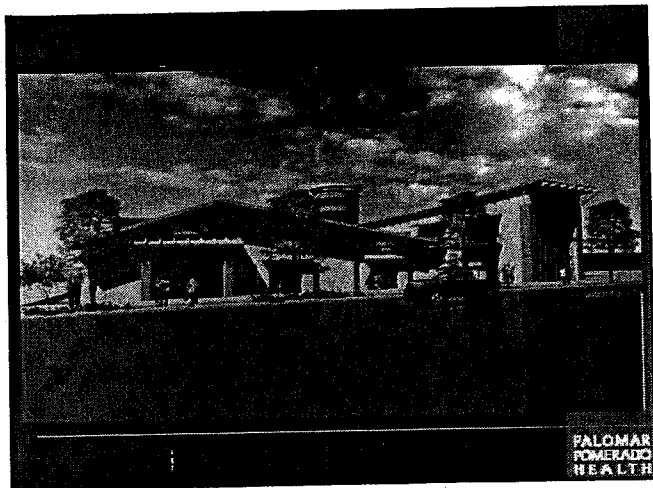
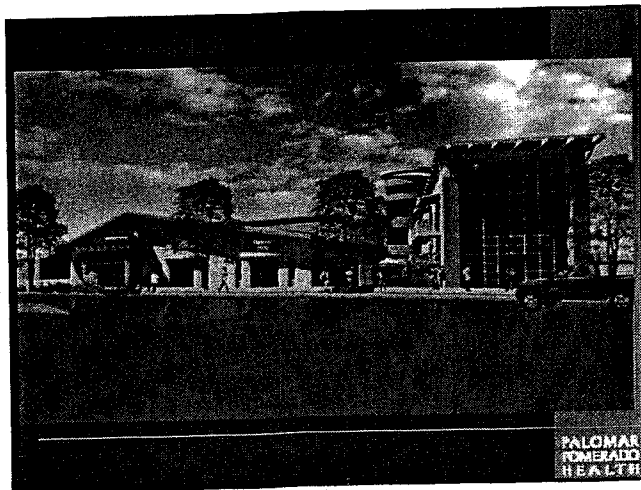
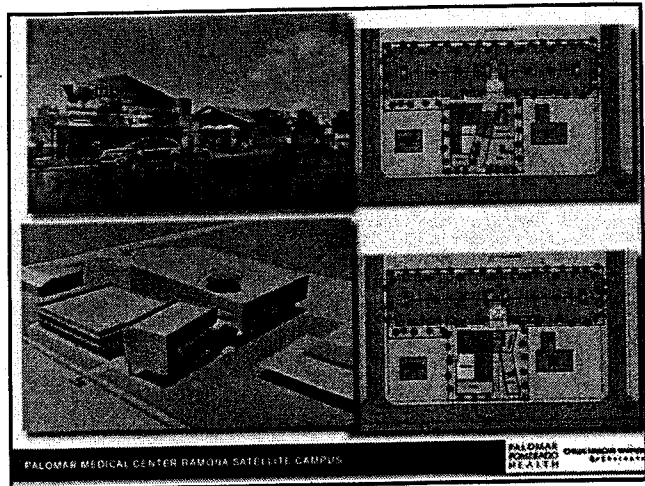
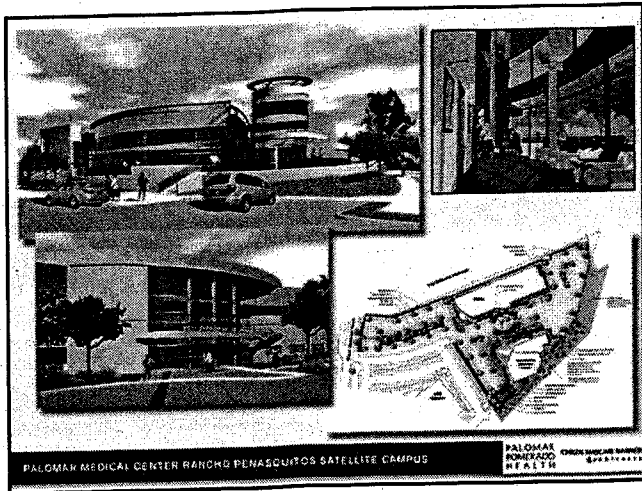




Satellite Facilities

- Rancho Peñasquitos
- Ramona

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Update on Procurement to Date

Overview of procurement process

Update on current progress

Overview of Project Cost Summary

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2

REGULATORY GUIDELINES

Public Contracting Code regulates bidding requirements for public agencies

Requirements include:

- Advertising bid dates (open to all companies)
- Public openings
- Award to lowest responsible bidder

Allowable options:

- Pre-qualification of trades
- Best value basis of award

Procurements not subject to code:

- Professional services (e.g. architect, engineers, testing and inspections)

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3

Advertising and Qualification Process

Pre-qualification of trades

Utilized on PPH project

Advertise the scope

Interested trade contractor replies

Questionnaires sent to interested bidders

- Financial strength
- Project experience
- Litigation history
- Safety record
- Insurance
- OSH/PPD experience
- Performance
- Bonding capacity

Questionnaires returned to PPH for evaluation

Trade Contractors that meet all the criteria will be invited to bid

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4

Bid Period

Publicly advertise bid date to establish prevailing wage rates

Bid packages issued to qualified trade contractors

Follow up with bidders to maintain their level of interest

Pre-bid meetings with all bidders

Pre-bid questions and clarifications

Clarifications issued via addendum and sent to all bidders

Establish a bid date that maintains an increased level of participation for all bidders

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SELECTION METHODS

- Traditional Bidding – Design is complete and award is made to low bidder
- Design Build Bid – Trade Contractor designs and installs the system to project specifications (e.g. fire sprinklers, fire alarm). Award is made to low bidder
- Design Assist Bid – Trade Contractor is required to assist in the design prior to submitting to OSHPD for permit in order to avoid redesign
- Design Assist Criteria
 - Pricing of schematic design documents
 - Bids returned
 - Evaluation team analyzes the bids and evaluates the bidders:
 - Palomar Pomodoro Health
 - CO Architects
 - Rudolph and Stetten, Inc.
 - Consulting Solutions, Inc.

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Selection Method, (cont.)

Criteria are pre-established and weighted

• Schedule	20
• Quality control	20
• Proposed staffing	20
• Project approach	10
• Cost/Value Engineering	10
• OSHPD permit experience	10
• Project experience	10
• Total	100

Best value is determined by calculating the lowest cost per point (cost bid / by average points scored = cost per point). The award is made to the trade contractor with the lowest cost per point

- Composition of our project currently:
 - Traditional bidding 4 trades \$ 14 million
 - Design build bidding 8 trades \$ 80 million
 - Design assist bidding 6 trades \$230 million

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7

Bid Protest Procedure

Public Contracting Code requires public agencies to have an established bid protest procedure

Any bidder may protest the award by contacting the Deputy Program Director of Facilities and Planning

All protests will be evaluated by the Protest Committee

- The Protest Committee includes the following personnel:
 - Program Director Facilities and Planning
 - Deputy Program Director Facilities and Planning
 - Legal Counsel
 - Compliance Officer
 - Construction Manager - Executive
 - Construction Manager - Project Manager (Campus)

Response will be sent to bidder who filed the protest

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Current Progress, PMC WEST

• Trade selected to date:	\$105 m
HVAC and Plumbing	\$ 67 m
Electrical	\$ 56 m
Curtain Wall	\$ 53 m
Structural Steel	\$ 10 m
Elevators	\$ 9 m
Grading and Rock Blasting	\$ 5 m
Fire Sprinklers	\$ 2 m
Metal Stairs	\$ 2 m
Pneumatic Tube	\$ 2 m
Site Utilities	\$ 1 m
Rock Anchors	\$ 4 m
Window Washing	\$ 4 m
Surveying	\$ 3 m
Erosion Control	\$ 2 m
RF Shielding	

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Participation Results – PMC WEST

Scope/Trade	Firms Interested/ Contacted	Firms Prequalified	Bids Received	Local Firm
HVAC/Plumbing	7	3	3	Yes
HVAC/Plumbing – CP	6	4	2	Yes
Electrical	5	3	3	Yes
Electrical – CP	4	4	3	Yes
Structural Steel	5	3	3	No
Rock Anchors	5	3	1	Yes
Curtain Wall	19	3	2	No
Fire Sprinklers	6	2	2	Yes
Fire Sprinklers – CP	4	4	3	Yes
Elevators	6	3	2	Yes
Erosion Control	5	2	1	Yes
Window Washing	5	4	2	Yes

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Participation Results – PMC WEST (cont.)

Scope/Trade	Firms Interested/ Contacted	Firms Prequalified	Bids Received	Local Firm
Metal Stairs	9	5	1	Yes
RF Shielding	6	4	2	No
Pneumatic Tube	6	4	2	No
Grading	7	5	2	Yes
Surveying	8	8	5	Yes
Site Utilities	12	10	5	Yes
Totals	125	72	44	

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Participation Results PMC West (cont.)

18 Total Firms awarded
 13 Firms from San Diego – \$210 million or 64% of awarded value
 4 of the 13 Firms within the District – \$68 million or 21% of awarded value

5 Firms from Out of the Area – \$114 million or 36% of awarded value

Participation Percentages:
 58% of Firms interested were pre-qualified
 61% of Firms pre-qualified submit bids
 35% of Firms interested submit bids

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Current Progress, Pomerado

- Trades on board to date:
- HVAC and Plumbing - NPT \$ 14 m
- Curtain Wall - NPT \$ 14 m
- Structural Steel - NPT \$ 6 m
- HVAC and Plumbing - CP \$ 7 m
- Electrical - NPT \$ 7 m
- GFRC - NPT \$ 5 m
- Electrical - CP \$ 4 m
- Heliport Relocation (All Trades) \$ 2 m
- Elevators - NPT \$ 2 m
- Fire Sprinklers - NPT/CP \$ 1 m
- Window Washing - CP \$ 4 m
- Drywall, Plaster, D/F/H - CP \$ 4 m
- Concrete - CP \$ 3 m
- Roofing/Sheet Metal - CP \$ 2 m
- Pneumatic Tube System - NPT \$ 2 m

* NPT - New Patient Tower
 * CP - Central Plant

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Participation Results – Pomerado Hospital Phase 2

Scope/Trade	Firms Interested/Contacted	Firms Prequalified	Bids Received	Local Firm
U/G Mechanical - CP	4	3	3	Yes
U/G Electrical - CP	4	4	3	Yes
U/G Gas - CP	4	2	2	Yes
Electrical	5	5	3	Yes
Structural Steel	3	3	2	Yes
HVAC & Plumbing	5	4	2	Yes
HVAC & Plumbing - LOX	5	5	2	Yes
Electrical - LOX	5	5	3	Yes
Fire Protection	4	4	2	Yes
GFRC	3	2	2	No

PALOMAR POMERADO HEALTH

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Participation Results – Pomerado Hospital Phase 2

Scope/Trade	Firms Interested/Contacted	Firms Prequalified	Bids Received	Local Firm
Elevators	4	4	2	No
Glass & Glazing	21	2	1	Yes
Concrete - CP	4	4	1	Yes
Roofing - CP	4	4	1	No
Sheet Metal - CP	4	4	2	No
Drywall, Doors, Plaster - CP	5	5	4	Yes
Telecom MOP to SNF	3	3	3	Yes
Demolition - CP	4	3	2	Yes
Window Washing	4	2	2	No
Pneumatic Tube	4	2	2	No

PALOMAR POMERADO HEALTH

Participation Results – Pomerado Hospital Phase 2

Scope/Trade	Firms Interested/Contacted	Firms Prequalified	Bids Received	Local Firm
Hellstop Expansion	6	6	2	Yes
U/G Electrical to Tower - CP	4	4	3	Yes
U/G Mechanical to Tower - CP	4	4	3	Yes
Fire Protection - CP	4	4	2	Yes
Totals	117	88	54	

PALOMAR POMERADO HEALTH

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Participation Results Pomerado Hospital Phase 2

- 24 Total Firms Awarded
- 20 Firms from San Diego – \$63 million or 91% of awarded value
 - 5 of the 20 Firms Within the District – 15% or \$9.5 million of awarded value
- 4 Firms from Out of the Area – \$6 million or 9% of awarded value
 - Clark Pacific (West Sacramento, CA)
 - Best Roofing (Gardena, CA)
 - Tractel (Toronto, Canada)
 - Pexco (Baltimore, MD)
- Participation Percentages:
 - 75% of Firms interested are pre-qualified
 - 61% of Firms pre-qualified submit bids
 - 46% of Firms interested submit bids

PALOMAR POMERADO HEALTH

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Actual vs Budgeted Summary, PMC WEST

Current Construction Budget	\$ 547 million
Awarded to Date	\$ 324 million
Awarded Amounts vs. Budget	\$ On Budget
Percentage Bid-out	59%
Balance to Complete	\$ 223 million
Estimated Final Cost	\$ 547 million

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Actual vs. Budgeted Summary, Pomerado

Current Construction Budget	\$ 133 million
Awarded to Date	\$ 69 million
Awarded Amounts vs. Budget	\$ On Budget
Percentage Bid-out	52%
Balance to Complete	\$ 64 million
Estimated Final Cost	\$ 133 million

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Other Local Businesses Being Utilized

Partial list of local businesses being utilized

- Escondido Reprographics
- Glennies Office Products (Escondido)
- Knight Security (Escondido)
- CPS Security (Escondido)
- Aerial Advantage (Lakeside)
- Modspace (Poway)
- Diamond Environmental (San Marcos)
- Escondido Disposal Company (Helping achieve our GGHC credits)

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PMC WEST SUMMARY

PMC WEST	ORIGINAL FMP, JULY 2004		DECEMBER 2005		JULY 2007	
	SQ. FT.	\$	SQ. FT.	\$	SQ. FT.	\$
HOSPITAL FINISHED	596,674	\$407	637,000	\$589	638,940	\$712
SHELLED	75,114		88,000		85,320	
HOSP. SUPPORT BLDG	130,298	\$55				
CENTRAL PLANT	20,466	\$41	30,000	\$55		
CP DESIGN, GRADING		included		included		\$14
PARKING & SITE WORK		\$28				\$34
CITY IMPROVEMENTS						\$13
TOTALS	822,552	\$531	755,000	\$690	724,260	\$773

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POMERADO SUMMARY

POMERADO - PHASE 2	ORIGINAL FMP, JULY 2004		DECEMBER 2005		JULY 2007	
	SQ. FT.	\$	SQ. FT.	\$	SQ. FT.	\$
HOSPITAL REMODEL	16,500	\$11	60,000	\$41		\$3
NEW TOWER		\$67		\$83		\$117
FINISHED	61,480		78,431		25,000	
SHELLED	53,047		57,541		126,264	
D&T ADDITION (Connector)	24,422	\$19	20,331	\$30	13,200	\$12
CENTRAL PLANT	5,000	\$11	7,614	\$16	7,814	\$17
LOX TANKS						\$1
CONDO OSP	37,735	\$18		\$20		\$26
PARKING & SITE WORK		\$13				
TOTALS	224,184	\$139	230,117	\$190	172,278	\$176

* Phased based on timing and completion of connector to POP

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PMC EAST SUMMARY

PMC East	SQ. FT.	\$	SQ. FT.	\$	SQ. FT.	\$
MCLEOD	69,960	\$35	89,960	\$42		\$3
HOSPITAL ENTRY	3,400	\$12	3,400	\$14		?
HOSPITAL REMODEL	38,568	\$16	38,568	\$26		?
ADAMS		\$5		\$5		?
SITE & CENTRAL PLANT		\$5		\$6		?
WAREHOUSE 1						\$7
WAREHOUSE 2						\$5
CORAL BUILDING						\$5
FOURPLEX						\$1
TOTALS	131,928	\$73	131,928	\$93		\$21

? = Womens and childrens will remain

? = Recent legislative action may grant extension of seismic upgrades

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FMP SUMMARY

FMP SUMMARY	ORIGINAL FMP, JULY 2004		DECEMBER 2005		JULY 2007	
	SQ. FT.	\$	SQ. FT.	\$	SQ. FT.	\$
PMC WEST	822,552	\$531	755,000	\$690	735,414	\$773
POMERADO PHASE 2	224,184	\$139	230,117	\$190	172,278	\$176
PMC EAST	131,928	\$73	131,928	\$93		\$21
SATELLITE CLINICS		\$10		\$10		\$13
TOTAL		\$753		\$983		\$983

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ATTACHMENT B



WELLS FARGO BANK, N.A.
CORPORATE TRUST SERVICES
707 WILSHIRE BOULEVARD
17TH FLOOR
LOS ANGELES, CA 90017

**PALOMAR POMERADO HEALTH GENERAL
OBLIGATION BONDS, ELECTION OF 2004
SERIES 2005A
PROJECT FUND**

ACCOUNT NUMBER 18040501
MONTHLY STATEMENT
JUNE 1, 2007 THROUGH JUNE 30, 2007

PALOMAR POMERADO HEALTH
MR. ROBERT HEAKER
15255 INNOVATION DRIVE, SUITE 204
SAN DIEGO, CA 92128

ACCOUNT MANAGER: DANIA SAMAI
TELEPHONE NUMBER: 213-614-3328

ADMINISTRATOR: ROBERT W. SCHNEIDER
TELEPHONE NUMBER: 213-614-3353

18107 SB



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PALOMAR POWERADO OSA MES BB PROJECT
ACCOUNT NUMBER 18040501

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TRS 26084 (3-02-51856)



ASSET SUMMARY
AS OF JUNE 30, 2007

PALOMAR POMERADO 05A MES BB PROJECT
ACCOUNT NUMBER 18040501

ASSET SUMMARY

INVESTMENT CATEGORY	COST VALUE	MARKET VALUE	UNREALIZED GAIN/LOSS	ACCRUED INCOME
CASH	0.00	0.00		
CASH EQUIVALENTS	4,888,615.16	4,888,615.16	0.00	30,473.92
TOTAL INVESTMENTS	4,888,615.16	4,888,615.16	0.00	30,473.92

10)

STATEMENT OF ASSETS
AS OF JUNE 30, 2007

PALOMAR POMERADO OSA MES BB PROJECT
ACCOUNT NUMBER 18040501

STATEMENT OF ASSETS

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	UNREALIZED GAIN/LOSS	ACCRUED INCOME
CASH EQUIVALENTS					
4,888,615.16	WELLS FARGO ADVANTAGE GOVERNMENT MONEY MARKET SERVICE - #743	4,888,615.16 1.000	4,888,615.16 1.000	0.00	30,473.92
TOTAL CASH EQUIVALENTS					
		4,888,615.16	4,888,615.16	0.00	30,473.92
TOTAL INVESTMENTS					
		4,888,615.16	4,888,615.16	0.00	30,473.92



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CASH SUMMARY FOR THE PERIOD JUNE 1, 2007 THROUGH JUNE 30, 2007

PALOMAR POMERADO 05A MES BB PROJECT
ACCOUNT NUMBER 18040501

CASH SUMMARY

DESCRIPTION	PRINCIPAL CASH	INCOME CASH
BEGINNING BALANCE	0.00	0.00
RECEIPTS		
NET INTEREST COLLECTED	0.00	41,537.76
TRANSFER RECEIPTS	41,537.76	0.00
CASH MANAGEMENT SALES	5,323,369.22	0.00
TOTAL CASH RECEIPTS	5,364,906.98	41,537.76
DISBURSEMENTS		
OTHER CASH DISBURSEMENTS	5,323,369.22-	0.00
TRANSFER DISBURSEMENTS	0.00	41,537.76-
CASH MANAGEMENT PURCHASES	41,537.76-	0.00
TOTAL CASH DISBURSEMENTS	5,364,906.98-	41,537.76-
ENDING BALANCE	0.00	0.00

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STATEMENT OF TRANSACTIONS
FOR THE PERIOD JUNE 1, 2007 THROUGH JUNE 30, 2007

PALOMAR POMERADO OSA MES BB PROJECT
ACCOUNT NUMBER 18040501

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	PRINCIPAL CASH	INCOME CASH	COST VALUE	REALIZED GAIN/LOSS
		<u>BEGINNING BALANCE</u>	0.00	0.00	10,170,446.62	
06/01/07		INTEREST RECEIVED WF ADV GOVERNMENT MM FD-SVC #743 INTEREST FROM 5/1/07 TO 5/31/07		41,537.76		
06/01/07		TRANSFER TO PRINCIPAL TRANSFER FROM INCOME TO PRINCIPAL		41,537.76-		
06/01/07		ADDITION TO ACCOUNT TRANSFER FROM INCOME TRANSFER FROM INCOME TO PRINCIPAL	41,537.76			
06/05/07		WIRE DISBURSEMENTS PAID TO PALOMAR POMERADO HEALTH TO PAY REQUISITION #15	2,603,668.80-			
06/28/07		WIRE DISBURSEMENTS PAID TO PALOMAR POMERADO HEALTH TO PAY REQUISITION #16	2,719,700.42-			
06/30/07	41,537.76	CASH SWEEP PURCHASES FOR STMT PERIOD WF ADV GOVERNMENT MM FD-SVC #743 1 TRANSACTION	41,537.76-		41,537.76	
06/30/07	5,323,369.22-	CASH SWEEP SALES FOR STMT PERIOD WF ADV GOVERNMENT MM FD-SVC #743 2 TRANSACTIONS	5,323,369.22		5,323,369.22-	
		<u>ENDING BALANCE</u>	0.00	0.00	4,888,615.16	





CASH MANAGEMENT TRANSACTION JOURNAL FOR THE PERIOD JUNE 1, 2007 THROUGH JUNE 30, 2007 PALOMAR POMERADO OSA MES BB PROJECT ACCOUNT NUMBER 18040501

CASH MANAGEMENT TRANSACTION JOURNAL

DATE	PAR VALUE/SHARES	DESCRIPTION	PRINCIPAL CASH	INCOME CASH
06/01/07	41,537.76	PURCHASED WF ADV GOVERNMENT MM FD-SVC #743	41,537.76-	
06/05/07	2,603,668.8	SOLD WF ADV GOVERNMENT MM FD-SVC #743	2,603,668.80	
06/28/07	2,719,700.42	SOLD WF ADV GOVERNMENT MM FD-SVC #743	2,719,700.42	
WF ADV GOVERNMENT MM FD-SVC #743			41,537.76-	0.00
TOTAL PURCHASES/DEPOSITS				
TOTAL SALES/WITHDRAWALS			5,323,369.22	0.00

ATTACHMENT C

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

(THRU DRAW #018 REV DRAW #007)

ACTIVITY THROUGH 6/30/2007

SORT: VENDOR NAME

Honorariums Pending Reversal

VENDOR NAME	VENDOR #	BOND FUND	SUBMISSION STATUS	CEQA LOCATION	REIMBURSEMENT DATE	INVOICE	CHECK-DATE	CK #	BANK CHK AMT	AC POSTING DATE	DESCRIPTION
999005549											
ADAMS, JIM		GO	CIPS	DRAW #010	11/01/2006	EXPERT PANEL/MTG	10/9/2006	72028	705.02	9/30/2006	HONORARIUM TO BE REVERSED
		GO	CIPS	DRAW #014	04/26/2007	REIMB-MTG 2/2/07	3/5/2007	81009	593.41	2/28/2007	HONORARIUM TO BE REVERSED
SUM --- ADAMS, JIM (2 detail records)									1,298.43		
16403											
DE CRESCENZO, NEIL E.		GO	CIPS	DRAW #006	6/07/2006	EXPERT PANEL 1/30/	3/6/2006	58090	2,356.91	2/28/2006	HONORARIUM TO BE REVERSED
SUM --- DE CRESCENZO, NEIL E. (1 detail record)									2,356.91		
16926											
SAFE BY DESIGN		GO	CIPS	DRAW #008	09/21/2006	PPHC20060721	8/7/2006	68003	3,062.64	7/31/2006	HONORARIUM TO BE REVERSED
		GO	CIPS	DRAW #011	12/09/2006	PPHC20061010	10/30/2006	73200	2,924.14	10/30/2006	HONORARIUM TO BE REVERSED
SUM --- SAFE BY DESIGN (2 detail records)									5,986.78		
Grand Total (5 detail records)									9,642.12		

ATTACHMENT D

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 10

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$2,861,203.61

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 10/30/05

Palomar Pomerado Health

By: [Signature]
Authorized District Representative

August 29, 2007

Dania D. Samai, Trust Officer
Wells Fargo Bank
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017

RE: Palomar Pomerado Health Project Draw #17 of May 31, 2007

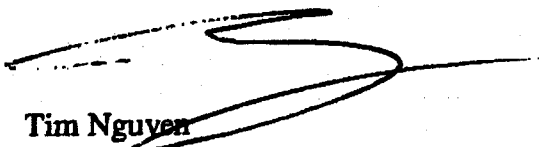
Attached find Palomar Pomerado Health's ("PPH") request for reimbursement of \$950,597.47 from the 2005 G.O. Bond Project fund account #1804-0501. Please send these funds to the same bank account previously used to send funds to PPH. To reconfirm, our account number at Bank of America is 14504-50006.

Attached please find a:

- Signed Measure BB project Fund Requisition form
- List of amounts paid by PPH to vendors sorted alphabetically
- Copies (same as order list) of the vendor invoices and checks supporting the expenses.

Please call me at (760) 480-7995, if you have any questions.

Regards,



Tim Nguyen
Corporate Controller
Palomar Pomerado Health

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 17

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$950,597.47

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 8/29/07.

Palomar Pomerado Health

By: 

Authorized District Representative *for Robert A Hemker.*

Independent Citizens' Oversight Committee
Review of Annual Report for District Fiscal Year 2006-2007

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, January 22, 2008

MEETING DATE: Monday, February 11, 2008

BY: Bob Hemker, CFO

Background: On Tuesday, December 18, 2007, the Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds Independent Citizens' Oversight Committee (ICOC) held their annual meeting.

At that meeting, the ICOC reviewed the District Expenditure Report, which details the reconciliation of funds expended from the proceeds of the General Obligation Bonds issued pursuant to Measure BB. Following that review, the ICOC concluded that PPH is in compliance with the requirements of Measure BB. Pursuant to §3.2 of the ICOC PP&G, the Annual Report of the ICOC for District Fiscal Year 2006-2007 is herewith submitted to the District Board for consideration and response. The ICOC will review the District Board's response at their next regularly scheduled meeting and will make final approval—or correction and amendment and approval—and will then submit the final report for inclusion in the District Board's public records.

Budget Impact: N/A

Staff Recommendation: At the Board Finance Committee meeting, staff recommended approval of the Annual Report of the ICOC for District Fiscal Year 2006-2007.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Annual Report of the ICOC for District Fiscal Year 2006-2007.

Motion: X

Individual Action:

Information:

Required Time:

11A

**PALOMAR POMERADO HEALTH
HOSPITAL, EMERGENCY CARE, TRAUMA CENTER IMPROVEMENT
AND REPAIR MEASURE BONDS**

INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE

ANNUAL REPORT FOR DISTRICT FISCAL YEAR 2006-2007

Background

Measure BB

On November 2, 2004, voters passed Measure BB, the Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure. Measure BB authorized the issuance by Palomar Pomerado Health ["PPH"/"District"] of general obligation bonds to acquire and improve real property for hospital and health care purposes, including the acquisition and construction of new health care facilities and the renovation of existing health care facilities within the District. Pursuant to Measure BB, all proceeds of general obligation bonds issued by PPH are required to be used for costs incurred in connection the acquisition and construction of medical facilities and costs of issuance of the general obligation bonds and no proceeds may be used for any other purpose, including staff and administrative salaries and other operating expenses. Measure BB was passed by the voters with a 69.84% vote, which exceeded the two-thirds minimum required. In accordance with Measure BB, the PPH Board of Directors ["the Board"] established a nine-member, unpaid, Independent Citizens' Oversight Committee ["ICOC"], the members of which are appointed by the PPH Board of Directors ["the Board"].

Responsibilities

As provided in Measure BB, the ICOC is composed of community leaders with experience in finance, accounting, construction, and healthcare. To carry out its stated purpose of assuring voters that general obligation bond proceeds are expended solely for the purposes permitted by Measure BB, the ICOC has reviewed each annual expenditure report produced by the District in accordance with Measure BB to ensure that (a) general obligation bond proceeds were expended only for purposes permitted by Measure BB; and (b) that no general obligation bond proceeds had been used for staff or administrator salaries or other operating expenses.

In furtherance of these responsibilities, the ICOC has met at least once annually since first being seated in July 2005. ICOC meetings are open to the public and regulated by the Brown Act. The meetings are held at the Administrative Offices of the District, located at 15255 Innovation Drive, San Diego, CA 92128, or other District facilities, or such other public space as designated by the ICOC, provided, however, that all meetings shall be held within the District. Meeting dates and agendas are posted on the PPH web site [<http://www.pph.org/about.aspx?nd=714>].

The first Annual Report of the ICOC for the District's Fiscal Year 2006-2007 was contained within the minutes of the ICOC's December 19, 2006, Annual Meeting, which were presented to the Board for review and approval on February 12, 2007.

Reconciliation of Funds and Uses

SEE ADDENDUM

Accountability

The ICOC is actively executing its mission of monitoring and overseeing Measure BB expenditures. ICOC members have:

1. Reviewed project expenditures to ensure that proceeds of general obligation bonds issued pursuant to Measure BB funds were expended only for purposes permitted by Measure BB;
2. Reviewed the reconciliation of sources and uses for the first series of general obligation bonds, which were issued in July 2005 ["the Series 2005A Bonds"], against the Statement of Funds provided by Wells Fargo Bank, National Association, as paying agent for the Series 2005 A Bonds;
3. Reviewed that requisitions were properly documented and authorized; and
4. Reviewed specific expenditure invoices, as necessary, to assure expenditures were made pursuant to Measure BB authority;

Our review indicated that PPH is in compliance with the requirements of Measure BB as follows:

1. Proceeds of the Series 2005A Bonds have been used only for the construction of facilities or the acquisition of real property for facilities as authorized by Measure BB.
2. Projects funded were included in Measure BB.
3. No funds have been used for staff or administrator salaries or other operating expenses.

There were no issues of current concern to the ICOC, unless specified below:

- 1.
- 2.

Membership

The ICOC shall consist of not less than nine (9) members, the exact number to be determined from time to time by the Board, appointed by the Board from a list of candidates who have submitted written applications.

To be a qualified member of the ICOC, a person must:

1. Be at least 18 years of age and a citizen of the State of California and reside within the boundaries of the District;
2. Not be an employee, official, vendor, contractor or consultant of the District; and

3. Not have an immediate family member who is an employee, official, vendor, contractor or consultant of the District.

The ICOC shall at all times, except during the period of a vacancy, include the following members (collectively, the "Required Members"):

1. One member who is active in a business organization
2. One member who is active in a senior citizens' organization
3. One member who is active in a bona fide taxpayers' organization; and
4. One member who is a nurse or physician.

The current members of the ICOC are:

William L. Corwin, At Large

John McIver, **Secretary**, Business Org.

Steve Friar, At Large

Kathy Leech-McKinney, At Large,

Marguerite Jackson Dill, PHD, RN, FAAN,
At Large

Margaret Moir, At Large

George Kung, MD, Physician

Bob Wells, **Vice-Chair**, Taxpayers' Org.

Edward R. Lehman, Senior Citizens' Org.

Stephen P. Yerxa, **Chair**, At Large

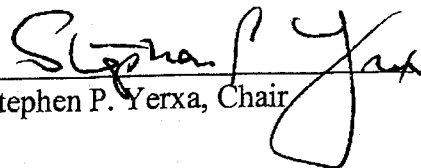
Officers

Pursuant to the ICOC Procedures, Policies and Guidelines, the Board shall annually appoint a Committee Chair, Committee Vice-Chair and Committee Secretary. The following individuals were appointed by the Board to fill the positions indicated for the July 1, 2007 through June 30, 2008, term of office:

1. Chair Steve Yerxa
2. Vice-Chair Bob Wells
3. Secretary John McIver

Submitted to the Palomar Pomerado Health Board of Directors on behalf of the Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds Independent Citizens' Oversight Committee,

BY:


Stephen P. Yerxa, Chair

ADDENDUM

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 7

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$5,729,008.84

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 7/28/06

Palomar Pomerado Health

By: [Signature]
Authorized District Representative

Schedule I To Requisition No. 7

**Name and Address
of Party To Be Paid**

**Palomar Pomerado
Health**

**Payment
Amount**

\$5,729,008.84

**Nature of
Expenditure**

**Reimburse PPH for
expenses incurred
through June 30,
2006.**

**Payment
Instructions**

**Pay direct to
Palomar Pomerado
Health using same
wire instructions
provided at closing**

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period April 1, 2006 to June 30, 2006**

Draw #7

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
ALLEN & HEIN INC	14129	4/24/2006	61150	1	582.83	A & E and CONSULTIN
		7/24/2006	67034	3047-0 #1	8,520.00	GLOBAL ALLOC
SUM -- ALLEN & HEIN INC (2 detail records)					9,102.83	
CEC & ASSOCIATES INC	15570	6/5/2006	63667	53106	8,782.50	A & E and CONSULTIN
		7/5/2006	65748	63006	3,615.00	A & E and CONSULTIN
SUM -- CEC & ASSOCIATES INC (2 detail records)					12,397.50	
CENTER FOR HEALTH DE	15470	5/8/2006	61868	PEBBLE PROJ. 3/6-2/7	25,000.00	GLOBAL ALLOC
SUM -- CENTER FOR HEALTH DESIGN, THE (1 detail record)					25,000.00	
CO ARCHITECTS	16122	4/10/2006	60247	2511088	4,337.10	A & E and CONSULTIN
		4/10/2006	60247	2512040	3,463.49	A & E and CONSULTIN
		4/10/2006	60247	2512048	8,121.95	A & E and CONSULTIN
		4/10/2006	60247	2512049	10,859.98	A & E and CONSULTIN
		4/10/2006	60247	2512052	4,035.00	A & E and CONSULTIN
		4/10/2006	60247	2512053	438.00	A & E and CONSULTIN
		4/10/2006	60247	2512057	500.00	A & E and CONSULTIN
		4/10/2006	60247	2512058	33.00	A & E and CONSULTIN
		4/10/2006	60247	2512059	4,632.12	A & E and CONSULTIN
		4/10/2006	60247	2601098	5,631.67	A & E and CONSULTIN
		4/10/2006	60247	2601101	9,953.13	A & E and CONSULTIN
		4/10/2006	60247	2601102	432,873.70	A & E and CONSULTIN
		4/10/2006	60247	2601103	91,047.10	A & E and CONSULTIN
		4/10/2006	60247	2601104	12,967.10	A & E and CONSULTIN
		4/10/2006	60247	2601108	10,132.50	A & E and CONSULTIN
		4/10/2006	60247	2601109	24.40	A & E and CONSULTIN
		4/10/2006	60247	2601110	4,445.32	A & E and CONSULTIN
		4/10/2006	60247	2601113	95,019.20	A & E and CONSULTIN
		4/10/2006	60247	2602097	83.02	A & E and CONSULTIN
		4/10/2006	60247	2602098	10,162.80	A & E and CONSULTIN
4/10/2006	60247	2602099	15,198.75	A & E and CONSULTIN		
4/10/2006	60247	2602122	142.35	A & E and CONSULTIN		

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period April 1, 2006 to June 30, 2006

Draw #7

VENDOR NAME	VENDOR #	CHECK-DATE	CK#	INVOICE	BANK CHK AMT	DESCRIPTION
CO ARCHITECTS	16122	4/10/2006	61001	2601105	5,520.00	A & E and CONSULTIN
		4/10/2006	61001	2601107	2,270.03	A & E and CONSULTIN
		4/10/2006	61001	2602114	915.17	A & E and CONSULTIN
		4/10/2006	61898	2512054	19,080.00	A & E and CONSULTIN
		4/10/2006	61898	2601106	460.00	A & E and CONSULTIN
		4/24/2006	61001	2601115	810.00	A & E and CONSULTIN
		4/24/2006	61001	2601116	1,236.11	A & E and CONSULTIN
		4/24/2006	61001	2601117	2,000.00	A & E and CONSULTIN
		4/24/2006	61001	2601126	7,877.50	A & E and CONSULTIN
		4/24/2006	61001	2602100	95,019.20	A & E and CONSULTIN
		4/24/2006	61001	2602101	1,000.00	A & E and CONSULTIN
		4/24/2006	61001	2602107	805.00	A & E and CONSULTIN
		4/24/2006	61001	2602119	21,597.00	A & E and CONSULTIN
		4/24/2006	61001	2602120	13,711.09	A & E and CONSULTIN
		4/24/2006	61001	2602121	238.50	A & E and CONSULTIN
		5/8/2006	61898	2603017	50,662.50	A & E and CONSULTIN
		5/8/2006	61898	2603018	17,781.28	A & E and CONSULTIN
		5/8/2006	61898	2603020	20,325.60	A & E and CONSULTIN
		5/8/2006	61898	2603032	34.54	A & E and CONSULTIN
		5/22/2006	62823	2512047	37,665.00	A & E and CONSULTIN
		5/22/2006	62823	2603014	432,873.70	A & E and CONSULTIN
		5/22/2006	62823	2603019	95,019.20	A & E and CONSULTIN
		5/22/2006	62823	2603022	7,297.15	A & E and CONSULTIN
		6/12/2006	63878	2512136	17,662.24	A & E and CONSULTIN
		6/12/2006	64158	2604009	22,226.60	A & E and CONSULTIN
		6/12/2006	64158	2604013	20,325.60	A & E and CONSULTIN
		6/12/2006	64158	2604014	75,993.75	A & E and CONSULTIN
		6/12/2006	64158	2604015	96.57	A & E and CONSULTIN
6/26/2006	65121	2604011	95,019.20	A & E and CONSULTIN		
6/26/2006	65121	2604022	3,181.12	A & E and CONSULTIN		
					432,873.70	A & E and CONSULTIN

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #7

Series 2005A Measure BB Project Fund

For Period April 1, 2006 to June 30, 2006

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
CO ARCHITECTS	16122	6/26/2006	65121	2604025	41,857.13	A & E and CONSULTING
		6/26/2006	65121	2604026	6,654.92	A & E and CONSULTING
		6/26/2006	65121	2604040	10,910.00	A & E and CONSULTING
		7/10/2006	66100	2605042	1,981.10	A & E and CONSULTING
		7/10/2006	66100	2605052	4,869.72	A & E and CONSULTING
		7/10/2006	66100	2605053	22,358.16	A & E and CONSULTING
		7/10/2006	66100	2605054	11,827.74	A & E and CONSULTING
		7/10/2006	66100	2605055	100.20	A & E and CONSULTING
		7/24/2006	66974	2605043	476,161.07	A & E and CONSULTING
		7/24/2006	66974	2605044	15,408.00	A & E and CONSULTING
		7/24/2006	66974	2605045	19,531.29	A & E and CONSULTING
		7/24/2006	66974	2605046	1,150.00	A & E and CONSULTING
		7/24/2006	66974	2605047	1,402.25	A & E and CONSULTING
		7/24/2006	66974	2605056	104,521.12	A & E and CONSULTING
		7/24/2006	66974	2605057	34,885.53	A & E and CONSULTING
		7/24/2006	66974	2605058	2,796.97	A & E and CONSULTING
SUM — CO ARCHITECTS (69 detail records)					2,982,034.23	
ERI REPROGRAPHICS	12345	5/22/2006	63113	350704	153.01	A & E and CONSULTING
		5/22/2006	63113	350811	73.70	A & E and CONSULTING
		5/22/2006	63113	350960	37.71	A & E and CONSULTING
		5/22/2006	63113	351729	353.42	A & E and CONSULTING
		5/22/2006	63113	351934	96.98	A & E and CONSULTING
		5/22/2006	63113	352155	265.63	A & E and CONSULTING
		5/22/2006	63113	352176	113.40	A & E and CONSULTING
		5/22/2006	63113	352713	7.81	A & E and CONSULTING
		5/22/2006	63113	386401	388.76	A & E and CONSULTING
		6/12/2006	64464	389868	217.96	A & E and CONSULTING
SUM — ERI REPROGRAPHICS (10 detail records)					1,708.38	
FOLEY & LARDNER LLP	16777	6/19/2006	64866	RETAINER	2,000.00	A & E and CONSULTING
SUM — FOLEY & LARDNER LLP (1 detail record)					2,000.00	

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period April 1, 2006 to June 30, 2006**

Draw #7

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
HELIX ENVIRONMENTAL	14066	6/26/2006	65384	29599	2,748.33	A & E and CONSULTIN
SUM — HELIX ENVIRONMENTAL PLANNING (1 detail record)					2,748.33	
LATHAM & WATKINS	13305	5/8/2006	61903	60701328	61,356.56	ADMIN-LEGAL & INS
		5/8/2006	61903	60701329	69,453.91	ADMIN-LEGAL & INS
		5/8/2006	61903	60701330	64,789.50	ADMIN-LEGAL & INS
		5/8/2006	61903	60701717	14.20	ADMIN-LEGAL & INS
		5/22/2006	62822	60700686	46,986.20	ADMIN-LEGAL & INS
		5/22/2006	62822	60700687	58,640.00	ADMIN-LEGAL & INS
		5/22/2006	62822	60700688	90,714.18	ADMIN-LEGAL & INS
		6/12/2006	63893	60702060	6,379.93	ADMIN-LEGAL & INS
		6/12/2006	63893	60702062	482.50	ADMIN-LEGAL & INS
		6/26/2006	65117	60702760	2,260.33	ADMIN-LEGAL & INS
		6/26/2006	65117	60702762	827.06	ADMIN-LEGAL & INS
SUM — LATHAM & WATKINS (11 detail records)					401,906.37	
LINTVEDT, MCCOLL & AS	15851	6/26/2006	65427	7381	45.97	A & E and CONSULTIN
		7/24/2006	67162	7458	3,787.50	A & E and CONSULTIN
		7/24/2006	67162	7485	59.20	A & E and CONSULTIN
SUM — LINTVEDT, MCCOLL & ASSOCIATES (3 detail records)					3,892.67	
METROPLAN LLC	15003	4/24/2006	60920	05	15,930.00	A & E and CONSULTIN
		5/8/2006	62219	06	2,753.80	A & E and CONSULTIN
		5/22/2006	63199	13	1,147.50	A & E and CONSULTIN
		5/22/2006	63199	14	135.00	A & E and CONSULTII
		6/26/2006	65453	01	558.27	A & E and CONSULTII
		7/24/2006	67181	1-131	742.50	A & E and CONSULTII
		7/24/2006	67181	2-129	2,511.42	A & E and CONSULTII
SUM — METROPLAN LLC (7 detail records)					23,778.49	
OFFICE OF STATEWIDE H	13083	4/17/2006	60661	2005-02543	53,757.59	PERMIT & INSPECT
	11174	7/17/2006	66498	2005-03166	511,680.01	PERMIT & INSPECT
		7/17/2006	66701	2004-01117	250.00	PERMIT & INSPECT
SUM — OFFICE OF STATEWIDE HEALTH PLA (3 detail records)					565,687.60	

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period April 1, 2006 to June 30, 2006**

Draw #7

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
PBS&J	15446	4/17/2006	60668	276854	82,864.62	A & E and CONSULTING
		4/17/2006	60668	277650	24,181.44	A & E and CONSULTING
		4/17/2006	60668	280628	16,203.72	A & E and CONSULTING
		4/17/2006	60668	280638	298.35	A & E and CONSULTING
		4/24/2006	60937	284596	18,994.66	A & E and CONSULTING
		6/19/2006	64883	0288557	632.50	A & E and CONSULTING
		7/17/2006	66704	275567	5,190.00	A & E and CONSULTING
SUM -- PBS&J (7 detail records)					148,345.29	
PROJECT DESIGN CONSU	11125	7/24/2006	67210	63870	2,000.00	A & E and CONSULTING
		7/24/2006	67210	64333	3,682.75	A & E and CONSULTING
SUM -- PROJECT DESIGN CONSULTANTS (2 detail records)					5,682.75	
PUBLIC AGENCY LAW GR	16195	5/22/2006	62782	17284	1,083.20	ADMIN-LEGAL & INS
		5/22/2006	62782	17570	3,620.60	ADMIN-LEGAL & INS
		5/22/2006	62782	SERV THRU 01/31/06	2,752.00	ADMIN-LEGAL & INS
SUM -- PUBLIC AGENCY LAW GROUP (3 detail records)					7,455.80	
RAYMOND INTERIORS	15967	4/10/2006	60508	1107-2	8,501.88	A & E and CONSULTING
		4/10/2006	60508	1107-3	320.60	A & E and CONSULTING
SUM -- RAYMOND INTERIORS (2 detail records)					8,822.48	
RBF CONSULTING	16867	7/24/2006	67220	6050533	5,586.00	A & E and CONSULTING
SUM -- RBF CONSULTING (1 detail record)					5,586.00	
RINCON CONSULTANTS, I	16815	7/18/2006	66881	8647	1,430.00	A & E and CONSULTING
SUM -- RINCON CONSULTANTS, INC (1 detail record)					1,430.00	
RUDOLPH AND SLETTEN	13787	4/10/2006	60246	11-002-BNOV	175,318.73	A & E and CONSULTING
		4/10/2006	60246	12-210	106,999.39	A & E and CONSULTING
		4/24/2006	61010	01-216	117,634.17	A & E and CONSULTING
		4/24/2006	61010	02-XXX	106,847.38	A & E and CONSULTING
		5/8/2006	61010	03-211 #22	110,809.50	A & E and CONSULTING
		5/8/2006	61901	2846-0	112,671.96	A & E and CONSULTING
		6/26/2006	65118	05-070-071-072	339,480.58	A & E and CONSULTING
7/17/2006	66499	06-052-053-054	307,897.13	A & E and CONSULTING		

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period April 1, 2006 to June 30, 2006**

Draw #7

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
SUM -- RUDOLPH AND SLETTEN (8 detail records)					1,977,658.84	
S D G & E	999004264	6/12/2006	64690	POMERADO HOSPITA	22,618.30	CONSTRUCTION
SUM -- S D G & E (1 detail record)					22,618.30	
STATE WATER RESOURCE	16031	6/19/2006	64901	NOTICE OF INTENT,	1,469.00	A & E and CONSULTIN
SUM -- STATE WATER RESOURCES CONTROL (1 detail record)					1,469.00	
URS CORPORATION	11122	4/24/2006	60993	2021371	22,326.00	A & E and CONSULTIN
		4/24/2006	60993	2059603	1,368.00	A & E and CONSULTIN
		4/24/2006	60993	2196529	30,235.00	A & E and CONSULTIN
		4/24/2006	60993	2202937	41,278.00	A & E and CONSULTIN
		6/26/2006	65078	2264849	19,980.00	A & E and CONSULTIN
		7/24/2006	67285	1941966	4,496.88	A & E and CONSULTIN
SUM -- URS CORPORATION (6 detail records)					119,683.88	
Grand Total					5,729,008.84	

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 8

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$3,356,929.09

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 9/20/06.

Palomar Pomerado Health

By: [Signature], CFO
Authorized District Representative

Schedule I To Requisition No. 8

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$3,356,929.09	Reimburse PPH for expenses incurred through July 31, 2006.	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period July 1, 2006 to July 31, 2006

Draw #8

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
CALDWELL GLASS, INC.	14084	7/24/2006	66908	4908	12,971.70	GLOBAL ALLOC
		7/24/2006	66908	4909	1,441.30	GLOBAL ALLOC
SUM -- CALDWELL GLASS, INC. (2 detail records)					14,413.00	
CARLSON, RICK J	16346	7/24/2006	67419	REIMB.ADV.PANEL M	3,020.37	GLOBAL ALLOC
SUM -- CARLSON, RICK J (1 detail record)					3,020.37	
CHA - CA. HOSPITAL ASS	16282	7/31/2006	67684	REIMB.DAUNER DUA	756.65	GLOBAL ALLOC
SUM -- CHA - CA. HOSPITAL ASSOCIATION (1 detail record)					756.65	
CO ARCHITECTS	16122	7/24/2006	66974	2601129	3,032.44	A & E and CONSULTING
		7/24/2006	66974	2604001	70,544.70	A & E and CONSULTING
		7/24/2006	66974	2605051	97,910.05	A & E and CONSULTING
		7/24/2006	66974	2606015	8,846.36	A & E and CONSULTING
		7/24/2006	66974	2606016	162,120.00	A & E and CONSULTING
		7/24/2006	66974	2606017	22,226.60	A & E and CONSULTING
		7/24/2006	66974	2606020	22,358.16	A & E and CONSULTING
		7/24/2006	66974	2606021	8,332.50	A & E and CONSULTING
		7/24/2006	66974	2606022	613.59	A & E and CONSULTING
		7/24/2006	66974	2606024	138,257.00	A & E and CONSULTING
		7/24/2006	66974	2606027	18,811.92	A & E and CONSULTING
		7/24/2006	66974	2606028	83.24	A & E and CONSULTING
		7/24/2006	66974	2606033	3,636.89	A & E and CONSULTING
		7/24/2006	66974	2606034	795,000.00	A & E and CONSULTING
		7/24/2006	66974	2606036	599,830.00	A & E and CONSULTING
		7/24/2006	67345	2606035	394,118.01	A & E and CONSULTING
		7/24/2006	67345	2606037	843,160.01	A & E and CONSULTING
		8/7/2006	67917	2606018	104,521.12	A & E and CONSULTING
		8/7/2006	67917	2606019	1,493.19	A & E and CONSULTING
SUM -- CO ARCHITECTS (19 detail records)					3,294,895.78	
COR-O-VAN	13133	1/9/2006	54698	AZA15565 (GL1060702	254.30	ADMIN & OTHER
		1/9/2006	54698	AZA155652 (GL106070	550.96	ADMIN & OTHER
SUM -- COR-O-VAN (2 detail records)					805.26	

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period July 1, 2006 to July 31, 2006**

Draw #8

VENDOR NAME	VENDOR #	CHECK-DATE	CK#	INVOICE	BANK CHK AMT	DESCRIPTION
DAUNER, DAUNE	16347	7/31/2006	67687	HONORARIUM 6/26	2,000.00	GLOBAL ALLOC
SUM -- DAUNER, DAUNE (1 detail record)					2,000.00	
ERI REPROGRAPHICS	12345	1/9/2006	54706	347693 (GL10607022)	95.81	A & E and CONSULTIN
		1/9/2006	54706	347813 (GL10607022)	499.62	A & E and CONSULTIN
		7/24/2006	67113	388883	18.32	A & E and CONSULTIN
		7/24/2006	67113	390561	155.81	A & E and CONSULTIN
SUM -- ERI REPROGRAPHICS (4 detail records)					769.56	
GOOD & ROBERTS, INC	16456	5/22/2006	63132	604500001 (GL106070	5,323.00	ADMIN-LEGAL & INS
SUM -- GOOD & ROBERTS, INC (1 detail record)					5,323.00	
ISEC, INC	16841	7/24/2006	67152	1	5,538.00	GLOBAL ALLOC
SUM -- ISEC, INC (1 detail record)					5,538.00	
JONES, DONALD	15780	7/31/2006	67434	ADVISORY PANEL	2,000.00	GLOBAL ALLOC
SUM -- JONES, DONALD (1 detail record)					2,000.00	
LATHAM & WATKINS	13305	8/21/2006	68831	60704131	1,510.00	ADMIN-LEGAL & INS
		8/21/2006	68831	60704133	550.00	ADMIN-LEGAL & INS
SUM -- LATHAM & WATKINS (2 detail records)					2,060.00	
MESA BLUEPRINT	14248	11/7/2005	50688	237038 (GL 10607022)	11.21	A & E and CONSULTIN
SUM -- MESA BLUEPRINT (1 detail record)					11.21	
PUBLIC AGENCY LAW GR	16195	7/10/2006	66378	17710	6,087.80	ADMIN-LEGAL & INS
SUM -- PUBLIC AGENCY LAW GROUP (1 detail record)					6,087.80	
SAFE BY DESIGN	16926	8/7/2006	68003	PPHC20060721	3,062.64	GLOBAL ALLOC
SUM -- SAFE BY DESIGN (1 detail record)					3,062.64	
SATAVA, RICHARD	15704	7/31/2006	67634	HONOR & EXP 06/26/0	2,787.15	GLOBAL ALLOC
SUM -- SATAVA, RICHARD (1 detail record)					2,787.15	
SCS FLOORING SYSTEMS	16875	8/7/2006	68243	309891	8,525.70	GLOBAL ALLOC
SUM -- SCS FLOORING SYSTEMS (1 detail record)					8,525.70	
VANDERVEEN, TIM	16348	7/24/2006	67462	HONORARIUM 06/26/0	2,000.00	GLOBAL ALLOC
SUM -- VANDERVEEN, TIM (1 detail record)					2,000.00	
		7/31/2006	67720	5336	2,000.00	GLOBAL ALLOC

**PALOMAR POMERADO HEALTH
 BLDG EXPANSION EXPENDITURES
 Series 2005A Measure BB Project Fund
 For Period July 1, 2006 to July 31, 2006**

Draw #8

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK	CHK AMT	DESCRIPTION
VOORSANGER & ASSOC A	16892	7/31/2006	67720	5337		872.97	GLOBAL ALLOC
SUM -- VOORSANGER & ASSOC ARCHITTECTS (2 detail records)						2,872.97	
Grand Total						3,356,929.09	

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 9

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$2,329,184.42

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 9/28/06

Palomar Pomerado Health

By: 

Authorized District Representative

Schedule I To Requisition No. 9

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$2,329,184.42	Reimburse PPH for expenses incurred through August 31, 2006.	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period August 1, 2006 to August 31, 2006**

Draw #9

VENDOR NAME	VENDOR #	CHECK-DATE	CK#	INVOICE	BANK CHK AMT	DESCRIPTION
CEC & ASSOCIATES INC	15570	8/14/2006	68477	73106	3,460.00	A & E and CONSULTING
SUM -- CEC & ASSOCIATES INC (1 detail record)					3,460.00	
CO ARCHITECTS	16122	8/7/2006	67917	2511068	-28,396.50	A & E and CONSULTING
		8/7/2006	67917	2603015	44,575.13	A & E and CONSULTING
		8/21/2006	68859	2512039	33,224.99	A & E and CONSULTING
		8/21/2006	68859	2601100	16,465.00	A & E and CONSULTING
		8/21/2006	68859	2601111	7,000.00	A & E and CONSULTING
		8/21/2006	68859	2602108	315.26	A & E and CONSULTING
		8/21/2006	68859	2603016	15,788.17	A & E and CONSULTING
		8/21/2006	68859	2603031	544.35	A & E and CONSULTING
		8/21/2006	68859	2604010	2,500.00	A & E and CONSULTING
		8/21/2006	68859	2606012	103.14	A & E and CONSULTING
		8/21/2006	68859	2606038	105,180.00	A & E and CONSULTING
		8/21/2006	68859	2606039	769,850.00	A & E and CONSULTING
		8/21/2006	68859	2606040	232,000.00	A & E and CONSULTING
		8/21/2006	68859	2606041	2,452.74	A & E and CONSULTING
		8/21/2006	68859	2606042	407,186.00	A & E and CONSULTING
		9/11/2006	69817	2512056	10,150.00	A & E and CONSULTING
		9/11/2006	69817	2601099	43,610.00	A & E and CONSULTING
		9/11/2006	69817	2602103	43,330.00	A & E and CONSULTING
		9/11/2006	69817	2602104	229.10	A & E and CONSULTING
		9/11/2006	69817	2603033	152,637.50	A & E and CONSULTING
		9/11/2006	69817	2604042	32,140.00	A & E and CONSULTING
		9/11/2006	69817	2604043	60.24	A & E and CONSULTING
		9/11/2006	69817	2606010	6,100.00	A & E and CONSULTING
		9/11/2006	69817	2606011	2,361.29	A & E and CONSULTING
SUM -- CO ARCHITECTS (24 detail records)					1,899,406.41	
CSI	13464	9/5/2006	69658	1436	9,800.00	A & E and CONSULTING
SUM -- CSI (1 detail record)					9,800.00	
		8/7/2006	68107	391036	23.17	A & E and CONSULTING

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #9

Series 2005A Measure BB Project Fund

For Period August 1, 2006 to August 31, 2006

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
SUM — ERI REPROGRAPHICS (1 detail record)					29.17	
LATHAM & WATKINS	13305		L 10608040	REFUND	-14.20	ADMIN-LEGAL & INS
		8/21/2006	68831	60703422	4,730.00	ADMIN-LEGAL & INS
		9/11/2006	69728	60703421	10,303.00	ADMIN-LEGAL & INS
		9/11/2006	69728	60704134	440.00	ADMIN-LEGAL & INS
SUM — LATHAM & WATKINS (4 detail records)					15,458.80	
LINTVEDT, MCCOLL & ASSO	15851	9/11/2006	70079	7363	2,905.00	A & E and CONSULTI
SUM — LINTVEDT, MCCOLL & ASSOCIATES (1 detail record)					2,905.00	
LYTH, DAVID M.	16415	8/21/2006	68954	6/26/6 - MEETING	2,861.28	GLOBAL ALLOC
SUM — LYTH, DAVID M. (1 detail record)					2,861.28	
PBS&J	15446	8/14/2006	68468	288560	834.18	A & E and CONSULTI
		8/14/2006	68468	291695	492.80	A & E and CONSULTI
		8/14/2006	68468	291699	3,312.80	A & E and CONSULTI
SUM — PBS&J (3 detail records)					4,639.58	
PROJECT DESIGN CONSULT	11125	9/11/2006	70178	64820	304.00	A & E and CONSULTI
		9/11/2006	70178	65180	2,065.82	A & E and CONSULTI
		9/11/2006	70178	65544	492.00	A & E and CONSULTI
SUM — PROJECT DESIGN CONSULTANTS (3 detail records)					2,861.82	
PUBLIC AGENCY LAW GROU	16195	8/21/2006	69207	17990	1,953.96	ADMIN-LEGAL & INS
		8/21/2006	69207	17993	540.00	ADMIN-LEGAL & INS
		8/21/2006	69207	17995	729.00	ADMIN-LEGAL & INS
		8/21/2006	69207	18131	439.20	ADMIN-LEGAL & INS
SUM — PUBLIC AGENCY LAW GROUP (4 detail records)					3,662.16	
RICK ENGINEERING	16982	9/11/2006	70202	124849	6,546.51	A & E and CONSULTI
SUM — RICK ENGINEERING (1 detail record)					6,546.51	
RUDOLPH AND SLETTEN	13787	8/7/2006	67920	07-025-026-027	362,894.69	A & E and CONSULTI
SUM — RUDOLPH AND SLETTEN (1 detail record)					362,894.69	
STATE WATER RESOURCES	16031		L 10608040	REFUND	-355.00	PERMIT & INSPECT
SUM — STATE WATER RESOURCES CONTROL (1 detail record)					-355.00	

**PALOMAR POMERADO HEALTH
 BLDG EXPANSION EXPENDITURES
 Series 2005A Measure BB Project Fund
 For Period August 1, 2006 to August 31, 2006**

Draw #9

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
URS CORPORATION	11122	8/21/2006	68788	2309399	15,020.00	A & E and CONSULTI
SUM — URS CORPORATION (1 detail record)					15,020.00	
Grand Total					2,329,184.42	

1/20





Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 10

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$2,861,203.61

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: _____

Palomar Pomerado Health

By: _____
Authorized District Representative

1X1

Schedule I To Requisition No. 10

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$2,861,203.61	Reimburse PPH for expenses incurred through September 30, 2006.	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period September 1, 2006 to September 30, 2006**

Draw #10

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
ADAMS, JIM	999005549	10/9/2006	72028	EXPERT PANEL/MTG	705.02	GLOBAL ALLOC
SUM -- ADAMS, JIM (1 detail record)					705.02	
ANDERSON & BRABANT INC	17015	9/25/2006	70876	7215	3,000.00	A & E and CONSULTI
SUM -- ANDERSON & BRABANT INC (1 detail record)					3,000.00	
BERGELECTRIC CORPORATI	14082	9/25/2006	70674	10010.1TM-12	155.40	CONSTRUCTION
SUM -- BERGELECTRIC CORPORATION (1 detail record)					155.40	
CARLSON, RICK J	16346	10/2/2006	71362	HONORARIUM, 9-21	2,733.69	GLOBAL ALLOC
SUM -- CARLSON, RICK J (1 detail record)					2,733.69	
CEC & ASSOCIATES INC	15570	9/11/2006	69794	83106	4,095.00	A & E and CONSULTI
SUM -- CEC & ASSOCIATES INC (1 detail record)					4,095.00	
CO ARCHITECTS	16122	9/25/2006	70724	2602115	13,187.50	A & E and CONSULTI
		9/25/2006	70724	2602116	14,412.38	A & E and CONSULTI
		9/25/2006	70724	2603023	3,515.00	A & E and CONSULTI
		9/25/2006	70724	2604008	3,937.50	A & E and CONSULTI
		9/25/2006	70724	2604012	1,260.00	A & E and CONSULTI
		9/25/2006	70724	2606023	1,950.00	A & E and CONSULTI
		9/25/2006	70724	2607074	5,496.30	A & E and CONSULTI
		9/25/2006	70724	2607075	519,448.44	A & E and CONSULTI
		9/25/2006	70724	2607076	26,988.75	A & E and CONSULTI
		9/25/2006	70724	2607077	21,645.63	A & E and CONSULTI
		9/25/2006	70724	2607078	287,918.40	A & E and CONSULTI
		9/25/2006	70724	2607079	460.00	A & E and CONSULTI
		9/25/2006	70724	2607080	60,795.00	A & E and CONSULTI
		9/25/2006	70724	2607081	86.78	A & E and CONSULTI
		9/25/2006	70724	2607082	18,276.00	A & E and CONSULTI
		9/25/2006	70724	2607083	66,679.80	A & E and CONSULTI
		9/25/2006	70724	2607084	1,024.58	A & E and CONSULTI
		9/25/2006	70724	2607086	28,812.04	A & E and CONSULTI
		9/25/2006	70724	2607087	25,243.20	A & E and CONSULTI
		9/25/2006	70724	2607088	3,383.50	A & E and CONSULTI

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #10

Series 2005A Measure BB Project Fund

For Period September 1, 2006 to September 30, 2006

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
CO ARCHITECTS	16122	9/25/2006	70724	2607089	10,899.57	A & E and CONSULTI
		9/25/2006	70724	2607090	3,275.00	A & E and CONSULTI
		9/25/2006	70724	2607091	3,481.84	A & E and CONSULTI
		9/25/2006	70724	2607092	6,000.00	A & E and CONSULTI
		9/25/2006	70724	2607098	541.27	A & E and CONSULTI
		9/25/2006	70724	2607114	19,100.00	A & E and CONSULTI
		9/25/2006	70724	2607115	508.06	A & E and CONSULTI
		9/25/2006	70724	2607116	9,840.00	A & E and CONSULTI
		9/25/2006	70724	2607117	18,007.25	A & E and CONSULTI
		9/25/2006	70724	2607118	4,954.18	A & E and CONSULTI
		9/25/2006	70724	2607119	23,597.50	A & E and CONSULTI
		10/23/2006	72456	2608081	562,735.81	A & E and CONSULTI
		10/23/2006	72456	2608082	24,897.90	A & E and CONSULTI
		10/23/2006	72456	2608083	25,185.48	A & E and CONSULTI
		10/23/2006	72456	2608084	155,955.80	A & E and CONSULTI
		10/23/2006	72456	2608085	65,861.25	A & E and CONSULTI
		10/23/2006	72456	2608086	485.39	A & E and CONSULTI
		10/23/2006	72456	2608087	460.00	A & E and CONSULTI
		10/23/2006	72456	2608088	2,470.00	A & E and CONSULTI
		10/23/2006	72456	2608089	4,710.00	A & E and CONSULTI
		10/23/2006	72456	2608090	18,276.00	A & E and CONSULTI
		10/23/2006	72456	2608091	22,226.60	A & E and CONSULTI
		10/23/2006	72456	2608093	218,544.16	A & E and CONSULTI
		10/23/2006	72456	2608095	3,684.02	A & E and CONSULTI
		10/23/2006	72456	2608096	48,382.80	A & E and CONSULTI
		10/23/2006	72456	2608097	46,748.88	A & E and CONSULTI
		10/23/2006	72456	2608098	5,320.00	A & E and CONSULTI
10/23/2006	72456	2608101	36,056.18	A & E and CONSULTI		
SUM — CO ARCHITECTS (48 detail records)					2,446,725.14	
COR-O-VAN	13133	9/25/2006	70938	AZA19425	510.48	ADMIN & OTHER

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #10

Series 2005A Measure BB Project Fund

For Period September 1, 2006 to September 30, 2006

VENDOR NAME	VENDOR #	CHECK-DATE	CK#	INVOICE	BANK CHK AMT	DESCRIPTION
SUM -- COR-O-YAN (1 detail record)					510.48	
CSI	13464	9/11/2006	69941	1454	6,636.25	A & E and CONSULTI
SUM -- CSI (1 detail record)					6,636.25	
JONES, DONALD	15780	10/2/2006	71375	HONORAU, 9-21	2,000.00	GLOBAL ALLOC
SUM -- JONES, DONALD (1 detail record)					2,000.00	
LEARY CHILDS MASCARI WA	15514	9/11/2006	69802	50670	17,184.00	A & E and CONSULTI
		9/11/2006	69802	50671	38,111.00	A & E and CONSULTI
		9/11/2006	69802	50672	3,776.00	A & E and CONSULTI
		9/11/2006	69802	50673	6,520.00	A & E and CONSULTI
		9/11/2006	69802	50674	5,664.00	A & E and CONSULTI
		9/11/2006	69802	50675	248.00	A & E and CONSULTI
		9/11/2006	69802	50676	559.00	A & E and CONSULTI
SUM -- LEARY CHILDS MASCARI WARNER (7 detail records)					72,062.00	
LINTVEDT, MCCOLL & ASSO	15851	10/9/2006	71821	7587	59.00	A & E and CONSULTI
SUM -- LINTVEDT, MCCOLL & ASSOCIATES (1 detail record)					59.00	
METROPLAN LLC	15003	9/11/2006	70119	3-129.0	3,105.00	A & E and CONSULTI
SUM -- METROPLAN LLC (1 detail record)					3,105.00	
PAUL HANSEN EQUIPMENT	16437	9/11/2006	69801	16505-8	14,251.00	A & E and CONSULTI
SUM -- PAUL HANSEN EQUIPMENT (1 detail record)					14,251.00	
PBS&J	15446	10/2/2006	71295	0301712	6,025.30	A & E and CONSULTI
SUM -- PBS&J (1 detail record)					6,025.30	
RBF CONSULTING	16867	9/11/2006	69745	6061143	13,135.00	A & E and CONSULTI
SUM -- RBF CONSULTING (1 detail record)					13,135.00	
RICK ENGINEERING	16982	10/9/2006	71901	125553	646.54	A & E and CONSULTI
SUM -- RICK ENGINEERING (1 detail record)					646.54	
RUDOLPH AND SLETTEN	13787	9/11/2006	69813	08047048049	255,187.79	A & E and CONSULTI
SUM -- RUDOLPH AND SLETTEN (1 detail record)					255,187.79	
TESTING ENGINEERS-SAN DJ	17004	9/11/2006	70271	7181	4,635.00	A & E and CONSULTI
SUM -- TESTING ENGINEERS-SAN DIEGO IN (1 detail record)					4,635.00	

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #10

Series 2005A Measure BB Project Fund

For Period September 1, 2006 to September 30, 2006

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
URS CORPORATION	11122	9/25/2006	70685	29401967/29402003	25,536.00	A & E. and CONSULTIN
SUM — URS CORPORATION (1 detail record)					25,536.00	
Grand Total					2,861,203.61	

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Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 11

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$2,845,905.08

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 12/8/06

Palomar Pomerado Health

By: 
Authorized District Representative

Schedule I To Requisition No. 11

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$2,845,905.08	Reimburse PPH for expenses incurred through November 30, 2006.	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period November 1, 2006 to November 30, 2006**

Draw #11

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
A O REED & COMPANY	13223	11/13/2006	73859	78821	7,693.20	GLOBAL ALLOC
SUM — A O REED & COMPANY (1 detail record)						7,693.20
ANDERSON & BRABANT INC	17015	11/13/2006	73877	7274	3,000.00	A & E and CONSULT
SUM — ANDERSON & BRABANT INC (1 detail record)						3,000.00
BERGELECTRIC CORPORATI	14082	11/13/2006	73670	10197-2	31,709.00	CONSTRUCTION
		11/13/2006	73670	APPLICATION #1	4,500.00	CONSTRUCTION
SUM — BERGELECTRIC CORPORATION (2 detail records)						36,209.00
CASPER COMPANY	13181	11/13/2006	73920	71156-27	157.50	A & E and CONSULT
SUM — CASPER COMPANY (1 detail record)						157.50
CEC & ASSOCIATES INC	15570	10/9/2006	71492	93006	8,107.11	A & E and CONSULT
SUM — CEC & ASSOCIATES INC (1 detail record)						8,107.11
CITY OF POWAY	14859	10/3/2006	71432	PHASE II SUBMITTAL	1,400.00	PERMIT & INSPECT
SUM — CITY OF POWAY (1 detail record)						1,400.00
CO ARCHITECTS	16122	10/3/2006	71429	2606013	476,161.07	A & E and CONSULT
		10/3/2006	71429	2606014	10,476.22	A & E and CONSULT
		10/23/2006	72456	2511069	10,425.00	A & E and CONSULT
		10/23/2006	72456	2601114	2,982.00	A & E and CONSULT
		10/23/2006	72456	2604041	2,825.31	A & E and CONSULT
		10/23/2006	72456	2608002	25,000.00	A & E and CONSULT
		10/23/2006	72456	2608094	7,142.17	A & E and CONSULT
		11/13/2006	73699	2608092	1,176.83	A & E and CONSULT
		11/13/2006	73699	2609020	346,298.96	A & E and CONSULT
		11/13/2006	73699	2609021	139,510.10	A & E and CONSULT
		11/13/2006	73699	2609022	17,053.38	A & E and CONSULT
		11/13/2006	73699	2609023	155,955.80	A & E and CONSULT
		11/13/2006	73699	2609025	6,232.94	A & E and CONSULT
		11/13/2006	73699	2609026	65,861.25	A & E and CONSULT
		11/13/2006	73699	2609028	66,679.80	A & E and CONSULT
		11/13/2006	73699	2609029	142,528.80	A & E and CONSULT

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period November 1, 2006 to November 30, 2006**

Draw #11

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
CO ARCHITECTS	16122	11/13/2006	73699	2609030	4,298.90	A & E and CONSULTI
		11/13/2006	73699	2609031	36,097.78	A & E and CONSULTI
		11/13/2006	73699	2609033	30,488.40	A & E and CONSULTI
		11/13/2006	73699	2609034	10,030.75	A & E and CONSULTI
		11/13/2006	73699	2609035	375.35	A & E and CONSULTI
		11/13/2006	73699	2609036	5,320.00	A & E and CONSULTI
		11/13/2006	73699	2609037	439.93	A & E and CONSULTI
		11/13/2006	73699	2609038	69.63	A & E and CONSULTI
		11/13/2006	73699	2609045	4,770.00	A & E and CONSULTI
		11/27/2006	74612	2609046	2,137.50	A & E and CONSULTI
11/27/2006	74612	2609047	56.35	A & E and CONSULTI		
SUM — CO ARCHITECTS (27 detail records)					1,570,394.22	
CSI	13464	10/30/2006	73068	1472	12,470.00	GLOBAL ALLOC
SUM — CSI (1 detail record)					12,470.00	
ERI REPROGRAPHICS	12345	11/13/2006	73956	393651	197.18	A & E and CONSULT
SUM — ERI REPROGRAPHICS (1 detail record)					197.18	
GALLANT, DENNIS	17161	10/30/2006	73162	HONORARIUM - 9/21/	2,000.00	GLOBAL ALLOC
SUM — GALLANT, DENNIS (1 detail record)					2,000.00	
LATHAM & WATKINS	13305	10/9/2006	71816	60704906	1,320.00	ADMIN-LEGAL & INS
		10/23/2006	72442	60704907	1,760.00	ADMIN-LEGAL & INS
		11/27/2006	74671	60705652	935.00	ADMIN-LEGAL & INS
		11/27/2006	74671	60706327	4,284.14	ADMIN-LEGAL & INS
		11/27/2006	74671	60706329	2,585.00	ADMIN-LEGAL & INS
SUM — LATHAM & WATKINS (5 detail records)					10,884.14	
LYTH, DAVID M.	16415	10/16/2006	72230	ADEVISORY PANEL-9	2,755.95	GLOBAL ALLOC
SUM — LYTH, DAVID M. (1 detail record)					2,755.95	
METROPLAN LLC	15003	11/13/2006	74056	2-131	945.00	A & E and CONSUL
		11/13/2006	74056	4-129	6,412.50	A & E and CONSUL
SUM — METROPLAN LLC (2 detail records)					7,357.50	150
		10/19/2006	71654	2004-01117 REFUND	-250.00	PERMIT & INSPECT

PALOMAR POMERADO HEALTH BLDG EXPANSION EXPENDITURES

Draw #11

Series 2005A Measure BB Project Fund

For Period November 1, 2006 to November 30, 2006

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
OFFICE OF STATEWIDE HEA	11174	10/23/2006	72584	2006-03299	250.00	PERMIT & INSPECT
	13083	10/30/2006	73067	2006-01058	13,120.00	PERMIT & INSPECT
		10/30/2006	73077	2006-00826	26,520.14	PERMIT & INSPECT
		10/30/2006	73082	2006-00824	40,734.28	PERMIT & INSPECT
		10/30/2006	73086	2006-00827	103,742.16	PERMIT & INSPECT
		10/30/2006	73186	2006-00773	869.20	PERMIT & INSPECT
SUM — OFFICE OF STATEWIDE HEALTH PLA (7 detail records)					184,985.78	
PBS&J	15446	11/13/2006	73595	005202	4,354.00	A & E and CONSULTI
SUM — PBS&J (1 detail record)					4,354.00	
PROJECT DESIGN CONSULT	11125	10/9/2006	71441	66316	11,000.00	A & E and CONSULTI
SUM — PROJECT DESIGN CONSULTANTS (1 detail record)					11,000.00	
RANCHO BERNARDO INN	12569	10/9/2006	71661	CONF# 728501	2,010.02	GLOBAL ALLOC
SUM — RANCHO BERNARDO INN (1 detail record)					2,010.02	
RAYMOND INTERIORS	15967	10/9/2006	71491	1131-1	67,847.00	GLOBAL ALLOC
		10/23/2006	72382	1131-2	11,974.00	GLOBAL ALLOC
SUM — RAYMOND INTERIORS (2 detail records)					79,821.00	
RBF CONSULTING	16867	11/13/2006	73599	6081432	10,560.50	A & E and CONSULTI
SUM — RBF CONSULTING (1 detail record)					10,560.50	
RICK ENGINEERING	16982	10/23/2006	72873	126259	59.92	A & E and CONSULTI
		11/13/2006	73622	126011	14,709.50	A & E and CONSULTI
SUM — RICK ENGINEERING (2 detail records)					14,769.42	
RUDOLPH AND SLETTEN	13787	10/16/2006	72110	09-031-032-033	325,987.34	A & E and CONSULTI
		11/27/2006	74672	10-114-115-116	379,222.64	A & E and CONSULTI
SUM — RUDOLPH AND SLETTEN (2 detail records)					705,209.98	
SAFE BY DESIGN	16926	10/30/2006	73200	PPHC20061010	2,924.14	GLOBAL ALLOC
SUM — SAFE BY DESIGN (1 detail record)					2,924.14	
SATAVA, RICHARD	15704	10/23/2006	72460	REIMB 9/21/6 PARTICI	2,394.64	GLOBAL ALLOC
SUM — SATAVA, RICHARD (1 detail record)					2,394.64	
SCS FLOORING SYSTEMS	16875	11/13/2006	74147	310297	947.30	GLOBAL ALLOC

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #11

Series 2005A Measure BB Project Fund

For Period November 1, 2006 to November 30, 2006

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
SUM -- SCS FLOORING SYSTEMS (1 detail record)					947.50	
SIDEPLATE SYSTEMS INC	17170	10/30/2006	73062	2588	10,500.00	A & E and CONSULT
		12/4/2006	75145	2619	21,000.00	A & E and CONSULT
		12/4/2006	75145	2621	21,600.00	A & E and CONSULT
		12/4/2006	75145	2622	92,800.00	A & E and CONSULT
SUM -- SIDEPLATE SYSTEMS INC (4 detail records)					145,900.00	
STATE WATER RESOURCES	16031	11/7/2006	73556	611569	201.50	PERMIT & INSPECT
SUM -- STATE WATER RESOURCES CONTROL (1 detail record)					201.50	
URS CORPORATION	11122	11/13/2006	73601	2493200	10,735.00	A & E and CONSULT
		11/27/2006	75069	2540333	5,466.00	A & E and CONSULT
SUM -- URS CORPORATION (2 detail records)					16,201.00	
VANDERVEEN, TIM	16348	11/13/2006	73854	HONORARIUM, 9-21	2,000.00	GLOBAL ALLOC
SUM -- VANDERVEEN, TIM (1 detail record)					2,000.00	
Grand Total					2,845,905.08	

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 12

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$1,779,384.29

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 2/21/07

Palomar Pomerado Health

By: 
Authorized District Representative

Schedule I To Requisition No. 12

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$1,779,384.29	Reimburse PPH for expenses incurred through December 31, 2006.	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing.

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #12

Series 2005A Measure BB Project Fund

For Period December 1, 2006 to December 31, 2006

VENDOR NAME	VENDOR #	CHECK-DATE	CK#	INVOICE	BANK CHK AMT	DESCRIPTION
BERGELECTRIC CORPORATI	14082	12/11/2006	75454	10122-11-1 REV 1	88,711.00	CONSTRUCTION
		12/11/2006	75454	10122-11-2 REV 1	14,400.00	CONSTRUCTION
		12/11/2006	75454	10197-3	20,637.00	CONSTRUCTION
		12/11/2006	75454	10197-4	63,919.00	CONSTRUCTION
		12/11/2006	75454	10309-2	14,684.00	CONSTRUCTION
SUM — BERGELECTRIC CORPORATION (5 detail records)					202,351.00	
CO ARCHITECTS	16122	12/18/2006	75965	2610020	8,122.50	A & E and CONSULTI
		12/18/2006	75965	2610021	49,972.50	A & E and CONSULTI
		12/18/2006	75965	2610022	11,682.00	A & E and CONSULTI
		12/18/2006	75965	2610023	13,843.70	A & E and CONSULTI
		12/18/2006	75965	2610024	877,732.10	A & E and CONSULTI
		12/18/2006	75965	2610025	572.59	A & E and CONSULTI
		12/18/2006	75965	2610026	920.00	A & E and CONSULTI
		12/18/2006	75965	2610027	605.00	A & E and CONSULTI
		12/18/2006	75965	2610029	4,357.97	A & E and CONSULTI
		12/18/2006	75965	2610030	10,477.50	A & E and CONSULTI
		12/18/2006	75965	2610056	103,325.80	A & E and CONSULTI
		12/18/2006	75965	2610057	47.61	A & E and CONSULTI
		12/18/2006	75965	2610058	14,930.10	A & E and CONSULTI
		12/18/2006	75965	2610059	45,716.30	A & E and CONSULTI
		12/18/2006	75965	2610060	63,325.23	A & E and CONSULTI
		12/18/2006	75965	2610061	8,527.27	A & E and CONSULTI
		12/18/2006	75965	2610063	3,132.25	A & E and CONSULTI
		12/18/2006	75965	2610064	13,540.05	A & E and CONSULTI
		12/18/2006	75965	2610065	4,241.70	A & E and CONSULTI
		12/18/2006	75965	2610066	19,751.00	A & E and CONSULTI
12/18/2006	75965	2610075	2,015.00	A & E and CONSULTI		
12/18/2006	75965	2610076	14,460.00	A & E and CONSULTI		
12/18/2006	75965	2610077	27,705.00	A & E and CONSULTI		
12/18/2006	75965	2610078	26,424.00	A & E and CONSULTI		

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #12

Series 2005A Measure BB Project Fund

For Period December 1, 2006 to December 31, 2006

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
<i>CO ARCHITECTS</i>	16122	12/18/2006	75965	2610081	31,812.40	A & E and CONSULTI
		12/18/2006	75965	2610082	17.78	A & E and CONSULTI
SUM -- CO ARCHITECTS (26 detail records)					1,350,657.35	
<i>MC COY DESIGN & CONSTR</i>	12483	12/4/2006	75141	913	6,935.47	CONSTRUCTION
SUM -- MC COY DESIGN & CONSTRUCTION (1 detail record)					6,935.47	
<i>METROPLAN LLC</i>	15003	12/18/2006	76255	3-131	742.50	A & E and CONSULTI
		12/18/2006	76255	5-129	1,177.50	A & E and CONSULTI
SUM -- METROPLAN LLC (2 detail records)					1,920.00	
<i>RUDOLPH AND SLETTEN</i>	13787	12/18/2006	75952	11-137	8,918.36	A & E and CONSULTI
		12/18/2006	75952	11-138	20,145.11	A & E and CONSULTI
		1/8/2007	77237	11-142	188,457.00	A & E and CONSULTI
SUM -- RUDOLPH AND SLETTEN (3 detail records)					217,520.47	
Grand Total					1,779,384.29	

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 13

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$1,854,721.09

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 3/26/07

Palomar Pomerado Health

By: _____

Authorized District Representative

Schedule I To Requisition No. 13

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$1,854,721.09	Reimburse PPH for expenses incurred through January 31, 2007	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund**

Draw #13

For Period January 1, 2007 to January 31, 2007

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
A O REED & COMPANY	13223	1/22/2007	78088	9354*01R1	139,907.80	CONSTRUCTION
SUM — A O REED & COMPANY (1 detail record)					139,907.80	
BERGELECTRIC CORPORATI	14082	1/22/2007	78082	10197-5 REV 1	64,388.00	CONSTRUCTION
		1/22/2007	78082	10309-3	10,964.00	CONSTRUCTION
SUM — BERGELECTRIC CORPORATION (2 detail records)					75,352.00	
CITY OF POWAY	14859	1/22/2007	78145	HELISTOP.LANDSCA	1,721.00	PERMIT & INSPECT
SUM — CITY OF POWAY (1 detail record)					1,721.00	
CO ARCHITECTS	16122	1/8/2007	77239	2610031	1,149.50	A & E and CONSULT
		1/8/2007	77239	2611042	8,595.88	A & E and CONSULT
		1/8/2007	77239	2611043	702,185.68	A & E and CONSULT
		1/8/2007	77239	2611044	2,783.00	A & E and CONSULT
		1/8/2007	77239	2611045	20,665.16	A & E and CONSULT
		1/8/2007	77239	2611046	11,944.08	A & E and CONSULT
		1/8/2007	77239	2611047	36,573.04	A & E and CONSULT
		1/8/2007	77239	2611050	2,500.00	A & E and CONSULT
		1/8/2007	77239	2611052	278.79	A & E and CONSULT
		1/8/2007	77239	2611053	13,540.05	A & E and CONSULT
		1/8/2007	77239	2611054	2,517.44	A & E and CONSULT
		1/8/2007	77239	2611055	19,751.00	A & E and CONSULT
		1/8/2007	77239	2611058	3,303.00	A & E and CONSULT
		1/8/2007	77239	2611062	399.44	A & E and CONSULT
		1/8/2007	77239	2611064	4,140.00	A & E and CONSULT
		1/8/2007	77239	2611066	31,812.40	A & E and CONSULT
		1/8/2007	77239	2611067	288.81	A & E and CONSULT
		1/8/2007	77239	2611068	19,026.00	A & E and CONSULT
		1/22/2007	78081	2609027	36,552.00	A & E and CONSULT
		1/22/2007	78081	2609032	31,554.00	A & E and CONSULT
		1/22/2007	78081	2611040	1,178.47	A & E and CONSULT
		2/12/2007	79278	2609042	23,514.90	A & E and CONSULT
		2/26/2007	80320	2612029	41,750.00	A & E and CONSULT

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period January 1, 2007 to January 31, 2007**

Draw #13

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
SUM -- CO ARCHITECTS (23 detail records)					1,016,002.42	
CSI	13484	1/22/2007	78072	1507	6,235.00	A & E and CONSULTI
		1/22/2007	78072	1519	8,845.00	A & E and CONSULTI
		1/22/2007	78072	1529	8,990.00	A & E and CONSULTI
		1/22/2007	78072	1532	725.00	A & E and CONSULTI
		1/22/2007	78072	1535	2,030.00	A & E and CONSULTI
		1/22/2007	78072	1536	725.00	A & E and CONSULTI
		1/29/2007	78864	1528	8,120.00	A & E and CONSULTI
SUM -- CSI (7 detail records)					35,670.00	
LATHAM & WATKINS	13305	1/22/2007	78090	60707657	593.98	ADMIN-LEGAL & INS
		2/12/2007	79309	60706973	32,530.82	ADMIN-LEGAL & INS
SUM -- LATHAM & WATKINS (2 detail records)					33,124.80	
METROPLAN LLC	15003	2/8/2007	79219	4-131.0	1,012.50	A & E and CONSULTI
		2/8/2007	79219	6-129.0	1,755.00	A & E and CONSULTI
SUM -- METROPLAN LLC (2 detail records)					2,767.50	
RUDOLPH AND SLETTEN	13787	1/8/2007	77237	11-141	136,610.00	A & E and CONSULTI
		1/15/2007	77683	12-124	145,042.00	A & E and CONSULTI
		1/15/2007	77683	12-125	17,424.57	A & E and CONSULTI
		2/20/2007	80018	01-147	223,676.00	A & E and CONSULTI
SUM -- RUDOLPH AND SLETTEN (4 detail records)					522,752.57	
SAN DIEGO AIR BALANCE C	13829	1/15/2007	77666	10-30606	20,800.00	CONSTRUCTION
SUM -- SAN DIEGO AIR BALANCE CO (1 detail record)					20,800.00	
URS CORPORATION	11122	1/8/2007	77601	2586353	6,723.00	A & E and CONSULTI
SUM -- URS CORPORATION (1 detail record)					6,723.00	
Grand Total					1,854,721.09	

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 14

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$1,757,897.27

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 4/25/07.

Palomar Pomerado Health

By: 
Authorized District Representative

Schedule I To Requisition No. 14

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$1,757,897.27	Reimburse PPH for expenses incurred through February 28, 2007	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #14

Series 2005A Measure BB Project Fund

For Period February 1, 2007 to February 28, 2007

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
ADAMS, JIM	999005549	3/5/2007	81009	REIMB-MTG 2/2/07	593.41	GLOBAL ALLOC
SUM -- ADAMS, JIM (1 detail record)					593.41	
CARLSON, RICK J	16346	2/20/2007	80122	HONORARIUM 02/02/0	2,717.47	GLOBAL ALLOC
SUM -- CARLSON, RICK J (1 detail record)					2,717.47	
CHICAGO TITLE COMPANY	11126	2/12/2007	79455	603040779	5,250.00	LAND
SUM -- CHICAGO TITLE COMPANY (1 detail record)					5,250.00	
CO ARCHITECTS	16122	2/26/2007	80320	2611061	41,018.30	A & E and CONSULTI
		2/26/2007	80320	2611063	21,543.37	A & E and CONSULTI
		2/26/2007	80320	2612026	7,156.25	A & E and CONSULTI
		2/26/2007	80320	2612027	22,195.50	A & E and CONSULTI
		2/26/2007	80320	2612028	35,696.72	A & E and CONSULTI
		2/26/2007	80320	2612030	45,368.00	A & E and CONSULTI
		2/26/2007	80320	2612031	702,185.68	A & E and CONSULTI
		2/26/2007	80320	2612033	2,545.20	A & E and CONSULTI
		2/26/2007	80320	2612034	4,706.75	A & E and CONSULTI
		2/26/2007	80320	2612035	1,312.50	A & E and CONSULTI
		2/26/2007	80320	2612037	2,568.64	A & E and CONSULTI
		2/26/2007	80320	2612038	11,944.08	A & E and CONSULTI
		2/26/2007	80320	2612039	36,573.04	A & E and CONSULTI
		2/26/2007	80320	2612040	222.50	A & E and CONSULTI
		2/26/2007	80320	2612042	24,165.06	A & E and CONSULTI
		2/26/2007	80320	2612043	1,101.70	A & E and CONSULTI
		2/26/2007	80320	2612044	384,895.80	A & E and CONSULTI
		2/26/2007	80320	2612046	41,018.30	A & E and CONSULTI
		2/26/2007	80320	2612048	3,303.00	A & E and CONSULTI
SUM -- CO ARCHITECTS (19 detail records)					1,389,520.39	
ERI REPROGRAPHICS	12345	2/26/2007	80526	396152	73.70	A & E and CONSULTI
SUM -- ERI REPROGRAPHICS (1 detail record)					73.70	
JONES, DONALD	15780	2/20/2007	80138	ADVISORY PANEL-2/2	2,000.00	GLOBAL ALLOC

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #14

Series 2005A Measure BB Project Fund

For Period February 1, 2007 to February 28, 2007

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
SUM — JONES, DONALD (1 detail record)					2,000.00	
PBS&J	15446	3/5/2007	80875	309857	19,311.80	A & E and CONSULTI
SUM — PBS&J (1 detail record)					19,311.80	
PPNC HEALTH DEVELOPME		2/28/2007	10702002	PPNC GRANT KRESG	-739.00	ADMIN & OTHER
		2/28/2007	10702002	PPNC GRANT KRESG	-2,043.00	ADMIN & OTHER
		2/28/2007	10702002	PPNC GRANT KRESG	-3,957.00	ADMIN & OTHER
		2/28/2007	10702002	PPNC GRANT KRESG	-36,741.00	ADMIN & OTHER
SUM — PPNC HEALTH DEVELOPMENT (4 detail records)					-43,480.00	
RANCHO BERNARDO INN	12569	2/20/2007	80157	CONF# 839658	3,650.56	GLOBAL ALLOC
SUM — RANCHO BERNARDO INN (1 detail record)					3,650.56	
RAYMOND INTERIORS	15967	2/26/2007	80275	1131-3	13,502.00	GLOBAL ALLOC
		2/26/2007	80275	1131-4R	10,369.00	GLOBAL ALLOC
SUM — RAYMOND INTERIORS (2 detail records)					23,871.00	
RUDOLPH AND SLETTEN	13787	2/5/2007	79085	12-031	242,952.00	A & E and CONSULTI
		2/20/2007	80018	01-113	3,064.52	A & E and CONSULTI
		2/20/2007	80018	01-148	11,628.84	A & E and CONSULTI
		2/20/2007	80018	12-032	6,422.84	A & E and CONSULTI
SUM — RUDOLPH AND SLETTEN (4 detail records)					264,068.20	
SIDEPLATE SYSTEMS INC	17170	2/26/2007	80299	2633	46,400.00	A & E and CONSULTI
SUM — SIDEPLATE SYSTEMS INC (1 detail record)					46,400.00	
VANDERVEEN, TIM	16348	2/20/2007	80166	HONORARIUM 0/02/07	2,000.00	GLOBAL ALLOC
SUM — VANDERVEEN, TIM (1 detail record)					2,000.00	
VOORSANGER & ASSOC ARC	16892	2/20/2007	80167	5476	2,000.00	GLOBAL ALLOC
		2/20/2007	80167	5489	1,112.74	GLOBAL ALLOC
SUM — VOORSANGER & ASSOC ARCHITTECTS (2 detail records)					3,112.74	
WASHINGTON IRON WORKS	17495	2/26/2007	80295	12926-4144	38,808.00	GLOBAL ALLOC
SUM — WASHINGTON IRON WORKS (1 detail record)					38,808.00	
Grand Total					1,757,897.27	

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Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 15

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$2,603,668.80

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 6/1/07

Palomar Pomerado Health

By: 
Authorized District Representative

Schedule I To Requisition No. 15

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$2,603,668.80	Reimburse PPH for expenses incurred through March 31, 2007	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period March 1, 2007 to March 31, 2007**

Draw #15

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
A O REED & COMPANY	13223	3/12/2007	81152	9354*04RI	198,488.70	CONSTRUCTION
		4/9/2007	83006	9354*05	287,114.40	CONSTRUCTION
SUM -- A O REED & COMPANY (2 detail records)					485,603.10	
BERGELECTRIC CORPORATI	14082	3/12/2007	81154	10309-1	28,352.00	CONSTRUCTION
		3/12/2007	81154	6	122,286.60	CONSTRUCTION
		3/12/2007	81154	7	81,204.30	CONSTRUCTION
		4/9/2007	82994	1012216	1,151.10	CONSTRUCTION
		4/9/2007	82994	10197-8 REV 1	95,867.10	CONSTRUCTION
SUM -- BERGELECTRIC CORPORATION (5 detail records)					328,861.10	
BUREAU VERITAS COMPANY	17004	3/12/2007	81127	7797	5,550.00	CONSTRUCTION
SUM -- BUREAU VERITAS COMPANY (1 detail record)					5,550.00	
CABLE, PIPE, & LEAK DETE	15993	3/26/2007	82349	000748040000	250.00	CONSTRUCTION
		3/26/2007	82349	000752290000	880.00	CONSTRUCTION
		3/26/2007	82349	000752300000	420.00	CONSTRUCTION
		3/26/2007	82349	7389900000	420.00	CONSTRUCTION
		3/26/2007	82349	7477800000	525.00	CONSTRUCTION
SUM -- CABLE, PIPE, & LEAK DETECTION (5 detail records)					2,495.00	
CASPER COMPANY	13181	4/9/2007	82934	77622-0	12,555.00	GLOBAL ALLOC
SUM -- CASPER COMPANY (1 detail record)					12,555.00	
CHILDS MASCARI WARNER A	15514	3/12/2007	81111	110663	20,178.50	A & E and CONSULTI
SUM -- CHILDS MASCARI WARNER ARCH (1 detail record)					20,178.50	
CO ARCHITECTS	16122	3/26/2007	82158	2701032	113.00	A & E and CONSULTI
		3/26/2007	82158	2701037	2,629.33	A & E and CONSULTI
		3/26/2007	82158	2701039	41,018.30	A & E and CONSULTI
		3/26/2007	82158	2701040	428.03	A & E and CONSULTI
		3/26/2007	82158	2701041	1,624.11	A & E and CONSULTI
		3/26/2007	82158	2701043	4,652.25	A & E and CONSULTI
		3/26/2007	82158	2701044	6,087.75	A & E and CONSULTI
		3/26/2007	82158	2701047	31,812.40	A & E and CONSULTI

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period March 1, 2007 to March 31, 2007**

Draw #15

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
CO ARCHITECTS	16122	3/26/2007	82158	2701048	791.25	A & E and CONSULT
		4/9/2007	83007	2611041	32,371.00	A & E and CONSULT
		4/9/2007	83007	2612032	2,361.00	A & E and CONSULT
		4/9/2007	83007	2701014	7,696.49	A & E and CONSULT
		4/9/2007	83007	2701015	438,866.05	A & E and CONSULT
		4/9/2007	83007	2701016	32,131.15	A & E and CONSULT
		4/9/2007	83007	2701017	6,927.97	A & E and CONSULT
		4/9/2007	83007	2701018	2,072.50	A & E and CONSULT
		4/9/2007	83007	2701019	6,000.00	A & E and CONSULT
		4/9/2007	83007	2701020	8,975.00	A & E and CONSULT
		4/9/2007	83007	2701022	134,323.54	A & E and CONSULT
		4/9/2007	83007	2701023	484.62	A & E and CONSULT
		4/9/2007	83007	2701024	7,465.05	A & E and CONSULT
		4/9/2007	83007	2701025	22,858.15	A & E and CONSULT
4/9/2007	83007	2701029	29,898.00	A & E and CONSULT		
4/9/2007	83007	2701051	14,177.50	A & E and CONSULT		
SUM -- CO ARCHITECTS (24 detail records)					835,704.44	
COR-O-VAN	13133	3/12/2007	81290	SDCS0019427	342.35	CONSTRUCTION
		3/12/2007	81290	SDCS0019428	63.38	CONSTRUCTION
		3/12/2007	81290	SDCS0019582	31.12	CONSTRUCTION
		3/12/2007	81290	SDCS0019801	31.12	CONSTRUCTION
SUM -- COR-O-VAN (4 detail records)					467.97	
CSI	13464	4/2/2007	82829	1563	2,755.00	A & E and CONSULT
		4/2/2007	82829	1564	1,450.00	A & E and CONSULT
SUM -- CSI (2 detail records)					4,205.00	
E CUBE, INC	17597	4/9/2007	82923	604434	1,180.92	A & E and CONSULT
		4/9/2007	82923	604435	4,135.75	A & E and CONSULT
		4/9/2007	82923	604436	5,025.25	A & E and CONSULT
SUM -- E CUBE, INC (3 detail records)					10,341.92	
HELIX ENVIRONMENTAL PL	14068	3/12/2007	81463	32768	250.00	A & E and CONSULT

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period March 1, 2007 to March 31, 2007**

Draw #15

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
SUM -- HELIX ENVIRONMENTAL PLANNING (1 detail record)					250.00	
KLEINFELDER, INC	15091	3/26/2007	82439	388109	360.00	CONSTRUCTION
SUM -- KLEINFELDER, INC (1 detail record)					360.00	
PACIFIC RIM MECHANICAL	14054	4/9/2007	82989	3441-8346	65,875.00	CONSTRUCTION
SUM -- PACIFIC RIM MECHANICAL (1 detail record)					65,875.00	
PARK WEST LANDSCAPE	17528	3/12/2007	81140	POM HOSP 1-REV	100,554.30	CONSTRUCTION
		3/26/2007	82142	POM HOSP APP 2	47,523.24	CONSTRUCTION
SUM -- PARK WEST LANDSCAPE (2 detail records)					148,077.54	
PBS&J	15446	3/5/2007	80875	318721	2,128.53	A & E and CONSULTING
		3/12/2007	81320	318722	1,320.00	A & E and CONSULTING
SUM -- PBS&J (2 detail records)					3,448.53	
RBF CONSULTING	16867	3/12/2007	81090	6100322	2,250.00	CONSTRUCTION
		3/12/2007	81090	6111347	472.50	CONSTRUCTION
		3/12/2007	81090	6121030	9,275.00	A & E and CONSULTING
SUM -- RBF CONSULTING (3 detail records)					11,997.50	
RUDOLPH AND SLETTEN	13787	3/5/2007	80882	01-114	249,527.00	A & E and CONSULTING
		4/2/2007	82736	02-067	263,619.50	A & E and CONSULTING
SUM -- RUDOLPH AND SLETTEN (2 detail records)					513,146.50	
S D G & E	999004264	3/14/2007	81793	235834	6,104.00	PERMIT & INSPECT
SUM -- S D G & E (1 detail record)					6,104.00	
SAN DIEGO EROSION CONT	17517	3/5/2007	80879	3000010891	32,113.12	LAND
		3/5/2007	80879	3000010907	26,274.37	LAND
		3/5/2007	80879	3000010909	15,383.41	LAND
		3/26/2007	82274	3000010897	2,188.80	LAND
SUM -- SAN DIEGO EROSION CONTROL (4 detail records)					75,959.70	
SIDEPLATE SYSTEMS INC	17170	3/5/2007	80869	2642	16,200.00	A & E and CONSULTING
		3/5/2007	80869	2643	11,600.00	A & E and CONSULTING
SUM -- SIDEPLATE SYSTEMS INC (2 detail records)					27,800.00	
STONE, DANIEL M	13157	3/26/2007	82279	2563	225.00	PERMIT & INSPECT

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period March 1, 2007 to March 31, 2007**

Draw #15

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
<i>STONE, DANIEL M</i>	13157	3/26/2007	82279	2589	1,920.00	PERMIT & INSPECT
		4/2/2007	82866	2602	4,320.00	PERMIT & INSPECT
SUM — STONE, DANIEL M (3 detail records)					6,465.00	
<i>URS CORPORATION</i>	11122	3/12/2007	81640	2631616	4,490.00	A & E and CONSULTI
		3/26/2007	82133	2663399	7,282.00	A & E and CONSULTI
		3/26/2007	82133	2689749	26,451.00	A & E and CONSULTI
SUM — URS CORPORATION (3 detail records)					38,223.00	
Grand Total					2,603,668.80	

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 16

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$2,719,700.42

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 6/28/07

Palomar Pomerado Health

By: [Signature], CEO
Authorized District Representative

Schedule I To Requisition No. 16

**Name and Address
of Party To Be Paid**

**Palomar Pomerado
Health**

**Payment
Amount**

\$2,719,700.42

**Nature of
Expenditure**

**Reimburse PPH for
expenses incurred
through April 30,
2007**

**Payment
Instructions**

**Pay direct to
Palomar Pomerado
Health using same
wire instructions
provided at closing**

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #16

Series 2005A Measure BB Project Fund

For Period April 1, 2007 to April 30, 2007

VENDOR NAME	VENDOR #	CHECK-DATE	CK#	INVOICE	BANK CHK AMT	DESCRIPTION
A O REED & COMPANY	13223	4/23/2007	83937	9354*06	332,736.30	CONSTRUCTION
SUM — A O REED & COMPANY (1 detail record)					332,736.30	
ANDERSON & BRABANT INC	17015	4/23/2007	84139	7396	6,000.00	A & E and CONSULTING
SUM — ANDERSON & BRABANT INC (1 detail record)					6,000.00	
BERGELECTRIC CORPORATION	14082	4/9/2007	82994	10621-1	22,500.00	CONSTRUCTION
		4/9/2007	82994	10621-2	18,000.00	CONSTRUCTION
		5/7/2007	84787	7 10122-12-5	17,900.30	CONSTRUCTION
		5/7/2007	84787	8- 10197-9	127,092.60	CONSTRUCTION
SUM — BERGELECTRIC CORPORATION (4 detail records)					185,492.90	
BUREAU VERITAS COMPANY	17004	4/23/2007	83888	0152251	2,450.00	A & E and CONSULTING
		4/23/2007	83888	7979	23,496.00	A & E and CONSULTING
SUM — BUREAU VERITAS COMPANY (2 detail records)					25,946.00	
CASPER COMPANY	13181	4/9/2007	82934	77622-1 (Demolition)	1,395.00	GLOBAL ALLOC
SUM — CASPER COMPANY (1 detail record)					1,395.00	
CENTER FOR HEALTH DESIGN	15470	4/9/2007	82955	21FEB07	25,000.00	GLOBAL ALLOC
SUM — CENTER FOR HEALTH DESIGN, THE (1 detail record)					25,000.00	
CITY OF ESCONDIDO	12719	4/16/2007	83609	PMC WEST GRADING	28,712.00	PERMIT & INSPECT
SUM — CITY OF ESCONDIDO (1 detail record)					28,712.00	
CO ARCHITECTS	16122	4/23/2007	83938	2612041	14,552.33	A & E and CONSULTING
		4/23/2007	83938	2612041	16,493.10	A & E and CONSULTING
		4/23/2007	83938	2702009	614,412.47	A & E and CONSULTING
		4/23/2007	83938	2702011	1,676.92	A & E and CONSULTING
		4/23/2007	83938	2702012	1,380.00	A & E and CONSULTING
		4/23/2007	83938	2702013	230.00	A & E and CONSULTING
		4/23/2007	83938	2702014	123,990.96	A & E and CONSULTING
		4/23/2007	83938	2702015	10,451.07	A & E and CONSULTING
		4/23/2007	83938	2702016	32,001.41	A & E and CONSULTING
		4/23/2007	83938	2702017	192,447.90	A & E and CONSULTING
SUM — CO ARCHITECTS (10 detail records)					1,007,636.16	

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #16

Series 2005A Measure BB Project Fund

For Period April 1, 2007 to April 30, 2007

VENDOR NAME	VENDOR #	CHECK-DATE	CK#	INVOICE	BANK CHK AMT	DESCRIPTION
CONDON-JOHNSON & ASSO	17665	4/23/2007	83871	0654.1(R1)	18,252.00	A & E and CONSULTI
SUM -- CONDON-JOHNSON & ASSOC (1 detail record)					18,252.00	
CSI	13464	4/16/2007	83730	1569	2,610.00	A & E and CONSULTI
		4/16/2007	83730	1570	1,595.00	A & E and CONSULTI
SUM -- CSI (2 detail records)					4,205.00	
E CUBE, INC	17597	4/23/2007	83886	604481	8,675.28	A & E and CONSULTI
		4/23/2007	83886	604482	3,652.98	A & E and CONSULTI
		4/23/2007	83886	604483	1,236.50	A & E and CONSULTI
		4/23/2007	83886	604484	1,384.84	A & E and CONSULTI
		4/23/2007	83886	604485	5,204.00	A & E and CONSULTI
		4/23/2007	83886	604522	1,546.66	A & E and CONSULTI
		4/23/2007	83886	604523	902.96	A & E and CONSULTI
		4/23/2007	83886	604524	268.30	A & E and CONSULTI
		4/23/2007	83886	604525	754.84	A & E and CONSULTI
		4/23/2007	83886	604526	1,194.85	A & E and CONSULTI
SUM -- E CUBE, INC (10 detail records)					24,821.21	
HUNSAKER & ASSOCIATES S.	16439	5/7/2007	85061	2007022352	1,151.10	CONSTRUCTION
SUM -- HUNSAKER & ASSOCIATES S.D. INC (1 detail record)					1,151.10	
KOCH-ARMSTRONG GEN EN	16441	4/9/2007	83315	3898	2,297.70	CONSTRUCTION
SUM -- KOCH-ARMSTRONG GEN ENG INC (1 detail record)					2,297.70	
LATHAM & WATKINS	13305	4/23/2007	84252	70700136	2,145.00	ADMIN-LEGAL & INS
		5/7/2007	84779	60707658	1,155.00	ADMIN-LEGAL & INS
SUM -- LATHAM & WATKINS (2 detail records)					3,300.00	
METROPLAN LLC	15003	4/23/2007	84284	5-JOB 131	7,642.70	A & E and CONSULTI
SUM -- METROPLAN LLC (1 detail record)					7,642.70	
PARK WEST LANDSCAPE	17528	5/7/2007	84769	3	43,271.33	CONSTRUCTION
SUM -- PARK WEST LANDSCAPE (1 detail record)					43,271.33	
PAUL HANSEN EQUIPMENT	16437	5/4/2007	84710	APP# 16505-16	7,496.15	CONSTRUCTION
		5/4/2007	84710	APP# 22406-6	88,074.00	CONSTRUCTION

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #16

**Series 2005A Measure BB Project Fund
For Period April 1, 2007 to April 30, 2007**

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
SUM -- PAUL HANSEN EQUIPMENT (2 detail records)					95,570.15	
PBS&J	15446	4/16/2007	83752	321537	997.30	A & E and CONSULTIN
		4/16/2007	83752	321538	4,700.41	A & E and CONSULTIN
SUM -- PBS&J (2 detail records)					5,697.71	
RBF CONSULTING	16867	5/21/2007	86038	7030141	1,528.00	A & E and CONSULTIN
SUM -- RBF CONSULTING (1 detail record)					1,528.00	
RUDOLPH AND SLETTEN	13787	4/9/2007	83004	02-136	2,333.05	PROJ MGMT
		4/9/2007	83004	02-137	241,070.00	PROJ MGMT
		4/23/2007	84099	02-068	8,035.38	PROJ MGMT
		4/30/2007	84534	02-135	43,574.00	PROJ MGMT
		4/30/2007	84534	03-0171	353,761.00	PROJ MGMT
		4/30/2007	84534	03-0172	19,853.01	PROJ MGMT
		4/30/2007	84534	03-104	28,631.00	PROJ MGMT
		4/30/2007	84534	03-105	10,856.67	PROJ MGMT
		4/30/2007	84534	03-106	145,605.00	PROJ MGMT
SUM -- RUDOLPH AND SLETTEN (9 detail records)					853,719.11	
SIDEPLATE SYSTEMS INC	17170	4/16/2007	83608	2651	11,600.00	A & E and CONSULTIN
		4/16/2007	83608	2656	16,200.00	A & E and CONSULTIN
SUM -- SIDEPLATE SYSTEMS INC (2 detail records)					27,800.00	
URS CORPORATION	11122	4/23/2007	84388	2711176	1,529.00	A & E and CONSULTIN
SUM -- URS CORPORATION (1 detail record)					1,529.00	
VIEW BY VIEW, INC	17646	4/16/2007	83599	93666	11,685.05	A & E and CONSULTIN
SUM -- VIEW BY VIEW, INC (1 detail record)					11,685.05	
WASHINGTON IRON WORKS	17495	4/9/2007	83462	4144	4,312.00	GLOBAL ALLOC
SUM -- WASHINGTON IRON WORKS (1 detail record)					4,312.00	
Grand Total					2,719,700.42	

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 17

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$950,597.47

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 8/29/07

Palomar Pomerado Health

By: 

Authorized District Representative

for Robert A Hemker

Schedule I To Requisition No. 17

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$950,597.47	Reimburse PPH for expenses incurred through May 31, 2007	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period May 1, 2007 to May 31, 2007**

Draw #17

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
BERGELECTRIC CORPORATI	14082	5/21/2007	85601	10621-3	13,500.00	CONSTRUCTION
SUM — BERGELECTRIC CORPORATION (1 detail record)					13,500.00	
CHILDS MASCARI WARNER A	15514	5/7/2007	84770	010756	21,275.42	A & E and CONSULTIN
		5/7/2007	84770	120662	30,306.25	A & E and CONSULTIN
		5/21/2007	85623	010725	10,866.75	A & E and CONSULTIN
		5/21/2007	85623	020728	7,424.53	A & E and CONSULTIN
		5/21/2007	85623	020758	13,200.08	A & E and CONSULTIN
SUM — CHILDS MASCARI WARNER ARCH (5 detail records)					83,073.03	
CITY OF POWAY	14859	5/29/2007	86311	WATER LINE ANALYS	1,500.00	PERMIT & INSPECT
SUM — CITY OF POWAY (1 detail record)					1,500.00	
CO ARCHITECTS	16122	5/21/2007	85641	2703033	6,050.00	A & E and CONSULTIN
		5/21/2007	85641	2703035	53,874.50	A & E and CONSULTIN
		5/21/2007	85641	2703036	361,092.84	A & E and CONSULTIN
		5/21/2007	85641	2703038	4,299.51	A & E and CONSULTIN
		5/21/2007	85641	2703039	460.00	A & E and CONSULTIN
		5/21/2007	85641	2703040	4,325.00	A & E and CONSULTIN
		5/21/2007	85641	2703041	625.00	A & E and CONSULTIN
		5/21/2007	85641	2703042	51,662.90	A & E and CONSULTIN
		5/21/2007	85641	2703043	5,972.04	A & E and CONSULTIN
		5/21/2007	85641	2703044	18,286.52	A & E and CONSULTIN
		5/21/2007	85641	2703048	589.91	A & E and CONSULTIN
		5/21/2007	85641	2703049	192,447.90	A & E and CONSULTIN
		5/21/2007	85641	2703051	12,492.82	A & E and CONSULTIN
		5/21/2007	85641	2703052	5,436.00	A & E and CONSULTIN
		5/21/2007	85641	2703053	714.46	A & E and CONSULTIN
		5/21/2007	85641	2703054	41,018.30	A & E and CONSULTIN
		5/21/2007	85641	2703056	9,832.52	A & E and CONSULTIN
		5/21/2007	85641	2703058	1,424.00	A & E and CONSULTIN
		5/21/2007	85641	2703064	31,812.40	A & E and CONSULTIN
		5/21/2007	85641	2703065	123.29	A & E and CONSULTIN

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #17

Series 2005A Measure BB Project Fund

For Period May 1, 2007 to May 31, 2007

VENDOR NAME	VENDOR #	CHECK-DATE	CK#	INVOICE	BANK CHK AMT	DESCRIPTION
SUM -- CO ARCHITECTS (20 detail records)					792,539.97	
E CUBE, INC	17597	5/21/2007	85898	604564	2,193.97	A & E and CONSULTIN
		5/21/2007	85898	604566	888.36	A & E and CONSULTIN
		6/11/2007	86968	604565	118.00	A & E and CONSULTIN
SUM -- E CUBE, INC (3 detail records)					3,200.33	
JRMC REAL ESTATE, INC	17732	5/14/2007	85334	100606	23,744.59	A & E and CONSULTIN
SUM -- JRMC REAL ESTATE, INC (1 detail record)					23,744.59	
MC COY DESIGN & CONSTR	12483	6/4/2007	86506	22 (Mockup)	469.55	GLOBAL ALLOC
		6/4/2007	86506	931	750.00	CONSTRUCTION
SUM -- MC COY DESIGN & CONSTRUCTION (2 detail records)					1,219.55	
METROPLAN LLC	15003	5/21/2007	85995	12-122	2,632.50	A & E and CONSULTIN
		5/21/2007	85995	7-129.0	2,025.00	A & E and CONSULTIN
SUM -- METROPLAN LLC (2 detail records)					4,657.50	
PBS&J	15446	5/21/2007	85800	325083	894.55	A & E and CONSULTIN
		5/21/2007	85800	325085	92.98	A & E and CONSULTIN
SUM -- PBS&J (2 detail records)					987.53	
RICK ENGINEERING	16982	5/21/2007	86042	129349	1,689.50	A & E and CONSULTIN
		5/21/2007	86042	1334	1,076.00	A & E and CONSULTIN
		5/21/2007	86042	287	213.00	A & E and CONSULTIN
		5/21/2007	86042	974	688.00	A & E and CONSULTIN
SUM -- RICK ENGINEERING (4 detail records)					3,666.50	
SAN DIEGO EROSION CONT	17517	5/21/2007	85807	3000011332	252.00	LAND
		5/21/2007	85807	3000011739	1,202.53	LAND
SUM -- SAN DIEGO EROSION CONTROL (2 detail records)					1,454.53	
SIDEPLATE SYSTEMS INC	17170	5/21/2007	85566	2665	11,600.00	A & E and CONSULTIN
SUM -- SIDEPLATE SYSTEMS INC (1 detail record)					11,600.00	
STATE WATER RESOURCES	16031	5/21/2007	85812	632170	1,114.00	PERMIT & INSPECT
SUM -- STATE WATER RESOURCES CONTROL (1 detail record)					1,114.00	
STONE, DANIEL M	13157	5/14/2007	85482	2615	3,480.00	PERMIT & INSPECT

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #17

Series 2005A Measure BB Project Fund

For Period May 1, 2007 to May 31, 2007

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
SUM — STONE, DANIEL M (1 detail record)					3,480.00	
URS CORPORATION	11122	5/21/2007	86101	2768849	4,860.00	A & E and CONSULTING
SUM — URS CORPORATION (1 detail record)					4,860.00	
Grand Total					950,597.47	

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 18

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$4,023,887.14

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 10-16-07.

Palomar Pomerado Health

By: 

Authorized District Representative *for Robert H.*

Schedule I To Requisition No. 18

Name and Address of Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$4,023,887.14	Reimburse PPH for expenses incurred through June 30, 2007	Pay direct to Palomar Pomerado Health using same wire instructions provided at closing

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period June 1, 2007 to June 30, 2007**

Draw #18

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
BUREAU VERITAS COMPANY	17004	7/9/2007	88518	POM EXP PHS II APP	44,832.27	CONSTRUCTION
SUM -- BUREAU VERITAS COMPANY (1 detail record)					44,832.27	
CARLSON, RICK J	16346	2/21/2006	57236	EXPERT ADVISORY P	-2,962.00	HONORARIUM REVER
		7/24/2006	67419	REIMB.ADV.PANEL M	-3,020.37	HONORARIUM REVER
		10/2/2006	71362	HONORARIUM, 9-21	-2,733.69	HONORARIUM REVER
		2/20/2007	80122	HONORARIUM 02/02/0	-2,717.47	HONORARIUM REVER
SUM -- CARLSON, RICK J (4 detail records)					-11,433.53	
CHA - CA. HOSPITAL ASSOCI	16282	2/21/2006	57237	DUANE DAUNER, EXP	-377.06	HONORARIUM REVER
		7/31/2006	67684	REIMB.DAUNER DUA	-756.65	HONORARIUM REVER
SUM -- CHA - CA. HOSPITAL ASSOCIATION (2 detail records)					-1,133.71	
CHILDS MASCARI WARNER A	15514	7/9/2007	88527	030754	20,400.84	A & E and CONSULTI
		7/9/2007	88527	050670	17,184.00	A & E and CONSULTI
		7/23/2007	89195	010720	8,387.50	A & E and CONSULTI
		7/23/2007	89195	010721	7,050.00	A & E and CONSULTI
		7/23/2007	89195	010722	560.00	A & E and CONSULTI
		7/23/2007	89195	020724	3,125.00	A & E and CONSULTI
		7/23/2007	89195	020725	1,650.00	A & E and CONSULTI
		7/23/2007	89195	030721	4,078.77	A & E and CONSULTI
		7/23/2007	89195	040714	7,005.77	A & E and CONSULTI
		7/23/2007	89195	120626	2,632.50	A & E and CONSULTI
		7/23/2007	89195	120627	4,365.00	A & E and CONSULTI
		7/23/2007	89195	120628	260.00	A & E and CONSULTI
SUM -- CHILDS MASCARI WARNER ARCH (12 detail records)					76,699.38	
CITY OF ESCONDIDO	12719	6/28/2007	88203	UTILITIES PLAN CHE	32,249.00	PERMIT & INSPECT
SUM -- CITY OF ESCONDIDO (1 detail record)					32,249.00	
CO ARCHITECTS	16122	6/25/2007	87639	2703037	59,831.05	A & E and CONSULTI
		6/25/2007	87639	2704018	51,260.88	A & E and CONSULTI
		6/25/2007	87639	2704020	702,186.68	A & E and CONSULTI
		6/25/2007	87639	2704021	117,879.90	A & E and CONSULTI
		6/25/2007	87639	2704022	360,263.00	A & E and CONSULTI

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2005A Measure BB Project Fund
For Period June 1, 2007 to June 30, 2007**

Draw #18

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
CO ARCHITECTS	16122	6/25/2007	87639	2704023	112,500.00	A & E and CONSULT
		6/25/2007	87639	2704026	82,660.64	A & E and CONSULT
		6/25/2007	87639	2704027	160,606.00	A & E and CONSULT
		6/25/2007	87639	2704028	12,500.00	A & E and CONSULT
		6/25/2007	87639	2704029	11,944.08	A & E and CONSULT
		6/25/2007	87639	2704030	36,573.04	A & E and CONSULT
		6/25/2007	87639	2704056	22,684.00	A & E and CONSULT
		7/9/2007	88526	2703047	5,662.40	A & E and CONSULT
		7/9/2007	88526	2703050	25,975.58	A & E and CONSULT
		7/9/2007	88526	2703057	370.18	A & E and CONSULT
		7/9/2007	88526	2704032	7,875.00	A & E and CONSULT
		7/9/2007	88526	2704038	12,082.79	A & E and CONSULT
		7/9/2007	88526	2704041	3,330.00	A & E and CONSULT
		7/9/2007	88526	2704042	592.22	A & E and CONSULT
		7/9/2007	88526	2704044	41,018.30	A & E and CONSULT
		7/9/2007	88526	2704045	4,400.18	A & E and CONSULT
		7/9/2007	88526	2704047	812.50	A & E and CONSULT
		7/9/2007	88526	2704051	10,256.00	A & E and CONSULT
		7/9/2007	88526	2704057	245.28	A & E and CONSULT
		7/9/2007	88526	2704058	15,906.20	A & E and CONSULT
SUM — CO ARCHITECTS (25 detail records)					1,859,414.90	
CSI	13464	6/25/2007	87603	1567	11,562.20	A & E and CONSULT
		6/25/2007	87603	1603	2,175.00	A & E and CONSULT
		6/25/2007	87603	1604	435.00	A & E and CONSULT
		6/25/2007	87603	1605	8,700.00	A & E and CONSULT
		6/25/2007	87603	1606	10,585.00	A & E and CONSULT
		6/25/2007	87603	1608	4,350.00	A & E and CONSULT
		6/25/2007	87603	1609	1,885.00	A & E and CONSULT
		6/25/2007	87603	1612	725.00	A & E and CONSULT
		6/25/2007	87603	1613	2,175.00	A & E and CONSULT
		7/9/2007	RR214	1556	6,380.00	A & E and CONSULT

PALOMAR POMERADO HEALTH BLDG EXPANSION EXPENDITURES

Draw #18

Series 2005A Measure BB Project Fund
For Period June 1, 2007 to June 30, 2007

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
SUM -- CSI (10 detail records)					48,972.20	
DAUNER, DAUNE	16347	2/21/2006	57243	EXPERT ADVISORY P	-2,000.00	HONORARIUM REVER
		7/31/2006	67687	HONORARIUM 6/26	-2,000.00	HONORARIUM REVER
SUM -- DAUNER, DAUNE (2 detail records)					-4,000.00	
E CUBE, INC	17597	6/25/2007	87884	604601	88.50	A & E and CONSULTI
SUM -- E CUBE, INC (1 detail record)					88.50	
EDWARD BRAINARD HORTIC	17847	6/25/2007	87887	10 HOLES	900.00	A & E and CONSULTI
		6/25/2007	87887	70383 & 70384	1,800.00	A & E and CONSULTI
SUM -- EDWARD BRAINARD HORTICULTURAL (2 detail records)					2,700.00	
GALLANT, DENNIS	17161	10/30/2006	73162	HONORARIUM - 9/21/	-2,000.00	HONORARIUM REVER
SUM -- GALLANT, DENNIS (1 detail record)					-2,000.00	
JONES, DONALD	15780	2/21/2006	57259	EXPERT ADVISORY P	-2,000.00	HONORARIUM REVER
		7/31/2006	67434	ADVISORY PANEL	-2,000.00	HONORARIUM REVER
		10/2/2006	71375	HONORAU, 9-21	-2,000.00	HONORARIUM REVER
		2/20/2007	80138	ADVISORY PANEL-2/2	-2,000.00	HONORARIUM REVER
SUM -- JONES, DONALD (4 detail records)					-8,000.00	
KELLEY, BILL	16395	3/6/2006	58112	1/30/6 - HONORARIU	-2,000.00	HONORARIUM REVEF
SUM -- KELLEY, BILL (1 detail record)					-2,000.00	
LYTH, DAVID M.	16415	3/13/2006	58544	EXPENSE REIMBURS	-915.23	HONORARIUM REVEF
		3/13/2006	58544	EXPERT ADVISORY P	-2,000.00	HONORARIUM REVEF
		8/21/2006	68954	6/26/6 - MEETING	-2,861.28	HONORARIUM REVEF
		10/16/2006	72230	ADEVISORY PANEL-9	-2,755.95	HONORARIUM REVEF
SUM -- LYTH, DAVID M. (4 detail records)					-8,532.46	
METROPLAN LLC	15003	6/25/2007	87531	6-131	4,792.50	A & E and CONSULTI
		6/25/2007	87531	7-131	2,700.00	A & E and CONSULTI
SUM -- METROPLAN LLC (2 detail records)					7,492.50	
OFFICE OF STATEWIDE HEA	13083	6/11/2007	86676	2006-01702	68,880.00	PERMIT & INSPECT
		6/11/2007	86676	2006-02260	796.98	PERMIT & INSPECT
		6/11/2007	86676	2006-02784	250.00	PERMIT & INSPECT

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**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #18

**Series 2005A Measure BB Project Fund
For Period June 1, 2007 to June 30, 2007**

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
OFFICE OF STATEWIDE HEA	11174	6/18/2007	87435	2006-01702A	3,955.21	PERMIT & INSPECT
SUM — OFFICE OF STATEWIDE HEALTH PLA (4 detail records)					73,882.19	
PARK WEST LANDSCAPE	17528	6/11/2007	86694	POM EXP PHS II APP	82,769.67	CONSTRUCTION
		7/9/2007	88498	POM EXP PHS II APP	18,600.12	CONSTRUCTION
SUM — PARK WEST LANDSCAPE (2 detail records)					101,369.79	
PAUL HANSEN EQUIPMENT	16437	7/9/2007	88496	APP# 22406-A	18,164.00	CONSTRUCTION
SUM — PAUL HANSEN EQUIPMENT (1 detail record)					18,164.00	
PBS&J	15446	6/11/2007	86867	331303	1,210.00	A & E and CONSULTI
		6/25/2007	87553	327224	1,076.00	A & E and CONSULTI
		6/25/2007	87553	327230	880.00	A & E and CONSULTI
SUM — PBS&J (3 detail records)					3,166.00	
RICK ENGINEERING	16982	7/9/2007	88737	1988	207.00	A & E and CONSULTI
SUM — RICK ENGINEERING (1 detail record)					207.00	
RUDOLPH AND SLETTEN	13787	6/4/2007	86407	04-182	227,500.00	PROJ MGMT
		6/18/2007	87301	04-163	7,821.44	PROJ MGMT
		6/18/2007	87301	04-0162	263,312.50	PROJ MGMT
		6/25/2007	87635	05-047	62,645.00	PROJ MGMT
		6/25/2007	87635	05-048	8,737.69	PROJ MGMT
		6/25/2007	87635	05-049	244,843.00	PROJ MGMT
		6/25/2007	87635	05-147	34,067.42	PROJ MGMT
		6/25/2007	87635	05-148	11,578.98	PROJ MGMT
		7/2/2007	88231	05-146	325,528.00	PROJ MGMT
SUM — RUDOLPH AND SLETTEN (9 detail records)					1,186,034.03	
SATAVA, RICHARD	15704	2/21/2006	57083	EXPERT ADVISORY P	-2,967.43	HONORARIUM REVE
		7/31/2006	67634	HONOR & EXP 06/26/0	-2,787.15	HONORARIUM REVE
		10/23/2006	72460	REIMB 9/21/6 PARTICI	-2,394.64	HONORARIUM REVE
SUM — SATAVA, RICHARD (3 detail records)					-8,149.22	
STONE, DANIEL M	13157	7/2/2007	88412	2589 A	240.00	PERMIT & INSPECT
		7/2/2007	88412	2642	1,200.00	PERMIT & INSPECT
		7/2/2007	88412	2646	2,400.00	PERMIT & INSPECT

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

Draw #18

Series 2005A Measure BB Project Fund

For Period June 1, 2007 to June 30, 2007

VENDOR NAME	VENDOR #	CHECK-DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION
STONE, DANIEL M	13157	7/2/2007	88412	2648	240.00	PERMIT & INSPECT
SUM -- STONE, DANIEL M (4 detail records)					4,080.00	
UNIVERSITY MECHANICAL	15442	6/25/2007	87636	6242-001 A	299,447.27	CONSTRUCTION
		6/25/2007	87636	6242-002 A	317,158.03	CONSTRUCTION
SUM -- UNIVERSITY MECHANICAL (2 detail records)					616,605.30	
VANDERVEEN, TIM	16348	2/21/2006	57298	EXPERT ADVISORY P	-2,000.00	HONORARIUM REVEF
		7/24/2006	67482	HONORARIUM 06/26/0	-2,000.00	HONORARIUM REVEF
		11/13/2006	73854	HONORARIUM, 9-21	-2,000.00	HONORARIUM REVEF
		2/20/2007	80166	HONORARIUM 0/02/07	-2,000.00	HONORARIUM REVEF
SUM -- VANDERVEEN, TIM (4 detail records)					-8,000.00	
VILLALOBOS LANDSCAPING	11106	6/18/2007	87459	POM.BRUSH	1,179.00	CONSTRUCTION
SUM -- VILLALOBOS LANDSCAPING (1 detail record)					1,179.00	
Grand Total					4,023,887.14	

This report contains Honorarium reversals - (\$53,248.92).

Revised Board Policy Annual Adoption of Statement of Investment

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, January 22, 2008

MEETING DATE: Monday, February 11, 2008

BY: Bob Hemker, CFO

Background: In concert with Morgan Stanley and the Compliance Office, the Board Policy for Annual Adoption of Statement of Investment has been reviewed and updated. Specifically, the previous Policy was redrafted to create a separate Policy (*attached*), with a corresponding separate Procedure (*attached for information only*).

In addition, the following changes were made in both documents:

1. Compliance with current Government Code §§ 1090, 81000 and 53600-53646 was reviewed
2. Removed the word "System" from all instances of Palomar Pomerado Health
3. Combined the Policy and the Board resolution into one document (§§ I.C-F)
4. Changed all instances of "Investment Committee" to "Finance Committee"

In the Procedure, the following sections now read:

1. §III.B.1:

1. **Delegation of authority to Chief Financial Officer:** The PPH Chief Financial Officer is delegated responsibility for all decisions regarding the sale or purchase of individual investments on behalf of PPH. This delegation shall be reviewed annually by the Board through the Finance Committee. Any re-delegation shall be recorded in the minutes of these meetings.

2. §III.B.2.b.:

b. Annual review by governing board. The Board of Directors through the Finance Committee shall annually review the investment Policy upon presentation by the Chief Financial Officer, and also shall consider any changes to the Policy during the public meeting.

3. §III.B.2.e.:

e. **Rating Downgrades.** PPH may from time to time have investments in a security whose rating is downgraded below the quality criteria permitted by this investment policy. The Chief Financial Officer shall be notified by the portfolio manager within two (2) business days of any such security, including any security whose rating is put on notice for possible downgrade, and said security shall be reviewed for action. The Chief Financial Officer shall approve the decision to retain the security until maturity, to sell (or put) the security, or put the security on a "watch list" for possible future action.

4. §III.D.2.c.(3) – added in its entirety:

(3) PPH is regarded as a tax-exempt entity, so investments in this category – which are generally "Tax Free" – should be avoided unless taxable or net returns are competitive with alternative approved asset classes.

**Revised Board Policy
Annual Adoption of Statement of Investment**

5. §III.D.2.d.(2):

(2) No more than 40 percent (40%) of PPH's Investable Funds may be invested in all bankers acceptances.

6. §III.D.2.e.(3) – bullet #2:

- Shall not exceed 270 days maturity, as authorized in California State Code Section 53601.

7. §III.D.2.k. *Mortgage or Asset-backed Pass-through Securities*: – deleted in its entirety:

Given the recent crises in the collateralized debt market, particularly in the mortgage sector, Morgan Stanley recommended that this asset class be removed as an approved security as capital preservation might not be achieved.

8. §III.E.2. – Instrument #11, Mortgage and asset-backed securities: – deleted in its entirety, in accordance with the deletion of §III.D.2.k.

Budget Impact: N/A

Staff Recommendations: 1) At the Board Finance Committee meeting, Staff recommended approval of the Policy as drafted.

2) As the Procedure is newly drafted and was extracted from the previous Policy and Procedure, although not usually required, Staff had also requested approval of the Procedure.

Committee Questions: The Board Finance Committee did not find it necessary to approve the newly drafted Board Statement of Investment Procedure.

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the revised Board Policy for Annual Adoption of Statement of Investment as drafted.

Motion: X

Individual Action:

Information:

Required Time:

ANNUAL ADOPTION OF STATEMENT OF INVESTMENT
FIN-11

I. PURPOSE

- A. This Statement of Investment Policy sets forth the investment guidelines for all Palomar Pomerado Health ("PPH ") investments purchased after March 1, 1996. The purpose of this policy is to ensure that PPH's funds are prudently invested according to the Board of Director's objectives to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.
- B. PPH may invest any portion of surplus funds of its Treasury that is not required for the immediate needs of PPH ("Investable Funds"), subject to the requirements of the California Government Code and this policy. If the provisions of the Government Code are or become more restrictive than those contained herein, such provisions shall govern, and are deemed incorporated into this policy upon taking effect.
- C. Government Code Section 53600 et seq., authorizes local agencies to make investments in specified vehicles with money in a sinking fund of, or surplus money in, its treasury not required for the immediate needs of the agency.
- D. Palomar Pomerado Health is a "local agency" subject to the provision of Government Code Section 53600 et seq., which recommends that Palomar Pomerado Health Board of Directors to annually adopt a statement of its investment policy, and to consider any delegation of authority to make investments on its behalf of the Chief Financial Officer.
- E. The Board of Directors of Palomar Pomerado Health now desires to formally adopt this statement of investment policy, and to re-delegate to the Chief Financial Officer responsibility for all decisions regarding the sale or purchase of individual investments on behalf of PPH.
- F. The Palomar Pomerado Health Chief Financial Officer is delegated responsibility for all decisions regarding the sale or purchase of individual investments on behalf of Palomar Pomerado Health.

II. DEFINITIONS:

- A. **Safety of Principal.** Safety of principal is the foremost objective of PPH. The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of

securities. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- B. **Liquidity.** Liquidity is the second most important objective of PPH. Liquidity refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occasionally occurs. The investment portfolio shall remain sufficiently liquid to enable PPH to meet all operating requirements that might be reasonably anticipated.
- C. **Yield.** Yield is the potential dollar earnings an investment can provide; it is sometimes described as the rate of return. Within the limits of safety and liquidity, PPH's portfolio growth shall exceed the rate of inflation in order to preserve capital.

III. TEXT / STANDARDS OF PRACTICE

A. Delegation Of Authority To Chief Financial Officer; Procedures To Implement Investment Policy

- 1. Delegation of authority to Chief Financial Officer: The PPH Chief Financial Officer is delegated responsibility for all decisions regarding the sale or purchase of individual investments on behalf of PPH. This delegation shall be reviewed annually by the Board through the Finance Committee. Any re-delegation shall be recorded in the minutes of these meeting. No person may engage in an investment transaction except as provided under the terms of this policy and any other procedures established by the Chief Financial Officer. The Chief Financial Officer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

B. This policy will be reviewed and updated as required or at least every year.

IV. DOCUMENT / PUBLICATION HISTORY:

Original Document Date: 7/14/95

Reviewed:

Revision Number: 1 Dated: 6/06

Document Owner: Michael Covert

Authorized Promulgating Officers: Marcelo R. Rivera, Chairman

VI. CROSS REFERENCE DOCUMENTS:

Prior to 2006, this policy was Board Policy 10-513

STATEMENT OF INVESTMENT PROCEDURE

I. PURPOSE

- A. This Statement of Investment Procedure sets forth the investment guidelines for all Palomar Pomerado Health ("PPH") investments purchased after March 1, 1996. The purpose of this procedure is to ensure that PPH's funds are prudently invested according to the Board of Director's Policy (FIN - 11) objectives to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.
- B. PPH may invest any portion of surplus funds of its Treasury that is not required for the immediate needs of PPH ("Investable Funds"), subject to the requirements of the California Government Code and PPH Policy (FIN - 11). If the provisions of the Government Code are or become more restrictive than those contained herein, such provisions shall govern, and are deemed incorporated into this procedure upon taking effect.
- C. Government Code Section 53600 et seq., authorizes local agencies to make investments in specified vehicles with money in a sinking fund of, or surplus money in, its treasury not required for the immediate needs of the agency.
- D. PPH is a "local agency" subject to the provision of Government Code Section 53600 et seq., which require the PPH Board of Directors to annually adopt a statement of its investment policy, and to consider any delegation of authority to make investments on its behalf of the Chief Financial Officer.
- E. The Board of Directors of PPH desires to formally adopt a statement of investment policy (FIN - 11) and to re-delegate to the Chief Financial Officer responsibility for all decisions regarding the sale or purchase of individual investments on behalf of PPH.
- F. The PPH Chief Financial Officer is delegated responsibility for all decisions regarding the sale or purchase of individual investments on behalf of PPH.

II. DEFINITIONS:

- A. *Safety of Principal.* Safety of principal is the foremost objective of PPH. The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

- B. **Liquidity.** Liquidity is the second most important objective of PPH. Liquidity refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occasionally occurs. The investment portfolio shall remain sufficiently liquid to enable PPH to meet all operating requirements that might be reasonably anticipated.
- C. **Yield.** Yield is the potential dollar earnings an investment can provide; it is sometimes described as the rate of return. Within the limits of safety and liquidity, PPH's portfolio growth shall exceed the rate of inflation in order to preserve capital.

III. TEXT / STANDARDS OF PRACTICE

A. Conflicts Of Interest

1. PPH officers and employees involved in the investment process shall refrain from personal business activity in violation of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 et seq.).
2. Section 1090 of the Government Code prohibits PPH officials from "making" a contract in which the official is financially interested. Under the Political Reform Act, a PPH official is disqualified from making, participating in making, or using his or her official position to influence the making, of a governmental decision in which it is reasonably foreseeable the decision could materially affect the official's economic interest, in a manner distinguishable from its effect on the public generally.
3. In cases of any questions regarding perceived conflicts of interest, the Chief Financial Officer shall forward inquiries to the Chief Executive Officer who, if necessary, shall consult with General Counsel to resolve the inquiry.
4. The Chief Financial Officer shall ensure that investments are not made in organizations that have a line of business perceived to be in conflict with the interests of public health. The Chief Financial Officer shall report such conflicts to the Chief Executive Officer, who shall affirm or reverse the Chief Financial Officer's determination. The Chief Financial Officer also shall ensure that no investments are made in organizations with which PPH has a business relationship through contracting, purchasing or other arrangements.

B. Delegation Of Authority To Chief Financial Officer; Procedures To Implement Investment Policy

1. **Delegation of authority to Chief Financial Officer:** The PPH Chief Financial Officer is delegated responsibility for all decisions regarding the sale or purchase of individual investments on behalf of PPH. This delegation shall be reviewed annually by the Board through the Finance Committee. Any re-delegation shall be

recorded in the minutes of these meeting. No person may engage in an investment transaction except as provided under the terms of this procedure and any other procedures established by the Chief Financial Officer. The Chief Financial Officer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

2. General Procedures

- a. **Annual review of investment policy.** On an annual basis, the Chief Financial Officer shall review the PPH investment policy with the Finance Committee. After the Finance Committee recommends the policy for presentation to the Board of Directors, the Chief Financial Officer shall present the policy to the Board at its next regular public meeting.
- b. **Annual review by governing board.** The Board of Directors through the Finance Committee shall annually review the investment policy upon presentation by the Chief Financial Officer, and also shall consider any changes to the policy during the public meeting. The Board shall specifically consider whether to renew the delegation of authority to the Chief Financial Officer to make investments on behalf of PPH.
- c. **Quarterly reports.** The Chief Financial Officer shall render a report of investments not less often than within 30 days of the end of each quarter to the Chief Executive Officer and to the Board of Directors. The report shall conform to the requirements of Government Code Section 53607, and Section 53646(b)-(e) as follows:
 - (1) The report shall address all securities, investments and moneys being invested by or on behalf of PPH.
 - (2) The report shall include:
 - The type of investment.
 - Issuer.
 - Date of maturity, par value and dollar amount invested.
 - If any PPH investments have been placed in the State of California Local Agency Investment Fund ("LAIF"), the San Diego County Investment Pool, FDIC-insured accounts in a bank or savings and loan association, or any combination of these vehicles, the quarterly report may include the most recent statements or reports from those agencies in lieu of the information required above.

- A list of all investment transactions for the quarter, specified by the month in which the transaction occurred. A subsidiary ledger of investments may be used in accordance with accepted accounting practices.
 - The actual average maturity of the entire portfolio, the Chief Financial Officer's average maturity goal, and benchmark indices appropriate for the average maturity goal.
 - A description of any of PPH's funds, investments, or programs that are under the management of contracted parties, including lending parties. For those funds, investments or programs under the management of any third party that is not also a local agency or LAIF, the report shall also include a current market value as of the date of the report, along with the source of the valuation.
 - A statement that the PPH investment portfolio complies with this policy, or a statement as to the manner in which the portfolio is not in compliance. In the latter case, the report shall detail remedial action to be taken by the Chief Financial Officer to bring the portfolio back into compliance.
 - A statement denoting the ability of PPH to meet its expenditure requirements for the next six months, or an explanation as to why sufficient money shall, or may not be available.
- c. **Monthly review of portfolio.** On a monthly basis, the Chief Financial Officer shall review portfolio performance and shall consider whether the diversification of PPH investments is appropriate, to ensure that risk levels and returns are reasonable and that investments are diversified in accordance with this procedure.
- d. **Financial benchmarks.** PPH's portfolio shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk. The performance benchmark for the investment portfolio shall be based upon the market indices for investments of comparable risk and duration. The Chief Financial Officer shall review these performance benchmarks at least annually and shall communicate these benchmarks to the Investment Managers.
- e. **Rating Downgrades.** PPH may from time to time have investments in a security whose rating is downgraded below the quality criteria permitted by this investment policy. The Chief Financial Officer shall be notified by the portfolio manager within two (2) business days of any such security, including any security whose rating is put on notice for possible downgrade, and said security shall be reviewed for action. The Chief Financial Officer shall

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approve the decision to retain the security until maturity, to sell (or put) the security, or put the security on a "watch list" for possible future action.

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- f. **Safekeeping.** Any bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the funds of PPH are invested shall be held in a custodial account. The Board shall select a suitable custodian(s) to oversee all securities and brokerage transactions. The Custodian(s) shall provide the Chief Financial Officer with a monthly report of all transactions. The Custodian shall be insured for limits not less than 150% of PPH's portfolio value. The custodial account shall be established and maintained pursuant to the terms of a written agreement in compliance with Government Code Section 53608.
- g. **Deposit of funds with county treasury.** The Chief Financial Officer may deposit surplus PPH funds for investment with the San Diego County Treasury only upon the adoption of a resolution by the Board of Directors authorizing such action, and with the consent of the County Treasurer.
- h. **Investment Managers.** PPH authorizes the Chief Financial Officer to hire Investment Managers for the purpose of buying, holding or selling securities in accordance with this procedure. The Chief Financial Officer shall evaluate candidates for the role of Investment Manager(s). Candidates shall be reviewed and approved by the CEO and the Board of Directors. The Chief Financial Officer shall provide all Investment Managers with a copy of this procedure, which shall be appended to the Manager's contract and incorporated by reference. The terms of this procedure shall govern over any inconsistent provision in such contracts. Investment Managers shall certify that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with Government Code Section 53601.5 and this procedure.
- (1) The Chief Financial Officer shall monitor the performance of the Investment Managers and shall have authority to take appropriate action to replace an Investment Manager for failure to perform within the standards of this procedure or the Government Code.
 - (2) The Chief Financial Officer shall periodically report to the Board of Directors on the performance of the Investment Managers.
 - (3) The Investment Managers shall submit to the Chief Financial Officer timely reports of transaction activities and quarterly performance reports.
 - (4) The Investment Managers shall provide the Chief Financial Officer notice of any significant changes in the ownership, organizational structure, financial condition, or senior management of Investment Manager's firm.

C. General Investment Prohibitions

1. Any investment not specifically authorized by this procedure shall be deemed a prohibited investment.
2. Investment securities shall not be lent to officials responsible for the conduct of PPH investments, including any investment manager or broker.
3. The investment portfolio, or investment portfolios managed by an investment manager, shall not be used as collateral to obtain additional Investable Funds.
4. Investments in derivative securities are not allowed, except as to United States Treasury strips as provided in Section D.2.a. below.
5. Investments in inverse floaters, range notes, or mortgage derived interest-only strips are prohibited.
6. Investments in any security that could result in zero interest accrual if held to maturity are prohibited, except as otherwise permitted by Government Code Section 53601.6.

D. Permitted Investments

1. **Maturity and Term:** All investments in individual securities, unless otherwise specified in this procedure, are subject to a maximum term remaining to maturity of five (5) years. The Board of Directors must grant express written authority, to make an investment or to establish an investment program of a longer term.
 - a. "Maturity" shall mean the stated final maturity date of the security, or the unconditional put option date if the security contains such a provision.
 - b. "Term" shall mean the remaining time to maturity when purchased.
2. **Eligible Instruments and Quality:** PPH manages its Investable Funds in accordance with Government Code Sections 53600 through 53609, under which those making investments on its behalf are deemed to act in a fiduciary capacity. These provisions afford PPH a broad spectrum of investment opportunities so long as the investment is deemed prudent and is allowable under current legislation of the State of California. Investments may be made in the following media subject to the quality restraints below:
 - a. **U.S. Treasuries.** These investments are direct obligations of the United States of America and securities that are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America. United States government securities include: Treasury Bills; Treasury Notes and Bonds; and Treasury strips (U.S. Treasury

securities that have' been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record-keeping system).

- b. ***Federal Agency and U.S. Government Sponsored Enterprises Securities.*** These securities represent obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks (FHLB), the Federal Home Loan Bank Board, the Tennessee Valley Authority, or obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association (FNMA); or in guaranteed portions of Small Business Administration notes (SBAs); or in obligations, participation, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise. Such federal agencies also include:
- (1) Federal Home Loan Mortgage Corporation (FHLMC).
 - (2) Federal Farm Credit Banks (FFCB).
 - (3) Student Loan Marketing Association (SLMA).
 - (4) Government National Mortgage Association (GNMA).
- c. ***State of California and Local Agency Obligations.*** These investments represent obligations or other debt instruments of, or issued by, the State of California, State agencies or local agencies within the state. Such investments include:
- (1) Registered state warrants, treasury notes or bonds of the State of California, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state, or by a department, board, agency or authority of the state.
 - (2) Bonds, notes, warrants or other evidences of indebtedness of any local agency of the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.
 - (3) PPH is regarded as a tax-exempt entity, so investments in this category – which are generally “Tax Free” – should be avoided unless taxable or net returns are competitive with alternative approved asset classes.
- d. ***Bankers Acceptances.*** These obligations are bills of exchange or time drafts that a commercial bank "accepts" as its financial responsibility as part of a trade finance process. Such short-term notes are sold at a discount, and are obligations of the drawer (the bank's trade finance client) as well as the bank.

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Once accepted, the bank is irrevocably obligated to pay the bankers acceptances upon maturity if the drawer does not.

- (1) No more than 30 percent (30%) of PPH's Investable Funds may be invested in the bankers acceptances of any one commercial bank.
- (2) No more than 40 percent (40%) of PPH's Investable Funds may be invested in all bankers acceptances.
- (3) The maximum term for any bankers acceptances shall be 270 days.

e. **Commercial Paper.** Commercial paper is unsecured promissory notes issued by companies and government entities at a discount. Commercial paper is negotiable, although it is typically held to maturity. To qualify as a permissible PPH investment, commercial paper must conform to all of the following:

- (1) The paper must be of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service, Inc. or Standard & Poor's Corporation.
- (2) The paper must be issued by corporations that are:
 - Organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
 - Rated A or better by Moody's or Standard and Poor's for the issuer's debt (other than commercial paper), if any.
- (3) Purchases of eligible commercial paper:
 - Shall not represent more than ten percent (10%) of the outstanding paper of the issuing corporation.
 - Shall not exceed 270 days maturity, as authorized in California State Code Section 53601.
 - Shall not exceed fifteen percent (15%) of PPH's Investable Funds and may not exceed five hundred million dollars (\$500,000,000).
- (4) An additional fifteen percent, or a total of thirty percent, of PPH's Investable Funds may be invested in commercial paper, provided that:
 - The "dollar-weighted average maturity" of the entire amount invested in commercial paper does not exceed 31 days.

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- "Dollar-weighted average maturity" means the sum of the amount of each outstanding commercial paper investment multiplied by the number of days to maturity, divided by the total amount of outstanding commercial paper.
- f. **Negotiable Certificates of Deposit.** These instruments are negotiable (marketable or transferable) receipts for time deposits at a bank or other financial institution for a fixed time and interest rate. The following requirements apply:
- (1) Negotiable certificates of deposit must be issued by a nationally or state-chartered bank or state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank.
 - (2) Certificates of deposit shall have a maximum term of 270 days.
 - (3) No more than thirty percent (30%) of PPH's Investable Funds may be invested in negotiable certificates of deposit.
- g. **Repurchase Agreements.** A repurchase agreement is a purchase of securities by PPH under a simultaneous agreement to sell those securities back at a fixed price on some future date. Investments in repurchase agreements shall strictly conform to Government Code Section 53601(i) and may be made on any investment authorized herein as long as:
- (1) The agreements are subject to the delivery payments of Section.
 - (2) The market value of securities that underlay the agreement shall be valued at one hundred and two percent (102 %) or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly.
 - (3) The maximum term for any repurchase agreement shall be one year.
- h. **Reverse repurchase agreements.** A reverse repurchase agreement is a sale of securities by PPH pursuant to an agreement by which PPH will repurchase the securities on or before a specified date. Reverse repurchase agreements are only authorized investments with prior approval of the Board and in strict accordance with Government Code Section 53601(i).
- i. **Medium-Term Maturity Notes.** These securities are notes issued by qualified corporations and depository institutions. Medium-term maturity corporate notes must conform to the following:

- (1) Notes must be rated A or better by two nationally recognized rating services with a maturity of five (5) years or less.
 - (2) Notes must be issued by corporations organized and operating within the United States, or by depository institutions licensed by the federal government or any state, and which operate within the United States.
 - (3) No more than thirty (30%) percent of PPH's Investable Funds shall be invested in medium-term maturity notes.
- j. **Money-Market Mutual Funds.** These are shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940. The following requirements apply:
- (1) Fund must have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.
 - (2) Fund must have retained an investment adviser registered or exempt from registration with the SEC with not less than five years of experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).
 - (3) The purchase price of shares in these mutual funds shall not include any commission that the companies may charge.
 - (4) The combined amount of PPH's Investable Funds invested in both money market funds and other mutual funds shall not exceed forty percent (40%) of the Authority's Investable Funds.
- k. **Other Mutual Funds.** These types of funds consist of shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized below. The following requirements apply:
- (1) Fund must have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.
 - (2) Fund must have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by Government Code Section 53601(a)-G), or (m) or (n) and with assets under management in excess of five hundred million dollars (\$500,000,000).

- (3) The fund's investments must conform to these authorized by Government Code Section 53601(a)-G), or (m) or (n).
- (4) The purchase price of shares in these mutual funds shall not include any commission that the companies may charge.
- (5) No more than forty percent (40 %) of the PPH's Investable Funds shall be invested in both money market funds and other mutual funds combined.
- (6) No more than 10 percent (10%) of the PPH's Investable Funds may be invested in shares of any one mutual fund.

l. **Pledged Money.** Pledged money is money held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness or obligations under a lease, installment sale or other agreement of a local agency. PPH may invest in pledged money in accordance with the statutory provisions governing the issuance of those media.

m. **Secured Securities.** A secured security is a note, bond or other obligation that is at all times secured by a valid first priority security interest of the types listed by Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. Secured securities shall be:

- (1) Perfected in accordance with Uniform Commercial Code.
- (2) Placed by delivery or by book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issues of the secured obligation.

E. DIVERSIFICATION GUIDELINES

- 1. Diversification limits ensure the portfolio is not unduly concentrated in the securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.
- 2. The following chart summarizes the maximum percentage that each type of permissible investment may constitute within PPH's overall investment portfolio.

<u>Instruments</u>	<u>Maximum % Portfolio</u>
1. United States Treasuries	100%
2. Federal agency and U.S. Government Sponsored Enterprises	100%

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Deleted: Mortgage or Asset-backed Pass-through Securities. ¶

<#>Pass-through securities are instruments by which the cash flow from the mortgages, receivables or other assets underlying the security are passed-through as principal and interest payments to the investor. Though these securities may contain a guarantee from the issuer, they are a package of assets being sold, not a debt obligation of the issuer. Other types of "backed" debt instruments have assets (such as leases or consumer receivables) pledged to support the debt service. ¶

¶

<#>Any mortgage pass-through security, collateralized mortgage obligations, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond is an eligible PPH investment, provided: ¶

¶

<#>The vehicle is rated AA by a nationally recognized rating service. ¶

¶

<#>The issuer has an A or better rating for the issuer's debt as provided by a nationally recognized rating service. ¶

¶

<#>The investment vehicle has a maximum stated final maturity of five (5) years. ¶

¶

<#>Purchase of such securities shall not exceed twenty (20%) percent of PPH's Investable Funds. ¶

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3. State of California and Local Agency obligations	25%
4. Bankers acceptances	40%
5. Commercial paper	
If weighted average maturity of all CP is greater than 31 days	15%
If weighted average maturity of all CP is less than 31 days	30%
6. Negotiable Certificates of Deposit	30%
7. Repurchase agreements	100%
Any one repurchase agreement counterparty name	
If maturity/term is ≤ 7 days	50%
If maturity/term is > 7 days	35%
8. Reverse repurchase agreements	20%
9. Medium-term maturity corporate securities	30%
10. Money market funds and other mutual funds (in total)	20%
11. _____	_____
12. Pledged money	100%
13. Secured securities	100%

Deleted: Mortgage and asset-backed securities
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F. This procedure and the Board Policy will be reviewed and updated as required or at least every year.

IV. DOCUMENT / PUBLICATION HISTORY:

Original Document Date: 7/14/95
Reviewed:
Revision Number: 1 Dated: 6/06
Document Owner: Michael Covert
Authorized Promulgating Officers: Marcelo R. Rivera, Chairman

VI. CROSS REFERENCE DOCUMENTS:

- A. Prior to 2006, this was included as part of Board Policy 10-513
- B. Board Policy FIN - 11

203

**CLINICAL DIRECTOR SERVICES AGREEMENT
POMERADO HOSPITAL
GERO-PSYCHIATRIC UNIT**

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, January 22, 2008

DATE: Monday, February 11, 2008

BY: Sheila Brown, R.N., M.B.A., Chief Clinical Outreach Officer
Susan Linback, R.N., M.B.A., Service Line Administrator, Behavioral Health

BACKGROUND: This is a request to approve the Psychiatric Clinical Director Agreement with Jason Keri, M.D. Dr. Keri will provide Clinical Director coverage and medical leadership for the Pomerado Hospital Inpatient Gero-Psychiatric Unit. This treatment program provides needed services to acutely ill patients who suffer from severe mental health disorders in both the adult and Senior populations.

BUDGET IMPACT: No Budget Impact

STAFF RECOMMENDATION: At the Board Finance Committee meeting, Staff recommended approval.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of two-year (January 1, 2008, to December 31, 2010) Clinical Director Services Agreement with Jason Keri, M.D., for the POM Gero-Psychiatric Unit.

Motion: X

Individual Action:

Information:

Required Time:

20x

CLINICAL DIRECTOR SERVICES AGREEMENT

between

**PALOMAR POMERADO HEALTH,
a local hospital district**

and

Jason Keri, M.D.

January 1, 2008

CLINICAL DIRECTOR SERVICES AGREEMENT

THIS CLINICAL DIRECTOR SERVICES AGREEMENT ("Agreement") is made and entered on January 1, 2008 by and between Palomar Pomerado Health, a California Health District, organized in accordance with section 23 of California Health and Safety Code. ("PPH") and Jason Keri, M.D. ("Clinical Director").

RECITALS

A. PPH is the owner and operator of Pomerado Hospital, a general acute care hospital located at 15615 Pomerado Road, Poway, California ("Hospital").

B. Hospital operates a Gero-Psychiatric Unit, formerly known as the Behavioral Medicine Center or "BMC" (the Department"), which includes twelve (12) psychiatric beds and is part of a continuum of PPH's Behavioral Health Services.

C. Clinical Director is a physician who is qualified and licensed to practice medicine in the State of California, is experienced and qualified in the specialized field of Psychiatry, and who is a member of the Medical Staff of Hospital ("Medical Staff").

D. Departments consist of facilities and equipment owned by Hospital and staffed by Hospital employees.

E. PPH desires to retain Clinical Director to provide certain administrative services ("Administrative Services") in the operation of the Department. PPH has determined that this proposed arrangement with Clinical Director will enhance the Department's and Hospital's organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among the Department's providers and users.

F. Hospital and Clinical Director acknowledge and agree that this Agreement shall supercede the agreements, if any, previously entered into by the parties for the provision of Administrative Services.

G. It is the intent of both Hospital and Clinical Director that the terms and conditions of this Agreement, and the manner in which services are to be performed hereunder, fulfill and comply with all applicable requirements of any applicable "safe harbor" or exception to Stark I and II including, but in no way limited to, the applicable requirements set forth in regulations promulgated by the Department of Health and Human Services, Office of Inspector General, and in the Ethics in Patient Referral Act.

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Clinical Director Services Agreement – Pomerado Hospital Gero-Psychiatric Unit Jason Keri, M.D.
	AGREEMENT DATE	January 1, 2008
	PARTIES	1) PPH 2) Jason Keri, M.D.
Recitals E	PURPOSE	To provide Psychiatric oversight for Pomerado Hospital's Inpatient Gero-Psychiatric Unit
Exhibit A	SCOPE OF SERVICES	Jason Keri, M.D., will provide Clinical Director coverage for Pomerado Hospital's Gero-Psychiatric Unit. This treatment program provides needed services to acutely ill patients who suffer from mental health disorders, both the adult and Senior populations, with a special focus on the Senior population.
	PROCUREMENT METHOD	<input type="checkbox"/> Request for Proposal <input checked="" type="checkbox"/> Discretionary
4.1	TERM	January 1, 2008 through December 31, 2010
	RENEWAL	N/A
4.3 4.4	TERMINATION	a. Immediately for cause b. Not less than 90 days of written notice without cause
3.1	COMPENSATION METHODOLOGY	Monthly payment on or before the 15 th of each month with supporting documentation of the prior month's time records.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO - IMPACT: None.
	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	JUSTIFICATION	In order to remain compliant with CMS requirements for Inpatient Behavioral Health Services, medical oversight is required.
	POSITION NOTICED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO METHODOLOGY & RESPONSE: Posted in Medical Staff Offices for 30 days
	ALTERNATIVES/IMPACT	Proceeding without this arrangement would cause the services to be out of compliance with CMS requirements and jeopardize ongoing mental health to a vulnerable population.
Exhibit A	DUTIES	<input checked="" type="checkbox"/> PROVISION FOR STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR MEDICAL STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR PARTICIPATION IN QUALITY IMPROVEMENT
	COMMENTS	
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> Officer <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <input checked="" type="checkbox"/> BOD

**PALOMAR MEDICAL CENTER
ADMINISTRATIVE SERVICES AGREEMENTS
MEDICAL STAFF OFFICERS, DEPARTMENT CHAIRS, QMC CHAIR**

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, January 22, 2008
MEETING DATE: Monday, February 11, 2008
BY: Gerald E. Bracht, Chief Administrative Officer

BACKGROUND: Palomar Medical Center Medical Staff Officers and Department Chairs are provided a stipend for services performed as required by the Medical Staff By-laws. These agreements serve to document the relationship of the medical staff officers and department chairs to PPH, and the duties to be performed as consideration for the stipend to assure compliance with Federal regulations.

Presented is the Administrative Services Agreement for the Medical Staff Officers, Department Chairs and QMC Chair.

The agreement encompasses the roles of 14 individuals at Palomar Medical Center:

- Chief of Staff – John J. Lilley, M.D.
- Chief of Staff Elect – Richard C. Engel, M.D.
- Chairman, Department of Surgery – Jeffrey Rosenburg, M.D.
- Chairman, Department of Orthopaedics – Joseph M. Mann, III, M.D.
- Chairman, Department of Medicine – Craig M. Burrows, M.D.
- Chairman, Department of Anesthesia – Peter M. Lucas, M.D.
- Chairman, Department of Emergency Medicine – Jaime Rivas, M.D.
- Chairman, Department of Family Practice – James H. Schultz, M.D.
- Chairman, Department of Radiology – Gary Spoto, M.D.
- Chairman, Department of OB/GYN – Jerome L. Sinsky, M.D.
- Chairman, Department of Pediatrics – Edward J. Epstein, M.D.
- Chairman, Department of Trauma – John T. Steele, M.D.
- Chairman, Department of Pathology – Lachlan Macleay, M.D.
- Chairman, Quality Management Committee – Daniel Harrison, M.D.

The attached Agreement Abstract is the same for all fourteen individuals.

BUDGET IMPACT: None.

STAFF RECOMMENDATION: Approval.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Administrative Services Agreement for the Medical Staff Officers, Department Chairs and QMC Chair at Palomar Medical Center.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Agreement to Reimburse Medical Staff for Department Chair, QMC Chair, Chief of Staff and Chief of Staff Elect Compensation
	AGREEMENT DATE	January 1, 2008
	PARTIES	Medical Staff Officers and Department/QMC Chairs, Palomar Medical Center Medical Staff and PPH
	PURPOSE	To provide administrative services on behalf of Palomar Medical Center Medical Staff in accordance with Medical Staff Bylaws
	SCOPE OF SERVICES	As per duties defined in Palomar Medical Center Medical Staff Bylaws
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	TERM	January 1, 2008 – December 31, 2008 - Chief of Staff, Chief of Staff Elect, Chair, Quality Management Committee, and Chairmen Departments of Surgery, Orthopaedics, Medicine, Anesthesia, Emergency Medicine, Family Practice, Radiology, OB/GYN, Pediatrics, Trauma, and Pathology.
	RENEWAL	None
	TERMINATION	As described under §4
	COMPENSATION METHODOLOGY	Monthly after submission of payment documentation.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	JUSTIFICATION	These are positions elected or appointed by the Medical Staff in accordance with Medical Staff Bylaws.
	POSITION POSTED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Methodology & Response: Elected/Appointed by the Palomar Medical Center Medical Staff
	ALTERNATIVES/IMPACT	N/A
	DUTIES	Defined in the Palomar Medical Center Medical Staff Bylaws.
	COMMENTS	The agreement template was developed by legal counsel in 2007. The positions are voted upon by Active members of the Medical Staff.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee <input type="checkbox"/> FINANCE <input checked="" type="checkbox"/> BOD

December 6, 2007

John J. Lilley, M.D.
Palomar Medical Center Medical Staff
555 East Valley Parkway
Escondido, CA 92025

Re: Agreement to reimburse Medical Staff for Department Chair, QMC Chair,
Chief of Staff and Chief of Staff Elect Compensation

Dear Doctor Lilley:

Palomar Pomerado Health ("PPH"), a hospital district organized under California Health & Safety Code, Division 23 and Palomar Medical Center Medical Staff ("Medical Staff") hereby enter into this letter agreement ("Letter Agreement") by the terms of which PPH will reimburse Medical Staff for a portion of the compensation provided by Medical Staff to certain physicians under department and committee chair/officer agreements. PPH is the owner and operator of Palomar Medical Center ("hospital") located at 555 East Valley Parkway, Escondido, California.

1. **Department Chair, QMC Chair, Chief of Staff and Chief of Staff Elect Agreements**

Medical Staff has entered into those arrangements listed on Exhibit A (the "Arrangements") with certain physicians ("Physicians") to chair departments/committees, or to serve as Chief of Staff or Chief of Staff Elect at Hospital. Medical Staff represents and warrants that the duties and responsibilities are set out in the Medical Staff Bylaws and other documents. Medical Staff further represents and warrants that its arrangements with the Physicians provide compensation that is fair market value for the services provided and is not determined in any manner that takes into account the value or volume of referrals or other business generated by the Physician to PPH.

2. **Financial Terms**

Medical Staff shall be solely responsible for compensating Physicians pursuant to the terms of the Arrangements. Medical Staff shall submit to PPH documentation reflecting the compensation provided by Medical Staff to the Physicians pursuant to the Arrangements no later than the tenth (10th) day of each month. PPH shall provide reimbursement to Medical Staff as follows:

John J. Lilley, M.D.

December 6, 2007

Page 2

- 1) seventy-five percent (75%) of the amounts provided to the Chief of Staff Elect;
- and
- 2) fifty percent (50%) of the amounts provided to the Physicians pursuant to all of the other Arrangements.

PPH shall provide such reimbursement within ten (10) business days after Medical Staff's submission to PPH of the payment documentation. PPH shall provide such reimbursement in recognition of the fact that the Physicians, by the terms of their agreements with Medical Staff, provide services which in part benefit PPH.

3. Term

This letter agreement will have a term of one year, beginning January 1, 2008, and ending January 1, 2009, unless sooner terminated as otherwise provided in the agreement contemplated by this letter of intent.

4. Termination

PPH will have the right to terminate the agreement upon the occurrence of any of the following events:

- (i) With or without cause, in either case without penalty, upon ninety (90) days written notice to Medical Staff.
- (ii) Any breach of the Agreement by Medical Staff which is not cured within thirty (30) days after written notice is given by PPH to Medical Staff.
- (iii) Upon such other conditions as agreed upon by Medical Staff and PPH.

5. Publicity

Except as required by law, no party shall make any public announcement with respect to the agreement proposed by this letter of intent without the express written consent of the other parties.

6. Controlling Law

This letter of intent shall be governed by and construed and enforced in accordance with the laws of the State of California.

7. Counterparts

This letter agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

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John J. Lilley, M.D.
December 6, 2007
Page 3

Sincerely,

Michael H. Covert
President/CEO
Palomar Pomerado Health

Accepted and agreed to by Medical Staff as of _____

John J. Lilley, M.D.
Chief of Staff

Exhibit A

<u>Physician</u>	<u>Position</u>	<u>Term</u>	<u>Monthly Comp.</u>
John J. Lilley, M.D.	Chief of Staff	08/01/07-12/31/11	[REDACTED]
Richard C. Engel, M.D.	Chief of Staff Elect	09/01/07-12/31/11	[REDACTED]
Jeffrey Rosenburg, M.D.	Chair, Surgery Dept.	07/01/07-12/31/09	[REDACTED]
Craig M. Burrows, M.D.	Chair, Medicine Dept.	09/01/07-12/31/09	[REDACTED]
Jerome L. Sinsky, M.D.	Chair, OB/GYN Dept.	01/01/08-12/31/09	[REDACTED]
Edward J. Epstein, M.D.	Chair, Pediatric Dept.	01/01/08-12/31/09	[REDACTED]
Jaime B. Rivas, M.D.	Chair, Emergency Medicine Dept.	01/01/08-12/31/09	[REDACTED]
Gary P. Spoto, M.D.	Chair, Radiology Dept.	01/01/08-12/31/09	[REDACTED]
John T. Steele, M.D.	Chair, Trauma Dept.	06/01/07-12/31/09	[REDACTED]
Peter M. Lucas, M.D.	Chair, Anesthesia Dept.	01/01/08-12/31/09	[REDACTED]
Lachlan Macleay, M.D.	Chair, Pathology Dept.	01/01/08-12/31/09	[REDACTED]
James H. Schultz, M.D.	Chair, Family Practice Dept.	04/01/07-12/31/08	[REDACTED]
Joseph M. Mann, III, M.D.	Chair, Ortho/Rehab Dept.	01/01/08-12/31/09	[REDACTED]
Daniel C. Harrison, M.D.	Chair, QMC	01/01/08-12/31/08	[REDACTED]

Governance Committee – Review of Policies

TO: Board of Directors
MEETING DATE: February 11, 2008
FROM: Governance Committee, February 1, 2008
BY: Jim Neal, Director Corporate Compliance & Integrity

BACKGROUND: Reviewed and approved revisions to current Board Policies listed below.
Board approval is sought.

Policies for approval:

- GOV-18 Agenda Items: Board Packet Preparation
- GOV-24 Inspection and Copying of Public Records
- GOV-25 Recording of Governing Board Meetings
- GOV-26 Opening Ceremony for Board Meetings
- QLT-03 Life-Sustaining No Code Withdrawal
- FIN-12 Expenditure and Requisition Approval Authority

BUDGET IMPACT: None

STAFF RECOMMENDATIONS: Staff Recommended approval

COMMITTEE RECOMMENDATION: Board approval requested for the above listed revised policies.

Motion: X

Individual Action:

Information:

First-Quarter Review of Policies
Implementing the Annual Review Cycle

February 1, 2008

As of this date PPH is **not** current with the Policy Review Cycle. The following policies are still being updated and reviewed. **This report meets the reporting requirements of GOV-15:**

FIN-13, Physician Recruitment and Retention, has undergone review and change in support of STARK III and now has been resubmitted to legal for update under the new Physician Respective Payment System which just came out. Upon completion of changes by legal, this policy will have to go to the Board Finance Committee for approval then to Governance. This report meets the reporting requirements of GOV-15

FIN-10 Charity Care, is currently being updated to include the requirements of AB 774. Upon completion this policy must be reviewed and approved by the Board Finance Committee prior to submission to governance.

OLT-16 Patient and Family Education, is currently being updated to include joint commission requirements.

Reviewed and Approved Policies.

GOV-18 Agenda Items: Board Packet Preparation

Change Summary: Made changes to more accurately reflect what is being done for preparation of the agenda and Board packages for Board meetings.

GOV-24 Inspection and Copying of Public Records

Change Summary: Changed “10 working days” to “10 calendar days” for response to public records request. Changed “10 working days” to “14 calendar days” for authorized delays from unusual circumstances. Corrected typographical errors. Changed authorized promulgating officer to Bruce Krider and updated revision number and date.

GOV-25 Recording of Governing Board Meetings

Change Summary: Changed authorized promulgating officer to Bruce Krider and updated revision number and date.

GOV-26 Opening Ceremony for Board Meetings

Change Summary: Removed all references to an “inspirational and motivational presentation”. Changed authorized promulgating officer to Bruce Krider and updated revision number and date.

OLT-03 Life-Sustaining No Code Withdrawal (These changes were submitted for immediate implementation for regulatory requirements)

Governance Committee – Review of Policies

Change Summary: 1.) § III.I.2.b under “Withholding or Limiting Resuscitation”; Added the following: “All critical values or results will be communicated to the attending or primary physician as outlined in procedure 27172, “Critical Values Reporting RN to MD.” 2.) § III.I.4 under “Continuing “No Code”

orders in the Operating or Interventional Suites”; added the term “Interventional” to this section to include all our procedural areas. 3.) § III.I.4a.2 under “Application” revised this language somewhat to “If No Code orders are suspended during surgery / interventional procedures and the immediate recovery period, the Registered Nurse caring for the patient post operatively is responsible for clarifying with the surgeon when the No Code order will be resumed.” 4.) §V changed Authorized promulgating officer to Bruce G. Krider.

FIN-12 Expenditure and Requisition Approval Authority

Change Summary: These changes have been submitted by the Board Finance Committee. The changes are for §§III.B-D as appropriate and provide the following authority: the CEO is authorized to approve expenditures up to \$250,000 per transaction, for transactions between \$250,000 and \$500,000 after consultation with either the Chairman of the Board or with the Chairman of the Board Finance Committee/Treasurer.

PALOMAR POMERADO HEALTH

BOARD POLICY

GOV-18

AGENDA ITEMS: BOARD PACKET PREPARATION

February 1, 2008

212

Change Summery

GOV-18 AGENDA ITEMS: BOARD PACKET PREPARATION

1. Reviewed the current Government Code, Administrative Code and the Health and Safety Code §101861 - 101861 for compliance.
2. Made changes to more accurately reflect what is being done for preparation of the agenda and board packages for board meetings.

GOV-18 AGENDA ITEMS: BOARD PACKET PREPARATION

I. PURPOSE:

- A. To provide relevant and complete information to the Board in support of all agenda items in a time frame that allows ample time for Board members' perusal prior to any Board meeting, the following guidelines have been established and shall be the Board's policy for the inclusion of items on a Board agenda.
- B. To ensure that legal notice requirements are met relative to the Board of Directors and Members of the Public.
- C. To ensure that Staff members, Employees and Press have appropriate information in a timely manner

II. DEFINITIONS:

None

III. TEXT / OF PRACTICE:

A. Agenda Narratives:

1. Prepare 20 double-sided, collated and stapled copies of the Board Packets Agenda together with Board Minutes for distribution to Staff and Public per mailing list.
2. Prepare 20 double-sided, collated and stapled copies of the Board Packet Agenda. Place in the box with the extra Board Packets (referred to in I.B.3 above). for public distribution at board meetings.
3. It is legally required that the Board Agenda is posted on the public notice board at PPH Corporate Offices; on Innovation Drive, and on the notice boards at PMC and Pomerado Hospital;
4. A copy of the Board agenda will be disseminated to members of the Press and Public by using the "Public Listing" on the Board Office's fax, and also e-mailing
5. Narrative is to be completed for each agenda item. The Narrative is to be addressed to the Committee, or to the Board, and contain the recommendation of Staff. Prior to forwarding the item for full Board deliberation, the Narrative is to be adapted as appropriate for Board review. (Addressed to the Board of Directors; change Committee date to Board meeting date; include Committee discussion and Committee recommendation.)
6. The discussion portion of the Narrative is to contain all background information necessary for an informed decision and may, in some cases, summarize significant events that span a period of months to provide a complete background.
7. Narratives with inadequate information will not be included in the packet and will be removed from the agenda. The determination of adequacy of such Narratives shall be made by the Committee Staff Person or CEO.
8. To enable appropriate review by the Committee, the Committee meeting packet shall be delivered to the membership a minimum of three calendar days before the meeting. Board packets shall be delivered three to five calendar days before the meeting.

B. Board Packets

1. (First Priority)

- a. Prepare and disseminate copy 14* Board packets (on white paper, double-sided, correlated and stapled), 10 of which are designated for the Board, CEO, Legal Counsel and Board Assistant. (Applicable special instructions, if any, will be on Board Packet Mailing List).
- b. 10 colored file folders will be made up, one for each board member, legal, and the CEO, with inside left pocket containing an additional, separate Board agenda on colored paper, together with an updated copy of the Board calendar on white paper, and a copy of the entire Board packet, for information and ease of reference.
- c. 7 Board Packets are placed in labeled envelopes for members of the Board and delivered as soon as possible by PPH Courier Service on stand-by for delivery. The 3 remaining

- d. As a courtesy to the Board and CEO, no other packets are to be distributed until the Courier has been dispatched with the Board's Packets. Adhering to this practice avoids Board Members hearing about the contents of *their* packet *on the street* before the Board has had an opportunity to view the packet.
- e. ~~The remaining 4 Board packets for the Chiefs of Staff, and Chief of Staff elect (but without colored file folders) are to be dispatched~~ will be disseminated only after the above process is complete. *(The sequence of delivery is important for both political and practical reasons.)*

2. (Second priority)

- a. Ensure that all additional Board packets are disseminated as required by policy or regulation. Prepare 40 Board Packets (double-sided, collated and stapled). If the packet is too large for the copier, it may be copied and collated in sections with complete packets hand-stapled. However, the packet may also be copied, collated and automatically stapled in sections, with break points strategically chosen, preferably at the end of an agenda item rather than at the mid-point.
- ~~a. Board Packets are inserted into labeled envelopes for distribution internally and externally.~~
- b. Extra Board Packets are placed in a small box and put onto a luggage cart ready for the Board Meeting. They will then be placed on a table outside the room where the Board Meeting is held for the perusal of the public, together with Request for Comment Forms and additional Board Agendas. The Board Assistant's Board Packet should also contain a Board Compensation Form for completion at the meeting.

C. Minutes:

1. Committee minutes are taken and maintained by the appropriate Committee secretary, are to reflect the essence of the discussion, and include all agenda items. They are to be accurate and succinct with emphasis on action rather than discussion, noting those members who voted "for", "against", and those who "abstained" from the motion.
2. Minutes of Open session Committees are provided to non-committee members upon request. Minutes of Closed session Board or Committee meetings are not copied for distribution. Any Committee or Board member may view Closed session meeting minutes within the respective department. (See Policy Gov-25, Recording of Governing Board Meetings)
3. Minutes of ad hoc Committee meetings are considered to be confidential and as such ad hoc committee meetings are not publicly posted.

D. Packet Maintenance/Storage/Supplies

1. Following distribution dissemination of the Board packet, the original copy (Board Agenda, Minutes and handouts will be retained on file.
2. The original Open Session Board Packet including Agenda, Minutes and attachments (if any) once approved and signed, are kept on permanent file in the Board Office. Original Closed Session Agendas and minutes are kept in a secure manner on file as appropriate.
3. A copy of the Open Board Agendas and Minutes with copy attachments (if any) are kept in the Board Office in a 3-ring binder for ease of access — normally one binder per calendar year - for purposes of review, research, Public Records Act inquiries or JCAHO access.
- ~~4. An adequate variety of pastel-colored paper should also be maintained together with a supply of 10 pack colored double-pocket folders, large white envelopes and labels.~~

E. This policy will be reviewed and updated as required or at least every three years.

IV. DOCUMENT / PUBLICATION HISTORY:

Original Document Date: 2/94

Reviewed: 2/94; 4/95; 1/99; 9/05

Revision Number: 1 Dated: 2/11/08

Document Owner: Michael Covert

Authorized Promulgating Officers: Bruce G. Krider, Chairman

VI. CROSS REFERENCE DOCUMENTS:

Prior to 2005, this policy was Board Policy 10-403

PALOMAR POMERADO HEALTH

BOARD POLICY

GOV-24

INSPECTION AND COPYING OF PUBLIC RECORDS

February 1, 2008

Change Summery

GOV-24 INSPECTION AND COPYING OF PUBLIC RECORDS

1. Reviewed the current Government Code § 6250 and Administrative Code for compliance.
2. Changed “10 working days” to “10 calendar days” for responsive to public records request.
3. Change from “10 working days” to “14 calendar days” for authorized delay from unusual circumstances.
4. Corrected typographical errors.
5. Changed authorised promulgating officer to Bruce Krider.
6. Added first revision date.

GOV-24 Inspection and copy of records

- A. PPH supports the principle that every citizen has a right to information concerning the conduct of business in a public entity PPH.
- B. The California Public Records Act (CPRA) applies to PPH records and grants access to information concerning the conduct of PPH business.

II. DEFINITIONS

A. Public Records

- 1. All papers, maps, documents, films, photographs, magazines or paper tapes or cards, discs, and other documents containing information relating to the conduct of PPH business.
- 2. Listed below are a few examples of public records:
 - a. Minutes of most meetings.
 - b. Completed Purchase Orders.
 - c. Construction bids after contract has been let.
 - d. Employment contract, which would include current rate of pay, source of funds, current job description, percent of time.
 - e. Campus phone directory.

B. Records Not Public

- 1. Any record for which it can be demonstrated that the public interest served by not making the record public clearly outweighs the public interest served by disclosure of the record.
- 2. Preliminary drafts, notes or intra-PPH memoranda not retained by PPH in the ordinary course of business, provided that the public interest served in withholding such material clearly outweighs the public interest in disclosure.
- 3. Records pertaining to pending litigation to which PPH is a party.
- 4. Records or complaints to, or investigations conducted by, the campus Police Department or other agencies for correctional or law enforcement purposes.
- 5. Test questions, scoring keys, and other examination data.
- 6. Real estate appraisals, engineering feasibility estimates and evaluations, relative to the acquisition of property, or public supply and construction contracts, until all of the property has been acquired or contract agreement obtained.
- 7. Library and museum materials acquired and presented solely for reference or exhibition.
- 8. Any record, the disclosure of which is exempted or prohibited pursuant to provisions of federal or state law, including provisions of the evidence code relating to the physician-patient, psycho-therapist-patient, lawyer-client, and official confidential privileges.
- 9. Personnel, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of personal privacy.

III. TEXT / OF PRACTICE:

A. Protection of Personal Privacy

1. Prior to release of public information, the material *must* be reviewed carefully to make certain that it does not contain any information about a particular individual that could be defined as "personal information" under the Information Practices Act.
2. The Records Advisor should be consulted when trying to make a determination as to whether material should be released or not.
3. Where discretion is allowed, the protection of privacy should override the option to disclose.

B. Guidelines For Inspection And Release Of Public Records

1. The request for information should be in writing and specific enough to locate the record.
2. The record holder must determine within 10 calendar working days whether to grant or deny the request. In "unusual circumstances", the 10-day time limit may be extended by 14 working days if the reasons for the delay and the date on which a determination is expected are specified. Unusual circumstances are limited to the following:
 3. The need to search for and collect the requested records from field facilities or other establishments that are separate from the office processing the request.
 4. The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records, which are demanded in a single request.
 5. The need for consultation with another agency having a substantial interest in the determination of the request or among two or more departments having substantial subject matter interest therein.
6. Notification of denial of any request for records must be in writing and must state the reason for denial and the names and titles of each person responsible for the denial.
7. Public records must be open for inspection during regular office hours and copies must be made available promptly when a requestor has a right to them.
8. The following actual costs may be recovered by the record holder:
 - a. Staff time spent constructing new records from various source documents (i.e., in order to supply the requested information, data from a variety of source documents has to be extracted and combined to form an entirely new record.)
 - b. Staff time spent deleting "personal" or "confidential" information (in accordance with the Information Practices Act) prior to release of existing records.
 - c. Computer services.
 - d. Fees for duplicating tapes.
 - e. Record Holders may charge 10¢ / page or 10¢ / extract for copying costs plus the time of the employee doing the photocopying.
9. The following expenses may not be recovered by the record holder:
 - a. Locating, reviewing, or assembling records.
 - b. Annotating or explaining a record in order to make it reasonably comprehensible.
 - c. Postage.
10. It is preferable for payment to be made prior to or at the time of delivery of the material. Checks are to be made out to Palomar Pomerado Health. All funds collected are to be forwarded to Finance for deposit.
11. Any reasonably segregable portion of a record shall be provided to any person requesting such record after deletion of the portions which are exempt by law.
12. Prior to disclosing an otherwise exempt record to a federal agency, the federal agency must agree in writing to comply with the provisions of the California Public Records Act.

- C. This policy will be reviewed and updated as required or at least every three years.

IV. DOCUMENT / PUBLICATION HISTORY:

Original Document Date: 10/95

Reviewed:

Revision Number: 1 Dated 02/11/08

Document Owner: Michael Covert

Authorized Promulgating Officers: Bruce G. Krider, Chairman

CROSS REFERENCE DOCUMENTS:

PALOMAR POMERADO HEALTH

BOARD POLICY

GOV-25

RECORDING OF GOVERNING BOARD MEETINGS

1 February 2008

497

Change Summery

GOV-25 RECORDING OF GOVERNING BOARD MEETINGS

1. Reviewed the current Government Code § 54953 - 54957; Administrative Code; Penal Code § 640; and the Health and Safety Code for compliance.
2. Changed authorized promulgating officer to Bruce G. Krider
3. Added a 1/08 review date. (Section IV)

GOV-25 Recording of Board Meetings

I. PURPOSE:

- A. Applicable law allows open session meetings of the Governing Board to be recorded by video or audiotape or by still or motion picture cameras. Closed session meetings may be recorded as well under strictly defined procedures that protect the confidentiality of the information contained in such recordings. This statement of policy is intended to set forth policy (and procedures) to govern the recording of any PPH Governing Board meeting, as well as any committee of the Board.
- B. This statement of policy shall apply to meetings of any committee of the Governing Board, as well as to meetings of the Board itself.

II. DEFINITIONS:

- A. "Person" shall include members of the public, as well as PPH Board members, officers and employees.
- B. "Record" means action taken by a person to chronicle a meeting of the Governing Board with an audio or video tape recorder or a still or motion picture camera.

III. PROCEDURE – TEXT/STANDARDS OF PRACTICE:

- A. Recording open session meetings of the Governing Board.
 1. Any member of the public, any member of PPH Governing Board or its staff or any other PPH officer or employee may record open session meetings of the Governing Board in accordance with the procedure set forth herein.
 2. Subject to paragraph A.3 below, any person attending an open and public meeting of the Governing Board may record the proceedings with an audio or video tape recorder or still or motion picture camera. All video recording will be done from the back of the room.
 3. Nothing herein shall be construed to limit the right of the Board to terminate any recording in progress if it finds that the recording cannot continue without undue noise, illumination or obstruction of view that constitutes, or would constitute, a persistent disruption of the proceedings.
 4. Any recording of an open session made by or at the direction of PPH shall be subject to inspection pursuant to the California Public Records Act and may be erased or destroyed thirty days after the taping or recording. Any inspection of such a recording shall be provided without charge or a video or tape player made available by PPH.
- B. Recording closed session meetings of the Governing Board
 1. The Board designated Board Assistant, or such other person temporarily or permanently in that position, will attend closed sessions when requested and to keep and enter into a minute book records of the topics discussed and discussions occurring at those meetings. The Board believes that, as a part of that designation, the Board Assistant is permitted to record those closed sessions with audio or video tape recorder or with still or motion picture cameras, as the Board may from

time to time direct. No other individual shall record closed session meetings of the Governing Board or of any of its committees. The Board Assistant, or such other person temporarily or permanently in her position, is the only person authorized to record closed session meetings of the Board. Unless designated in a prior resolution by the Board, no PPH Board member, officer or employee shall record closed session meetings of the Board.

2. The Board Assistant, or such other person temporarily or permanently in her position, shall be the custodian of any recordings made of closed session meetings of the Board. This person shall maintain such recordings at a secure location at PPH administrative offices.
3. Closed session recordings shall not constitute a public record. Board members and staff who wish to review such recordings shall do so within the confines of a secure area established by the Administrative Assistant, or such other person temporarily or permanently in that position, and shall be subject to reasonable security measures established by her to safeguard the confidential nature of the information contained in the recordings.

C. This policy will be reviewed and updated as required or at least every three years.

IV. DOCUMENT/PUBLICATION HISTORY:

Original Document Date: 1/16/96

Reviewed: 2/99; 9/05; 4/06; 2/08

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Document Owner: Michael Covert

Authorized Promulgating Officers: Bruce G. Krider, Chairman

Change Summery

GOV-24 INSPECTION AND COPYING OF PUBLIC RECORDS

1. Reviewed the current Government Code § 6250 and Administrative Code for compliance.
2. Changed "10 working days" to "10 calendar days" for responsive to public records request.
3. Change from "10 working days" to "14 calendar days" for authorized delay from unusual circumstances.
4. Corrected typographical errors.
5. Changed authorized or promulgating officer to Bruce Krider.
6. Added first revision date.

PALOMARPOMERADO HEALTH

BOARD POLICY

GOV-26

OPENING CEREMONY FOR BOARD MEETINGS

February 1, 2008

Change Summery
GOV-26 Opening Ceremony

1. Reviewed the current Government and Administrative Codes for compliance.
2. Removed all references to an inspirational and motivational recitation.
3. Change the revision number and date.
4. Changed promulgating officer to Bruce Krider

GOV 26 Opening Ceremony

I. PURPOSE:

To promote an atmosphere of patriotism, civility and solemnity at public Board meetings, the meetings *may* be opened with the Pledge of Allegiance and an inspirational/motivational recitation.

II. DEFINITIONS:

None

III. TEXT / OF PRACTICE:

A. The purpose is as stated above will be secular in nature with no promotion of religion.

B. The Pledge of Allegiance and the recitation ~~are~~ is to precede the Regular Board Meeting agenda items. The title on the appropriate section of the agenda is to read, "Pledge of Allegiance to the Flag" and "Recitation".

C. The Chairman of the Board will lead the Pledge of Allegiance.

~~D. Recitations of an inspirational/motivational nature that neither promote nor discourage religion nor one religion over another shall be provided by the Palomar Pomerado Health Chaplains.~~

D. This policy will be reviewed every three years.

IV. DOCUMENT / PUBLICATION HISTORY:

Original Document Date: 9/97

Reviewed: 1/99; 9/05

Revision Number: 2 Dated: 2/11/08

Document Owner: Michael Covert

Authorized Promulgating Officers: Bruce G. Krider, Chairman

PALOMARPOMERADO HEALTH

BOARD POLICY

QLT-03

Life Sustaining, No Code withdrawal

February 1, 2008

Change Summery

OLT-03 RECORDING OF GOVERNING BOARD MEETINGS

This policy changes were made under the authorized accelerated procedure as it was needed to meet current revelatory requirements.

1. Reviewed the current Government Code § 54953 - 54957; Administrative Code; Penal Code § 640; and the Health and Safety Code for compliance.
2. § III.I.2.b under “ Withholding or Limiting Resuscitation”; Added the following; “All critical values or results will be communicated to the attending or primary physician as outlined in procedure 27172, “Critical Values Reporting RN to MD.”
3. § III.I.4 under “Continuing “No Code” orders in the Operating or Interventional Suites”; added the term “Interventional” to this section to include all our procedural areas.
4. § III.I.4a.2 under “Application” revised this language somewhat to “If No Code orders are suspended during surgery / interventional procedures and the immediate recovery period, the Registered Nurse caring for the patient post operatively is responsible for clarifying with the surgeon when the No Code order will be resumed.”
5. §V changed Authorized promulgating officer to Bruce G. Krider.

Applicable to:

Affected Departments:

All PPH Entities - 00

I. PURPOSE:

Every adult patient has the Constitutionally guaranteed right to direct all aspects of his or her health care, either personally or through his or her conservator, guardian, surrogate decision-maker, or agent. After being fully informed of the pertinent risks, benefits and alternatives, every adult patient (or his or her representative) has the right to refuse medical care, even if such a refusal will shorten the patient's life. In recognition of these rights, this Policy shall govern the withdrawal and/or foregoing of life-sustaining treatment at PPH facilities.

II. DEFINITIONS:

The following definitions shall be used for purposes of this Policy:

- A. **Advanced Health Care Directive (ACHD):** Either an individual health care instruction, whether written or oral, or a Durable Power of Attorney for Health Care (defined below).
- B. **Agent:** An individual designated in a Durable Power of Attorney for Health Care to make health care decisions for a patient.
- C. **Capacity:** The ability to understand the nature and consequences of a health care decision and to make and communicate such a decision, and includes the ability to understand the significant benefits, risks and alternatives of health care options.
- D. **Conservator:** A court-appointed individual having the exclusive authority to make health care decisions for a patient.
- E. **Dead or death:** The irreversible cessation of:
 - 1. Circulatory and respiratory functions.
 - 2. All brain functions, including the brain stem.
- F. **Durable Power of Attorney for Health Care:** A signed, dated, witnessed paper by a patient naming another person as his or her agent for health care decision matters.
- G. **Futile care:** Any health care that the primary physician and his or her consultant(s), consistent with prevailing standards of practice, in good faith believe(s) cannot, within a reasonable possibility, be expected to satisfactorily cure, ameliorate, improve, or restore a quality of life to the patient. Comfort (i.e., palliative) care shall never constitute futile care.
- H. **Guardian:** A court appointed adult who has the legal authority to make health care decisions for a minor patient.
- I. **Health care:** Any care, treatment, service, or procedure, including life-sustaining treatment, to maintain, diagnose, or otherwise affect a patient's physical or mental condition(s).
- J. **Health care decision:** A decision made by a patient or his or her representative regarding the patient's health care, including the selection and discharge of health care providers and institutions and a decision to provide, withhold or withdraw artificial nutrition and hydration and all other forms of health care, including cardiopulmonary resuscitation.
- K. **Patient:** An individual admitted to a PPH facility and receiving care therein.
- L. **Physician:** A physician and surgeon licensed by the Medical Board of California or the Osteopathic Medical Board.
- M. **Primary physician:** A physician designated by the patient or his or her agent, conservator or surrogate to assume primary responsibility for the patient's health care. In the absence of such designation, or upon the unavailability of a patient's primary physician, the primary physician shall mean the physician who undertakes responsibility for the patient's health care.
- N. **Representative:** The person legally authorized to make health care decisions on an incapacitated patient's behalf, and includes a patient's surrogate, guardian, conservator or agent, if any.

- O. **Surrogate:** An adult, other than a patient's guardian, conservator or agent, who is authorized to make health care decisions on behalf of the patient. A surrogate may be an immediate family member, relative or, in some circumstances, a close friend of the patient.

III. **TEXT / STANDARDS OF PRACTICE:**

A. **Death:**

1. **Pronouncement:**

A patient shall only be pronounced dead by a physician and be independently confirmed by at least one other physician.

2. **Guidelines for Determination of Death:**

The following guidelines are offered to assist the primary physician in determining whether a patient is dead, as defined above. These guidelines are suggestive and are not intended to replace the primary physician's best judgment based on the totality of the circumstances present.

a. **Comatose:**

The patient is in a deep coma; etiology of the coma must be established and hypothermia, severe shock, drug intoxication and other reversible metabolic causes must be rigorously excluded.

b. **Unresponsiveness:**

The patient does not exhibit any spontaneous movement and does not respond to painful stimuli with physical movement.

c. **Apnea:**

The patient has no spontaneous respiratory movement for at least four minutes after the respirator is turned off. An oxygen catheter is placed in either the tracheotomy or the patient's endotracheal tube at the time of the test to allow for adequate oxygenation. ABG's must be drawn just prior to reconnecting the respirator, to check PACO_2 for a level of greater than 40 mm Hg.

d. **Brain Stem:**

1. The patient exhibits an absence of brain stem reflexes:
2. Pupils are fixed and either mid-positioned or dilated, and do not react to direct bright light;
3. Absence of corneal reflex (no blinking);
4. Absence of oculovestibular reflex (no nystagmus in response) to irrigation of both ears with ice water;
5. Absence of oculoccephalic reflex (doll's eyes - no eye movement in response to head turning); and
6. Absence of swallowing, yawning, gagging or vocalization reflexes.

e. **Spinal cord reflexes:**

The patient exhibits no spinal cord reflexes. The preservation of spinal reflexes may persist in the presence of death, but are of little relevance to the diagnosis.

f. **Electrocerebral silence:**

The EEG may be used as a diagnostic aid to confirm brain death, but is in no event independently conclusive. A decision to use the EEG shall be made by the primary physician in consultation with a neurologist and/or a neurosurgeon based on the apparent degree of the patient's brain damage, the nature of the injury and the relevant clinical and operative findings. An EEG shall not be required.

g. Cerebral Blood Flow:

An isoptic scan may be used to aid in the determination of brain death, but is not required and is not independently conclusive.

3. Documentation of Brain Death:

- a. The patient's physician shall document and sign the confirmed diagnosis of brain death in the patient's medical record. After such information is documented, if possible and appropriate, the patient's representative, if any, should be encouraged to sign a statement written in the progress note to indicate that he or she has authorized the withdrawal of life-sustaining measures. If the physician deems such a written statement to be inappropriate or unnecessary, supporting documentation explaining why no statement has been signed should be entered in the progress note.
- b. Nursing staff shall notify the Patient Care Director or designee (Administrative Supervisor or Clinical Coordinator) before the withdrawal of life support. The primary physician should write in the order sheet that life-sustaining treatment be discontinued. In addition, the primary physician or his designee shall comply with the provisions of the hospital's protocol for organ donation.

B. Advanced Health Care Directives (AHCDs).

1. Sufficiency:

- a. A written AHCD may be relied upon by the primary physician if it:
 1. Contains the date it was signed.
 2. Is signed by the patient or by another adult on the patient's behalf and in the patient's presence and at the patient's direction.
 3. Is notarized or is also signed by at least two other adults.
- b. No witness on an AHCD may be the patient's health care provider, an owner or employee of a health care facility, or the patient's agent if the AHCD is a Durable Power of Attorney for Health Care. In addition, at least one witness must not be a relative of the patient and must not stand to benefit from the patient's death. Each witness on an AHCD shall have made the following declaration in substance: "I declare under penalty of perjury under the laws of California:
 1. That the individual who signed or acknowledged this advance health care directive is personally known to me, or that the individual's identity was proven to me by convincing evidence.
 2. That the individual signed or acknowledged this advance directive in my presence.
 3. That the individual appears to be of sound mind and under no duress, fraud, or undue influence.
 4. That I am not a person appointed as agent by this advance directive, and That I am not the individual's health care provider, an employee of the individual's health care provider, the operator of a community care facility, an employee of an operator of a community care facility, the operator of a residential care facility for the elderly, nor an employee of an operator of a residential care facility for the elderly."
- c. In addition, any witness who is unrelated to the patient and does not stand to benefit from his or her death must have signed the following declaration in substance:
 1. "I further declare under penalty of perjury under the laws of California that I am not related to the individual executing this advance health care directive by blood, marriage, or adoption, and, to the best of my knowledge, I am not entitled to

any part of the individual's estate upon his or her death under a will now existing or by operation of law."

2. AHCDs from Other States:

AHCDs from other states that satisfy the foregoing requirements may be relied upon.

3. Revocation:

A competent adult patient may revoke all or part of an AHCD at any time and in any manner that communicates intent to revoke. If a patient has made more than one AHCD, the most recent revokes any prior AHCD to the extent the earlier is inconsistent with the most recent.

C. Durable Power of Attorney for Health Care; Agent:

A competent patient may designate an agent, through a Durable Power of Attorney for Health Care, to give the agent the authority to make health care decisions on the patient's behalf. Such authority may also be exercised by an incompetent patient who has designated an agent prior to his or her incapacity.

D. Competent Adult patient:

1. Presumption of Competence:

Every adult patient is presumed to be competent and to have the capacity to speak or act on his or her own behalf with respect to health care decisions. This presumption of capacity includes the right to give or revoke an AHCD, appoint an agent and to designate or disqualify a surrogate or agent. The patient's primary physician shall make the determination whether the patient has, lacks, or has recovered capacity, or whether another condition exists that affects a health care instruction or the authority of an agent or surrogate.

2. Health Care Decisions:

A competent adult patient may refuse any or all proposed medical treatments and has the ultimate authority to direct his or her own health care decisions, regardless of whether he or she has executed an AHCD or has appointed an agent.

E. Incompetent or Incapacitated Adult patient:

1. Patient **not** adjudicated to lack capacity:

A patient who has not been adjudicated to lack capacity may make his or her own decisions regarding the consent to or refusal of medical treatment. In such a case, the consent of a patient's conservator, if any, is not required and does not override the patient's wishes.

2. Medical Treatment of Patient Adjudicated to be Incapacitated:

a. Reasonable Effort to Contact Family and/or Representative(s):

1. Within 24 hours of the arrival in the emergency department of a PPH hospital of a patient who is unconscious or otherwise incapable of communication, hospital staff shall make reasonable efforts to contact the patient's agent, surrogate, or a family member or other person the hospital reasonably believes has the authority to make health care decisions on behalf of the patient. Reasonable efforts shall include at least the following:

- a. Examination of the personal effects, if any, accompanying the patient and any medical records regarding the patient in the hospital's possession;
- b. Review of any verbal or written report made by emergency medical technicians or the police, to identify the name of any agent, surrogate, or a family member or other person the hospital reasonably

believes has the authority to make health care decisions on behalf of the patient; and

- c. Attempt(s) to contact any agent, surrogate, or a family member or other person that the hospital reasonably believes has the authority to make health care decisions on behalf of the patient. Hospital staff shall include written documentation in the patient's medical record of all efforts made to contact any agent, surrogate, or a family member or other person the hospital reasonably believes has the authority to make health care decisions on behalf of the patient. The requirements of this section shall be suspended during any period in which the hospital implements a disaster and mass casualty program, or a fire and internal disaster program.

b. **Conservator Appointed:**

1. If a patient has been adjudicated to lack the capacity to make health care decisions and a court has appointed a conservator, the conservator has the *exclusive* authority to make health care decisions for the patient. The conservator shall make health care decisions for the patient in accordance with the patient's individual health care instructions or known wishes, if any (g., an AHCD or any other written or oral directive). Otherwise, the conservator shall make such decisions in accordance with his or her good faith determination of the patient's best interest based on sound medical advice. In determining the patient's best interest, the conservator shall consider the patient's personal values to the extent known to the conservator. The conservator may require the patient to receive health care, whether or not the patient objects. In this case, the health care decision of the conservator is sufficient.
2. If prior to the establishment of the conservatorship the patient was an adherent of a religion whose tenets and practices call for reliance on prayer alone for healing, the treatment required by the conservator shall be, to the extent possible, rendered by a physician of that religion.
3. Unless otherwise specified in an AHCD, a conservator has the same rights as the patient to request, receive, examine, copy, and consent to the disclosure of the patient's medical information and/or records. In the absence of a conservator, the health care decisions for an incapacitated patient shall be made by the patient's agent, guardian or surrogate decision-maker, if any.

c. **Conservator Not Appointed; Agent:**

Unless otherwise provided in the patient's AHCD, an agent only has authority to make health care decisions on behalf of the patient upon a determination by the primary physician that the patient lacks the capacity to make health care decisions for himself or herself. An agent's decisions and/or directives shall not override those communicated by a competent adult patient.

d. **Conservator and/or Agent Not Appointed; Surrogate Decision-Maker:**

1. In the event a conservator has not been appointed, a competent adult patient may designate any other competent adult as his or her surrogate to make health care decisions on his or her behalf by personally informing the primary physician [**or PPH representative**], either orally or in writing. Designation of a surrogate shall be promptly recorded in the patient's medical record and shall be effective for as long as specified by the patient, or during the course of treatment or illness, or during the stay at the facility in which the designation is made, or for sixty days, whichever is shorter.
2. In the case of an incompetent/incapacitated patient, and in the absence of a conservator, agent, or guardian, the individual who is the most likely to be affected by the patient's life or death and who is most familiar with the patient's wishes and desires should be consulted as the patient's surrogate. This individual is typically the patient's spouse, though another immediate family member may act as the surrogate if appropriate under the circumstances.
3. If no immediate family member can reasonably be located or contacted, or if the hospital or primary physician believes that no immediate family member that

has been contacted is appropriate to act as the surrogate, a non-immediate family member or "significant other" or close friend may act as surrogate, if appropriate. However, before relying on a "significant other" or close friend as a surrogate, Patient and Family Services shall be consulted. In addition, the primary physician shall obtain approvals of the designation of the surrogate from:

- a. The Bioethics Committee Chairperson (or, in his/her absence, an alternate member of the committee), in consultation with such other Committee members as he/she may deem appropriate.
 - b. The Hospital Administrator or his/her designee
 - c. The Department Chairperson
 - d. Any family member(s) who can be contacted.
4. In the event a dispute arises regarding the designation of any individual as a surrogate, or regarding a surrogate's decision(s), the Bioethics Committee may be convened and consulted. In addition, if the dispute regards the designation of a particular individual as the surrogate, the hospital shall consult legal counsel and shall seek appointment of a conservator, as described in this Policy.
5. The primary physician may act in accordance with an unchallenged directive by the patient's surrogate. When there is a disagreement between family members and/or surrogates, or if the primary physician has reason to believe that the surrogate is not acting in the patient's best interest, the primary physician shall maintain life-sustaining treatment until any of the following occur:
- a. The disagreement is resolved by the interested parties, who come to a consensus as to the proper surrogate and/or the action to be taken in the patient's best interest
 - b. A conservator is appointed and authorizes the withdrawal of life-sustaining equipment, and such decision is unchallenged
 - c. The court issues an order approving the withdrawal of life-sustaining treatment under Section 3200 of the Probate Code.
6. In all cases, the patient's desires, if known and medically appropriate, shall take priority.
- e. No Representative Available:
1. In the event a living patient is incapacitated and does not have a representative (e.g., because there is no conservator, the patient never appointed an agent or surrogate and he or she does not have any identifiable relatives or close friends), life-sustaining treatment may only be withdrawn after one of the following alternatives are implemented by the hospital:
 - a. Court-Appointed Conservator: A PPH representative may petition the court to appoint a conservator, who may act on behalf of the patient in accordance with this Policy and applicable laws and regulations
 - b. Petition to Withdraw Treatment: A PPH representative may petition the court to issue an order permitting the Primary Physician and/or PPH to withdraw or forego life-sustaining treatment, in accordance with Probate Code Section 3200 et seq.
 2. In either of the above instances, legal counsel shall be consulted to ensure that the appropriate steps are taken to obtain authorization the withdrawal of life-sustaining treatment.

F. Opposition by Physician

1. Medical Opposition; Futile Care:

- a. When a patient's primary physician believes that further or additional health care would constitute futile care, as defined above, the following steps should be taken:
 1. The primary physician shall carefully explain to the patient and/or his or her representative the nature of the ailment, the available treatment options, and the patient's prognosis. The physician shall explain that in no event shall the withholding or withdrawal of health care involve a withdrawal or withholding of comfort, dignity, and psychological care and support.

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2. The primary physician shall provide the names of appropriate medical consultants to provide independent opinions concerning the patient's diagnosis, prognosis and available treatment alternatives, if any.
3. The assistance of the PPH facility's nurses, chaplain, patient care representative, and social services shall be offered to the patient's representative(s). A joint conference or other collaborative communication between these parties and the primary physician is desirable.
4. At the primary physician's request, the Bioethics Committee may be called to consider the matter and offer advice and counsel to the primary physician and/or the patient or his or her representative(s).
5. Adequate time should be given for the patient or his or her representative(s) to consider the information and situation.

b. If the above steps are taken and the patient or his or her representative disagrees with the primary physician as to whether further or additional health care would be futile:

1. The mechanism for personal payment can be invoked.
2. The primary physician shall cooperate with the patient or his or her representative in transferring the care of the patient to another qualified physician and/or health facility who will consent to implementation of the patient's or his or her representative's health care wishes. The responsibility for finding such an alternate physician and/or health facility shall lie with the patient or his or her representative, though the primary physician and hospital shall make reasonable efforts to assist such efforts.

c. If a disagreement persists between the physician and the patient or his or her representative as to the futility of further or additional health care, and the patient cannot be transferred to another physician and/or facility, the physician and/or PPH shall petition the court to approve or deny the proposed health care, as the case may be, pursuant to Health and Safety Code Section 3200. In so doing, the physician shall consult with the Bioethics Committee, who shall in turn consult with legal counsel to ensure compliance with applicable laws and regulations. Life-sustaining treatment shall not be withdrawn when a dispute exists under this Section until the dispute is resolved by an order of the court. Notwithstanding, the personal payment option may be invoked during the petition process as appropriate.

2. Moral Opposition:

- a. Any physician has the right to refuse to participate in continuing or foregoing life-sustaining treatment for moral reasons. In the event a primary physician does not wish to participate in the continuance or withdrawal of life-sustaining treatment by reason of moral opposition, the primary physician shall cooperate with the patient or his or her representative in transferring the care of the patient to another qualified physician and/or health facility who will consent to implementation of the patient's or his or her representative's wishes. The responsibility for finding such an alternate physician and/or health facility shall lie with the patient or his or her representative, although the primary physician and hospital shall make reasonable efforts to assist such efforts.
- b. In the event the patient cannot be transferred to another physician and/or facility that will honor the patient's (or his or her representative's) wishes, life-sustaining treatment shall be maintained until the requirements of this Policy have been fulfilled and a court order authorizing the withdrawal of life-sustaining treatment is obtained, as described above.

G. Bioethics Committee:

The Bioethics Committee may be consulted at any time by the primary physician and shall be consulted when requested by the Chief of Staff, Administrator, Patient Care Director or their designee(s). This may be done by contacting the Chairperson of the Bioethics Committee. Consultation is encouraged in all cases of uncertainty or dispute with respect to issues governed by this Policy, or in situations in which it is unclear whether this Policy is applicable. The Bioethics Committee shall be consulted by the primary physician prior to limiting, withholding or withdrawing life support when any of the following conditions exist, unless the administrator and either the Chief

of Staff or Chairperson of the Bioethics Committee determine that consultation with the Bioethics Committee is unnecessary:

1. The patient is pregnant.
2. The patient has a minor dependent child or children and continued medical treatment is expected to significantly extend the patient's life and improve the patient's condition.
3. There is no representative for a patient who is physically or mentally incapable of providing or withholding consent and the patient has not previously expressed his desires concerning life-sustaining treatment.
4. There is disagreement by or among family members of a patient who is physically or mentally incapable of providing or withholding consent, whether or not an agent, guardian, or conservator exists.
5. A representative decision-maker requests the withholding or withdrawal of medically appropriate treatment, or the administration of futile treatment for a patient who is physically or mentally incapable of providing or withholding consent in circumstances in which it appears to the primary physician to be appropriate to follow the course of action requested by the representative.

H. Minors; Special Considerations:

Although, in general, parents and court-appointed guardians have legal authority to make health care decisions for their minor children, recent developments in federal and state laws relating to medical neglect, and the publication of relevant regulations by the U.S. Department of Health and Human Services and the California Department of Social Services, make such medical decision-making complex and difficult to condense into a single policy. The physician should consult general counsel and/or the Bioethics Committee at the relevant hospital in the event a situation involves the withdrawal of life-support treatment for a minor.

I. Withholding or Limiting Resuscitation:

1. Full Resuscitation. In general, patients are best served by a presumption in favor of sustaining life. Unless an appropriate order is written to the contrary, all patients in the event of cardiac or respiratory arrest shall be considered as having a standing order for cardiopulmonary resuscitation and other resuscitative efforts.
2. No Resuscitation ("No Code").
 - a. Except as otherwise provided in this Policy, "No Code" orders may only be written for patients who are suffering from an advanced medical condition or chronic illness where either:
 1. Cardio-pulmonary resuscitation would be of no medical benefit.
 2. The patient's quality of life has been or is expected to be so poor that the patient's representative decides that resuscitative measures would only prolong the patient's suffering.
 - b. No resuscitatory measures will be performed on the patient. A "No Code" order does not preclude other routine or intensive care. All critical values or results will be communicated to the attending or primary physician as outlined in procedure 27172, "Critical Values Reporting RN to MD."
 - c. Complete supportive progress note is required.
 - d. Except as otherwise provided herein, or as otherwise deemed appropriate following consultation with the Bioethics Committee, consent of the patient or his or her representative shall be obtained prior to issuance of a No-Code order. The patient or his or her representative may sign the above progress note to indicate that they have discussed the situation with their physician and that they agree. Any certified letters or conservatorship, guardianship, Durable Power of Attorney for Healthcare, or Directive to Physicians (which must comply with the Natural Death Act) **must** be copied and placed in the patient's chart.
 - e. If the patient is incompetent and no representative can be identified, a physician may write a "No Code" order if medically appropriate. The primary physician shall obtain confirmation from another physician. Both physicians shall sign the progress note.

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Administration should be notified in such cases and a consultation with the Bioethics Committee may be necessary.

- f. Specific orders are to be written in the patient's chart by the Physician. For a patient who is in a terminal or agonal state and under the current comprehensive care of a physician, a telephonic "No Code" order may be received simultaneously by two licensed members of the nursing staff who will then document the order in the chart (both must sign). The physician will personally sign the order within 12 hours and will submit proper documentation. Unit admission requirements, if shorter than 12 hours, will supersede this time limit.
 - g. Regardless of a patient's diagnosis or prognosis, it is always necessary to provide hygienic care, relieve pain and discomfort, and respect the patient's dignity.
 - h. A "No Code" order shall be reviewed *de novo* upon the patient's transfer to a different level of acuity or upon unanticipated improvement in the patient's condition.
3. Limited Resuscitation ("Limited Code"):

It is recognized that certain circumstances may arise where the full panoply of resuscitative efforts may not coincide with the previously agreed upon goals of medical treatment. In these unique and individual situations, the Physician may write an order for a "Limited Code," i.e., an order limited to the withholding of specific resuscitative procedures, subject to the provisions of this Policy.

- a. Specific orders defining limitations of treatment are to be written in the chart, i.e., no intubation, no DC countershock, no pressor support.
 - b. Except for those specific orders limiting treatment, all other therapy and treatment shall be considered appropriate through physician or standing orders. The "limited code" does not preclude the use of monitoring, routine or intensive treatment.
 - c. To help assure that the "limited code" order is clearly understood, the physician should clarify any potential ambiguities concerning the level of treatment in the order; e.g., treat arrhythmias with lidocaine, treat hypotension with pressors, morphine only for comfort, etc. Telephonic orders are acceptable and should be received simultaneously by two licensed members of the nursing staff who will then document the order in the chart (both must sign). The physician will personally sign the order within 12 hours and will submit proper documentation. Unit admission requirements, if shorter than 12 hours, will supersede this time limit.
 - d. A complete supportive progress note is required.
 - e. Except as provided in subsection (f) below, or as otherwise deemed appropriate following consultation with the Bioethics Committee, consent of the patient or his or her representative shall be obtained prior to issuance of a "limited code" order. The patient or his or her representative may sign the above progress note that they have discussed the situation with the Physician and agree. Any certified letters of conservatorship, guardianship, Durable Power of Attorney for Health Care, or Directive to Physicians (which must comply with the Natural Death Act) must be copied and placed in patient's chart.
 - f. In the event that the patient is incompetent and no representative can be identified, a physician may write a "Limited Code" order, if medically appropriate. It is required that he seeks a medical staff consultation, and when that consultation is accomplished, both physicians should sign the progress note. Administration should be notified in these cases and a consultation with the Bioethics Committee may be necessary.
 - g. A "Limited Code" shall be reviewed *de novo* if a change in the patient's condition occurs.
 - h. Regardless of a patient's diagnosis or prognosis, it is always necessary to provide hygienic care, relieve pain and discomfort and respect the patient's dignity.
4. Continuing "No Code" Orders in the Operating or Interventional Suite Room:
- a. Application:
 - 1. These guidelines apply when surgical procedures are performed for patients for whom a No Code order has been issued.

2. If no Code orders are suspended during surgery or interventional procedures and the immediate recovery, a registered nurse caring for the patient coast operatively is responsible for clarifying with the surgeon when the No Code order will be resumed. ~~No Code orders have customarily been suspended during surgery. These guidelines are not intended to fault that custom but instead to recognize that No Code orders may also be continued during operations, thereby providing greater freedom of choice for patients or their representatives, in consultation with their primary physicians.~~

b. **Continuing No Code Orders:**

1. Although preoperative orders' are typically cancelled at the time of surgery, No Code orders can be continued. Physicians caring for a patient (e.g., the attending physicians, surgeon anesthesiologist) should confer about whether they think a No Code order should be continued. The primary physician should discuss the No Code order with the patient and/or the patient's representative preoperatively. The anesthesiologist, at his or her discretion, may elect to discuss the No Code issue in relation to the possibility of an adverse anesthetic event. The possibility of cardiopulmonary arrest due to an adverse reaction to anesthesia should be included in the discussion. An appropriate note should be written documenting the outcome of this discussion. As is customary, the decision of the patient or surrogate decision-maker should generally be followed, except as specified in this policy.
2. A No Code order does not change the standard of practice for the procedure being done. Medications should still be used to treat pre-arrest cardio-respiratory abnormalities. In the event of an adverse reaction to the anesthetic agent resulting in cardio-respiratory arrest, resuscitation is inappropriate unless the patient or his or her representative and one of his physicians have agreed otherwise.
3. No physician should be forced to participate in an operation when a No Code order will be continued during the operation. If a treating professional declines to honor a No Code order, diligence should be used to find a replacement so that a patient will not have to choose between forgoing the surgery and having it with CPR.
4. Like other orders, a No Code order that has been suspended during an operative procedure should typically be reinstated by the surgeon's order to take effect after the patient leaves the recovery room.

J. **Procedure for Issue of Order to Withdraw Life Support**

1. Orders to withdraw life-sustaining treatment shall generally be written and signed by the primary physician on the physician order sheet and included in the patient's medical record, except that verbal orders to withdraw life-sustaining treatment shall be accepted as circumstances warrant. The patient's primary physician shall verbally inform the patient's nursing staff of upon issuing any order to withdraw life-sustaining treatment to ensure that the order is known and understood. The Patient Care Director or designee (Administrative Supervisor or Clinical Coordinator), shall be notified of every order to withdraw life-sustaining treatment as soon as practicable.
2. Every order to withdraw life-sustaining treatment must be supported by ample and complete documentation in the patient's progress notes of all the circumstances surrounding the decision, the parties involved (g., surrogate decision makers, family members, etc.) Such documentation shall include, but need not be limited to, a summary of the medical circumstances which specifically addresses the factors set forth in the determination of proportionality, which must include at least:
 - a. Reference to the patient's mental status, diagnosis, and prognosis at the time the order is written or the decision is made and to test results or an explanation if no tests are performed;
 - b. The outcome of any consultations with other physicians (physicians who provide consultations must document their consultative findings and recommendations);
 - c. A statement indicating the basis upon which a particular person or persons have been identified as an appropriate representative(s) for the patient;

- d. A statement summarizing the outcome of consultation with patient and his or her representative(s); and
 - e. The patient or his or her surrogate shall sign a statement substantially similar to the documents attached as Forms 302-1 and 302-2, to be included in the patient's medical record, to indicate that the patient or his or her representative(s) has or have discussed the medical situation with the physician and that he, she or they authorize(s) the withdrawal of life-sustaining treatment.
3. Every appropriate procedure should be performed to relieve the patient's suffering and to maintain the patient's comfort.
4. In accordance with applicable laws and regulations, every PPH facility shall:
- a. Provide patients with written information about their right to accept or refuse medical treatment and their right to execute ACHDs;
 - b. Maintain written policies and procedures to ensure that patients receive such information in written form;
 - c. Document in each patient's medical record whether he or she has executed an AHCD; and
 - d. Provide staff and community education about AHCDs.
- K. Special Considerations When the Patient Is An Infant:
1. Introduction:
- Decisions to discontinue life-sustaining treatment for seriously ill newborns and infants merit special consideration. The hospital and/or attending physician shall consult with legal counsel regarding the applicability of applicable laws and regulations, which establish special standards relating to, among other things, health care for handicapped infants. Some of these standards are discussed below.
2. Community Standards:
- a. Treatment that may be discontinued:
 - 1. While PPH shall not be required to provide futile health care for an infant, health care for an infant should generally be presumed beneficial and should therefore be provided. In addition, life-sustaining treatment should not be withheld or withdrawn on the basis of considerations such as the infant's anticipated or actual limited physical or mental potential or the present and/or future lack of available community resources. For example, life-sustaining treatment should not be discontinued solely because an infant suffers from mental retardation or some other form of mental or physical disability.
 - 2. In all infant cases, basic, humane and dignified care shall be provided to ensure the infant's comfort and well being, even where life-sustaining treatment is terminated. In cases where it is uncertain whether medical treatment will be beneficial or futile, other physicians and/or the Bioethics Committee may be consulted.
 - b. Parental involvement:
 - 1. Decisions regarding an infant's health care must always be made by the infant's representative(s). In most cases, the infant's representative(s) is/are the infant's parent(s). In such a case, the infant's parent(s) shall make health care decisions on the infant's behalf in good faith and based upon information provided by the infant's physician regarding the infant's diagnosis, prognosis, and available treatment, and with appropriate guidance from the infant's physician(s) regarding acceptable options.
 - 2. While an infant's parent(s) decisions are generally governing, they should **not** be followed if the parent(s) is/are incompetent, have an irresolvable disagreement between them, or if their proposed decision is, in the opinion of the infant's primary physician, against the infant's best interest. In such a case, the Bioethics Committee shall be consulted and a petition may be made to the court for resolution of the issue. However, before petitioning the court, the infant's primary physician should attempt to resolve a disagreement with the infant's

parents. In some situations it may be helpful and appropriate for the physician and the parent(s) to confer with the Bioethics Committee and/or another physician.

3. If there is insufficient time to fully discuss the concerns of the persons participating in the decision making process which have resulted in an irreconcilable dispute and if there is not adequate time available to seek a judicial resolution of such a dispute in a case where treatment must be immediately provided in order to save the infant's life or to prevent significant disability, the physician should always act in the best interests of the infant and should generally presume that life-sustaining treatment should be provided unless and until a court resolves the dispute.

c. Resources:

When interested persons (e.g., parents and members of the health care team) have irreconcilable disagreements regarding an infant's treatment options, advice may be sought from qualified persons, such as the Bioethics Committee, prior to petitioning the court. The ethics committee may provide a framework for impartial and sensitive review of the difficult choices that must sometimes be made, without the formality and adversarial character of a court proceeding. It also may provide an internal contact point for any investigation of cases in which questions have arisen and, and minimize the role of outside reviewers who are investigating cases of suspected child abuse in the form of medical neglect, but it should not make the decision or decide when to disqualify parents. The Bioethics Committee should facilitate communication and provide advisory guidance when ethical conflicts occur.

IV. **ADDENDUM:**

V. **DOCUMENT / PUBLICATION HISTORY:**

The previous revision dates are: 7/24/01 and 12/17/01.

VI. **CROSS-REFERENCE DOCUMENTS:**

V. **DOCUMENT / PUBLICATION HISTORY: (template)**

Revision Number	Effective Date	Document Owner at Publication	Description
(this version) 1	05/12/2003	Lorie Shoemaker, Chief Nurse Executive, PPH	The previous revision dates are: 7/24/01 and 12/17/01.

VI.

Authorized Promulgating Officers: *Bruce Knicker* (05/13/2003) ~~Dr. Alan W. Larson, Board of Directors' Chairman~~

VI. **CROSS-REFERENCE DOCUMENTS:(template)**

Reference Type	Title	Notes
Source Documents	1	
JCAHO CAMH Standard	JCAHO Standards.	
JCAHO CAMH Standard	California case law	
JCAHO CAMH Standard	California Penal Code	
JCAHO CAMH Standard	Health & Safety Code Section 7180 et seq.	
JCAHO CAMH Standard	Probate Code	

[We redact certain identifying information and certain potentially privileged, confidential, or proprietary information associated with the individual or entity.]

[Name and address redacted]

Re: Complimentary Local Transportation Program

Dear [Name redacted]:

We are writing in response to your letter of November 18, 2002, seeking clarification of the position of the Office of the Inspector General ("OIG") on the provision of complimentary local transportation. Specifically, you seek clarification on the application of section 1128A(a)(5) of the Social Security Act to a hospital's existing program to provide free transportation for the hospitals' patients and their families to the hospital and to hospital-owned ambulatory surgical centers. Section 1128A(a)(5) prohibits a person from offering or transferring remuneration to a beneficiary that such person knows or should know is likely to influence the beneficiary to order items or services from a particular provider, practitioner, or supplier for which payment may be made by Medicare or Medicaid.

Free local transportation valued at no more than \$10 per trip and \$50 per patient in the aggregate on an annual basis is permissible under section 1128A(a)(5). Complimentary transportation services that exceed those limits implicate the statute. However, as indicated in the Special Advisory Bulletin on Offering Gifts and Other Inducements to Beneficiaries (67 Fed. Reg. 55855 (Aug. 30, 2002)), we are considering developing a regulatory exception for some complimentary local transportation of higher value offered to beneficiaries residing in a provider's primary service area.

In light of our continuing consideration of a regulatory exception for complimentary local transportation, we believe strict enforcement of section 1128A(a)(5) may needlessly disrupt patient care in the event we ultimately promulgate an exception for such arrangements. Accordingly, until such time as the OIG promulgates a final rule on complimentary local transportation under section 1128A(a)(5) or indicates its intention not to proceed with such rule, the OIG will not impose administrative sanctions for violations of section 1128A(a)(5) of the Act in connection with hospital-based complimentary transportation programs that meet the following conditions:

1. The program was in existence prior to August 30, 2002, the date of publication of the Special Advisory Bulletin.
2. Transportation is offered uniformly and without charge or at reduced charge to all patients of the hospital or hospital-owned ambulatory surgical center (and may also be made available to their families).
3. The transportation is only provided to and from the hospital or a

Page 2 - [Name redacted]

hospital-owned ambulatory surgical center and is for the purpose of receiving hospital or ambulatory surgery center services (or, in the case of family members, accompanying or visiting hospital or ambulatory surgical center patients).

4. The transportation is provided only within the hospital's or ambulatory surgical center's primary service area.
5. The costs of the transportation are not claimed directly or indirectly by on any Federal health care program cost report or claim and are not otherwise shifted to any Federal health care program.
6. The transportation does not include ambulance transportation.

[Sentence redacted]

I hope this information is helpful. If you have further questions or comments, please feel free to contact me at (202) 619-0335.

Sincerely,

/s/

Kevin McAnaney
Chief, Industry Guidance Branch

am

PALOMARPOMERADO HEALTH

BOARD POLICY

FIN-12

**EXPENDITURE AND REQUISITION APPROVAL
AUTHORITY**

February 1, 2008

Change Summery
FIN-12 Expenditure and Requisition Approval Authority

1. Reviewed the current Government Code and Administrative Code for compliance.
2. Finance committee at their January 22, 2008 meeting reviewed the policy as requested and recommended that §§III.B-D be amended as appropriate to provide the following authority:

The CEO is authorized to approve expenditures up to \$250,000 per transaction, for transactions between \$250,000 and \$500,000 after consultation with either the Chairman of the Board or with the Chairman of the Board finance committee/treasure. (See attached proposed resolution)

MEDICAL STAFF SERVICES

PALOMAR
POMERADO
HEALTH

January 29, 2008

TO: Board of Directors
BOARD MEETING DATE: February 11, 2008
FROM: John J. Lilley, M.D., Chief of Staff
PMC Medical Staff Executive Committee
SUBJECT: Medical Staff Credentialing Recommendations

PALOMAR MEDICAL CENTER

- I. Provisional Appointment (02/11/2008 – 01/31/2010)
Nasser Bayati, M.D., Internal Medicine
Anoosha Ghodsi-Shirazi, M.D., OB/GYN
Jennifer S. Kimble, M.D., Gastroenterology
Jeffrey S. Krebs, M.D., Internal Medicine
- II. Advance from Provisional to Active Status
Edward J. Epstein, M.D., Pediatrics (03/01/2008 – 02/28/2010)
Robert C. Hajosy, M.D., OB/GYN (02/11/2008 – 12/31/2009)
Bach K. Nguyen, M.D., Family Practice (02/11/2008 – 11/30/2008) (Includes PCCC)
Khuram A. Sial, M.D., Physical Medicine & Rehab (02/11/2008 – 02/28/2009) (Includes PCCC)
- III. Advance from Provisional to Courtesy
Alan J. Conrad, M.D., Internal Medicine (02/11/2008 – 05/30/2008)
Robert T. Gramins, D.D.S., Oral & Maxillofacial Surgery (02/11/2008 – 07/31/2009)
- IV. Advance from Provisional to Associate Status
Paul J. Cotten, M.D., Anesthesia (02/11/2008 – 05/31/2009) (Includes ESC)
- V. Change from Associate to Active Status
Joan M. Meyer, D.P.M., Podiatry
- VI. Change from Active to Associate Status
Elizabeth A. Salada, M.D., Internal Medicine
- VII. Change from Active to Retired Status
Martin I. Oretsky, M.D., Emergency Medicine (Effective 03/31/2008)
- VIII. Additional Privileges
John S. Anshus, M.D., Emergency Medicine/Wound Care
 - Chronic Wound Management (at San Marcos Wound Care Center)
 - Hyperbaric Oxygen Therapy Supervision (at San Marcos Wound Care Center)
 Bradley B. Bailey, M.D., Wound Care
 - Chronic Wound Management (at San Marcos Wound Care Center)
 - Hyperbaric Oxygen Therapy Supervision (at San Marcos Wound Care Center)
 Philip E. Larkins, D.P.M., Podiatry
 - Chronic Wound Management (at San Marcos Wound Care Center)
 Clifford J. Wolf, D.P.M., Podiatry
 - Chronic Wound Management (at San Marcos Wound Care Center)

PALOMAR MEDICAL
CENTER
555 East Valley Parkway
Escondido, CA 92025
Tel 760.739.3140
Fax 760.739.2926

POMERADO
HOSPITAL
15615 Pomerado Road
Poway, CA 92064
Tel 858.613.4664
Fax 858.613.4217

ESCONDIDO
SURGERY CENTER
343 East Grand Avenue
Escondido, CA 92025
Tel 760.480.6606
Fax 760.480.1288

IX. Voluntary Resignations/Withdrawals

- Maribeth S. Chong, M.D., Internal Medicine (Effective 02/29/2008)
- Menashe Kfir, M.D., Maternal-Fetal Medicine (Effective 02/11/2008)
- T. Tejpal Singh, M.D., Diagnostic Radiology (Effective 12/31/2007)

X. Allied Health Professional Appointment (02/11/2008 – 01/31/2010)

- Christopher S. Mayberry, P.A.-C., Physician Assistant; Sponsors: Kaiser Orthopaedic Surgeons (Includes ESC)

XI. Allied Health Professional Withdrawal of Membership

- Gary T. Baldwin, P.A.-C., Physician Assistant; Sponsors: CEP (Effective 01/06/2008)
- Michael J. Conte, P.A.-C., Physician Assistant; Sponsors: CEP (Effective 12/14/2007)
- Jose A. Suazo, P.A.-C., Physician Assistant; Sponsors: CEP (Effective 09/30/2007)

XII. Reappointment Effective 03/01/2008 – 08/30/2008

- Paul J. Haydu, M.D. Emergency Medicine Dept of Emergency Medicine Associate
(Change from Courtesy to Associate, no clinical privileges)

Reappointments Effective 03/01/2008 – 02/28/2010

Robert W. Barr, M.D.	Pediatrics	Dept of Pediatrics	Courtesy
Dereck J. DeLeon, M.D.	Family Practice	Dept of Family Practice	Active
David J. Golembeski, M.D.	Neonatal-Perinatal Med	Dept of Pediatrics	Active
David A. Haffie, D.O.	Family Practice	Dept of Family Practice	Active
Larry S. Johnsgard, M.D.	Neonatal-Perinatal Med	Dept of Pediatrics	Active
Richard G. Just, M.D.	Hematology/Oncology	Dept of Medicine	Active
George F. Longstreth, M.D.	Gastroenterology	Dept of Medicine	Courtesy
Isela Penunuri, M.D. (includes PCCC)	Family Practice	Dept of Family Practice	Active
Jodi L. Sheridan, M.D.	Family Practice	Dept of Family Practice	Courtesy
Theodore A. Wassell, D.D.S. (includes ESC)	Maxillofacial Surgery	Dept of Family Practice	Associate

XIII. Allied Health Professional Reappointment Effective 03/01/2008 – 02/28/2010

- Terrie J. Harrell, N.P., Nurse Practitioner; Sponsors: Kaiser Long Term Care Physicians (Includes PCCC)
- Jim P. Marte, P.A.-C., Physician Assistant; Sponsor: Dr. J. Schiffman (Includes ESC)
- Susan L. Phillips, R.N., Clinical Research Coordinator; Sponsors: Drs. Bender, Burrows, Hirsch, Otoshi, Trestman

Certification by and Recommendation of Chief of Staff:

As Chief of Staff of Palomar Medical Center, I certify that the procedures described in the Medical Staff Bylaws for appointment, reappointment or alteration of staff membership or the granting of privileges and that the policy of the Palomar Pomerado Health System's Board of Directors regarding such practices have been properly followed. I recommend that the action requested in each case be taken by the Board of Directors.

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**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2008**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Nasser Bayati, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine – Certified 2000
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ORGANIZATIONAL NAME

<i>Name</i>	Neighborhood Healthcare
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Tebriz University of Medical Sciences, Iran From: 09/01/1983 To: 08/31/1990 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	William Beaumont Hospital, Royal Oak, MI Internal Medicine From: 07/01/1997 To: 06/30/2000
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Tri-City Medical Center Promise Hospital of San Diego Alvarado Hospital and Medical Center Sharp Memorial Hospital, Chula Vista Sharp Grossmont Hospital

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2008**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Anoosha Ghodsi-Shirazi, MD
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Obstetrics and Gynecology – Certified 2006
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ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Chicago Medical School, North Chicago, IL From: 06/01/1994 To: 06/12/1998 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	Mount Sinai Hospital Medical Center of Chicago, IL Obstetrics/Gynecology From: 07/01/1998 To: 06/30/2002
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego Kaiser Foundation Hospital, Harbor City

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2008**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Jennifer S. Kimble, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Gastroenterology – Certified 2006 Internal Medicine – Certified 2005
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ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Texas, San Antonio From: 07/01/1996 To: 05/27/2000 Doctor of Medicine Degree
<i>Internship Information</i>	Mount Auburn Hospital, Cambridge, MA Internal Medicine From: 06/23/2000 To: 06/22/2001
<i>Residency Information</i>	New England Medical Center, Boston, MA Internal Medicine From: 07/01/2001 To: 06/30/2003
<i>Fellowship Information</i>	University Hospitals of Cleveland, OH Gastroenterology From: 07/01/2003 To: 06/30/2006
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego Louis Stokes VA Medical Center, Cleveland, OH

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2008**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Lawrence A. Koenig, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Family Practice – Certified 1977; Re-Certified 2002
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ORGANIZATIONAL NAME

<i>Name</i>	Centre For Health Care
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Toronto From: 09/02/1969 To: 05/28/1973 Doctor of Medicine Degree
<i>Internship Information</i>	St. Joseph's Hospital, Ontario Rotating From: 06/14/1973 To: 06/13/1974
<i>Residency Information</i>	N/A
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	University of California, San Diego

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
February, 2008**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Jeffrey S. Krebs, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine – Certified 1989
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ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	UCSD School of Medicine, La Jolla, CA From: 09/01/1982 To: 06/01/1986 Doctor of Medicine Degree
<i>Internship Information</i>	Cedars-Sinai Medical Center, Los Angeles, CA Internal Medicine From: 06/24/1986 To: 07/01/1987
<i>Residency Information</i>	Cedars-Sinai Medical Center, Los Angeles, CA Internal Medicine From: 07/01/1987 To: 06/30/1989
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENTS
FOR FEBRUARY 2008**

NAME:	Christopher S. Mayberry, P.A.-C.	
SPECIALTY:	Physician Assistant	
SERVICES:	Physician Assistant services for Kaiser Orthopaedic Surgeons at Palomar Medical Center	
TRAINING:	Finch University of Health Sciences, Chicago Medical School, North Chicago, IL	
	Master of Science – Physician Assistant Practice	05/01/00-06/07/02
	Chicago Medical School, Illinois Bone and Joint Institute Park Ridge, IL	
	Orthopaedic Physician Assistant Residency program	07/10/03-06/30/04
PRACTICE:	Physician Assistant, Dept of Orthopaedics, Kaiser Permanente, San Diego, CA	08/02/04-Present
	Physician Assistant, Internal Medicine/Occupational Medicine, Hassan Bacchus, M.D., Lancaster, CA	01/01/03-06/30/03
SPONSORS:	Kaiser Orthopaedic Surgeons at Palomar Medical Center	
CERTIFICATION:	National Commission on Certification of Physician Assistants	2002
FACILITY:	Palomar Medical Center including Escondido Surgery Center	



Pomerado Hospital Medical Staff Services

15615 Pomerado Road
Poway, CA 92064
Phone – (858) 613-4664
FAX - (858) 613-4217

DATE: January 29, 2008
TO: Board of Directors - February 11, 2008
FROM: Benjamin Kanter, M.D., Chief of Staff, Pomerado Hospital Medical Staff
SUBJECT: Medical Staff Credentials Recommendations – January 2008

Provisional Appointments: (02/11/2008 – 01/31/2010)

Nasser Bayati, M.D. - Medicine
Lawrence A. Koenig, M.D. – Family Practice

Advancements:

Anvar, Aria, M.D. Family Practice (02/11/2008 – 07/31/2009) Active Category
Batarse, Rodolfo R., M.D. Nephrology (02/11/2008-06/30/2009) Courtesy Category
Chong, Yoo Jin, M.D. Internal Medicine (02/11/2008 – (11/30/2008) Active Category
Robert T. Gramins, D.D.S. Oral Surgery (02/11/2008 – (07/31/2009) Active Category
Monique C. Mathews, M.D. Anesthesiology (02/11/2008 – (12/31/2009) Active Category
Shannon M. Rose, M.D. Internal Medicine (02/11/2008 – 03/31/2009) Active Category

Biennial Reappointments: (03/01/2008 – 02/31/2010)

Michael J. Barker, M.D. Family Practice – Active (includes Villa)
Robert W. Barr, M.D. Pediatrics - Active
Helen Y. Chang, M.D. OB/Gyn - Active
David J. Golembeski, M.D. Neonatology - Active
David A. Haffie, M.D. Family Practice - Affiliate
Larry S. Johnsgard, M.D. – Neonatology - Active
Richard G. Just, M.D.- Medicine - Active
Paul J. Haydu, M.D. – Emergency Medicine – Affiliate (03/01/2008 – August 31, 2008)
Kevin Yoo, M.D. – Surgery – Active – (March 1, 2008 – March 31, 2008) (includes Villa)

Resignations/Expiration of Membership:

Jose D. Romero, M.D.
T. Tejpal Singh, M.D.

Reinstatement and Advancement to Active Category

Dennis M. Mamaril, M.D. 02/11/2008 – 02/28/2009

Allied Health Renewal of Membership: (03/01/2008 – 01/31/2010)

Terrie J. Harrell, N.P. – Sponsor Lisa Heikoff, M.D.
Susan L. Phillips, R.N. – Sponsor Gregory Hirsch, M.D.

Allied Health Resignation:

Gary T. Baldwin, P.A.-C
Michael J. Conte, P.A.-C

**Annual Election of Directors
of Palomar Pomerado North County Health Development, Inc.
for Calendar Year 2008**

TO: Board of Directors

DATE: February 11, 2008

FROM: Palomar Pomerado North County Health Development, Inc.
Annual Organizational Meeting – January 23, 2008

BY: Brad Wiscons
Executive Director, PPNC Health Development, Inc.

BACKGROUND: In accordance with ARTICLE III, Sections 3.02 & 3.03 of the PPNC Health Development Bylaws, the member [PPH] shall annually elect three PPH Board members to serve as Directors on the PPNC Health Development Board. Based upon the direction of PPH Board Chair Bruce Krider, we respectfully request that the following three Directors be elected to serve in this capacity for the calendar year 2008: Marcelo Rivera, MD, Nancy Bassett, RN, & Linda Bailey

The remaining two seats are to be held by the PPH CEO and PPH CFO on an ongoing basis.

BUDGET IMPACT: N/A

STAFF RECOMMENDATION: Recommend approval of slate of Directors for Palomar Pomerado North County Health Development, Inc. for the 2008 calendar year.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:

BOARD QUALITY REVIEW COMMITTEE

Meeting Dates, 2008

TO: PPH Board of Directors Meeting
Monday, February 11, 2008

FROM: Board Quality Review Committee, January 15, 2008

BY: Opal Reinbold, Chief Quality Officer

BACKGROUND: The Board Quality Review Committee discussed the installation of meetings for 2008. The Committee agreed to change the standing meeting from the 3rd Tuesday of each month to the 3rd Monday of each month with the exception of January and February. Meetings will begin promptly at 12:15 and end at 2:00 p.m. The committee members agreed to alternate between Palomar Medical Center and Pomerado Hospital.

Please see the following schedule for 2008:

DATE Tuesday	LOCATION Conference Room	DATE Monday	LOCATION Conference Room
January 15	PMC Graybill Front	July 21	PMC Graybill Front
February 19	POM Meeting Room "C"	August 18	POM Meeting Room "C"
March 17	PMC Graybill Front	September 15	PMC OB Classroom
April 21	POM Meeting Room "C"	October 20	POM Meeting Room "C"
May 19	PMC Graybill Front	November 17	PMC Graybill Front
June 16	POM Meeting Room "C"	December 15	POM Meeting Room "C"

BUDGET IMPACT: None

STAFF RECOMMENDATION: As agreed by Committee

COMMITTEE QUESTIONS: None

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

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BOARD QUALITY REVIEW COMMITTEE

Annual Review of Committee Bylaws

TO: PPH Board of Directors
Monday, February 11, 2008

FROM: Board Quality Review Committee, January 15, 2008

BY: Opal Reinbold
Chief Quality Officer

BACKGROUND: Each year, each standing committee is to review its relevant section of the bylaws, as provided below, to provide an opportunity to amend as needed and provide feedback to the Board of Directors via the Governance Committee. The Board Quality Review Committee reviewed the bylaws during the October 16, 2007 Q. R. Committee meeting, and additional duties were added. The Q. R. Committee again reviewed the bylaws on December 18, 2007 and the language was refined and approved by the Committee and is submitted to the Board as set out below (*see amendments*). These amendments are being forwarded to Governance Committee for review and approval on March 18, 2008.

From: PPH Bylaws revised by the Board as of February 13, 2006

6.2 **STANDING COMMITTEES.** There shall be the following standing committees of the Board: Finance, Governance, Human Resources, Strategic Planning, Community Relations, Quality Review, Audit Committee, and Facilities and Grounds Committee. Standing committees will be treated as the Board with respect to Article V of these bylaws. All provisions in Article V that apply to Board members shall apply to members of any standing committee.

6.2.5 **Quality Review Committee.**

- (a) Voting Membership: The committee shall consist of five voting members. Including three members of the Board and the Chairs of Medical Staff Quality Management Committees of the Hospitals or *Physician Chair of Quality Council* (voting position will rotate between Chairs of Medical Staff Quality Management Committees and *Physician Chair Quality Council* allowing only two votes total for these three positions) and an alternate, who shall attend and enjoy voting rights only in the absence of a voting Committee Member.
- (b) Non-Voting Membership: The President and Chief Executive Officer, the Chief Administrators of Pomerado Hospital and Palomar Medical Center, a nurse representative, the Chief Quality and Clinical Effectiveness Officer, Chair of the Patient Safety Committee, *Chief Nurse Executive and Chief Clinical Outreach Officer.*

JHK

BOARD QUALITY REVIEW COMMITTEE

Annual Review of Committee Bylaws

(c) Duties. The duties of the Committee shall include but are not limited to:

- (i) Pursuant to the Palomar Pomerado Health Performance Improvement/Patient Safety Plan oversees the performance improvement/patient safety and risk management activities *(including but not limited to claims and potential litigations) of the Hospitals and other Facilities, if applicable, and shall periodically report its conclusions and recommendations to the Board;*
- (ii) *Yearly review of the credentialing process;*
- (iii) *Yearly review of physician satisfaction scores;*
- (iv) *Nursing Survey regarding physician behavior will be reviewed when appropriate; and*
- (v) *Quarterly review of customer satisfaction scores.*

BUDGET IMPACT: None, for information only.

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Recruitment in General

TO: PPH Board of Directors
MEETING DATE: February 11, 2008
FROM: Human Resources Committee, January 15, 2008
BY: Wallie George, Chief Human Resources Officer

BACKGROUND:

N. Bassett requested a discussion regarding PPH recruitment to date. At the December 2007 meeting B. Turner provided an overview of current recruitment practices and campaigns.

1. Janet Wortman presented information relating to recruitment achievements and challenges for 2007 as compared to 2006.
2. Overall achievements included the following:
 - a. There was an 18.5% increase in new hires.
 - b. The number of total applications processed increased by 32%
 - c. The total number of job requisitions closed increased by 13.7%
 - d. The average days to fill noted a 34% decrease
3. Nursing achievements included:
 - a. a 57% increase in nursing applications
 - b. a 5% increase in qualified hires
 - c. filling all positions in 30-days to be ready for the "express" care clinic openings
 - d. hiring 10 IMC RNs for PMC and 6 IMC/ICU RNs for Pomerado in 30-days
4. Nursing challenges included:
 - a. State mandated increases in RN ratio changes
 - b. initiation of new programs such as the PPH "expresscare" clinics
 - c. seeking experienced RNs for nights shifts and specialty areas
5. Allied Health and Management achievements
 - a. a 35.6% increase in Allied Health applications
 - b. All imaging and radiology vacancies have been filled
 - c. Director of Imaging Services was hired and subsequently all contracted personnel have been eliminated from Imaging/Radiology/Cath Lab
6. Allied Health and Management challenges
 - a. OT/PT full-time positions remain open
 - b. Development of innovative strategies focusing on recruitment of staff desiring to control their work life
7. Allied Health/Support Services achievements:

Informational: Recruitment in General

- a. hires increased by 25%
 - b. applications increased by 24%
 - c. a per diem pool of employees has been established for EVS and FANS eliminating the need for contract labor
 - d. communication partnership with hiring managers
8. Janet also outlined the various successful campaigns targeting employee referrals: Go for the Gold, Rewarding Day (SNF campaign), Every Day's a Yes! Day.
9. Also noted was the establishment of kiosks at Pomerado Hospital, Palomar Medical Center and Palomar Continuing Care. These kiosks can be use by people wanting to apply to work at PPH, employees desiring to check their benefits, and volunteers wanting to apply or check in to work.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

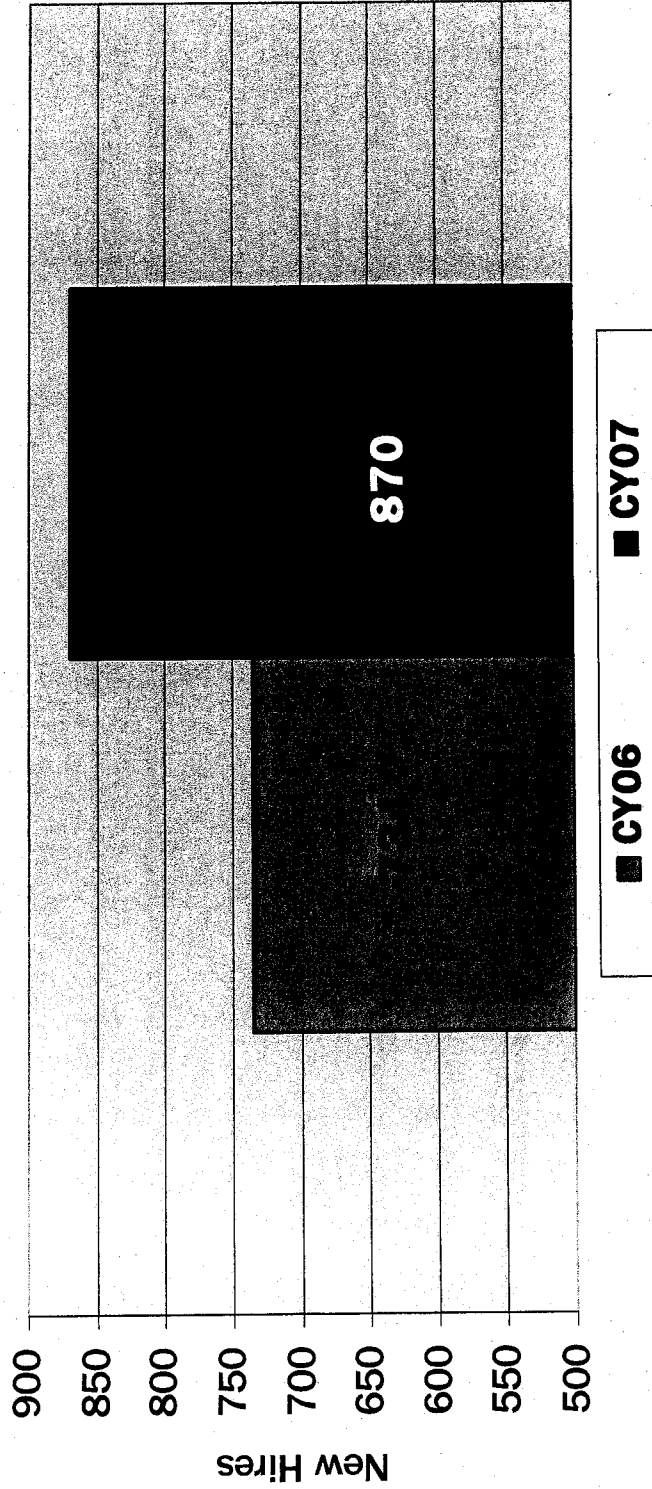
Required Time:

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

Recruitment Achievements 2007

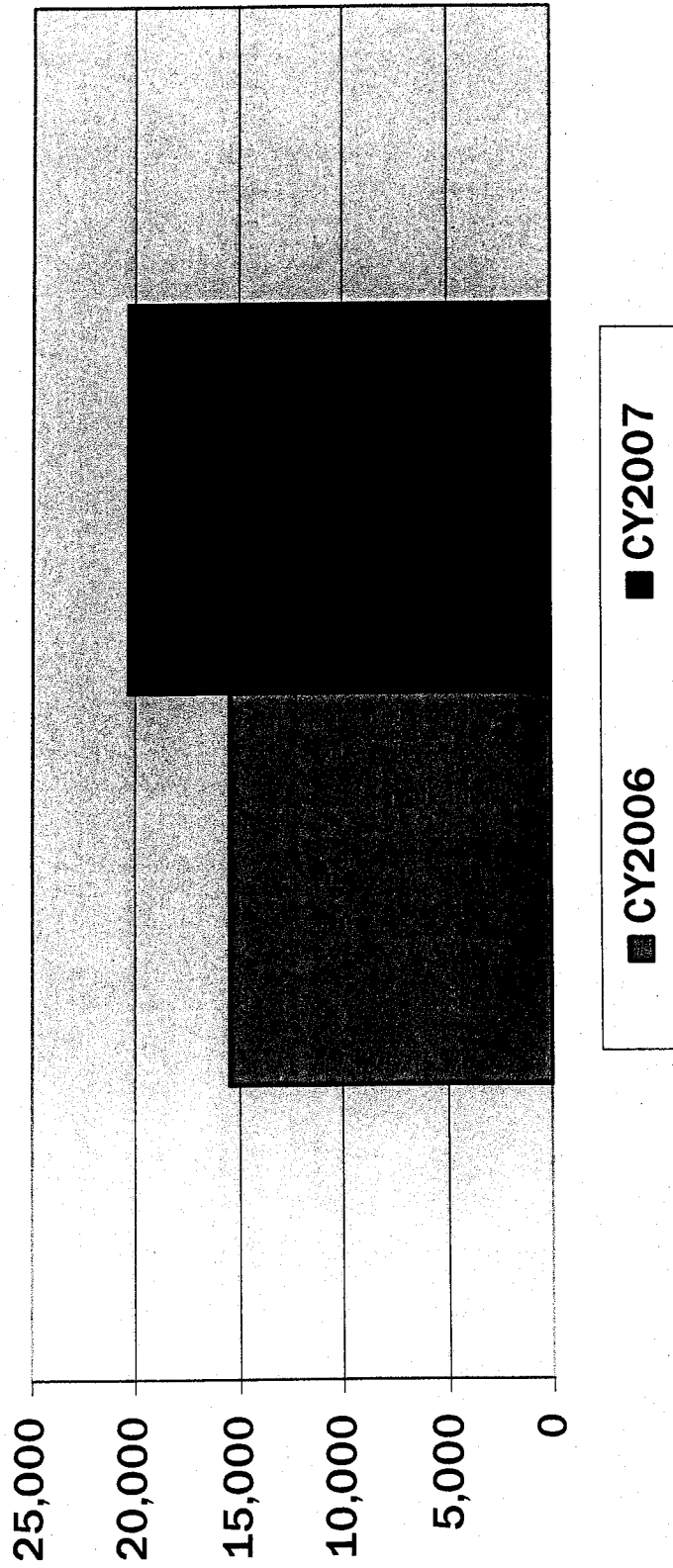
2007 Achievements

New Hires 2006 & 2007 18.5% Increase



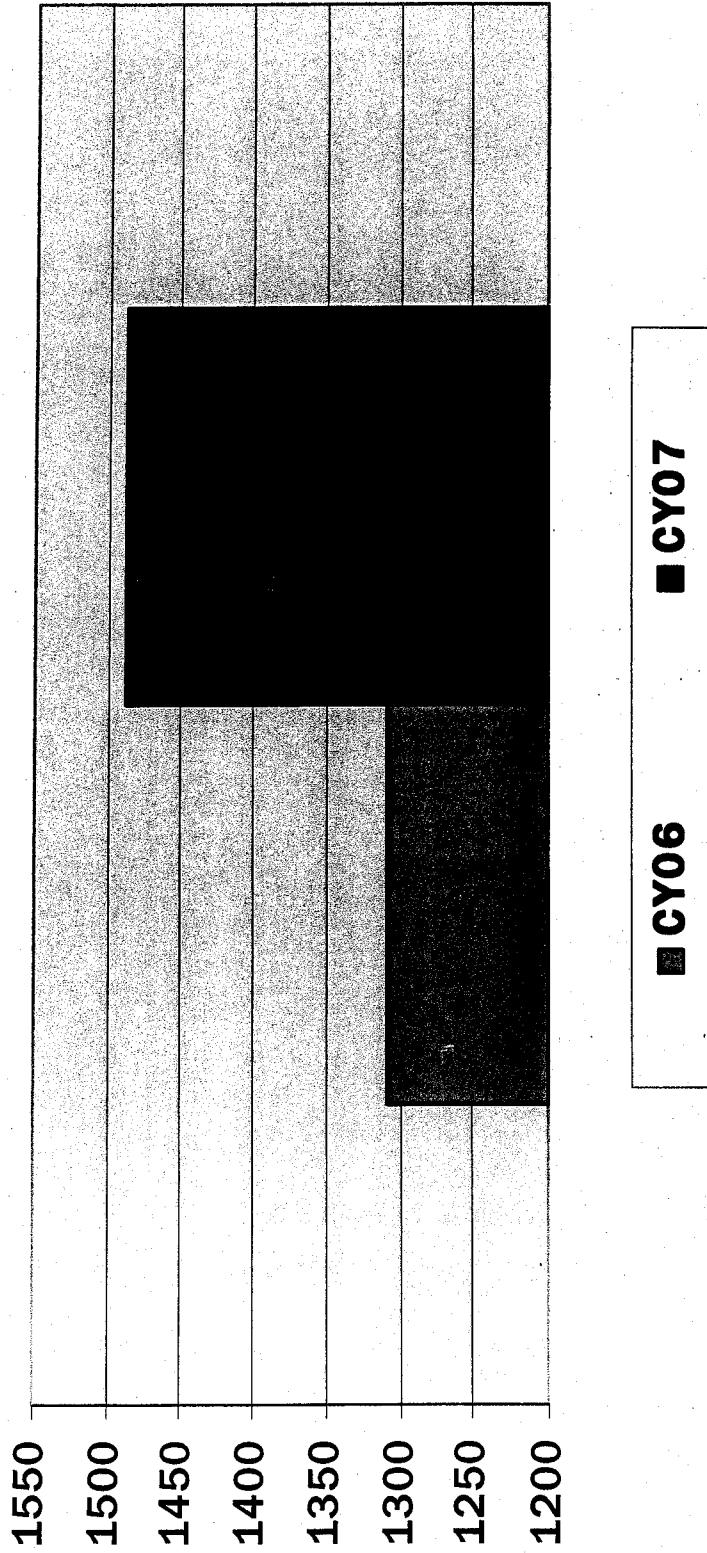
2007 Achievements

2006 & 2007 Total Applications 32% increase



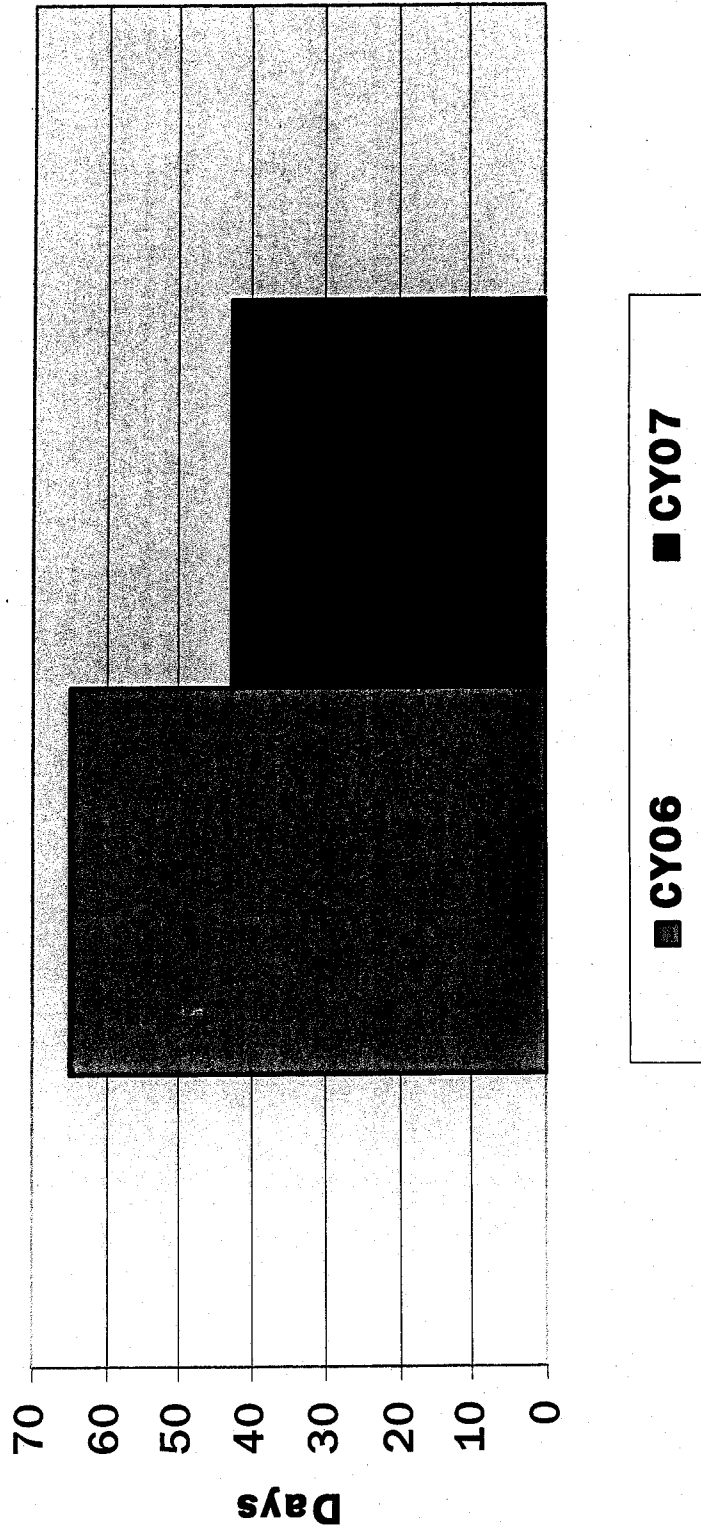
2007 Achievements

Total Closed Job Requisitions 13.7% Increase



2007 Achievements

Average Days to Fill 2006 & 2007 34% Decrease



Nursing Achievements 2007

- **57% increase in nursing applications received**
- **5% increase in qualified hires**
- **Staffing complete and ready for PPH
“expresscare” clinic openings**
 - **All Nurse Practitioner positions filled in 30-days**
- **Hired 10 IMC RNs for PMC and 6 IMC/ICU RN’s
for POM in 30 days**

Nursing Challenges 2007

- **13% increase over 2006 RN positions**
- **Ratio changes in IMC**
- **New programs**
 - PPH “expresscare” Clinics
- **Seeking to hire experienced RNs for night shift and specialty area**

Allied Health and Management Achievements 2007

- **35.6% increase in Allied Health applications**
- **Imaging and Radiology - no vacancies**
 - **Director of Imaging Services hired**
- **Contracted personnel has been eliminated from Imaging/Radiology/Cath Lab**

Allied Health and Management Challenges 2007

- OT/PT full-time positions
 - OT Hand Therapy specific positions opened in CY07
- Recruitment strategy 2008
 - Develop innovative strategy
 - Continue focus on recruitment

**PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

MASTER YOUR OWN DESTINY

At Palomar Pomarado Health we have a Rehab Track that's unlike anything you've ever experienced.

Advance your career along an administrative or clinical track with all the continuing education and advancement coursework you need.

Benefit from management that's willing to invest in you with a progressive continuing education program, a competitive salary structure, and a generous pension plan.

Fulfill all your career ambitions without changing employers. Pursue admin or clinical tracks, get continuing education and advancement coursework and explore the many facets of your career. Whether you're a new grad or a seasoned professional, PPH has the career for you.

As part of our commitment to create a healthy, healing environment for all patients and staff, Palomar Pomarado Health System's Campuses will be smoke-free effective January 1, 2008.

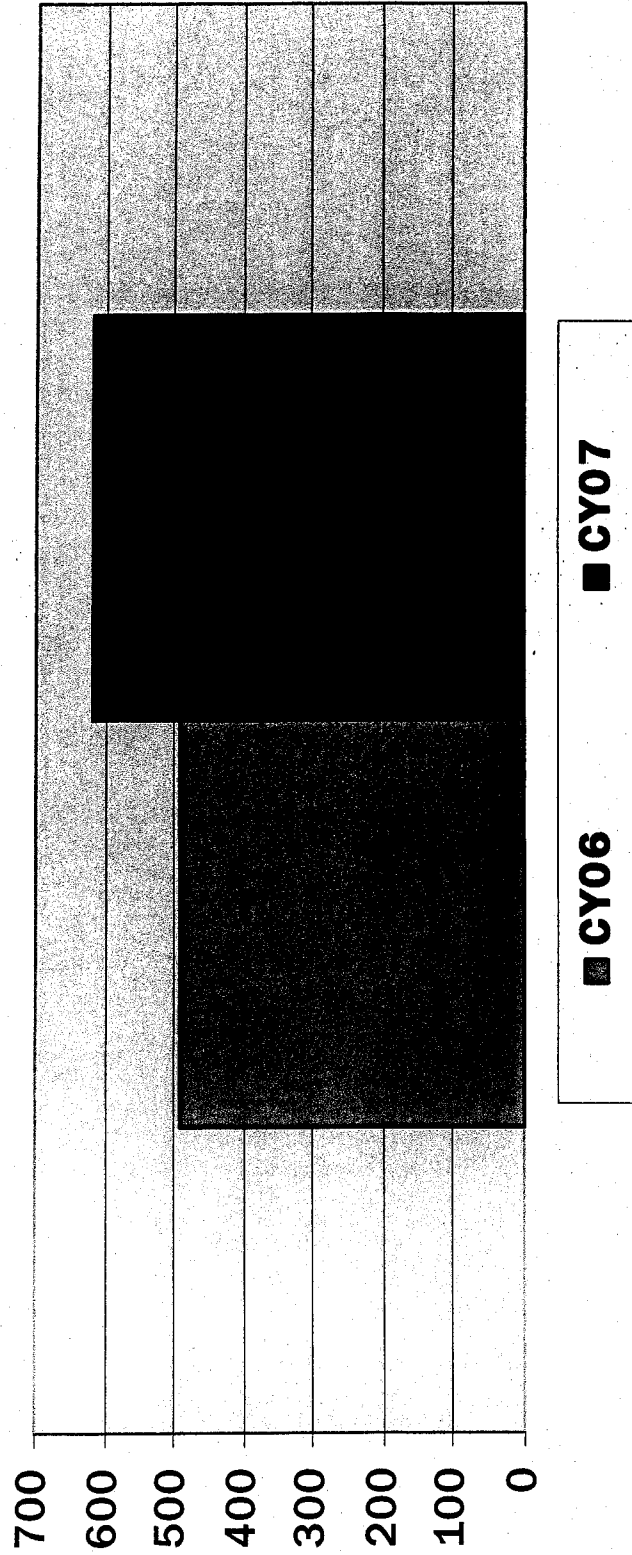


For a complete listing of our many rewarding opportunities for Physical Therapists please visit us online at www.pphrehabcareers.com or call 888.645.5556

"San Diego's Employer of Choice" - SHRM

Allied Health/Support Services Hires 2007

Total Allied Health, Management and Support Services Hires 25% Increase



Support Services Achievements 2007

- 24% increase in applications
- Developed per-diem pool of employees
- Maintained constant applicant flow
- Eliminated need for contract labor in EVS, Food and Nutrition
- Communication with hiring managers

Every Day's a Yes! Day in 2008 Employee Referral

<http://www.pphrewards.com/> Go

PPH Employee Referral Program
March 5 through August 31, 2007

GO FOR THE GOLD

\$15,000 is in the Pot of Gold
Get your share of rewards today!

Yes, we are kicking off another Employee Referral Program!

Beginning Monday, March 5th and lasting for the next six exciting months, every time you successfully refer a new hire for employment at Palomar Pomerado Health, we'll give you a \$50 American Express Gift Card and an opportunity to Go For The Gold.

And when we say Gold, we mean American Express Gift Cards loaded with cold hard cash!

Click here to see a complete list of prizes and to see if the Lucky Number on your Go for the Gold scratcher card is an Instant Winner!

REWARDS
REFERRAL
RECOGNITION
RULES

Every Day's a Yes! Day in 2008

SNF Campaign

PALOMAR POMERADO HEALTH
SPECIALIZING IN YOU

EVERY DAY'S A Rewarding! Day

At Palomar Pomerado Health, we value our employees' well-being. We offer a variety of rewards and incentives to help you make every day rewarding.

apply CLICK HERE NOW

We have rewarding opportunities at both of our facilities including:

TWO SKILLED NURSING FACILITIES TO CHOOSE FROM... Right at your doorstep.

VILLA POMERADO
15615 Pomarado Road, Poway, California 92064
Located adjacent to Pomarado Hospital, Villa Pomarado is a top-quality, 129-bed convalescent care facility featuring both a long-term care and sub-acute care units. We're proud of our facility and the rewards we offer our nurses, including one of the best nurse-to-patient ratios for long-term care programs in all of California. **CLICK HERE** for directions.

PALOMAR CONTINUING CARE CENTER
1917 Avenida Del Diablo, Escondido, California 92029
Affiliated with Palomar Medical Center, Palomar Continuing Care Center is a 96-bed skilled nursing facility providing long-term and short-term care for a variety of adult patients. We offer our highly-trained nurses the opportunity to work closely with doctors and family members to provide the best possible care. Nurses will also benefit from one of the best nurse-to-patient ratios for long-term care programs in all of California. **CLICK HERE** for directions.

For a complete list of available opportunities, please visit www.SNFcareers.com, e-mail Annmaria.Macias@pph.org or call 888.645.5556

NEW AVAILABLE POSITIONS

EVERY DAY'S A Rewarding! Day

At Palomar Pomerado Health, we value our employees' well-being. We offer a variety of rewards and incentives to help you make every day rewarding.

Discover the rewards of PPH!

We are hiring experienced nurses in a variety of positions to come join our teams at each of our two skilled nursing facilities.

Villa Pomarado in Poway features both long-term care and sub-acute care units and offers one of the best nurse-to-patient ratios for long-term care programs in all of California.

Palomar Continuing Care Center in Escondido provides long and short-term care offering our highly trained nurses the opportunity to work closely with doctors and family members.

For a complete list of available opportunities, please visit www.SNFcareers.com, e-mail Annmaria.Macias@pph.org or call 888.645.5556

PALOMAR POMERADO HEALTH
SPECIALIZING IN YOU

888.645.5556

Every Day's a Yes! Day in 2008

Direct Mail

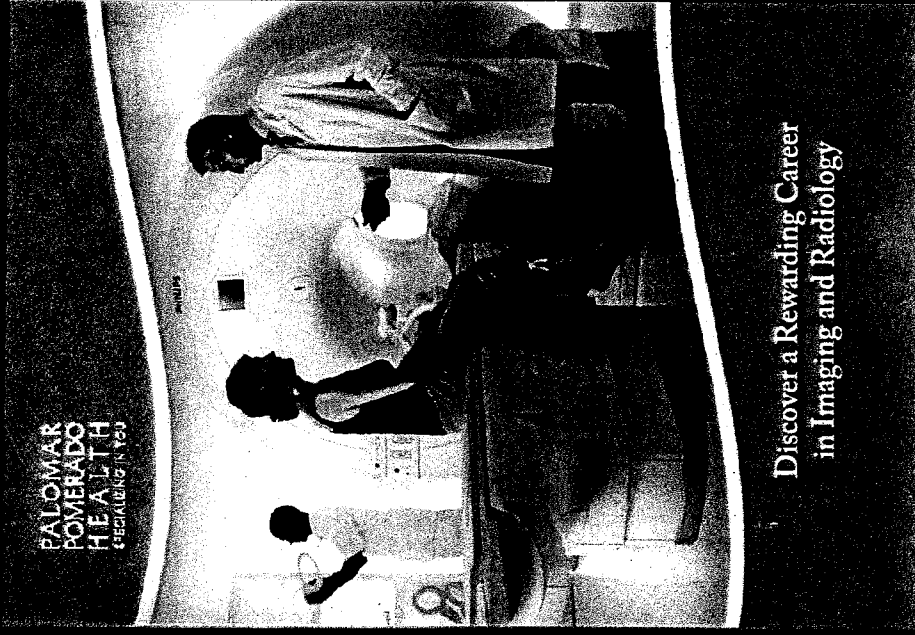


**What you do is rewarding.
Where you work should be, too!**

Work your full potential in our exciting environment. Our state-of-the-art facilities and advanced technology provide the resources you need to succeed. We offer a comprehensive benefits program, including a 401(k) plan, to help you reach your goals.

Villa Pomarado Palomares Community
Palomares Community Center
1555 Palomares Blvd.
Kearney, CA 94542

**Palomares Community
Center**
807 Avenida De La Playa
Palomares, CA 94542



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Expand your diagnostic skills using powerful new equipment from Philips

Invenia Achieva 1.5T MR System. Increased power and resolution provide faster scan times with unprecedented functionality for:

- High-resolution peripheral angiography
- Total spine multi-station imaging
- High-resolution static and dynamic joint studies
- Free breathing coronary artery imaging
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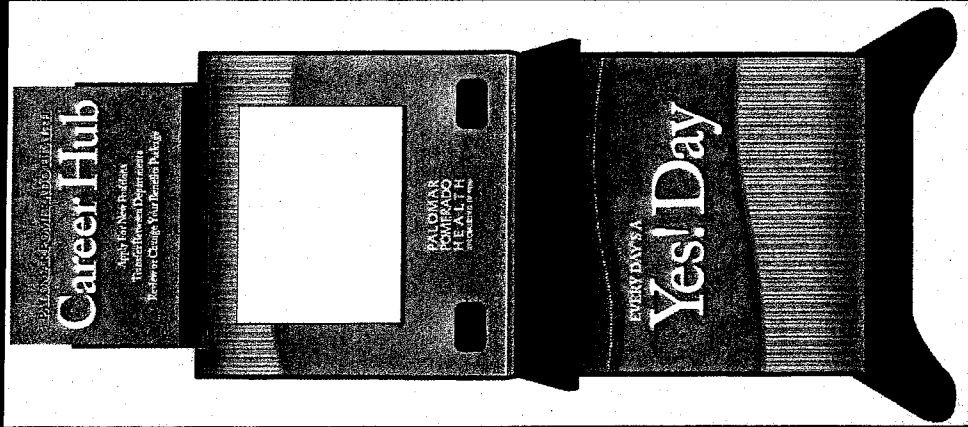
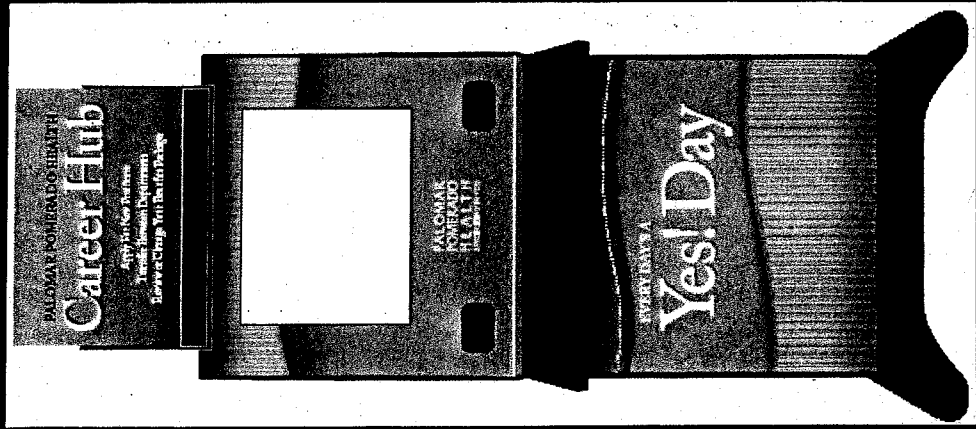
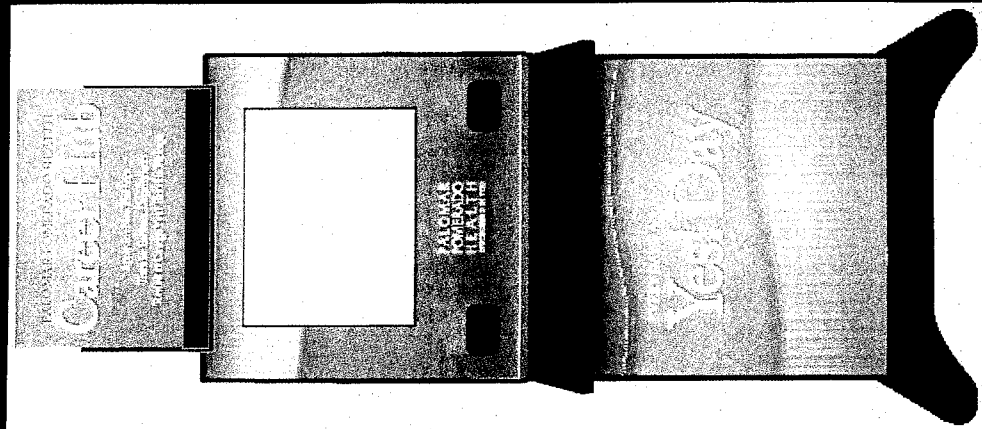
Brilliance CT Scanner. Delivers clear, detailed images in seconds for a comprehensive range of clinical applications, including:

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- Ortho/Neuro
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- Pediatrics



Every Day's a Yes! Day in 2008

Recruitment Kiosks



Follow-up: Tuition/Scholarships Relationship to Retention

TO: PPH Board of Directors
MEETING DATE: February 11, 2008
FROM: Human Resources Committee, January 15, 2008
BY: Wallie George, Chief Human Resources Officer

BACKGROUND:

N. Bassett requested follow-up on the relationship between the PPH tuition and scholarship programs and employee retention.

1. S. Inscoe presented corrected information on the Tuition Reimbursement Research Report:
 - a. The ADA designation should have been ADN
 - b. The BSN-RN designation should have been RN-BSN

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

1. N. Bassett asked if anyone reviews the criteria for tuition reimbursement to ensure people receiving funds remain at PPH.
 - a. B. Turner noted that per the IRS we can only hold recipients to a one-year work agreement.
2. L. Shoemaker asked if there is any benchmark data relating to tuition funding turnover.
3. L. Shoemaker also asked if our tuition reimbursement program is competitive.
 - a. B. Turner replied that PPH reimburses \$1500 per year. Most area facilities reimburse between \$2000 and \$3000 per year.
4. N. Bassett asked what other hospital systems do to retain more employees. She wants to know going forward:
 - a. How much tuition reimbursement is spent, on whom, and how long employees remained at PPH because of a loan?
 - b. Of those staff members seeking alternative degrees, has it helped the employee move forward at PPH?

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

283

Informational: Hiring of Military Corpsmen

TO: PPH Board of Directors
MEETING DATE: February 11, 2008
FROM: Human Resources Committee, January 15, 2008
BY: Wallie George, Chief Human Resources Officer

BACKGROUND:

Director Ted Kleiter requested the Strategic Planning Committee approve moving forward with Director Bassett's proposal to jump-start the corpsman training for RN programs. This would involve developing a program for medics ending their military obligations. Strategic Planning approved the suggestion and requested N. Bassett present her proposal to the HR Committee.

At the December 2007 meeting this Committee requested this topic remain an agenda item.

1. Pending data compilation, W. George will present information on human capital at a future meeting.
2. Human capital information will lead to discussions on PPH needs with schools such as Palomar College and other allied professional schools.

L. Shoemaker continues to work on partnering with UCSD.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

28x

Update: Smoke Free Environment

TO: PPH Board of Directors
MEETING DATE: February 11, 2008
FROM: Human Resources Committee, January 15, 2008
BY: Wallie George, Chief Human Resources Officer

BACKGROUND: HR Committee discussed the possible creation of a PPH Campus Non-Smoking Policy as requested by L. Greer. At the July 9 Board meeting the proposed Smoke Free Environment Policy was approved and forwarded to the Governance Committee.

Committee was updated on the progress related to the implementation for the Smoke Free Environment Policy. W. George reported that both employees and public have been supportive of the change.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

2/15

Hospital/Physician Information Technology Outreach

TO: PPH Board of Directors
DATE: Feb. 11, 2008
FROM: Strategic Planning Committee on January 15, 2008
BY: Ben Kanter, MD, Chief Clinical Informatics Officer

BACKGROUND: Integration of hospital data into a physician's Electronic Health Record, EHR, was the number one request of physicians who participated in an Information Systems retreat. Based on this, the IS department established an FY08 goal to develop/implement capability to push clinical data to physician offices. Additionally, federal regulations regarding what hospitals can and cannot do as it pertains to hospital/physician information technology assistance have recently been updated. The purpose of this presentation was to update the Committee regarding these regulations and to share what PPH is doing to strengthen hospital/physician relationships through information technology linkages.

Dr. Kanter shared the technology about the processes of accessing EHRs vs. the current fax system and how we will be able to network without walls, and how unique this is in the marketplace. Following an RFP process, NOVO was the selected vendor to provide the system to enable PPH to share lab results directly with physician offices electronically. The new system is novel, promising and affordable and meets all of our objectives. It can be expanded for future uses as well. Linda Greer commented that this system would be very helpful. Dr. Larson felt reassured that PPH is addressing this critical issue for physician integration.

BUDGET IMPACT: Included in annual operating and capital budgets

COMMITTEE RECOMMENDATION:

Information: X

**Strategic Planning Committee
2008 Meeting Schedule**

TO: PPH Board of Directors
DATE: Feb.11, 2008
FROM: Strategic Planning Committee on January 15. 2008
BY: Marcia Jackson, Chief Planning Officer

BACKGROUND: The Strategic Planning Committee needed to establish the 2008 meeting schedule. In 2007, the Committee met on the third Tuesday of each month at 6:00 pm. The Board was given the proposed meeting schedule for 2008. Dr. Larson asked if we could change one date on the schedule, from February 19 to February 12. Motioned by Greer, seconded by Bassett, and carried unanimously to approve the 2008 Meeting Schedule, including the February meeting date change.

COMMITTEE RECOMMENDATION:

Information: X

Board Strategic Planning Committee

Meeting Schedule ~ 2008

Date	Location
January 15, 2008.....	PMC - GB
February 12, 2008.....	INNOV – B & C
March 11, 2008.....	INNOV – B & C
April 8, 2008.....	INNOV – B & C
May 13, 2008.....	INNOV – B & C
June 17, 2008.....	POM - E
July 15, 2008.....	PMC - GB
August 12, 2008	INNOV – B & C
September 9, 2008.....	INNOV – B & C
October 21, 2008.....	POM - E
November 11, 2008.....	INNOV – B & C
December 16, 2008.....	POM - E

Meeting begins at 6:00 p.m., and dinner will be provided at 5:30 p.m., via the cafeteria line at POM, and will be served in the meeting rooms at PMC and Innovation at 5:30 p.m. Please allow enough time prior to the 6:00 p.m. start time to get your food and be seated.

Revised 1-24-08

JDP

Review & Approve Committee Bylaw Section & Position Description

TO: PPH Board of Directors
DATE: Feb. 11, 2008
FROM: Strategic Planning Committee on January 15, 2008
BY: Marcia Jackson, Chief Planning Officer

BACKGROUND: Annually, each Board Committee is to review and approve the section of the Bylaws and Position Description pertaining to the Committee. After the Committee reviewed and discussed the Bylaws and Position Description, Dr. Larson commented that he would like to invite more members of the medical staff on a regular basis to the meetings to increase input. He suggested the Chiefs of Staff Elect and the past Chiefs of Staff be included as non-voting members. Dr. Trifunovic explained that he is creating a Physician Strategic Planning group that could attend this meeting to provide more physician input. Dr. Trifunovic will send information about this group to Dr. Larson.

Bruce Krider suggested that we should add a duty to this Committee to monitor approved initiatives and programs. Marcia Jackson will draft this and bring it back for the next Committee meeting.

Approval of By-Laws section and Position Description were deferred to the February meeting.

COMMITTEE RECOMMENDATION:
Information: X

**Governance Committee
Meeting Schedule 2008**

TO: Board of Directors
DATE: February 11, 2008
FROM: Governance Committee, February 1, 2008
BY: Christine Meaney for Michael Covert, CEO

BACKGROUND: In order to establish Governance Committee Meetings for 2008, the Committee was requested to consider the most feasible time, day/location, bearing in mind frequency, ie., currently bi-monthly.

Based upon current Board and EMT calendars, suggestion was made for meetings either on a **bi-monthly** (as now), or possibly **quarterly** basis (as had been suggested in prior meetings).

Following discussion however, the Committee agreed to now hold Governance Committee meetings on a **monthly** basis, occurring the **3rd Tuesday of every month** commencing **TUESDAY MARCH 18** at PMC, Escondido.

The following was the agreed schedule of meetings for calendar year 2008:

Mar 18; Apr 15; May 20; Jun 17; Jul 15; Aug 19; Sept 16; Oct 21; Nov 18; Dec 16.

**All meetings to be held from 10 A.M. – NOON at PMC.
Room locations to be notified later.**

BUDGET IMPACT: None

STAFF RECOMMENDATION: Committee action -- for Board information

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Requested Time:

**Governance Committee
Board Member Position Descriptions**

TO: Board of Directors

DATE: February 11, 2008

FROM: Christine Meaney, Secretary to Committee
for Michael Covert, CEO

BACKGROUND: Per the January 29, 2007 Annual Board Self-Evaluation Meeting, during which the PPH Board Member Position Descriptions for each Committee were reviewed, it was agreed that these should indicate throughout that the Board provides “oversight” under each of the “Function” paragraphs at the beginning of each Position Description, and that the word “oversight” should be included in those paragraphs where it did not occur. In addition, the word “ensure” was occasionally misspelt “insure”, and should be corrected.

The Governance Committee was requested to undertake the annual review of its own Committee Board Member Position Description (*attached*) for any additional amendment(s).

It was anticipated that all updated PPH Board Member Position Descriptions would ultimately be incorporated into a “Board Responsibilities Policy”, per prior Governance Committee recommendation.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Review/approval by Committee

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Committee reviewed the Governance Committee Board Member Position Description as submitted, and approved with no additional amendments

Motion:

Individual Action:

Information: X

PALOMAR POMERADO HEALTH BOARD
GOVERNANCE COMMITTEE

Board Member Position Description

Function:

It is the responsibility of the Board Member to provide oversight to ensure the effective and efficient management of the governmental processes of the Board.

Deleted: help

Deleted: insure

Responsibilities:

1. Complete an annual review of the Board's by-laws and policies and where appropriate make recommendations for changes that enhance the functioning of the District Board.
2. Provide guidance to the CEO in the development of education and orientation programs that enhance member understanding of Board stewardships, health care, issues and management of the system.
3. Assist in development and completion of an annual Board self-assessment and where appropriate make recommendations to enhance governance of the organization by its members.
4. Review and where appropriate make recommendations to the Board on pending or existing state and federal legislation that could affect the direction of the District and Board member responsibilities.
5. Annually review the boundaries of the District to ensure compliance with its charter in the completion of health care stewardship responsibilities.
6. Provision of a brief one-page Committee Summary of Accomplishments for the respective Calendar Year to the Annual Board Self-Evaluation Meeting (per Governance Committee of 1-20-05 & Board Meeting of 2-7-05).
7. Complete other duties as may be assigned by the Chairman.

Deleted: insure

Requirements:

1. Interest and willingness to commit time and energy necessary to meet committee responsibilities in meeting requirements.
2. Have an interest in issues of governance and good stewardship.
3. Strong communication and negotiation skills preferred.
4. Compliance with other Board position description requirements.

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Governance Committee
Public Requests for Information – California Public Records Act

TO: Board of Directors

DATE: February 11, 2008

FROM: Governance Committee, February 1, 2008

BY: Chairman Krider, Member of Governance Committee

BACKGROUND: Board Chairman Krider, member of Governance Committee, explained that historically, Public Requests for Information made by members of the public under the California Public Records Act have regularly been made to the PPH Board Office, with processing and response by that office within legal timelines. This matter will now devolve to the office of PPH General Counsel with immediate effect.

BUDGET IMPACT: None

RECOMMENDATION: Informational

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Governance Committee
Review of The Ralph M. Brown Act**

TO: Board of Directors
DATE: February 11, 2008
FROM: Governance Committee, February 1, 2008
BY: Christine Meaney for Michael Covert, CEO

BACKGROUND: It was understood that Board Member inquiry had been made as to same, or similar Board Committee agenda items potentially occurring on more than one Committee. Discussion ensued with regard to various Committee agenda items and the need for many items to go to Finance, or some to Governance, etc. The possibility of a Joint HR and Finance Committee, full Board, or Special Board meetings was also discussed depending upon perceived need and in accordance with Brown Act regulations. However, such meetings could become lengthy.

Following further discussion, it was generally agreed that this matter might be brought up at the Board's Annual Self-Evaluation.

BUDGET IMPACT: None

**STAFF
RECOMMENDATION:** Informational

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Governance Committee
Board Standing Committees Membership**

TO: Governance Committee
DATE: February 1, 2008
FROM: Christine Meaney, Secretary to Governance Committee
BY: Michael Covert, CEO

BACKGROUND: Board Member inquiry had been made as to the current number of Board Members on Board Standing Committees, particularly in relation to four Board Members on Strategic Planning Committee, and four Board Members on Finance Committee.

It was noted that all Board Standing Committee memberships are in accordance with current Bylaws.

The CEO relayed the background to the membership of the current Committees. It was suggested this matter may be reviewed in future.

BUDGET IMPACT: None

**STAFF
RECOMMENDATION:** Informational

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Governance Committee
Board Committee Motions – Voting specifics**

TO: Board of Directors
DATE: February 11, 2008
FROM: Governance Committee, February 1, 2008
BY: Christine Meaney for Michael Covert, CEO

BACKGROUND: Following inquiry by a Board Member and forwarded to Governance Committee, to ensure that motions stated within the minutes include the Board Member's name regarding proposal of a motion, name of second, and if any dissent against the motion, or abstention, so state by name,

For the Committee's information, a note has since been distributed to Board Committee secretaries by the Board Office reminding that this should be normal procedure for the recording of motions within the minutes as it allows for an historical record of the motions made for, against, and by whom. It was also necessary to record in the minutes who may have left the meeting room/time/return during the meeting.

BUDGET IMPACT: None

**STAFF
RECOMMENDATION:** Informational

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Governance Committee
Calling Special Board Meetings**

TO: Board of Directors

DATE: February 11, 2008

FROM: Governance Committee, February 1, 2008

BY: Christine Meaney for Michael Covert, CEO

BACKGROUND: This matter was referred to Governance Committee by the December 17, 2007 Regular Board Meeting for further discussion and review of the Bylaws with regard to the calling of special board meetings (*see extract Bylaws pgs 6-7 – para. 5.8 attached*).

It was understood that during the above Board Meeting, former Chairman Rivera requested clarification in regard to this item. Director Greer, current Chair of Governance Committee, had responded that it would establish a sequence of the process and provide an established format for calling Special Board meetings. Paul DeMuro, General Counsel, present at the December Board Meeting, clarified the current law in regard to the calling of Special Board Meetings.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Further discussion respectfully requested, as needed.

COMMITTEE QUESTIONS: Discussion ensued by the Committee and it was understood per the Bylaws, the requirements necessary for the calling of a Special Board Meeting.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

- 5.3.1 The Board's annual organizational meeting shall be held in December at the place and time designated by the Board in the Resolution discussed in Section 5.3.2 below.
- 5.3.2 At the annual organizational meeting, the Board shall pass a resolution stating the dates, times and places of the Board's regular monthly meetings for the following calendar year.
- 5.4 **HOLIDAYS.** Meetings of the Board may be held on any calendar day as determined by the Board.
- 5.5 **NOTICE AND ACTION.** The Board shall provide public notice of its meetings in accordance with the Brown Act. No "action," as defined in the Brown Act, shall be taken on any item not appearing on the posted agenda unless permitted under applicable law.
- 5.6 **MEMBERS OF THE PUBLIC.** Members of the public shall be afforded an opportunity to participate in District decision making processes and Board meetings to the extent permitted under applicable laws, including but not limited to the Brown Act and the Local Health Care District Law.
- 5.7 **ANNUAL ORGANIZATIONAL MEETING.** At its annual organizational meeting, the Board shall organize by the election of officers. One member shall be elected as Chairperson, one as Vice Chairperson and one as Secretary. The Board may also appoint the Treasurer at the annual organizational meeting, who may also be the Chairperson of the Finance Committee.
- 5.8 **SPECIAL MEETINGS.**
- 5.8.1 A special meeting may be called at any time by the Chairperson, or by four or more Board members, by delivering personally or by mail written notice to each Board member and to each local newspaper of general circulation, radio or television station requesting notice in writing. Such notice must be delivered personally or by mail at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted; no other business shall be considered at special meetings. Written notice may be dispensed with as to any Board member who at or prior to the time the meeting convenes files with the Secretary a written waiver of notice. Such written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes.
- 5.8.2 The call and notice shall also be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public. Notice shall be required pursuant to this Section regardless of whether any action is taken at the special meeting.
- 5.8.3 In the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board may hold an emergency meeting without complying with either or both the 24 hour notice or posting requirements. In the event the notice and/or posting requirements are dispensed with due to an emergency situation, each local newspaper of general circulation and radio or television station which has requested notice of special meetings shall be notified by the Chairperson, or his designee, one hour prior to the emergency meeting, by telephone. All telephone numbers provided in the most recent request of such newspaper or station for notification of special meetings shall be exhausted. In the event that telephone services are not functioning, the notice requirements of this

paragraph shall be deemed waived, and the Board, or its designee, shall notify those newspapers, radio stations or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible. Notwithstanding this Section, the Board shall not meet in closed session during a meeting called as an emergency meeting. With the exception of the 24 hours notice and posting requirements, all requirements contained in this Section shall be applicable to any meeting called due to an emergency situation.

- 5.8.4 The minutes of an emergency meeting, a list of persons who the Chairperson, or his designee, notified or attempted to notify, a copy of the roll call vote, and any actions taken at the meeting shall be publicly posted for a minimum of ten days as soon possible after the meeting.
- 5.9 QUORUM. A vote is to be determined by a simple "majority vote". If there are abstentions on a vote, the non-abstaining members of the Board must constitute a quorum of the whole board (four members or more) for the transaction of business. Except as otherwise provided by law or these Bylaws, the act of the majority of the non-abstaining Board members voting will be the "majority vote".
- 5.10 ADJOURNMENT AND CONTINUANCE. The Board may adjourn any of its meetings in accordance with applicable laws, including but not limited to the Brown Act.
- 5.11 DISRUPTED MEETINGS. In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible, and order cannot be restored by the removal of individuals who were willfully interrupting the meeting, the Board may order the meeting room closed and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. The Board may establish a procedure for readmitting an individual or individuals not responsible for willfully disrupting the orderly conduct of the meeting.
- 5.12 MEDICAL STAFF REPRESENTATION. The Medical Staff of each Facility shall have the right of representation at all meetings of the Board, except closed sessions at which such representation is not requested, by and through the Chief of Staff or President of each Medical Staff, who shall have the right of attendance, the right to participate in Board discussions and deliberations, but who shall not have the right to vote.

ARTICLE VI. BOARD COMMITTEES

- 6.1 APPOINTMENT. Standing committees are established by the Board and shall be advisory in nature unless otherwise specifically authorized to act by the Board. Members of all committees, whether standing or special (ad hoc) shall be appointed by the Chairperson of the Board.
- 6.1.1 A standing committee of the Board is any commission, committee, board or other body, whether permanent or temporary, which is created by formal action of the Board and has continuing subject matter jurisdiction and/or a meeting schedule fixed by charter, ordinance, resolution, or formal action of the Board. Actions of committees shall be advisory in nature with recommendations being made to the full Board.

**Governance Committee
PPH Board Educational Schedule 2008**

TO: Board of Directors

DATE: February 11, 2008

FROM: Governance Committee, February 1, 2008

BY: Christine Meaney for Michael Covert, CEO

BACKGROUND: 2007 and 2008 Board Educational Schedules were provided to the Committee for review. Special Board Educational Meetings had normally been held off-site either on the 2nd Thursday evening of the month, or whatever may suit the Board and speaker.

The CEO discussed, seeking input from the Committee for 2008.

It was generally agreed by the Committee that input be sought from the Board regarding educational aspects for 2008.

BUDGET IMPACT: None

**STAFF
RECOMMENDATION:** Informational

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Governance Committee
Legislative/Governmental Relations Update**

TO: Board of Directors
DATE: February 11, 2008
FROM: Governance Committee, February 1, 1008
BY: Christine Meaney for Michael Covert, CEO

BACKGROUND: So that regular information may be provided to this Committee, Andy Hoang, on behalf of Gustavo Friederichsen, Chief Marketing and Communication Officer, provided an update on legislative/governmental issues.

BUDGET IMPACT: None

**STAFF
RECOMMENDATION:** Information/Discussion

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Governance Committee
PPH Intranet/Board Specific - Review**

TO: Board of Directors
DATE: February 11, 2008
FROM: Governance Committee, February 1, 2008
BY: Christine Meaney for Michael Covert, CEO

BACKGROUND: So that the Committee may be fully aware of the new Board portal available on the intranet, Andy Hoang, on behalf of Gustavo Friederichsen, Chief Marketing and Communication Officer, in conjunction with Andy Darnell of AvidDesign via conference call, provided an online overview of the Board Portal website.

BUDGET IMPACT: None

**STAFF
RECOMMENDATION:** Informational

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Governance Committee
Community Service Brochure**

TO: Board of Directors

DATE: February 11, 2008

FROM: Governance Committee, February 1, 2008

BACKGROUND: Historically and prior to the 2004 election, the Board requested development of a brochure that could be distributed to potential Board member candidates. The attached brochure was developed to provide the reader with information about the roles, responsibilities and suggested qualities of Board members. The Committee reviewed it, requesting that Board members and the Chair of the Foundation provide input into the brochure so as to fully include the necessary information to be ready for the lead up to the 2004 election. It was again reviewed in 2006.

This brochure was eventually finalized, printed and distributed to various locations including PPH facilities, doctors' offices, etc for the public's information and use.

As 2008 is election year, the Committee again reviewed this brochure (copy attached) which originally received a great deal of thought and input and was compiled to everyone's satisfaction.

I It was generally agreed that the brochure remain as presented, with potential for update of color/logo, and be available for distribution in good time prior to the 2008 General Election.

BUDGET IMPACT:

STAFF RECOMMENDATION:
Review/potential approval.

COMMITTEE QUESTIONS:
Reviewed/approved by Committee. Informational to the Board.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Mission Statement

The mission of Palomar Pomerado Health is to Heal Comfort & Promote Health in the communities we serve.

Vision Statement

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.

Core Values

Integrity
to be honest and ethical in all we do, regardless of consequences

Innovation and Creativity
To courageously seek and accept new challenges, take risks; envision new and endless possibilities

Teamwork
To work together toward a common goal, while valuing our differences

Excellence
to continuously strive to meet the highest standards and to surpass all customer expectations

Compassion
To treat our patients and their families with dignity, respect and empathy at all times, and to be considerate and respectful to colleagues

Stewardship
To inspire commitment, accountability and a sense of common ownership by all individuals

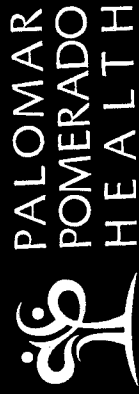


If You're Interested

Contact the Board of Directors: 858.675.5100.
Application packet available mid-July in election year; filing due in August.
Candidate statement beneficial but not required. Cost based on number of registered voters (approximately \$1200)
Contact current board members through above number.
Contact Registrar of Voters at 858.694.3405/
www.sdvote.com

Palomar Pomerado Health is a hospital district—a tax-exempt, political subdivision of the State of California, organized under the Health and Safety Code to provide for the health care needs of the residents of the district. It is the largest public health care district in the state of California.

Palomar Pomerado Health Board of Directors



Considering Community Service? Giving Back in a Serious Way

If you have a background or skills in:

- Business
- Management
- Finance
- Health Care
- Community Service
- Education

Have a passion for:

- Public Service
- Making a Meaningful Contribution to Community Wellness

Are concerned about:

- The Health Care of the Community

And would like a challenging but rewarding experience in a complex and dynamic environment, you may be an ideal candidate for service on the governing board of our local health system, Palomar Pomerado Health.

What is a Governing Board?

The governing body of Palomar Pomerado Health (PPH) is comprised of seven members of the community who are elected by the residents of the district. PPH includes: Palomar Medical Center, Palomar Continuing Care Center and Escondido Surgery Center in Escondido and Pomerado Hospital and Villa Pomerado in Poway and is affiliated with the Palomar Pomerado Health Foundation. The major responsibilities of the Board are the development of the strategic plan for implementation by management, establishment and approval of the annual budget and capital expenditure plan, approval and setting of all policy, and the hiring and dismissal, when appropriate, of the CEO.

Rewards

Community Trust

A public board is elected to be trustees of the health care needs of the community and to serve as stewards for the management of those services.

Challenge

There is no business as complex, as regulated and as fiscally challenged as modern health care, especially in the competitive market-place of Southern California. As the largest public health care district in California, PPH is also one of the largest employers in North County.

Opportunity for Community Service

As the exclusive hospital provider in our district, our communities depend on our acute care facilities and expansive network of services to promote and maintain community health.

Personal Growth

Learn about the political process "first hand." Become educated about this industry, learn to interface effectively with the public, press, employees and other elected officials.

Opportunity to Be Part of a Noble Effort.

Health care services are essentially a community social service. The most effective health systems are governed by local citizens committed to community health and wellness.



PALOMAR
POMERADO
HEALTH

Conflicts of Interests:

The Political Reform Act prohibits public officials' from making, participating in making or attempting to influence governmental decisions in which they have a financial interest. The Act provides a test to determine if a conflict exists. Elected officials are required to file financial disclosure statements which are public records.

Qualifications:

Registered voter residing within the district. Full financial disclosure mandated to avoid conflict of interest. Financial interests may be basis for disqualification.

Term: Four years

Time: 20-40 hours a month in meeting attendance/preparation

Compensation:

Position is one of volunteerism. Expense reimbursement and token compensation are allowed

Constituency:

The constituency of the board is the entire district: Board membership is no forum for individual crusades or hidden agendas

Legal liability:

Trustees are not normally personally liable for damages or injury caused in the performance of duties; exceptions exist for non-authorized acts, fraud, malice or corruption. Except for such cases, as well as conflict of interest, defense and indemnity is provided by the district.

Palomar Pomerado Health is a public health care district, organized under the Health and Safety Code to provide for the health care needs of the residents. The members of the board are elected public officials.

Effective governance requires the ability to:

- Govern rather than to manage
- Set aside personal agendas for the good of the organization
- Balance financial realities with social obligations
- Accept legal liability for individual and board actions
- Prioritize with finite resources
- Understand the role of governance as well as the limitations
- Recognize and avoid conflicts of interest while serving the public
- Keep an open mind and be willing to work collaboratively to achieve a common goal for community betterment
- Maintain strict confidentiality
- Think strategically
- Make a positive and innovative contribution
- Keep schedule flexible

"Things I wish I had known before I applied:"

- Time commitment
- Preparation and attendance for board and committee meetings typically 20-40 hours a month
- Attendance on volunteer basis at functions of other groups
 - Hospitals
 - Foundation
 - Auxiliaries
 - Employees
 - Community Service Organizations
 - Health Care Advisory Councils
 - Paid Outside Educational Meeting
- Requirements (minimum of one per year, two encouraged)
- Interaction with press and legislators
- Board speaks with unanimity outside of closed sessions
- Dealing with unhappy constituents

role of a Board Member includes policy setting, oversight to assure fiscal solvency, and evaluation of CEO, with expectations of working with the Board through the CEO to achieve these objectives. Members should be of the highest ethics and integrity as to act as role models for the institution.

Governance Committee
Annual Board Self-Evaluation / "Peer Review" Survey Format

TO: Board of Directors

DATE: February 11, 2008

FROM: Governance Committee, February 1, 2008

BY: Christine Meaney for Michael Covert, CEO

BACKGROUND: Following discussion at the December 17, 2007 Regular Board Meeting, "Review of the Annual Board Self-Evaluation / Peer Review Survey Instrument" was brought forward for discussion.

The CEO reviewed various formats/ideas with the committee. Final outcome was pending. However, it was generally agreed that a mid-year Board Self-Evaluation also be considered during the Board's Annual Self-Evaluation process.

Request was made for a matrix to be circulated regarding potential dates for an Annual Board Self-Evaluation meeting, and an Annual CEO Evaluation meeting.

BUDGET IMPACT:

STAFF RECOMMENDATION:

Review/Discussion.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Governance Committee
Annual CEO Evaluation Format**

TO: Board of Directors

DATE: February 11, 2008

FROM: Governance Committee, February 1, 2008

BY: Chairman Krider, member of Governance Committee

BACKGROUND: Chairman Krider, member of Governance Committee discussed the annual CEO evaluation format and also anticipated contacting H.R. Department. A date and time will be obtained from the Board of Directors with regard to the Annual CEO Evaluation.

BUDGET IMPACT:

STAFF RECOMMENDATION:

Informational.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Governance Committee
Round Table / Meeting Assessment**

TO: Board of Directors
DATE: February 11, 2008
FROM: Governance Committee, February 1, 2008
BY: Christine Meaney for Michael Covert, CEO

BACKGROUND: A review of the meeting and meeting assessment occurred, noting that the time taken to cover the number of items and outcomes in this particular meeting was covered within the allotted timeframe. All were thanked for their input.

BUDGET IMPACT:

STAFF RECOMMENDATION:

Informational

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Review of Board Policy
Expenditure and Requisition Approval Authority**

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, January 22, 2008

MEETING DATE: Monday, February 11, 2008

BY: Bob Hemker, Chief Financial Officer
Jim Neal, Director Corporate Compliance

Background: At its December 7, 2007, meeting, the Board Governance Committee reviewed Board Policy FIN-12, Expenditure and Approval Authority, and passed on a request for the Board Finance Committee to review the maximum expenditure authority of the CEO of PPH, currently set at \$500,000 (§§III.B-D).

At its January 22, 2008, meeting, the Board Finance Committee reviewed the Policy as requested and referred it back to the Board Governance Committee with recommended changes.

Budget Impact: N/A

Staff Recommendation:

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Annual Review of Board Finance Committee Bylaws

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, January 22, 2008
MEETING DATE: Monday, February 11, 2008
BY: Bob Hemker, CFO

Background: Annually, the Board Finance Committee is required to review the Bylaws of Palomar Pomerado Health as they relate to the Committee (*excerpt attached*) and recommend any necessary revisions.

Budget Impact: None.

Staff Recommendation: Staff recommended approval of existing Bylaws without revision.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee approved the existing Bylaws without revision.

Motion:

Individual Action:

Information: X

Required Time:

6.2.1 Finance Committee.

- (a) Voting Membership. The Finance Committee shall consist of seven voting members, four members of the Board, the President and Chief Executive Officer and the Chief of Medical Staff from each hospital. One alternate Committee member shall also be appointed by the Chairperson who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member. The Chairperson of the Board may appoint the Treasurer as the chairperson of the Finance Committee.
- (b) Non-Voting Membership. The Chief Financial Officer (CFO), the Chief Administrative Officers Palomar Medical Center and Pomerado Hospital and a nurse representative.
- (c) Duties. The duties of the Committee shall include but are not limited to:
 - (i) Review the preliminary, annual operating budgets for the District and Facilities and other entities;
 - (ii) Develop and recommend to the Board the final, annual, operating budgets;
 - (iii) Develop and recommend to the Board a three-year, capital expenditure plan that shall be updated at least annually. The capital expenditure plan shall include and identify anticipated sources of financing for and objectives of each proposed capital expenditure in excess of \$100,000;
 - (iv) Review and recommend approval of the monthly financial statements to the Board.
 - (v) Recommend to the Board cost containment measures and policies;
 - (vi) Review annually those policies and procedures within its purview and report the results of such review to the Governance Committee. Such reports shall include recommendations regarding the modification of existing or creation of new policies and procedures; and
 - (vii) Perform such other duties as may be assigned by the Board.

2008 Board Finance Committee Meeting Dates

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, January 22, 2008

MEETING DATE: Monday, February 11, 2008

BY: Bob Hemker, CFO

Background: Based on key financial dates regarding the monthly closing of financial results, as well as the calendars of the Board members on the Committee, Finance Committee meetings for the 2007 calendar year were held during the last week of the month.

Continuing the meetings on the last Tuesday evening of the month will be discussed, with an exception for the months of November/December, which have historically been held in a combined meeting on the first Tuesday in December. Other exceptions to the schedule are a request by Management to move the June 24, 2008, meeting to the following week, on Tuesday, July 1, 2008; and the addition of a Joint Board/Finance Committee Budget Workshop on Monday, June 2, 2008.

Alternatively, the meetings could be held on the fourth (4th) Tuesday evening of the month (3 remaining months have 5 Tuesdays); or as daytime meetings on Tuesdays or other weekdays.

The schedule as approved by the Board Finance Committee—with the meetings rotating between Pomerado Hospital and Palomar Medical Center—is attached.

Budget Impact: N/A

Staff Recommendation:

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee approved the proposed schedule as submitted, with the clarification that the Joint Board/Finance Committee Budget Workshop is on **Monday**, June 2, 2008.

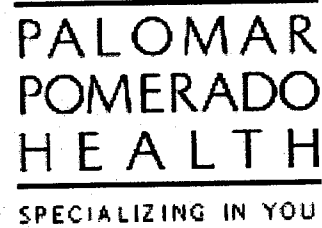
Motion:

Individual Action:

Information: X

Required Time:

PALOMAR POMERADO HEALTH FINANCE COMMITTEE MEETING SCHEDULE CALENDAR YEAR 2008



LAST Tuesday of every month¹

Meeting start time is 6:00 p.m. for all meetings, preceded by dinner² at 5:30 p.m.

<u>DATE</u>		<u>LOCATION OF MEETING</u>
Tuesday January 22, 2008		Palomar Medical Center Graybill Auditorium
Tuesday February 26, 2008		Pomerado Hospital Conference Room E
Tuesday March 25, 2008		Palomar Medical Center Graybill Auditorium
Tuesday April 29, 2008		Pomerado Hospital Conference Room E
Tuesday May 27, 2008		Palomar Medical Center Graybill Auditorium
Monday June 2, 2008	Budget Workshop & Board Meeting Full Board Attendance	Palomar Medical Center Graybill Auditorium
Tuesday July 1, 2008		Pomerado Hospital Conference Room E
Tuesday July 29, 2008		Palomar Medical Center Graybill Auditorium
Tuesday August 26, 2008		Pomerado Hospital Conference Room E
Tuesday September 30, 2008		Palomar Medical Center Graybill Auditorium
Tuesday October 28, 2008		Pomerado Hospital Conference Room E
Tuesday December 2, 2008		Palomar Medical Center Graybill Auditorium

¹ Exceptions noted in red

² Dinner will be catered at Palomar Medical Center and via the cafeteria line at Pomerado Hospital

Action: Pension Plan Amendments

TO: PPH Board of Directors
MEETING DATE: February 11, 2008
FROM: Human Resources Committee, January 15, 2008
BY: Wallie George, Chief Human Resources Officer

BACKGROUND:

Amendments to the PPH Pension Plan were accepted by the Pension Committee at their January 3, 2008, meeting. The amendments include the following changes:

Amendment #2 to the 401(a) Money Purchase Pension Plan.

- Clarifies the treatment of rehires for purposes of bridging service in the pension plan. Anyone who terminates employment at PPH without being a plan participant will not receive credit for prior service when rehired. Employees become participants in the pension plan after 1 year of employment and 1,000 worked.
- Corrects wording in plan document to reflect Year of Service rather than Date of Hire for calculating matching contributions.
- Provides for a reconciliation of the matching contributions at the end of each plan year. This assures that employees receive the full amount of matching contributions they are eligible for based on their total contributions to the 457 plan.

Amendment #1 to the 415m Plan.

- Clarifies the treatment of rehires for purposes of bridging service in the pension plan. Anyone who terminates employment at PPH without being a plan participant will not receive credit for prior service when rehired. Employees become participants in the pension plan after 1 year of employment and 1,000 worked.
- Amends the trust language to satisfy the IRS "model" language required for qualification of this plan.

Both amendments were presented to the HR Committee for approval.

BUDGET IMPACT: \$32,000 annually

STAFF RECOMMENDATION:

HR Committee recommends the PPH Board of Directors approve both Plan Amendments.

Action: Pension Plan Amendments

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:

**AMENDMENT NO. 1
TO THE
PALOMAR POMERADO HEALTH
QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENT**

WHEREAS, Palomar Pomerado Health (the "Company") adopted the Palomar Pomerado Health Qualified Governmental Excess Benefit Arrangement (the "Arrangement") for the benefit of certain of its eligible employees, effective as of January 1, 2004;

WHEREAS, Subsection 7.1 of the Arrangement provides that the Board of Directors of the Company may amend the Arrangement from time to time;

WHEREAS, the Board of Directors of the Company desires to amend the Arrangement to provide that the "Employer" reserves the right to not follow the investment instructions of Participants under the Arrangement;

WHEREAS, this Amendment No. 1 shall supersede the provisions of the Arrangement to the extent those provisions are inconsistent with the provisions of this Amendment No. 1;

WHEREAS, capitalized terms not defined herein shall have the meanings ascribed to them in the Arrangement;

NOW, THEREFORE, effective as of January 1, 2008, unless otherwise explicitly provided in this Amendment No. 1, the Arrangement shall be amended as follows:

1. Section 1.29 is amended to read as follows, effective January 1, 2008:

1.29 "Year of Service" means the first and all subsequent consecutive 12-month periods ending on the anniversaries of an Employee's date of hire, whether before or after the Effective Date, during which an Employee completes at least 1,000 Hours of Service. In the case of a Participant who does not have any vested right to his or her Employer Contributions Account, any Hours and Years of Service completed before he or she incurs a One-Year Break in Service shall not be taken into account if the number of consecutive One-Year Breaks in Service equals or exceeds five. Hours and Years of Service completed before a One-Year Break in Service shall not include any Hours and Years of Service disregarded because of a prior One-Year Break in Service.

Effective as of January 1, 2008, "Year of Service" means the first and all subsequent consecutive 12-month periods ending on the anniversaries of an Employee's date of hire, whether before or after the Effective Date, during which an Employee completes at least 1,000 Hours of Service. In the case of a Participant who does not have any vested right to his or her Employer Contributions Account, any Hours and Years of Service completed before he or she incurs a One-Year Break in Service shall not be taken into account if the number of consecutive One-Year Breaks in Service equals or exceeds five. Hours and Years of Service completed before a One-Year Break in Service shall not include any Hours and Years of Service disregarded because of a prior One-Year Break in Service. If an Employee has a termination of employment with the Employer prior to completing a year of "Eligibility Service," such

Employee's Hours of Service prior to such date of termination of employment shall be disregarded. If such Employee is subsequently rehired by the Employer, "Years of Service" for such Employee shall mean the first and all subsequent consecutive 12-month periods ending on the anniversaries of such Employee's date of rehire during which such Employee completes at least 1,000 Hours of Service. This amended Section 1.29 shall not apply to persons who were Participants as of January 1, 2008.

2. A new paragraph (d) is hereby added to Subsection 4.1 of the Arrangement follows:

"(c) Notwithstanding anything to the contrary contained in this Arrangement, neither the Employer nor the Administrator shall be obligated to follow the investment decisions made by Participants, in their sole discretion."

IN WITNESS WHEREOF, the undersigned has caused this Amendment No. 1 to be executed as of January 1, 2008.

PALOMAR POMERADO HEALTH

By: _____

Title: _____

**AMENDMENT NO. 2
TO THE
PALOMAR POMERADO HEALTH
MONEY PURCHASE PENSION PLAN
(AMENDED AND RESTATED AS OF JULY 1, 2005)**

WHEREAS, Palomar Pomerado Health (the "Company") adopted the Palomar Pomerado Health Money Purchase Pension Plan (the "Plan") for the benefit of certain of its eligible employees, effective as of July 1, 1980;

WHEREAS, the Plan was recently amended and restated effective as of July 1, 2005, and was further adopted by Amendment No. 1 to the Plan, effective as of July 9, 2006;

WHEREAS, Section 12.1 of the Plan provides that the Board of Directors of the Company may amend the Plan from time to time;

WHEREAS, the Board of Directors of the Company desires to amend the Plan to: (i) amend the definitions of Eligible Employee and Years of Service, (ii) amend the non-matching Employer Contributions for certain Participants, and (iii) amend the matching Employer Contributions that are determined based on a Participant's compensation deferrals under the Palomar Pomerado Health Deferred Compensation Plan;

WHEREAS, this Amendment No. 2 shall supersede the provisions of the Plan (as amended and restated effective July 1, 2005) to the extent those provisions are inconsistent with the provisions of this Amendment No. 2;

WHEREAS, capitalized terms not defined herein shall have the meanings ascribed to them in the Plan;

NOW, THEREFORE, effective as of January 1, 2008, unless another effective date is specifically provided below, the Plan shall be amended as follows:

1. Amendment to Definition of Eligible Employee. Section 1.12 of the Plan is hereby amended to read in its entirety as follows with respect to persons who become Participants on or after January 1, 2008:

- 1.12 "Eligible Employee" means an Employee who has completed one year of "Eligibility Service" (as described below), or any Employee who is classified by the Employer as a member of the Employer's Executive Management Team (EMT Employee). An Eligible Employee shall participate in the Plan as set forth in Section 2. An Employee shall have completed a year of "Eligibility Service" upon the first anniversary of his or her date of hire if he or she completed 1,000 or more Hours of Service during the consecutive 12-month period ending on the first anniversary of such date of hire. If an Employee does not complete a year of "Eligibility Service" during the consecutive 12-month period ending on the first anniversary of his or her date of hire pursuant to the preceding sentence, he or she shall thereafter have completed a year of "Eligibility Service" if he or she shall have completed 1,000 or more Hours of Service during any Plan Year beginning after his or her date of hire. If an Employee has a termination of employment with the Employer prior to completing a year of "Eligibility Service," such Employee's Hours of Service prior to such date of termination of

employment shall be disregarded. If such an Employee is subsequently rehired by the Employer, he or she shall have completed a year of "Eligibility Service" upon the first anniversary of his or her date of rehire if he or she completed 1,000 or more Hours of Service during the consecutive 12-month period ending on the first anniversary of such date of rehire. If an Employee does not complete a year of "Eligibility Service" during the consecutive 12-month period ending on the first anniversary of his or her date of rehire pursuant to the preceding sentence, he or she shall thereafter have completed a year of "Eligibility Service" if he or she shall have completed 1,000 or more Hours of Service during any Plan Year beginning after his or her date of rehire. The term "Eligible Employee" shall not include (a) an Employee who is represented by any collective bargaining agent, included in any collective bargaining unit, recognized by the Employer if the applicable Memorandum of Understanding does not provide for participation in the Plan; or (b) effective September 15, 1990, an Employee who is classified by the Employer as employed in a "per diem," "casual" or "temporary" employment classification. This amended Section 1.12 shall not apply to persons who were Participants as of January 1, 2008.

Section 1.12, as in effect prior to the foregoing amendment, shall apply to persons who were Participants as of January 1, 2008.

2. Amendment to Definition of Years of Service. Section 1.36 of the Plan is hereby amended to read in its entirety as follows:

1.36 "Year of Service" means the first and all subsequent consecutive 12-month periods ending on the anniversaries of an Employee's date of hire, whether before or after the Effective Date, during which an Employee completes at least 1,000 Hours of Service. In the case of a Participant who does not have any vested right to his or her Employer Contributions Account, any Hours and Years of Service completed before he or she incurs a One-Year Break in Service shall not be taken into account if the number of consecutive One-Year Breaks in Service equals or exceeds five. Hours and Years of Service completed before a One-Year Break in Service shall not include any Hours and Years of Service disregarded because of a prior One-Year Break in Service.

Effective as of January 1, 2008, "Year of Service" means the first and all subsequent consecutive 12-month periods ending on the anniversaries of an Employee's date of hire, whether before or after the Effective Date, during which an Employee completes at least 1,000 Hours of Service. In the case of a Participant who does not have any vested right to his or her Employer Contributions Account, any Hours and Years of Service completed before he or she incurs a One-Year Break in Service shall not be taken into account if the number of consecutive One-Year Breaks in Service equals or exceeds five. Hours and Years of Service completed before a One-Year Break in Service shall not include any Hours and Years of Service disregarded because of a prior One-Year Break in Service. If an Employee has a termination of employment with the Employer prior to completing a year of "Eligibility Service," such Employee's Hours of Service prior to such date of termination of employment shall be disregarded. If such Employee is subsequently rehired by the Employer, "Years of Service" for such Employee shall mean the first and all subsequent consecutive 12-month periods ending on the anniversaries of such Employee's

date of rehire during which such Employee completes at least 1,000 Hours of Service. This amended Section 1.36 shall not apply to persons who were Participants as of January 1, 2008.

3. Amendment to Non-Matching Employer Contributions. Paragraph 3.1(a) of the Plan is hereby amended to read in its entirety as follows:

(a) For each payroll period, the Employer shall make Employer Contributions for each Participant who is an Eligible Employee during such payroll period in an amount to be allocated to such Participant's Employer Contributions Account, determined as follows:

(1) except as provided in subparagraph (2), the Employer Contribution shall equal to six percent of the Participant's Compensation for such payroll period, or

(2) if the Participant has completed 15 or more Years of Service, for payroll periods commencing on or after the date the Participant has completed 15 or more Years of Service, the Employer Contribution shall equal six and one-half percent of the Participant's Compensation for such payroll period.

4. Amendment to Matching Employer Contributions. Paragraph 3.1A of the Plan is hereby amended to read in its entirety as follows:

3.1A Matching Employer Contributions

(a) For each payroll period, the Employer shall make Employer Contributions for each Participant who is an Eligible Employee during such payroll period and has completed one or more Years of Service, determined as of the first day of such payroll period, in an amount to be allocated to such Participant's Employer Contributions Account, determined as follows:

(i) except as provided in paragraph (ii) or (iii), the Employer Contribution shall equal the lesser of: (1) 50% of the Participant's Compensation Deferrals for such payroll period, or (2) one percent of the Participant's Compensation for such payroll period,

(ii) if the Participant has completed 10 or more Years of Service, but less than 16 Years of Service, for payroll periods commencing on or after the date on which such Participant has completed 10 or more Years of Service, but less than 16 Years of Service, the Employer Contribution shall equal the lesser of: (1) 100% of the Participant's Compensation Deferrals for such payroll period, and (2) two percent of the Participant's Compensation for such payroll period, or

(iii) if the Participant has completed 16 or more Years of Service, for payroll periods commencing on or after the date on which such Participant has completed 16 or more Years of Service, the Employer Contribution shall equal the lesser of: (1) 150% of the Participant's Compensation Deferrals for such payroll period, and (2) three percent of the Participant's Compensation for such payroll period.

(b) In addition to subsection (a) above, on the last day of each Plan Year, the Employer shall make an additional Employer Contribution to each person who was a Participant at any time during such Plan Year in an amount equal to the excess, if any, obtained by subtracting

(i) the aggregate Employer Contributions allocated to such Participant's Employer Contributions Account by the Employer for such Plan Year pursuant to Sections 3.1A(a)(i), (ii) and (iii) above, from

(ii) the Employer Contribution amount determined as follows:

(A) if, as of the last day of such Plan Year, the Participant has not completed 10 Years of Service, the lesser of (1) the Participant's total Compensation Deferrals for all payroll periods during such Plan Year, multiplied by 50%, or (2) one percent of the Participant's total Compensation for such Plan Year, or

(B) if, as of the last day of such Plan Year, the Participant has completed 10 or more Years of Service, but less than 16 Years of Service, the lesser of (1) the Participant's total Compensation Deferrals for all payroll periods during such Plan Year, multiplied by 100%, or (2) two percent of the Participant's total Compensation for such Plan Year, or

(C) if, as of the last day of such Plan Year, the Participant has completed 16 or more Years of Service, the lesser of (1) the Participant's total Compensation Deferrals for all payroll periods during such Plan Year, multiplied by 150%, or (2) three percent of the Participant's total Compensation for such Plan Year.

IN WITNESS WHEREOF, the undersigned has caused this Amendment No. 2 to be executed as of _____, 2008.

PALOMAR POMERADO HEALTH

By: _____

Title: _____

Action: 415m Trust Alternatives

TO: PPH Board of Directors
MEETING DATE: February 11, 2008
FROM: Human Resources Committee, January 15, 2008
BY: Wallie George, Chief Human Resources Officer

BACKGROUND:

In order to satisfy plan qualification requirements for the IRS, PPH must amend the trust agreement to conform to the "model" trust agreement issued by the IRS. The "model" trust agreement requires that the trustee retain some investment authority over the trust assets even though in practice, the trustee is not required to exercise its investment authority. The pension committee, at their January 3, 2008, meeting recommended that Fidelity be asked to serve as the "custodian" for the 415m trust with two Board members being asked to serve as trustee for the 415m plan.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

HR Committee recommends the PPH Board of Directors approve two Board members (HR Committee Chair and Finance Committee Chair) to serve as Trustees for the 415m plan.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH

QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENT

TRUST ALTERNATIVES

- Palomar Pomerado Health (PPH) has filed a request with the Internal Revenue Service for a private letter ruling that the “qualified governmental excess benefit arrangement” established by PPH under the Money Purchase Pension Plan meets the requirements of Section 415(m) of the Internal Revenue Code.
- As a condition to proceeding with its review of the private letter ruling request, the Internal Revenue Service is requiring that PPH amend the trust agreement established by PPH with Fidelity Management Trust Company (Fidelity), the current trustee, to hold the funds payable pursuant to the “qualified governmental excess benefit arrangement.”
- The amendments required by the Internal Revenue Service would cause the trust agreement to conform to the form of “model” trust agreement issued by the Internal Revenue Service.
 - The “model” trust agreement requires that the trustee retain some investment authority over the trust assets. Fidelity is unwilling to agree to this language.
 - However, in practice, the trustee is not required to exercise its investment authority.
- Fidelity has informed Latham & Watkins LLP that it is unwilling to amend the trust agreement in the manner required by the Internal Revenue Service.
- In order to obtain the private letter ruling with respect to the “qualified governmental excess benefit arrangement,” PPH will need to take the following actions with respect to the trust established thereunder:
 - Remove Fidelity as trustee of the trust.
 - Appoint a new trustee. PPH must select a new trustee.
 - The new trustee may be an outside trustee (i.e., another investment firm or a bank) or one or more employees of PPH may serve as trustee. An outside trustee will likely charge a fee for such service.
 - Fidelity has indicated it is willing to serve as custodian of the funds for the new trustee and the day-to-day administration of the funds and investments will remain essentially unchanged.
 - If one or more employees of PPH serve as trustee, PPH can likely obtain insurance to cover such employees for claims arising as a result of such service.
 - Amend the trust agreement to conform to the form of “model” trust agreement issued by the Internal Revenue Service.
 - Submit the amended trust agreement to the Internal Revenue Service.

Governance Committee – Annual Bylaws Review

TO: Board of Directors
MEETING DATE: February 11, 2008
FROM: Governance Committee, February 1, 2008
BY: Jim Neal, Director Corporate Compliance & Integrity

BACKGROUND: PPH Board Bylaws must be reviewed annually. The Governance Committee reviewed section 6.2.2 (b) that relates to the Governance Committee and recommended that the General Counsel be added to the list of non-voting members:

Recommended addition under 6.2.2 (b) Non-Voting Membership: *(page 9 of current/proposed amendments to Bylaws attached for reference)*

Non-Voting Membership. The President and Chief Executive Officer, the General Counsel and the Chief Marketing and Communication Officer.

The Committee further recommended additions under 6.2.2 (c) Duties: *(page 9 of current Bylaws attached for reference)* –

- The Committee will advise the Board on the appropriate structure and operations of all committees of the Board, including committee member qualifications.
- The Committee will monitor developments, trends and best practices in corporate governance, and propose such actions to the full Board.
- The Committee will oversee, as it deems appropriate, an evaluation process of the Board and each of the Board Committees as well as an annual self-performance evaluation, and present its findings to the Board.

BUDGET IMPACT: None
STAFF RECOMMENDATIONS: Staff recommended approval

COMMITTEE RECOMMENDATION: Following discussion, the Committee requested Board approval of the proposed amendments to the Governance Committee section of the Bylaws, as submitted above.

Motion: X

Individual Action:

Information:

Governance Committee – Annual Bylaws Review

(Extract of Bylaws below re: Governance Committee with proposed amendments)

6.2.2.

- (a) Voting Membership. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend and enjoy voting rights only in the absence of a voting Committee member.
- (b) Non-Voting Membership. The President and Chief Executive Officer, the General Counsel and the Chief marketing and Communication Officer.
- (c) Duties. The duties of the Committee shall include but are not limited to:
 - (i) Review periodically and make recommendations regarding pending and existing federal, state and local legislation which, in the committee's opinion, may impact the District;
 - (ii) Make an annual, comprehensive review of the District bylaws, policies and procedures and receive reports regarding same, and elicit recommendations on such issues from management;
 - (iii) Review any initiation of legislation;
 - (iv) Review such other issues associated with PPH and/or Board governance and its effectiveness, including but not limited to Board member orientation and continuing education;
 - (v) Make recommendations regarding the annual self-assessment of the Board;
 - (vi) Perform such other duties as may be assigned by the Board;
 - (vii) The Committee will advise the Board on the appropriate structure and operations of all committees of the Board, including committee member qualifications;
 - (viii) The Committee will monitor developments, trends and best practices in corporate governance, and propose such actions to the full Board; and
 - (ix) The Committee will oversee, as it deems appropriate, an evaluation process of the Board and each of the Board Committees as well as an annual self-performance evaluation, and present its findings to the Board.

Governance Committee Charter (Responsibilities)

TO: Board of Directors

MEETING DATE: February 11, 2008

FROM: Governance Committee Meeting, February 1, 2008

BY: Jim Neal, Director Corporate Compliance & Integrity

BACKGROUND: The attached Governance Committee Charter has been developed by members of the Governance Committee and is being submitted to the full board for review and approval.

Changes in the Governance Committee's responsibilities and membership as addressed in this Charter will ultimately be changed by resolution to the bylaws.

BUDGET IMPACT: None

STAFF RECOMMENDATIONS: Staff recommended approval

COMMITTEE RECOMMENDATION: Board approval requested for above Governance Committee Charter.

Motion: X

Individual Action:

Information:

Governance Committee Charter (Responsibilities)

GOVERNANCE COMMITTEE CHARTER Approved February 11, 2008

Purpose and Responsibilities

The Governance Committee (the "*Committee*") of the Board of Directors (the "*Board*") of Palomar Pomerado Health District, (the "*District*") will (i) Make recommendations regarding pending and existing federal, state and local legislation which, in the committee's opinion, may impact the District, (ii) Make an annual, comprehensive review of the District bylaws, policies and procedures and receive reports regarding same, and elicit recommendations on such issues from management, (iii) Review any initiation of legislation by the District, (iv) Review such other issues associated with the District and/or Board governance and its effectiveness, including but not limited to Board member orientation and continuing education, (v) Make recommendations regarding the annual self-assessment of the Board, (vi) Perform such other duties as may be assigned by the Board.

Membership and Meetings

The Committee will consist of not more than three (3) members of the Board and an alternate, each of whom shall be appointed by the Board to serve until the next annual meeting of the Board. The alternate shall attend and enjoy voting rights only in the absence of a voting committee member. The Committee will meet in person as often as it determines is necessary or appropriate to carry out its responsibilities, but no less than four times a year. The Chairperson of the Committee, in consultation with the other Committee members, will determine the frequency and length of the meetings and will set agendas consistent with this Charter. In the absence of the Chairperson, the majority of the members of the Committee present at a meeting shall appoint a member to preside at the meeting. The President and Chief Executive Officer, the General Counsel and the Chief Marketing and Communication Officer shall be nonvoting members of the committee. The Committee will keep written minutes of its meetings which shall be recorded and filed with the books and records of the District and will report its actions and recommendations to the Board after each Committee meeting and as the Board may further request. A majority of the members of the Committee will constitute a quorum to transact business. The Committee may take action without a meeting by unanimous written consent of its members. The Committee may adopt such other rules and regulations for calling and holding its meetings and for the transaction of business at such meetings as are necessary or desirable and not inconsistent with the provisions of the Board Bylaws or this Charter.

Authority and Responsibilities

In furtherance of the Committee's purpose, and in addition to any other responsibilities that may be properly assigned by the Board, the Committee will have the following authorities and responsibilities:

Governance Committee Charter (Responsibilities)

- Review periodically and make recommendations regarding pending and existing federal, state and local legislation which, in the committee's opinion, may impact the District;
- Make an annual, comprehensive review of the District bylaws, policies and procedures and receive reports regarding same, and elicit recommendations on such issues from management;
- Review any initiation of legislation initiated by the District;
- Review such other issues associated with the District and/or Board governance and its effectiveness, including but not limited to Board member orientation and continuing education;
- The Committee will advise the Board on the appropriate structure and operations of all committees of the Board, including committee member qualifications.
- The Committee will monitor developments, trends and best practices in corporate governance, and propose such actions to the full Board.
- The Committee will oversee, as it deems appropriate, an evaluation process of the Board and each of the Board Committees as well as an annual self-performance evaluation, and present its findings to the Board.
- The Committee will perform such other activities consistent with this Charter, the District's Bylaws, governing law, the rules and regulations of the State of California and such other requirements applicable to the District as the Committee or the Board deem necessary or appropriate.

Governing Documents

The Committee will periodically review this Charter, and will recommend any changes and or amendments to the Board, as the Committee deems appropriate, including changes necessary to satisfy any applicable legal or regulatory requirements. Any amendments to this Charter will require the approval of a majority of the Board of the District.

Compliance Reporting to Audit/Audit Committee Name Change

TO: Board Governance Committee
MEETING DATE: February 1, 2008
FROM: Compliance Officer
BY: Jim Neal, Director Corporate Compliance & Integrity

BACKGROUND: Discussions with Michael Covert, President and CEO of PPH, Thomas Boyle, Director Internal Audit Department and Janine Sarti, General Counsel led to the agreement and recommendation to the Governance Committee of the Board of Directors, **that compliance reports be made to the Audit Committee of the Board and that the name of that committee be changed to the "Audit and Compliance Committee"**. The reason behind this recommendation is that both the compliance and audit functions operate in a similar, objective nature and therefore the oversight of these activities would fit more appropriately in reporting to a single committee and would eliminate the requirement for duplication of reporting by each department to different committees of the board. Board approval is sought.

BUDGET IMPACT: None
STAFF RECOMMENDATIONS: Staff Recommends approval

COMMITTEE RECOMMENDATION: Board approval requested for the above revised compliance reporting procedure, and that Audit Committee be amended to "Audit and Compliance Committee".

Motion: X
Individual Action:
Information:

Governance Committee
Board Member Position Descriptions – Board Officers

TO: Board of Directors

DATE: February 11, 2008

FROM: Governance Committee, February 1, 2008

BY: Michael Covert, CEO

BACKGROUND: Following Governance Committee request, the CEO drafted **Board Member Position Descriptions for Board Officers** comprising Board Chair; Vice Chair; Secretary; and Treasurer. Mr. Covert updated the Committee, presenting these new additional Board Member Position Descriptions for Board Officers.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Potential review/approval

COMMITTEE QUESTIONS:

Following general discussion and approval, Chairman Krider felt that these newly created Board Member Position Descriptions for Board Officers, in addition to Committee Board Member Position Descriptions, should eventually also be available on the website.

Following inquiry by Director Greer regarding term limits, it was suggested that this could be discussed at the Annual Board Self-Evaluation

Board review/approval sought to the Board Officer Position Descriptions attached.

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:

Palomar Pomerado Health Board

Board Chair

Position Description

It is the responsibility of the Board Chair to provide leadership to ensure that the activities of the Board and its committees support the mission and vision statements of the Health System. Further, that they are carried out in an effective and ethical manner; and within the scope of authority granted by the articles of incorporation, by-laws and adopted policies.

The Chair is accountable for the enhancement of a sense of trust and mutual regard among the members of the Board and with the CEO and leadership team. He/She works to create and facilitate a climate that encourages open inquiry and informal discussion and debate on matters affecting the Health System. The Chair is accountable for encouraging innovative thinking, maintaining a sense of decorum and integrity and promoting the best interests of the Health System.

Duties of the Chair

- 1) Approves agendas and scheduling of Board meetings
- 2) Presides over all meetings of the Board
- 3) Assists in provision of information through the CEO or outside experts for board member deliberation in advance of meetings
- 4) Appoint directors to participate on Board standing and ad hoc committees
- 5) Ensure that deliberations of the Board are directed toward recommending policy versus operational decisions
- 6) Ensure that orientation of new board members occurs in a timely manner
- 7) Presides over the periodic self-evaluation of the Board as a whole in regards to its effectiveness and productivity, as a deliberating and decision-making body
- 8) Preside over the periodic assessment of individual board member effectiveness including, where necessary, education and discipline of board members regarding performance of their stewardship duties
- 9) Direct the completion of appropriate internal audit functions and maintenance And updating of Board policies through the use of its Governance and other committees established by the Board to perform such functions
- 10) Preside over the recruitment process for the CEO position when necessary and Completion of an annual evaluation of the CEO for purpose of growth and development
- 11) Oversee the development and monitoring of a strategic, quality, workforce & financial plan executed by the CEO and Senior Leadership team

- 12) Provide oversight to the Board educational process that helps members learn more about health care issues, stewardship and governance trends that will help the Board and organization grow in meeting the mission and vision of the Health System
- 13) Represent the organization and the Board to both outside parties and internal Constituency groups
- 14) Serve as ex officio member of all board Committees

DRAFT: FEBRUARY 1, 2008

mhc

Palomar Pomerado Health Board

Vice Chair

Position Description

It is the responsibility of the Board Vice Chair to assist the Chair in provision of leadership to ensure that activities of the Board and its committees support the mission and vision of the Health System. Further, that the duties are carried out in an effective and ethical manner and within the scope of authority granted by the articles of incorporation, by-laws and adopted policies.

The Vice Chair assists the Chair and the members of the Board in completion of their responsibilities; and for enhancing a climate of trust, mutual regard, positive communication and participation among the board members and senior leadership team.

Duties of the Vice Chair

- 1) Performs Chair responsibilities when the Chair is unavailable
- 2) Carries out special assignments as requested by the Board Chair
- 3) Reports to the Board Chair and assists him/her in completion of day to day governance responsibilities to ensure the effective management of board processes and activities
- 4) Represents the organization and the Board Chair to both outside parties and internal constituency groups on behalf of the Board Chair
- 5) Assists the Board Chair in management of the new board member orientation Process
- 6) Assist the Board Chair in the development and monitoring of a strategic, quality, workforce and financial plan executed by the CEO and senior leadership team

DRAFT: FEBRUARY 1, 2008
MHC

Palomar Pomerado Health Board

Secretary

Position Description

It is the responsibility of the Board Secretary to ensure the integrity of all Official Board documents and to serve as the guardian and historian of all Board actions.

Duties of the Secretary

- 1) To serve as the official recorder of all Board processes and actions
- 2) To manage the minutes of Board meetings and official deliberations and to ensure they are distributed in a timely manner
- 3) Maintain all records to ensure the effective management and organization of such documents and policies in accordance with the rules and regulations set forth for health care districts in the State of California
- 4) Ensure the correctness, accuracy and appearance of all Board policies minutes and deliberations
- 5) Maintains a familiarity with legal documents, articles of incorporation, By-laws, IRS requirements, etc. and their application in accordance with the laws of the State of California and the Federal government
- 6) Provide notice to the community of Board meetings, agendas, actions and information to be made available in accordance with the requirement for public health districts in the State of California
- 7) Review the effectiveness of documentation and recordkeeping of the Board annually and provide a report to them as part of their self evaluation and governance process

DRAFT: FEBRUARY 1, 2008
MHC

Palomar Pomerado Health Board

Treasurer

Position Description

It is the responsibility of the Treasurer to ensure the effective establishment, administration and monitoring of Board policies in regards to the financial stewardship and health of the Palomar Pomerado Health District. Further, the Treasurer, on behalf of the Board oversees the effective implementation of sound controls to safeguard the preservation and use of assets and resources.

Duties of the Treasurer

- 1) Serves as the Chair of the Finance Committee of the Board and sees to it that agendas, materials for review and documentation of actions taken by the committee are recorded and disseminated to members of the Board
- 2) Works with the CEO and CFO to ensure that appropriate financial reports are made available to the Board on a regular basis
- 3) Provides support to the CEO and CFO in the preparation of the Annual Budget and the presentation of such to the Board for its approval
- 4) Ensures that a long range plan of finance is developed and maintained in order to plan for allocation of resources for the Health System in an effective manner
- 5) Review the Annual Audit and recommendations made by the Audit Committee and outside auditors and oversee the implementation of recommendations in response to such
- 6) Regularly report to the Board on key financial trends, events, concerns, etc. that may affect the fiscal health of the District
- 7) Ensure that the Finance Committee utilizes sound management practices in the maximization of cash and investments in accordance with Board policy and requirements for public health districts in the State of California
- 7) Completes other duties as may be assigned by the Board Chair in regards to the stewardship of the fiscal resources of the Health System

DRAFT: FEBRUARY 1, 2008

MHC

Review of Board Member Position Description for Board Finance Committee

TO: Board of Directors
DATE: February 11, 2008
FROM: Governance Committee, February 1, 2008
BY: Jim Neal, Corporate Compliance Officer

Background: The Board Finance Committee is required to periodically review the Board Member Position Description for Palomar Pomerado Health as it relates to Finance Committee and recommend/approve any revisions.

It was proposed at the Board Finance Committee meeting on January 22, 2008, §III.E (the Function of the Committee) be amended as noted on the attached redline excerpt. Other recommended amendments were merely cosmetic.

Budget Impact: None.

Staff Recommendation: At the Board Finance Committee meeting, Staff recommended approval of the above revisions to the Board Member Position Description.

Committee Questions: Following discussion regarding the Board Policy on Expenditure and Requisition Approval Authority, the Board Finance Committee discussed an additional paragraph to §III.E.1 Responsibilities, stating that the Board Finance Committee Chair has a responsibility to consult with the Chief Executive Officer on unbudgeted expenditures in excess of \$250,000 as provided in the Board Policy on Expenditure and Requisition Approval Authority.

COMMITTEE RECOMMENDATION: With regard to the attached redline excerpt of the Board Member Position Description for the Board Finance Committee, following recommendation from the Board Finance Committee, the Governance Committee recommended approval as follows: 1) Of the amendment to §III.E regarding the Function of the Committee; 2) Of the staff-recommended cosmetic amendments; and, 3) Of the addition to §III.E.1 Responsibilities, a paragraph making the Board Finance Committee Chair/Treasurer of the Board responsible for consulting with the Chief Executive Officer on unbudgeted expenditures in excess of \$250,000 as provided in the Board Policy on Expenditure and Requisition Approval Authority. *Board approval already sought to Board Policy FIN-12 under "Consent Items" on current February 11 Board agenda.*

Approval is now sought for those stated revisions for the "Finance Committee Board Member Position Description" per attached.

Motion: X
Individual Action:
Information:
Required Time:

E. Board Finance Committee: It is the responsibility of the Board Member to provide oversight to ensure the financial viability of the organization through the effective establishment of sound policies and development of a system of controls to safeguard the preservation and use of assets and resources.

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1. Responsibilities:

- a. Review and approve annual and long range operating cash, operational and Capital Budgets for the System.
- b. Develop and maintain sound understanding of the services of the District's revenues and expenses and its economic environment.
- c. Approve methods of financing major capital asset renovations, replacements and additions.
- d. Review financial reports and operating statistics on a regular basis to ensure that the organization takes appropriate action in response to operating trends in achievement of financial goals.
- e. Evaluate and approve financial plans for new business ventures, programs, and services and establish criteria to measure their ongoing viability.
- f. Develop programs and communications in order to enhance the understanding of other members in regard to financial matters of the system.
- g. Provide a brief one-page summary of Committee accomplishments to the Board as part of the Board's annual self evaluation.
- h. Perform other duties as may be assigned by the Committee Chair/Treasurer of the Board.
- i. The Committee Chair/Treasurer of the Board is responsible for consulting with the Chief Executive Officer on unbudgeted expenditures in excess of \$250,000 as provided in §§III.B-D of Board Policy FIN-12 -- Expenditure and Requisition Approval Authority.

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2. Requirements:

- a. Interest and willingness to commit time and energy to the completion of Finance Committee responsibilities and meeting requirements.
- b. A knowledge of basic healthcare finance issues and economics and a willingness to expand one's knowledge in the areas of financial management, productivity, revenue and cash management, alternative delivery systems and prepared health plans, governmental payor systems, etc.
- c. An understanding of systems of Internal Control and Audit Committee.
- d. An interest in the development of Information Technology and systems that support the use of such.
- e. Commitment to comply with the other requirements of Board members as outlined in the member's position description.

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DESIGNATION OF SUBORDINATE OFFICERS OF THE DISTRICT

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, January 22, 2008

MEETING DATE: Monday, February 11, 2008

BY: Bob Hemker, CFO

Background: Attached for the Board's review and approval is a Resolution designating current officers of the District. This Resolution supersedes previous such Resolutions. The designation begins with the President and CEO and includes those members within the Executive Management Team who have been granted signature authority for the District. In addition, for certain banking matters, specified individuals from the Finance Department need to be designated as authorized non-officer signatories.

There are various requests for the production of this designation of officers of the District, including that for "corporate" officers. The CEO is granted authority by District Bylaws to designate officers; the State of California requires approval by the Board.

Budget Impact: N/A

Staff Recommendation: At the Board Finance Committee meeting, staff recommended approval of the Resolution of the Board of Directors of Palomar Pomerado Health Designating Subordinate Officers of the District.

Committee Questions: It was noted at the Board Finance Committee meeting that the title "Chief Administrative Officer – Pomerado Hospital" had been omitted from the listing of subordinate officers contained within the Resolution. This omission was an oversight and was ordered corrected by the Board Finance Committee.

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Resolution of the Board of Directors of Palomar Pomerado Health Designating Subordinate Officers of the District, with the corrected addition of the title "Chief Administrative Officer – Pomerado Hospital" to the listing contained therein.

Motion:

Individual Action: X

Information:

Required Time:

RESOLUTION NO. 02.11.08 (01) - 01

**RESOLUTION OF THE BOARD OF DIRECTORS
OF PALOMAR POMERADO HEALTH
DESIGNATING SUBORDINATE OFFICERS OF THE DISTRICT**

WHEREAS, Palomar Pomerado Health (the "District") is a local health care district duly organized and existing under The Local Health Care District Law, constituting Division 23 of the Health and Safety Code of the State of California (the "District Act"); and

WHEREAS, the Board of Directors (the "Board") has the authority to designate subordinate officers under Section 7.9 of the District Bylaws; and

WHEREAS, for purposes of conducting District business and to meet certain operational requirements, the Board desires to designate the subordinate officers described herein; and further designates other non-officers described herein;

NOW, THEREFORE, BE IT RESOLVED, that the following subordinate officers and non-officer subordinates of the District are hereby designated, which designation supersedes previous such resolutions:

President and CEO
Chief Administrative Officer – Palomar Medical Center
Chief Administrative Officer – Pomerado Hospital
Chief Financial Officer
Chief Human Resources Officer
Chief Planning Officer
Corporate Controller
Manager General Accounting

PASSED AND ADOPTED at a meeting of the Board of Directors of Palomar Pomerado Health held on February 11, 2008, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

Dated: February 11, 2008

ATTESTED:

BY: _____
Bruce G. Krider, MA
Chair, Board of Directors
Palomar Pomerado Health

Linda Bailey
Secretary, Board of Directors
Palomar Pomerado Health

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