



PALOMAR
POMERADO
HEALTH

**BOARD OF DIRECTORS
AGENDA PACKET**

April 10, 2006

*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

Marcelo R. Rivera, MD, Chairman
Nancy L. Bassett, RN, MBA, Vice Chairman
Linda C. Greer, RN, Secretary
T. E. Kleiter, Treasurer
Bruce G. Krider, MA
Alan W. Larson, MD
Nancy H. Scofield
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 *
Palomar Pomerado Health Concern * Ramona Radiology Center * VRC Gateway & Parkway Radiology Center * Villa Pomerado
• Palomar Pomerado North County Health Development, Inc.*

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

Monday, April 10, 2006

Commences 6:30 p.m.

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

Commences at 6:30 p.m. PMC Graybill Auditorium

	<u>Time</u>	<u>Page</u>
I. CALL TO ORDER		
II. OPENING CEREMONY	5 min	
A. Pledge of Allegiance		
B. Recitation – Chaplain Bill Hard		
C. Mission & Vision – Board Member		
<i>“The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve.”</i>		
<i>“The vision of PPH is to be the health system of choice for patients, physicians and employees, recognized nationally for the highest quality of clinical care and access to comprehensive services.”</i>		
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	3	
Regular Board Meeting – March 13, 2006		1-11
Special Joint Board/Strategic Planning Committee Minutes – March 16, 2006		12-19
V. * APPROVAL OF AGENDA to accept the Consent Items as listed	5	20-31
A. Consolidated Financial Statements		
B. Revolving Fund Transfers/Disbursements -- February, 2006		
1. Accounts Payable Invoices	\$20,578,636.00	
2. Net Payroll	<u>8,624,619.00</u>	
Total	<u>\$29,203,255.00</u>	
C. Ratification of Paid Bills		
D. February 2006 & Fiscal YTD 2006 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.*

VI. PRESENTATIONS -

- A. Forensic Services Presentation 15
 - Kim Colonnelli, R.N.
 - Cathy McLennan, R.N.

- B. Quarterly Compliance Report 10
 - Jim Neal, Corporate Compliance Officer

VII. REPORTS

A. Medical Staffs 15

- * 1. Palomar Medical Center – Robert D. Trifunovic, M.D. 32-39
 - a. Credentialing/Reappointments

- * 2. Escondido Surgery Center – Marvin W. Levenson, M.D. 40
 - a. Credentialing/Reappointments

- * 3. Pomerado Hospital – Paul E. Tornambe, M.D. 41-42
 - a. Credentialing/Reappointments

B. Administrative

- 1. President of Palomar Pomerado Health Foundation – Pauline Getz 5 *Verbal Report*
 - a. Update on PPHF Activities

- 2. Chairman of the Board – Marcelo R. Rivera, M.D. 10 *Verbal Report*
 - * a. Board acceptance of Director Nancy Scofield's Letter of Resignation effective May 1, 2006
 - * b. Approval of Board Appointment for Vacancy
 - * c. Approval of Formation of ad hoc Nominating Committee of the full Board
 - d. Board Appointment Timeline—*informational*
 - e. **Resolution No. 04-10-06 (01) – 06** Expressing Appreciation to Director Nancy H. Scofield, PPH Board Member resigning effective May 1, 2006 43-45
 - f. Presentation to Director Nancy H. Scofield – Special Award Pin 46
 - g. PPH Leadership Awards Banquet held March 31 and Medallion Awards recipients
 - h. March 31 visit by Russell P. Massaro, MD, FACPE, Executive VP, Accreditation & Certification Operations re: JCAHO Continuous Readiness/PPH select hospitals in Quality Assessment Program
 - i. Bond Insurers Meetings – T. E. Kleiter, Chairman, Finance Committee

- 3. President and CEO – Michael H. Covert 10 *Verbal Report*
 - a. Acknowledgement of Director Nancy H. Scofield
 - b. CMS Survey – Pomerado Hospital, March 27-30
 - c. **Resolution No. 04-10-06 (02) – 07** Designating Subordinate Officers of the District 47-48

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

- d. Board Opposition to the proposed Federal Budget Cuts that will effect Healthcare in California
- e. Tobacco Tax Issue
- f. ACHE Congress on Healthcare Management, March 27-30
- g. Volunteer Recognition Luncheon April 25 at the Rancho Bernardo Inn
- h. National Nurses Week, May 6-12

VIII. INFORMATION ITEMS (Discussion by exception only)

49-65

A. Annual Review of PPH Bylaws relating to Committee	Human Resources
B. Inclusion of Foundation Board Member on Committee	Human Resources
C. Campus Non-Smoking Policy	Human Resources
D. Shift Bidding	Human Resources
E. Travelers and PPH Shift Options	Human Resources
F. Pension Communications	Human Resources
G. Tobacco Tax Act	Community Relations
H. PPH First Legislative Luncheon, tentatively April 28	Community Relations
I. Media Update	Community Relations
J. Monthly Reports	Community Relations
K. Facility Update	Strategic Planning
L. Educational Session	Facilities & Grounds
M. Project Updates	Facilities & Grounds
N. Design Review	Facilities & Grounds
O. Date/Time/Location of Next Meeting	Facilities & Grounds
P. Updated Plan of Finance and Debt Policy	Finance

IX. COMMITTEE REPORTS – for Finance Committee see also under Consent Items
None

X. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH

XI. FINAL ADJOURNMENT

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
 Pomerado Hospital, Meeting Room E, Poway
 Monday, March 13, 2006

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:40 pm Quorum comprised Directors Bassett, Greer, Kleiter, Krider, Larson, Rivera and Scofield.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison, followed by an inspirational reading by Chaplain Walden (<i>attached to original</i>).	Chairman Rivera thanked Chaplain Walden for his reading.	
MISSION AND VISION STATEMENTS	The PPH mission and vision statements were read by Director Greer, as follows: <i>The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve.</i> <i>The vision of PPH is to be the health system of choice for patients, physicians and employees, recognized nationally for the highest quality of clinical care and access to comprehensive services.</i>		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS • Linda Phillips, R.N.	Ms Linda Phillips, R.N., a resident of Valley Center and R.N. in Escondido for nearly 22 years, commented that she had been recently elected to serve on the Nurses Negotiating Team. Nurses had taken on the challenge of reaching Magnet status, noting that in February they began union negotiations for a second contract. However, it was felt that management was sending a clear message that they did not want to contract and that the CEO was actively advocating dismantling their union as they work toward achieving Magnet status. Ms Phillips wished to know if the	Chairman Rivera thanked Ms Phillips for attending the meeting, noting that the Board is very supportive of the nursing staff and appreciated her presenting these comments.	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
APPROVAL OF MINUTES • February 13, 2006 Regular • February 23, 2006 Special (ERTC Site/Close of Escrow; Development Agreement)	elected members of the Board were in support of the nurses in reaching a fair contract.	MOTION: by Greer, 2 nd by Scofield and carried to approve the February 13, 2006 Regular Meeting minutes as submitted. All in favor. None opposed. MOTION: by Scofield, 2 nd by Kleiter and carried to approve the February 23, 2006 Special Meeting minutes as submitted. All in favor. None opposed.	
APPROVAL OF AGENDA to accept the Consent Items as listed		MOTION: by Krider, 2 nd by Kleiter and carried to approve the Consent Items as submitted. All in favor. None opposed.	
PRESENTATION • Environment of Care (EOC) Annual Report	Kevin Matsukado, Director, Security and Safety, and Jeffrey Cleek, Safety Officer presented the Annual Report on the Environment of Care, the written report of which is to meet Joint Commission requirements. It also enables a comparison to be made between one year and another to demonstrate accomplishments and examine issues, in addition to demonstrating the value of various programs to leadership (<i>report attached to original</i>).		
REPORTS Medical Staff Palomar Medical Center • Credentialing	a. Robert D. Trifunovic, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations. b. Robert D. Trifunovic, MD., Chief of PMC Medical Staff, also presented request for approval of PMC Department of Anesthesia Rules and Regulations	MOTION: by Scofield, 2 nd by Kleiter and carried to approve both the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, and to approve the PMC Department of Anesthesia Rules and Regulations as presented.	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	Regulations.	All in favor. None opposed. Directors Bassett and Larson abstained to avoid potential conflict of interest. Director Greer declined.	
Escondido Surgery Center ▪ Credentialing	Marvin W. Levenson, MD, Administrator/ Medical Director of the Escondido Surgery Center, presented requests for approval of Credentialing Recommendations.	MOTION: by Kleiter, 2 nd by Bassett and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the Escondido Surgery Center, as presented. All in favor. None opposed. Director Larson abstained to avoid potential conflict of interest. Director Greer declined.	
Pomerado Hospital ▪ Credentialing	Paul E. Tornambe, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.	MOTION: by Kleiter, 2 nd by Krider and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. None opposed. Director Larson abstained to avoid potential conflict of interest. Director Greer declined.	
Administrative Chairperson - Palomar Pomerado Health Foundation	Ms Pauline Getz Ms Getz provided a verbal Foundation update to the Board, noting that a massive data base integration is expected to finalize at the end of March which would also enhance the quality of their financial reporting. New materials and brochure are being displayed throughout the facilities and mailed to as many as possible.	Chairman Rivera thanked Ms Getz for her informative report and the passion she has demonstrated for the Foundation.	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>Chairman of the Board - Palomar Pomerado Health</p> <ul style="list-style-type: none"> • Congratulatory Letter February 28 from Escondido City Attorney • Sacramento Legislative Day February 22 	<p>An annual report is being developed focusing on a year in review concept and will be distributed to top donors and other significant contributors. Liaison with Marketing who will assist with the look and message of the report.</p> <p>A Facility Naming Policy has been finalized and forwarded to the CEO and the Board's input will be sought.</p> <p>A Fall Women's event at the home of one of the Foundation's Board of Directors who is a substantial contributor will be held in early October and will benefit Women's and Children's Services.</p> <p>Marcelo R. Rivera, MD</p> <p>Chairman Rivera read out a supportive and congratulatory letter dated February 28, 2006 addressed to Dr. Rivera as Chairman of the Board, from Mr. Jeffrey Epp, Escondido City Attorney. On behalf of the Board, Dr. Rivera thanked Mr. Epp for putting his sentiments in writing, noting that it had been a pleasure working with him during this period.</p> <p>Chairman Rivera referred to his attendance at the Sacramento Legislative Day and CHA Governance Committee Meeting February 22, which continued to the following day, noting that there were seven million uninsured in California and that the challenges increase.</p> <p>He talked to many legislators including Assemblyman Plescia, congratulating him on his recent Assembly Leadership role. Discussions included the Tobacco Tax and millions of dollars involved for children, nursing, community clinics, etc. Hospital seismic issues, cost-effective use of monies for construction, improving patient safety and</p>		

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> CSUSM Annual Fundraiser March 5 	<p>quality, and anticipated cutbacks in Medicare were all discussed.</p> <p>Chairman Rivera referred to California State University's Annual Fundraiser March 5, stating that PPH was the driving force, directed by Vice Chair Nancy Bassett, R.N., who headed up the ad hoc Nursing Committee, so that PPH was eventually able to provide over \$3 million to get the Nursing School at CSUSM started. We have an ongoing commitment to double their classes and also created high school educational sessions as a major option for students' consideration at CSUSM, noting and that we will continue to work with this.</p>		
<ul style="list-style-type: none"> Resolution No. 03.13.06 (01) – 05 Verifying Continued PPH Board Commitment to the PMC Trauma Program 	<p>The Director of Trauma Services at PMC had informed that the American College of Surgeons requires from the hospital's governing body every three (3) years, a resolution in support of the trauma center. An American College of Surgeons Survey was due May 8 and 9, 2006.</p>	<p>MOTION: by Kleiter, 2nd by Scofield and carried that Resolution No. 03.13.06 (01) – 05 Verifying Continued PPH Board Commitment to the PMC Trauma Program be adopted.</p> <p>All in favor. None opposed.</p>	
<p>President and CEO</p>	<p>Michael H. Covert</p>		
<ul style="list-style-type: none"> April 25 Volunteers Luncheon 	<p>Mr. Covert announced that the annual Volunteers Luncheon would be held at the Rancho Bernardo Inn on Tuesday, April 25, noting that this was an occasion to honor all of our volunteers.</p>		
<ul style="list-style-type: none"> March 14 "Health Heroes" Recognition 	<p>The CEO noted that on March 14 "Health Heroes" will be recognized at an event in Balboa Park and that Barbara Buesch, R.N. amongst others, will be receiving an award.</p>		
<ul style="list-style-type: none"> Suggestion of Congratulatory Letter to Assemblyman Plescia 	<p>At this point, Director Bassett suggested that it might be appropriate to draft a letter of congratulations to Assemblyman Plescia on his recent leadership appointment. Mr. Covert agreed with the idea and that he would be happy to draft a letter on behalf of the Chairman of the Board.</p>		<p>CEO to draft a letter to Assemblyman Plescia on behalf of the Chairman of the Board</p>

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> 3rd Annual Leadership Recognition Awards Gala 	<p>Michael Covert reminded that the 3rd Annual Leadership Awards Banquet is scheduled for Friday, March 31.</p>		
<ul style="list-style-type: none"> March 31 Visit of Russell Massaro, M.D., from JCAHO 	<p>Mr. Covert referred to the upcoming visit March 31, 2006 of Russell Massaro, M.D., from the Joint Commission who would present to the Board, Medical Staff and Leadership on "JCAHO Continuous Readiness". Medical Staff Leadership would meet with him the previous day.</p>		
<ul style="list-style-type: none"> Financial Meetings 	<p>Involvement had arisen out of our positive outcomes for the JCAHO survey and we had been selected by JCAHO as one of the hospitals to be involved in such activities. We have since been asked by hospitals around the country as to how they too, can be involved in this way.</p>		
<ul style="list-style-type: none"> 20-year Employee Pin - Ms. Lorie Shoemaker, R.N. 	<p>Mr. Covert relayed that financial meetings regarding the budget were underway and that these would eventually go to the Board. Mr. Hemker stated that the budget would center primarily around volumes and new product lines. A similar budget timeline as last year is envisaged with working budget sessions in May so that the FY 2007 budget may be approved in June, 2006.</p>		
<ul style="list-style-type: none"> Quarterly Reports from Executive Staff - Gerald Bracht 	<p>Mr. Covert took pleasure in presenting Ms. Lorie Shoemaker, R.N., Chief Nurse Executive, with her 20-year Employee Pin, stating that he was very privileged to have her in this organization and that she had done wonderful things at PPH. Ms. Shoemaker was a strong patient advocate and had also worked with PPH for two years prior to the continuous 20 years for which she was being honored.</p>	<p>Ms. Shoemaker thanked Mr. Covert for the pin and his congratulatory words.</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> - Jim Flinn 	<p>also mentioned. The American Heart Association had received blanket approval from the JCAHO Merit Badge Recognition program for all Get with the Guidelines hospitals that have achieved their performance targets. In addition, a film crew from KFMB channel 8 was at PMC in surgery that day, March 13, filming a minimally invasive total hip replacement surgery performed by Dr. Knutson who has been a leader in this approach. Mr. Andy Hoang had worked tirelessly to get this story on the air and he was thanked for his efforts. (<i>Attached to original</i>)</p> <p>Jim Flinn, COO, Pomerado Hospital, noted that financially all areas were doing well and that strong volumes on the acute side as well as SNF and Behavioral Health continue to be seen. Customer Service had done well, as Pomerado met its annual goal of reaching 3.54 on the most recent quarter.</p> <p>National Nutrition Month and National Social Work Month were mentioned.</p> <p>Groundbreaking for the Pomerado expansion was scheduled for Noon, March 21.</p> <p>Mr. Flinn then acknowledged Mr. Gary Powers, CEO of San Diego North County Chamber of Commerce, who had petitioned the City of San Diego on our behalf for Rancho Penasquitos. Mr. Powers' wife was also noted as an active Auxilian at Villa Pomerado. (<i>Attached to original</i>)</p>		
<ul style="list-style-type: none"> - Ms. Sheila Brown 	<p>Ms. Sheila Brown reported on Home Care, noting that it continues to score well. the Clinical Care Extender Program was expanding with our first cohort in September 2005 being 26 students, and in November 2005 we had approximately 60 students enroll. The Red Shirt Program for High School Students began this month and are 30 High School Students selected from our Health Care</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Academies to volunteer in the system.</p> <p>Regarding Welcome Home Baby Program, the San Diego First 5 Commission awarded PPH Welcome Home Baby the Health Developmental Services Project which will provide newborn medical home visits to all first time mothers throughout North Inland.</p> <p>Director Larson stated that it would be nice to obtain an update on the new improved Welcome Home Baby Program.</p> <p>In addition, Wound Care received Best Overall Service Excellence Award for the 2nd Quarter and are ranked in the 99th percentile world-class category. In April 2006 Anne Moore will be speaking in San Antonio on the effectiveness of wound care clinics on behalf of the Society for the Advancement of Wound Care. The Wound Care program is exceeding their revenues by \$785,492. (<i>Attached to original</i>).</p>		<p>Ms. Brown would follow up at a later time.</p>
<ul style="list-style-type: none"> Ms. Lorie Shoemaker 	<p>Ms. Shoemaker presented her verbal report, noting that we are in the early stages of Shift Bidding and she explained in depth what this meant. Demonstrations are set for the end of March for three vendors who currently offer shift bidding, with the concept a lot like eBay online.</p> <p>Ms. Shoemaker continued that under the leadership of Ellen McKissick, the PPH nursing division established its first ever formal mentor program for new graduates. Staff desiring to become mentors must complete an application, be approved by their manager and unit practice council, and attend PPH mentor class and 75% of quarterly mentor meetings. This would be rewarded with the maximum PEP points in the Education category.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> • Acknowledgement of Mr. Gary Powers 	<p>The PPH Nursing Education Department was hosting a very special seminar entitled "Refresh Reflect Renew" at the Center for the Arts, Escondido on April 19, with the objective being to reflect on a positive and rewarding aspect of nursing practice, identify options for personal or professional renewal and formulate one strategy to enhance personal or professional life. Ms. Shoemaker then invited the Board to attend and distributed a copy of Nursing News Network for their information. <i>(Attached to original).</i></p> <p>Chairman Rivera thanked Mr. Gary Powers for the time he spent at this Board meeting tonight.</p> <p><i>Discussion by exception only</i></p>		
<p>INFORMATION ITEMS</p> <ul style="list-style-type: none"> ▪ Strategic Planning ▪ Governance 			
<p>COMMITTEE REPORTS</p> <p>Ad hoc Legal Committee</p>	<p>Board Chairman Rivera referred to the Board's annual review of legal counsel needs, having recently formed an ad hoc committee for legal review. We were very pleased with the services we have been receiving but we have made attempts to save costs and maximize efficiency. The ad hoc committee was chaired by Director Krider with Directors Greer and Kleiter. Director Krider relayed that they had met twice to hear from Staff and basically were recommending an organizational structure and position description, with annual budget for such services in the coming year.</p> <p>As a result, recruitment of an in-house legal counsel and formulation of relevant Board Policy was requested, and for Administration to report back.</p>	<p>MOTION: by Krider, 2nd by Greer and carried for the recruitment of an in-house legal counsel and formulation of relevant Board Policy together with organizational structure, position description and annual budget.</p> <p>All in favor. None opposed.</p> <p>Chairman Rivera noted that this is an ongoing effort with regard to our expenses.</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH <ul style="list-style-type: none"> • ACHD Legislative Day March 6-7, 2006 Sacramento 	<p>Chairman Rivera introduced Director Kleiter who reported that he was pleased to have represented the District at this two-day meeting.</p> <p>It included an "expert panel" comprised of Daniel Weintraub, columnist for the Sacramento Bee, Assembly Member Joseph Canciamilla, and Assembly Member Keith Richman. The two assemblymen have organized a Bipartisan Group which meets regular to discuss policy issues.</p> <p>The following day was a visit with legislators, noting that we were only supporting one piece of legislation, being AB 1316 – Peer Review.</p> <p>Chairman Rivera also referred to a "spot Bill" SB 1175 by Senator Hollingsworth regarding Hospital Construction and cost escalation due to OSHPD requirements. (<i>Attached to original</i>).</p>		
<ul style="list-style-type: none"> • Bond Covenant Ratios 	<p>Director Bassett referred to p. 12 of the Board packet and wished to thank Mr. Bob Hemker, CFO, for more fully explaining this matter in Finance Committee.</p>		
<ul style="list-style-type: none"> • Congratulatory items 	<p>Director Greer wished to congratulate Ms Lorie Shoemaker on her 20-year employee award pin. She also congratulated Ms Christine Meaney for keeping the Board on course in its scheduling and reminders.</p>		
<ul style="list-style-type: none"> • Pomerado Expansion Groundbreaking 	<p>Chairman Rivera reminded of the Groundbreaking for the Pomerado Expansion which is to be held at Noon on March 21 and looked forward to seeing all attend this important occasion.</p>		
ADJOURNMENT	<p>7:50 p.m.</p>		
SIGNATURES <ul style="list-style-type: none"> ▪ Board Secretary 	<p>_____</p> <p>Linda C. Greer, R.N.</p>		

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> ▪ Board Assistant 	<p>Christine D. Meaney</p>		

**Palomar Pomerado Health
JOINT BOD/STRATEGIC PLANNING COMMITTEE
POMERADO – CONFERENCE ROOM E
March 16, 2006**

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
CALL TO ORDER	Dr. Rivera opened the Joint BOD/Strategic Planning Committee meeting at 6:00 p.m.		
ESTABLISHMENT OF QUORUM	Dr. Rivera, Dr. Larson, Michael Covert, Nancy Bassett, RN, Linda Greer, Bruce Krider, Nancy Scofield, and Dr. Trifunovic. Also attending were Gerald Bracht, Dr. Buringrud, Jim Flinn, Lorie Harmon, Marcia Jackson, Lorie Shoemaker, and Al Stehly. Guests: Tom Chessum, Harold Fisher, Stephanie Heames, Andy Hoang, Dr. Kolins, Dr. Kung, Dennis McFadden, Craig McInroy, Mary Oelman, Greg Palmer, Eyal Perchik, Stonish Pierce, Mike Shanahan, Andy Spurlock, Jerzey Wollak, Nick Xenitopoulos, and Steve Yundt.		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
PUBLIC COMMENTS	There were no requests for public comments.		
MINUTES Feb. 21, 2006		Approval of the February 21, 2006 Strategic Planning Committee minutes was deferred to the April 18, 2006 Strategic Planning Committee meeting.	

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<p>QUARTERLY FACILITY UPDATE</p>	<p>Marcia Jackson presented feedback from the second PPH Innovation Week, (January 31 to February 3, 2006). She also included a meeting summary of the Expert Advisory Panel (January 30, 2006), as well as a summary of the Physician Facilities Innovation Retreat (January 20, 2006).</p> <p>Marcia noted several common themes from the above events, including the following:</p> <ul style="list-style-type: none"> • Mock-up rooms provide very important benefits, including the capacity to pre-test materials and products quickly • Information Technology advances and implementations, present and future, have a significant impact, and much is available already (i.e., monitoring ICU departments from a central location) • Increasing consumerism, with a continuous life-span of health and information availability, including accessibility to medical care • Opportunity to undertake pilot projects today to prepare for tomorrow • More procedures mean more equipment needs at the patient room <p>Linda Greer asked about bar-coding versus RFID (radio-frequency identification), and commented that RFID needs to be in place prior to construction. Michael Covert responded that PPH is looking into this. He reminded us that the goal of the quarterly Facility Updates is to provide a snapshot, a broad overview, using one time and location to combine, rather than hold separate, the following meetings: the Strategic Planning Committee, the Finance</p>		

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AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>Committee, and the Facilities & Grounds Committee meetings.</p> <p>Steve Yundt presented mock-ups of the patient rooms, noting that employing certain aspects of these updated mock-ups can result in the following:</p> <ol style="list-style-type: none"> 1. Improved family-centered care 2. Improved staff efficiency, patient safety <p>The mock-up diagrams included private patient rooms, with private bathrooms. In the current floor plan, 50% of the rooms will have ADA-accessible bathrooms, which is considerably higher than the 10% required by code. The rooms also included a four-foot span around the patient bed, as well as a family zone. He commented that the patient rooms were not mirrored rooms, but would be the same layout everywhere. The same-handed room layout is theorized to improve patient safety.</p> <p>The next steps included the following:</p> <ul style="list-style-type: none"> • Build next iteration of same-handed room • Build first iteration of: <ul style="list-style-type: none"> ○ Operating Room ○ IR/Cath Lab ○ LDR ○ NICU ○ ED Treatment <p>Dr. Rivera commented on the column with electronics, and asked if the arm could be flush to ceiling, and Steve responded that this is not available yet.</p> <p>Tom Chessum of Anshen & Allen discussed the overall design aspects for POM and PMC West, noting that the</p>		

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AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>Design Team has met a total of five times, with phenomenal results. The design process is iterative.</p> <p>He discussed the architectural expression, which is the design form & shape, including the fluidity of the design, as well as the organic, the nature, and the garden designs. Developing a design involves searching to find a balanced decision, as we begin to shape the buildings, including visibility and flexibility.</p> <p>The Design Team has looked at the scale in depth. Tom linked the design form and shape to PPH's Balanced Scorecard matrix, utilizing the following:</p> <ul style="list-style-type: none"> • Flow • Flexibility • Functional Adjacencies • Expandability • Daylight/Nature • Identity/Sense of Place <p>Tom noted that labor is the biggest cost in construction.</p> <p><u>POMERADO HOSPITAL</u> Jerzey Wollak, from Anshen & Allen, presented the Pomerado Hospital Architectural Design agenda item, including segments on the campus plan, Outpatient Services Pavilion, and hospital expansion.</p> <p>Pomerado's ground-breaking ceremony will be held on March 21. The expansion will more than double the size of the facility, and includes a new nursing tower, an Outpatient Services Pavilion, and a new parking structure. The design will feature a resort-like ambience, with many gardens (spiritual healing, meditation, sensory, social),</p>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>water features, courtyards, indoor-outdoor terraces including a cafeteria-dining terrace, a porte-cochere circular entrance and arrival gateway, an open 3-story atrium lobby, glass elevators, a conference center, and breakout spaces (indoor and outdoor). One of the key priorities at POM is to maintain the natural setting and sense of openness, including extensive landscaping and a stepped, curved facade.</p> <p>PMC WEST Dennis McFadden of Anshen & Allen presented the architectural design for PMC West, including segments on the campus plan, hospital, and Women's and Children's Center. The architects strove to find a balance in the dual nature of the hospital, both as a machine (facility of the future) and also as a "green" facility with healing gardens as well as a roof garden.</p> <p>The design evolution for PMC West included changing the perimeter, bending the "spine" to offer a less institutional look. A shade structure feature on the conservatory was a topic of considerable discussion, with comments that the feature was reminiscent of Venetian blinds.</p> <p>Dr. Rivera challenged the Board of Directors to envision the way that they had perceived the structure of the new facility, and decide whether they wanted PMC West to be an "urban hospital" or to have a softer, more spread-out feel like Pomerado Hospital.</p> <p>Board member comments included the following:</p> <ul style="list-style-type: none"> • More fluid, rounder building, with porte-cochere, facade changes, possibly a bell tower 		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<ul style="list-style-type: none"> • Less rectangular buildings with different shapes • More of a resort-style feeling like POM • Facility needs flavor, character <p>Michael Covert reminded the Committee that one of the difficulties with the model is the issue of scale; the lot size is already the size of 1.5 football fields, and that possibly we might not want the new hospital to "fit in," and to think about giving notice as a monument, a beacon of health care.</p> <p>PPH expects to submit building plans this year for PMC West and Pomerado to the Office of Statewide Health Planning and Development, and hopefully get the plans approved in 12 to 18 months.</p> <p>Marcia Jackson and Mike Shanahan presented a brief update on the Ramona and Rancho Peñasquitos satellite centers.</p> <p>RAMONA</p> <p>PPH continues to be limited by the lack of available and reasonably priced land sites in Ramona. The following two site options were discussed:</p> <ol style="list-style-type: none"> 1. The Auerbach parcel, Main Street & 13th - 14th Streets - Bob Hemker is working with the realtors, but it appears that the Auerbach family doesn't really want to sell; plus, there were substantial discrepancies between the appraisal value and the asking price. PPH is looking at developer-partnership options. 2. The Old Post Office off Main Street is for sale, 		


AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>and this could be the 2nd option.</p> <p>Dr. Rivera reminded the Committee that the Ramona residents have waited a long time for a satellite clinic. Michael Covert responded that there is not much for sale in Ramona at the present time, and that PPH may have to look at options, including leasing property. Mr. Covert stressed that if PPH does not consider leasing for at least the present time, it is possible that the Ramona residents could continue to wait for years.</p> <p>RANCHO PENASQUITOS</p> <p>Mike Shanahan reviewed the two options for the Rancho Peñasquitos property that were discussed at the February 2006 Strategic Planning Committee meeting:</p> <ol style="list-style-type: none"> 1. Construct a new 55,000 square foot (SF) Clinic 2. Retain the 15,000 SF Church Nave, and add a secondary 40,000 SF Clinic <p>Partnering with a developer is also being examined. We currently have a parking arrangement with the Mormon Church. Marcia and Mike discussed that the preferred option is to retain the Nave for PPH education and wellness programs, which offer community benefit, but minimal reimbursement. Financial considerations will continue to be reviewed.</p> <p>Mike Shanahan also discussed the project status for Pomerado Hospital, Phase 1, including the interim parking, north access road, utilities, new parking structure, waste management center relocation, mobile MRI relocation, and city-required offsite improvements.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
COMMITTEE COMMENTS, SUGGESTIONS	There were no further Committee comments at this time.		
FINAL ADJOURNMENT	9:10 p.m.		
SIGNATURES Committee Chairperson Recording Secretary	 <u>Marcelo Rivera, M.D., Chairman of the Board</u> _____ Lorie Harmon		

**PALOMAR POMERADO HEALTH
CONSOLIDATED DISBURSEMENTS
FOR THE MONTH OF
FEBRUARY, 2006**

02/01/06	TO	02/28/06	ACCOUNTS PAYABLE INVOICES	\$20,578,636.00
02/10/06	TO	02/24/06	NET PAYROLL	<u>\$8,624,619.00</u>
				\$29,203,255.00

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, J. Flinn

February 2006 & Fiscal YTD 2006 Financial Report

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, March 28, 2006
MEETING DATE: Monday, April 10, 2006
FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for February 2006 and Fiscal YTD 2006 are submitted for the Board's approval.

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION: The Finance Committee recommends approval of the Board Financial Reports (unaudited) for February 2006 and Fiscal YTD 2006.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH

A California Health Care District

BOARD FINANCIAL REPORT

February 2006

(UNAUDITED)

**PREPARED BY THE FINANCE DEPARTMENT
15255 INNOVATION DRIVE, SUITE 202
SAN DIEGO, CA 92128
(858) 675-5223**

PALOMAR POMERADO HEALTH
A California Health Care District

BOARD FINANCIAL REPORT

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PALOMAR POMERADO HEALTH
FEBRUARY 2006 and YTD FY 2006 FINANCIAL RESULTS
EXECUTIVE SUMMARY and HIGHLIGHTS

Statistics:

Consolidated acute patient days decreased 1,123 days (11%) to 9,135 in February compared to January's 10,258 (mainly due to the short month). However, for February, actual patient days were 782 days higher than budget of 8,353. YTD acute patient days of 75,322 are slightly (4%) above budget of 72,505. The acute Average Daily Census (ADC) was 326 in February compared to 331 in January. Acute admissions for February YTD were 18,883 compared to budget of 18,436 (2% higher than budget). YTD February SNF patient days were 50,517 compared to budget of 50,333 (.4% variance).

Palomar's YTD acute patient days of 56,854 are above budget at 55,027 (1,827 or 3% higher), however in February the ADC was 239 compared to 248 in January. February acute patient days exceeded budget by 351 (or 5.5%). PMC is experiencing 22% less trauma cases than budget. Palomar's cardiovascular surgery cases are also down by 15% (from budget and prior year) and total surgery cases were down 6% from budget.

Pomerado's acute patient days are 990 days (5.7%) greater than budget (actual = 18,468, budget = 17,478). February exceeded budget by 431 patient days (or 21%). Pomerado's ADC continues to climb each month; November = 73, December = 79, January = 83 and February = 87.

Balance Sheet:

Current Cash & Cash Equivalents increased \$2.2 million to \$112 million in February from \$109.8 million in January. The increase is mainly due to high patient account collections for the month (even with a short month, collections were slightly higher than January and only \$500 thousand short of the stretch goal. Total Cash and Investments are \$134.7 million, compared to \$131 million at June 30, 2005. Days cash on hand are 145 compared to 148 at June 30, 2005 still within "A" rated guidelines. Additional amounts paid from working capital for Facility Master Plan usage remaining to be reimbursed of approximately \$23 million dollars or 24.7 days of cash on hand.

Net Accounts Receivable decreased approximately \$1.4 million to \$71.2 million in February as compared to January. Gross A/R days were 51.6 in February down slightly from January's 52.2 days. June 2005 and 2004 gross A/R days were 70 and 40, respectively. February patient account collections (excluding Capitation) were \$25.6 million compared to budget of \$26.1 million. YTD patient account collections (excluding capitation) are \$11 million below budget at \$198 million (budget was \$209 million).

Accrued Interest Payable decreased \$1.5 million in February due to a GO bond interest payment.

Income Statement:

Gross Patient Revenue for YTD February reflects a favorable budget variance of \$32 million. This favorable variance is composed of an \$25 million favorable volume variance and \$6.6 million favorable rate variance.

Routine revenue (inpatient room and board) reflects a favorable \$2.4 million budget variance. PPH North reflects a favorable variance of \$276 thousand, and PPH South reflected a favorable variance of \$2.10 million.

Inpatient Ancillary gross revenue represents an YTD \$24 million favorable budget variance at February. PPH North reflects a favorable variance of \$23 million and PPH South reflected \$1 million favorable variance. The main contributors to Palomar's favorable variance was reflected in the Emergency Room, Cat Scanner, Pharmacy and Patient supply departments totaling \$16.8 million higher than budget.

Outpatient revenue reflects an YTD favorable budget variance of \$5.5 million. The majority of this favorable variance is reflected at PPH North at \$6 million and the majority of this variance is in the Emergency - \$4.1 million and pharmacy - \$1.3 million).

Deductions from Revenue reflects an YTD unfavorable variance of \$30.3 million. This variance is due to 1) disproportional IP Ancillary revenue compared to routine nursing revenue (which results in additional contractual adjustments of approximately \$21 million - this is the result of most payer payments being based upon case rate or per diem reimbursement for inpatient services) at Palomar and 2) an increase in uninsured patients resulting in charity, undocumented and bad debt write-offs. Total Deductions from Revenue is 68.3% of gross revenue compared to a budget of 67%.

Deductions from Revenue (excluding Capitation revenue and Bad Debt/Charity/Undocumented expenses), was 63.7% of Gross Revenue for February YTD compared to budget of 63%.

The Capitation monies retained by PPH are reflecting an YTD \$4.8 million favorable variance as of February.

Bad debt, charity & undocumented care write-offs reflected an YTD an unfavorable \$4.9 million budget variance. PPH North is experiencing a higher proportion of uninsured patients than we have experienced in previous years. Bad debt, charity and undocumented write-offs as a percent of gross revenue is 5.2% compared to budget of 4.7%. The .5% variance approximates \$3.8 million.

Other Operating Revenue reflects an unfavorable budget variance of \$1 million. A large portion of this variance, \$698 thousand, is related to laboratory services that were budgeted in Other Operating Revenue but are being recognized in OP revenue.

Salaries, Wages & Contract labor reflects an YTD unfavorable variance of \$3.9 million (February reflected an unfavorable variance of \$1.7 million). This YTD unfavorable variance is composed of: 1) Salaries and Wages - (\$1,536,000 (actual \$105 million), 2) Contract Labor - (\$2,375,000) (actual \$8.4 million). PPH North reflects an unfavorable \$3.1 million, PPH South reflects an unfavorable \$1.2 million and Central Office reflects a favorable \$248 thousand. Nursing education for new hires is a key contributor to the variance.

Benefits Expense is reflecting an YTD unfavorable budget variance of \$280 thousand (1% variance).

Supplies Expense is reflecting an YTD unfavorable budget variance of \$2.2 million. February reflected an unfavorable \$513 thousand budget variance (the majority of the variance, \$318 thousand was in pharmacy supplies at Palomar). PPH North reflected an unfavorable \$2.59 million variance from budget. The majority of PPH North's variance is in Pharmacy for \$1.1 million, Prosthesis for \$783 thousand and Surgery General for \$585 thousand.

Prof Fees & Purch Services reflected a favorable budget variance of \$1.1 million primarily the result of being budgeted evenly throughout the year.

Non-Operating Income reflects an YTD favorable variance of \$556 thousand in February, including a \$337 thousand favorable investment income variance. Investment income reflects a 3% investment rate of return compared to budget of 2.5%.

Ratios & Margins:

All required bond covenant ratios were achieved in February 2006.

YTD OEBITDA Margin is 7.9% and Net Income Margin is 3%.

Palomar Pomerado Health
Consolidated Balance Sheet
As of February 28, 2006

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$2,853,592	\$2,794,335	\$12,863,073
Cash Marketable Securities	109,197,573	107,077,258	96,380,135
Total Cash & Cash Equivalents	112,051,165	109,871,593	109,043,208
Patient Accounts Receivable	160,591,606	163,295,758	190,388,774
Allowance on Accounts	-89,362,541	-90,712,543	-120,586,401
Net Accounts Receivable	71,229,065	72,583,215	69,802,373
Inventories	6,559,174	6,537,498	6,320,951
Prepaid Expenses	2,172,152	2,335,889	2,383,903
Other	5,294,367	4,963,469	828,210
Total Current Assets	197,305,923	196,291,664	188,378,645
Non-Current Assets			
Restricted Assets	86,930,158	87,686,165	12,026,055
Restricted by Donor	285,594	284,918	281,473
Board Designated	22,704,392	24,082,848	22,388,648
Total Restricted Assets	109,920,144	112,063,931	34,696,176
Property Plant & Equipment	327,318,264	329,044,444	337,484,770
Accumulated Depreciation	-217,113,247	-217,767,576	-218,491,576
Construction in Process	46,304,657	44,687,516	28,023,998
Net Property Plant & Equipment	156,509,674	155,964,384	147,016,992
Investment in Related Companies	6,364,360	6,332,625	6,175,837
Deferred Financing Costs	3,326,206	3,327,904	2,311,702
Other Non-Current Assets	1,182,228	1,195,733	1,274,318
Total Non-Current Assets	277,302,613	278,884,577	191,474,925
Total Assets	\$474,608,535	\$475,176,241	\$379,853,570

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$14,356,612	\$14,488,384	\$18,090,054
Accrued Payroll	17,143,475	16,472,527	19,511,491
Accrued PTO	10,531,081	10,026,370	10,212,195
Accrued Interest Payable	1,891,233	3,364,271	708,785
Current Portion of Bonds	12,745,000	12,745,000	6,125,000
Est. Third Party Settlements	-1,377,406	-613,342	-4,522,051
Other Current Liabilities	11,612,106	12,917,358	6,642,463
Total Current Liabilities	66,902,101	69,400,569	56,767,937
Long Term Liabilities			
Bonds & Contracts Payable	151,247,070	151,221,989	79,819,688
General Fund Balance	233,466,899	230,185,920	220,595,825
Unrestricted	285,594	284,918	281,473
Restricted for Other Purpose	22,704,392	24,082,848	22,388,648
Board Designated	256,456,885	254,553,686	243,265,946
Total Fund Balance	\$474,608,535	\$475,176,241	\$379,853,570
Total Liabilities / Fund Balance			

**PALOMAR POMERADO HEALTH
CONSOLIDATED
FYTD 2006
FEB 06**

	Month Activity		Variance	Variance		\$NWtg Pt Day			
	Actual	Budget		Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:									
Admissions - Acute	18,883	18,436	447						
Admissions - SNF	799	904	(105)						
Patient Days - Acute	75,322	72,505	2,817						
Patient Days - SNF	50,517	50,333	184						
LOS - Acute	3.97	4.00	(0.03)						
LOS - SNF	40.09	37.96	2.13						
Weighted Pt Days	100,018	96,527	3,491						
Revenue:									
Gross Revenue	\$ 735,577,178	\$ 703,511,049	\$ 32,066,129	F	\$ 6,622,915	\$ 7,354.45	\$ 7,288.23	\$ 66.22	
Deductions from Rev	(502,193,920)	(471,911,289)	(30,282,631)	U	(13,215,465)	(5,021.04)	(4,888.90)	(132.13)	
Net Patient Revenue	233,383,258	231,599,760	1,783,498	F	(6,592,550)	2,333.41	2,399.33	(65.91)	
Other Oper Revenue	5,707,749	6,787,832	(1,080,083)	U	(1,325,572)	57.07	70.32	(13.25)	
Total Net Revenue	239,091,007	238,387,592	703,415	F	(7,918,122)	2,390.48	2,469.65	(79.17)	
Expenses:									
Salaries, Wages & Contr Labor	113,636,626	109,725,819	(3,910,807)	U	(3,968,349)	1,136.16	1,136.74	0.58	
Benefits	27,368,894	27,088,761	(280,133)	U	(979,693)	273.64	280.63	6.99	
Supplies	41,565,365	39,326,354	(2,239,011)	U	(1,422,279)	(816,732)	407.41	(8.17)	
Prof Fees & Purch Svc	30,084,334	31,213,219	1,128,885	F	(1,128,859)	2,257,744	323.36	22.57	
Depreciation	11,683,181	11,445,172	(238,009)	U	(413,927)	175,918	118.57	1.76	
Other	13,348,404	13,412,143	63,739	F	(485,064)	548,803	138.95	5.49	
PPH Allocation	-	2	2	F	(0)	-	0.00	0.00	
Total Expenses	237,686,804	232,211,470	(5,475,336)	U	(8,398,171)	2,922,837	2,405.66	29.22	
Net Inc Before Non-Oper Income	1,404,203	6,176,122	(4,771,920)	U	223,366	(4,995,285)	14.04	(49.94)	
Property Tax Revenue	7,266,664	7,266,664	-		262,807	(262,807)	72.65	(2.63)	
Non-Operating Income	(790,313)	(1,346,456)	556,143	F	(48,696)	(7.90)	(13.95)	6.05	
Net Income (Loss)	\$ 7,880,554	\$ 12,096,330	\$ (4,215,777)	U	\$ 437,476	\$ (4,653,252)	\$ 78.79	\$ 125.32	\$ (46.52)
Net Income Margin	3.1%	4.8%	-1.7%						
OEBITDA Margin w/o Prop Tax	5.2%	6.9%	-1.7%						
OEBITDA Margin with Prop Tax	8.0%	9.8%	-1.8%						

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
MTD 2006
FEB 2006**

	Month Activity		Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Rate/Eff	Actual	Budget	Variance

	Actual	Budget	Variance
Admissions - Acute	2,257	2,124	133
Admissions - SNF	91	105	(14)
Patient Days - Acute	9,135	8,353	782
Patient Days - SNF	5,727	5,900	(73)
LOS - Acute	3.97	4.00	(0.03)
LOS - SNF	38.69	37.95	0.74
Weighted Pt Days	12,083	11,121	962

	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:									
Gross Revenue	85,868,709	81,089,570	4,779,139	F	7,106.57	7,291.57	(185.00)		
Deductions from Rev	(56,085,860)	(54,394,497)	(1,691,363)	U	(4,641.72)	(4,891.15)	249.44		
Net Patient Revenue	29,782,849	26,695,073	3,087,776	F	2,464.86	2,400.42	64.44		
Other Oper Revenue	587,938	848,479	(260,541)	U	48.66	76.30	(27.64)		
Total Net Revenue	30,370,787	27,543,552	2,827,235	F	2,513.51	2,476.72	36.80		
Expenses:									
Salaries, Wages & Contr Labor	14,344,581	12,662,596	(1,681,985)	U	1,187.17	1,138.62	(48.55)		
Benefits	3,423,858	3,126,263	(297,595)	U	283.36	281.11	(2.25)		
Supplies	5,050,659	4,537,526	(513,133)	U	418.00	408.01	(9.98)		
Prof Fees & Purch Svc	3,990,109	3,717,820	(272,289)	U	330.23	334.31	4.08		
Depreciation	1,441,886	1,435,958	(5,928)	U	119.33	129.12	9.79		
Other	1,628,675	1,608,954	(19,721)	U	134.79	144.68	9.89		
PPH Allocation	-	(1)	(1)	U	-	(0.00)	(0.00)		
Total Expenses	29,879,768	27,089,116	(2,790,652)	U	2,472.88	2,435.85	(37.02)		
Net Inc Before Non-Oper Income	491,019	454,436	36,583	F	40.64	40.86	(0.23)		
Property Tax Revenue	908,333	908,333	-	-	75.17	81.68	(6.50)		
Non-Operating Income	(159,953)	(168,307)	8,354	F	(13.24)	(15.13)	1.90		
Net Income (Loss)	\$ 1,239,399	\$ 1,194,462	\$ 44,937	F	\$ 102.57	\$ 107.41	\$ (4.83)		
Net Income Margin	3.9%	4.1%	-0.2%						
OEBITDA Margin w/o Prop Tax	6.1%	6.5%	-0.4%						
OEBITDA Margin with Prop Tax	9.0%	9.6%	-0.6%						

F= Favorable variance
U= Unfavorable variance

Palomar Pomerado Health
STATEMENTS OF CASH FLOWS
Fiscal Year 2006

	<u>February</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss from operations)	\$ 491,019	\$ 1,404,199
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation Expense	1,441,885	11,683,179
Provision for bad debts	1,717,522	19,667,025
Changes in operating assets and liabilities		
Patient accounts receivable	(363,373)	(21,093,718)
Property Tax and other receivable:	(143,926)	(10,882,685)
Inventories	(21,676)	(238,223)
Prepaid expenses and Other Non-Current asset:	163,737	(371,240)
Accounts payable	(131,772)	(2,911,692)
Accrued comp	1,175,659	(2,049,130)
Estimated settlement amounts due third-party payor	(764,064)	3,144,645
Other current liabilities	(396,919)	12,236,307
Net cash provided by operating activities	<u>3,168,092</u>	<u>10,588,671</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchases) sales on investment:	23,472	(88,041,408)
Interest (Loss) received on investment	294,330	2,277,702
Investment in affiliate:	(67,495)	198,796
Net cash used in investing activities:	<u>250,307</u>	<u>(85,564,910)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Other		0
Receipt of G.O. Bond Taxes:	243,307	5,121,218
Receipt of District Taxes:	233,520	6,809,758
Net cash used in activities:	<u>476,827</u>	<u>11,930,976</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(1,752,349)	(19,396,486)
Proceeds from sale of asset		781,634
G.O. Bond Interest paid	(2,083,619)	(2,083,619)
Revenue Bond Interest paid		(2,126,354)
Proceeds from issuance of deb		82,185,607
Payments of LT Deb		(6,125,000)
Net cash used in activities:	<u>(3,835,968)</u>	<u>53,235,782</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	59,258	(9,809,481)
CASH AND CASH EQUIVALENTS - Beginning of period	<u>2,794,334</u>	<u>12,663,073</u>
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 2,853,592</u>	<u>\$ 2,853,592</u>

PALOMAR POMERADO HEALTH BOND COVENANT RATIOS

CUSHION RATIO	Jun-04	Jun-05	Feb-06
Cash and Cash Equivalents	140,057,417	109,043,208	112,051,165
Board Designated Reserves	27,374,261	22,388,648	22,704,392
Trustee-held Funds	11,853,970	12,026,055	10,432,094
Total	179,285,648	143,457,911	145,187,651
Divided by:			
Max Annual Debt Service (Bond Year 2012)	10,697,594	10,697,594	10,697,594
CUSHION RATIO	16.8	13.4	13.6
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved

DAYS CASH ON HAND	Jun-04	Jun-05	Feb-06
Cash and Cash Equivalents	140,057,417	109,043,208	112,051,165
Board Designated Reserves	27,374,261	22,388,648	22,704,392
Total	167,431,678	131,431,856	134,755,557
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	311,614,910	340,338,156	237,686,804
Less: Depreciation	14,546,550	16,394,985	11,683,180
Adjusted Expenses	297,068,360	323,943,171	226,003,624
Number of days in period	366	365	243
Average Adjusted Expenses per Day	811,662	887,516	930,056
DAYS CASH ON HAND	206	148	145
REQUIREMENT	90	90	90
	Achieved	Achieved	Achieved

Net Income Available for Debt Service	Jun-04	Jun-05	Feb-06
Excess of revenue over expenses Cur Mo.	2,905,196	1,490,930	1,239,399
Excess of revenues over expenses YTD (General Funds)	16,053,177	17,052,649	7,880,554
ADD:			
Depreciation and Amortization	14,546,550	16,394,985	11,683,180
Interest Expense	5,581,454	5,272,031	3,344,013
Net Income Available for Debt Service	36,181,181	38,719,665	22,907,747
Aggregate Debt Service			
1993 Insured Refunding Revenue Bonds	6,017,132	6,020,301	2,823,576
1999 Insured Refunding Revenue Bonds	4,357,728	4,356,844	4,201,182
Aggregate Debt Service	10,374,860	10,377,145	7,024,758
Net Income Available for Debt Service	3.49	3.73	3.26
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

MEDICAL STAFF SERVICES

March 28, 2006



TO: Board of Directors

BOARD MEETING DATE: April 10, 2006

FROM: Robert D. Trifunovic, M.D., Chief of Staff
PMC Medical Staff Executive Committee

SUBJECT: Medical Staff Credentialing Recommendations

PALOMAR MEDICAL CENTER

- I. Provisional Appointment
Marion T. Chirayath, M.D., Hematology/Oncology (04/10/2006 – 03/31/2008)
Robert C. Hajosy, M.D., Obstetrics & Gynecology (04/10/2006 – 03/31/2008)
Arnetta Poole, M.D., Anesthesiology (04/10/2006 – 03/31/2008)
- II. Advance from Provisional to Active Category
Kevin P. Daly, M.D., Emergency Medicine (04/10/2006 – 08/31/2007)
Charles C. Liu, M.D., Diagnostic Radiology (04/10/2006 – 03/31/2008)
- III. Advance from Provisional to Courtesy Category
Alan C. Westernen, M.D., Ophthalmology (04/10/2006 – 10/31/2007)
- IV. Change from Courtesy to Associate Category
Donald G. Paige, M.D., Family/General Practice
Richard E. Pantarotto, M.D., Family Practice
- V. Additional Privileges
George Delgado, M.D., Family Practice
 - Palomar Continuing Care Center PrivilegesMohammad Imandoust, M.D., Pediatrics
 - Neonatal Diagnoses:
 - Bilirubin > 15
 - Meningitis (Viral or Bacterial)
 - Sepsis (Rule Out or Documented)Khuram A. Sial, M.D., Pain Management
 - Pain Management Privileges through Department of Anesthesia
 - Epidural Injection with or without Catheter Placement: Caudal
 - Palomar Continuing Care Center Privileges
- VI. Voluntary Resignations/Withdrawal of Membership
Eric D. Austad, M.D., Plastic Surgery
Afshin Bahador, M.D., Gynecologic Oncology
Robyn G. Cohen, M.D., Ophthalmology
Bridgette D. Duggan, M.D., Gynecologic Oncology

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Fax 760.480.1288

VII. Allied Health Professional Resignations/Withdrawals

Dixie Turner, P.A.-C., Physician Assistant; Sponsors: CEP (Effective 02/01/2006)

Roberta P. Prepas, C.N.M., Certified Nurse Midwife; Sponsors: Escondido OB/GYN (Effective 02/27/2006)

VIII. Reappointments Effective 05/01/2006 – 04/30/2008

Frank C. Cairo, M.D.	Pediatrics	Dept of Pediatrics	Active
Kevin M. Deitel, M.D.	Orthopaedic Surgery	Dept of Ortho/Rehab	Active
John H. Detwiler, M.D.	Cardiology	Dept of Medicine	Active
Michele A. Grad, M.D.	Emergency Medicine	Dept of Emergency Med	Active
Abraham Joseph, M.D. (Includes PCCC)	Geriatric Medicine	Dept of Medicine	Associate
Wayne I. Levin, M.D.	Internal Medicine	Dept of Medicine	Active
Neil D. Levine, M.D. (Includes PCCC)	Internal Medicine	Dept of Medicine	Associate
Ian S. McDonald, DMD, M.D.	Oral & Maxillofacial Surg	Dept of Surgery	Associate
Michael A. Newhouse, M.D.	Psychiatry	Dept of Medicine	Active
Alejandro Paz, M.D. (Includes PCCC)	Family/General Practice	Dept of Family Practice	Active

IX. Allied Health Professional Reappointment

Naomi J. Cohen, N.P., Nurse Practitioner; Sponsors: Kaiser Permanente Continuing Care Physicians
(Includes PCCC) (05/01/2006 – 04/30/2008)

Dolores L. Fazzino, CRNFA, Registered Nurse First Assist; Sponsor: Dr. Milling (05/01/2006 – 04/30/2008)

Pamela J. Koenig, RNFA, Registered Nurse First Assist; Sponsor: Dr. Yoo (04/10/2006 – 03/31/2008)

Shelly A. Peppe-Nani, P.A.-C., Physician Assistant; Sponsors: CEP (05/01/2006 – 04/30/2008)

Terri A. Schneider-Biehl, NNP, Neonatal Nurse Practitioner; Sponsors: Drs. Fatayerji, Golembeski, Johnsgard, Segall (05/01/2006 – 04/30/2008)

Robin H. Vaughan, Ph.D., Evoked Potential Technician; Sponsors: Drs. McKinley and Yoo (05/01/2006 – 04/30/2008)

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.

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2006**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Marion T. Chirayath, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Hematology - Certified: 2001 Oncology, Medical - Certified: 2001 Internal Medicine - Certified: 1998
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ORGANIZATIONAL NAME

<i>Name</i>	Southwest Cancer Care
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	St. John's Medical College, India FROM: 08/01/1984 TO: 10/26/1990 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	State University of New York at Buffalo Internal Medicine From: 06/19/1995 To: 06/21/1998
<i>Fellowship Information</i>	Michigan State University, East Lansing, MI Hematology & Medical Oncology From: 07/01/1998 To: 07/30/2001
<i>Current Affiliation Information</i>	Eisenhower Memorial Hospital, Rancho Mirage, CA

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2006**

PERSONAL INFORMATION

Provider Name & Title	Ara H. Dikranian, M.D.
PPHS Facilities	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

Specialties	Rheumatology – Certified: 2000
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ORGANIZATIONAL NAME

Name	Michael I. Keller, M.D., Inc.
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EDUCATION/AFFILIATION INFORMATION

Medical Education Information	University of Southern California, Los Angeles, CA FROM: 05/01/1991 TO: 05/12/1995 Doctor of Medicine Degree
Internship Information	University of California, San Diego Internal Medicine From: 06/24/1995 To: 06/27/1996
Residency Information	University of California, San Diego Internal Medicine From: 07/01/1996 To: 06/30/1998
Fellowship Information	University of California, San Diego Rheumatology From: 07/01/1998 To: 06/30/2000
Current Affiliation Information	Sharp Memorial Hospital El Centro Regional Medical Center Yuma Regional Medical Center Sharp Grossmont Hospital Alvarado Hospital and Medical Center

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2006**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Robert C. Hajosy, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Obstetrics and Gynecology – Certified: 1988/2005
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ORGANIZATIONAL NAME

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

<i>Medical Education Information</i>	Cornell University Medical College, New York, NY FROM: 09/07/1978 TO: 05/26/1982 Doctor of Medicine Degree
<i>Internship Information</i>	Maricopa Medical Center, Phoenix, AZ Obstetrics/Gynecology From: 06/25/1982 To: 06/24/1983
<i>Residency Information</i>	Maricopa Medical Center Obstetrics/Gynecology From: 06/25/1983 To: 06/24/1984 University of California, San Diego Obstetrics/Gynecology From: 07/01/1984 To: 06/30/1986
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2006**

PERSONAL INFORMATION

Provider Name & Title	Arnetta Poole, M.D.
PPHS Facilities	Escondido Surgery Center Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

Specialties	Anesthesiology – Not Board Certified
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ORGANIZATIONAL NAME

Name	Anesthesia Consultants of California
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EDUCATION/AFFILIATION INFORMATION

Medical Education Information	Rush Medical College, Rush University, Chicago, IL FROM: 09/01/1995 TO: 06/12/1999 Doctor of Medicine Degree
Internship Information	N/A
Residency Information	LAC-King-Drew Medical Center, Los Angeles, CA Anesthesia From: 07/01/1999 To: 06/30/2002 University of California, Davis Anesthesia From: 07/01/2002 To: 07/04/2003
Fellowship Information	N/A
Current Affiliation Information	Sharp Memorial Hospital, Chula Vista Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENTS
FOR APRIL 2006**

NAME:	Robert S. Buchanan, O.T.	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Pomerado Hospital	
TRAINING:	Grossmont College, La Mesa, CA A.S. degree Orthopaedic Technology	08/07/95-Present 12/04/89-Present
PRACTICE:	Orthopaedic Technician, Kaiser Permanente, San Diego, CA Orthopaedic Technician, Southland Orthopaedic, Vista, CA Orthopaedic Technician, B.W. and Associates, San Diego, CA Kaiser Orthopaedic Surgeons at Pomerado Hospital	10/01/87-03/31/95 01/01/87-09/30/87
SPONSORS:		
CERTIFICATION:	None	
FACILITY:	Pomerado Hospital	
NAME:	Erik M. Duke, O.T.	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Pomerado Hospital	
TRAINING:	U.S. Navy Corps School Orthopaedic Cast Room Tech training	06/01/92-12/1/92 01/01/96-Present
PRACTICE:	Orthopaedic Technician, Kaiser Permanente, San Diego, CA Orthopaedic Technician, U.S. Navy Kaiser Orthopaedic Surgeons at Pomerado Hospital	12/01/92-03/28/98
SPONSORS:		
CERTIFICATION:	None	
FACILITY:	Pomerado Hospital	
NAME:	Beverly C. Lipscomb, LVN,	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Pomerado Hospital	
TRAINING:	San Diego City College/CWETA, San Diego, CA LVN certificate Orthopaedic technician Training -- Kaiser on the job, San Diego, CA	01/01/77-01/25/85
PRACTICE:	Orthopaedic Technician/LVN, Kaiser Permanente, San Diego, CA Kaiser Orthopaedic Surgeons at Pomerado Hospital	10/08/85-Present
SPONSORS:		
CERTIFICATION:	None	
FACILITY:	Pomerado Hospital	

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENTS
FOR APRIL 2006 (continued)**

Page two

NAME: Cassandra L. Miller, P.A.-C.
SPECIALTY: Physician Assistant
SERVICES: Physician Assistant for California Emergency Physicians
in Palomar Medical Center Emergency Department
TRAINING: University of California, Irvine
Bachelor of Science in Biological Sciences 09/93-09/16/98
University of Southern California, Keck School of Medicine
Master of Physician Assistance Practice 08/27/00-05/16/03
PRACTICE: Physician Assistant, California Emergency Physicians
Palomar Medical Center, Escondido, CA 07/03/04-Present
Physician Assistant, Pioneers Memorial Hospital
Brawley, CA 11/15/03-Present
Physician Assistant(temp position), Darin M. Camarena
Health Center, Madera, CA 10/22/03-10/31/03
SPONSORS: California Emergency Physicians at Palomar Medical Center
CERTIFICATION: National Commission on Certification of Physician Assistants 2003
FACILITY: Pomerado Hospital

NAME: Caroline E. Self, P.A.-C.
SPECIALTY: Physician Assistant
SERVICES: Physician Assistant
TRAINING: Quinnipiac University, Hamden, CT
Master of Health Science-Physician Assistant 05/01/02-08/07/04
Norwalk Hospital, Yale University School of Medicine,
New Haven/Norwalk, CT - P.A. Surgery Residency Program 09/01/04-08/31/05
PRACTICE: Physician Assistant, Valley Radiology Medical Group, Escondido, CA 01/16/06-Present
SPONSORS: Anatoly Bulkin, M.D., Bassem Georgy, M.D., Daniel Macksood, M.D.
Stefan Moldovan, M.D., Andrew Polansky, M.D., Richard Price, MD.
Paul Rickards, M.D. Raymond Sung, M.D., Steven Taggart, M.D.
CERTIFICATION: National Commission on Certification of Physician Assistants 2004
FACILITY: Pomerado Hospital

MEDICAL STAFF SERVICES



DATE: March 28, 2006
MEMO TO: Palomar Pomerado Health
Board of Directors
FROM: Marvin Levenson, M.D.
Medical Director, Escondido Surgery Center
RE: Medical Staff Recommendations

The Medical Staff of Palomar Medical Center approved the following credentialing recommendations for Escondido Surgery Center for submission to the Board of Directors:

Appointment:

- ◆ Arnetta Poole, M.D., Anesthesiology (04/10/2006 – 03/31/2008)

Voluntary Resignations/Withdrawals:

- ◆ Eric D. Austad, M.D., Plastic Surgery

Reappointment:

04/10/2006 – 10/31/2007

- ◆ Alan C. Westeren, M.D., Ophthalmology

05/01/2006 – 04/30/2008

- ◆ Ian S. McDonald, DMD, M.D., Oral & Maxillofacial Surgery
- ◆ Alejandro Paz, M.D., Family/General Practice

Allied Health Professional Reappointment:

05/01/2006 – 04/30/2008

- ◆ Dolores L. Fazzino, CRNFA, Registered Nurse First Assist; Sponsor: Dr. Milling

Certification by and Recommendation of Escondido Surgery Center Medical Director:

As Medical Director of Escondido Surgery Center, I certify that the procedures described in the Escondido Surgery Center Bylaws for appointment, reappointment or the granting of privileges and that the policy of the Palomar Pomerado Health 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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Pomerado Hospital Medical Staff Services
15615 Pomerado Road
Poway, CA 92064
Phone – (858) 613-4664
FAX - (858) 613-4217

DATE: March 29, 2006
TO: Board of Directors - April 10, 2006 Meeting
FROM: Paul E. Tornambe, M.D., Chief of Staff, Pomerado Hospital Medical Staff
SUBJECT: Medical Staff Credentials Recommendations – March 2006:

Provisional Appointments: (04/10/2006 – 03/31/2008)
Marion Chirayath, M.D. – Hematology/Oncology
Ara Dikranian, M.D. - Rheumatology
Arnetta Poole, M.D. - Anesthesia

Biennial Reappointments: (05/01/2006 – 04/30/2008)
William S. Bornmann, D.O – Emergency Medicine - Active
John H. Detwiler, M.D. – Medicine - Courtesy
Michele A. Grad, M.D. – Emergency Medicine - Active
Abraham Joseph, M.D. – Medicine – Associate (includes Villa)
Neil D. Levine, M.D. – Medicine - Affiliate
Timothy Maresh, M.D. – OB/GYN - Active
Richard J. Snyder, M.D. – Medicine - Active
Elizabeth E. Vierra, M.D. - Medicine - Affiliate

Advancements:
Larry C. Chiang, M.D. – Medicine – Advanced to Consulting Category
Richard C. Engel, M.D. - Anesthesia – Advanced to Active Category
Kevin P. Daly, M.D. – Emergency Medicine – Advanced to Active Category
Kevin M. Deitel, M.D. – Surgery – Advanced to Active Category
Charles C. Liu, M.D. – Radiology – Advanced to Active Category
Glenn M. Panzer, M.D. Medicine/Family Practice – Advanced to Active Category (includes Villa)
John T. Steele, M.D. – Surgery – Advanced to Courtesy Category (includes Villa)

Additional Villa Pomerado Privileges:
George Delgado, M.D.
Khuram A. Sial, M.D.

Voluntary Resignations/Withdrawal of Membership:
Afshin Bahador, M.D. – Gynecologic Oncology
Bridgette D. Duggan, M.D. – Gynecologic Oncology

Two Year Leave of Absence:
Parmjit M. Singh, M.D. Effective May 1, 2006

Allied Health Renewal: (05/01/2006 – 04/30/2008)
Naomi Cohen, NP – Sponsors – Kaiser Physicians
Dolores L. Fazzino, CRNFA – Sponsor – Dr. Paul Milling
Pamela J. Koenig, RNFA – Sponsor – Dr. Frank Martin
Shelley Peppe-Nani, P.A. – Sponsors – Emergency Department Physicians
Terri A. Schneider-Biehl, NNP – Sponsor – Dr. David Golembeski

Allied Health Appointments: (04/10/2006 – 03/31/2008)

Robert S. Buchanan, OT – Sponsors – Kaiser Physicians
Erik M. Duke, OT – Sponsors – Kaiser Physicians
Beverly C. Lipscomb, LVN,OT - Sponsors Kaiser Physicians
Cassandra Miller, P.A.-C – Sponsors Emergency Medicine Physicians
Caroline Self P.A.-C – Sponsors – Radiologists, Dr. Bulkin and Dr. Moldovan

Allied Health Resignation/Withdrawal of Privileges:

Corrine A. Carroll, R.N.
Dixie Turner, P.A.-C

POMERADO HOSPITAL

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

Resolution in Appreciation of Director Nancy H. Scofield

TO: Board of Directors
DATE: April 10, 2006
FROM: Marcelo R. Rivera, M.D., Board Chairman
BY: Christine Meaney, Board Assistant

BACKGROUND: In recognition of the dedication and length of service provided by Mrs. Nancy H. Scofield as a Director and former Secretary of Palomar Pomerado Health Board of Directors who is resigning effective Monday, May 1, 2006, the Board wishes to recognize Mrs. Scofield in an appropriate manner and, by so doing, Marcelo R. Rivera, M.D., Board Chairman, has requested that a Resolution be adopted by the Board in appreciation of Mrs. Scofield as an exemplary board member, committed to quality, local health care for the residents of North County.

BUDGET IMPACT: None

CHAIRMAN'S RECOMMENDATION: Approval

Motion:

Individual Action: X

Information:

Required Time:

**RESOLUTION OF THE BOARD OF DIRECTORS OF
PALOMAR POMERADO HEALTH
IN APPRECIATION OF
DIRECTOR NANCY H. SCOFIELD**

WHEREAS, Nancy H. Scofield was elected as member of the Board of Directors of Palomar Pomerado Health, taking her seat on the Board on February 18, 1991, and has served continuously since that time; and

WHEREAS, the leadership qualities of Nancy H. Scofield have been recognized by her election as Secretary of the Board during many of her 15 years of service, as well as her appointment as Chairperson of numerous Board committees including Quality Review, Governance, and Community Relations. In addition Director Scofield has served on Finance, Human Resources, Facilities and Grounds; the former Planning and Marketing Committee and several former ad hoc committees such as Trauma, CEO Search, Emergency Department Call Task Force, Nominating, and Incentive Compensation. Director Scofield has also been a liaison to the Palomar Pomerado Health Foundation Board, and since January 2005 has been Secretary of the newly formed Palomar Pomerado North County Health Development Inc Board of Directors (Board Grant Foundation); and

WHEREAS, Nancy H. Scofield embraced the concept of providing health care services outside the facility by involving herself in community outreach efforts, having helped guide the development of the Health Care Advisory Councils by her presence on the Health Care Advisory Council for Tri-Pomerado, and was a nominee for the AHA Committee on Governance and ad hoc Trustee Leadership; and

WHEREAS, Nancy H. Scofield has been a strong advocate of quality, local health care for all residents of North County, including promotion of positive legislation for excellence in healthcare within our communities and contact with legislators, her continuing efforts in appreciation of PPH employees and auxiliaries, and working collaboratively with PPH physicians; and

WHEREAS, Nancy H. Scofield, through her work ethic, passion, experience and commitment has brought to the Board a level of continuity and guidance, often mentoring new Board Members, and has provided a considerable amount of time and diligence to the wellbeing of Palomar Pomerado Health.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Palomar Pomerado Health to express appreciation to Nancy H. Scofield, for her performance as a member of Palomar Pomerado Health Board of Directors and that this Resolution be spread upon the records for all to be aware of in the future.

PASSED AND UNANIMOUSLY ADOPTED at a Regular Meeting of the Board of Directors of Palomar Pomerado Health, held on April 10, 2006.

APPROVED:

ATTESTED:

Marcelo R. Rivera, M.D., Chairman
Board of Directors

Linda C. Greer, R.N., Secretary
Board of Directors

Presentation to Director Nancy H. Scofield

TO: Board of Directors
DATE: April 10, 2006
FROM: Marcelo R. Rivera, M.D., Board Chairman
BY: Christine Meaney, Board Assistant

BACKGROUND: In recognition of the dedication and length of service provided by Mrs. Nancy H. Scofield as a Director and former Secretary of Palomar Pomerado Health Board who is resigning effective Monday, May 1, 1006, the Board wishes to recognize Mrs. Scofield in an appropriate manner and, by so doing, Marcelo R. Rivera, M.D., Board Chairman, will on behalf of the Board, present a Special Award Pin in appreciation.

BUDGET IMPACT: None

CHAIRMAN'S RECOMMENDATION: Approval

Motion: X

Individual Action:

Information:

Required Time:

Designation of Officers of the District

TO: Board of Directors
DATE: April 10, 2006
FROM: Michael H. Covert, CEO
BY: Christine Meaney, Board Assistant

BACKGROUND: Attached for Board approval is a resolution designating current officers of the District and supersedes previous such resolutions. The designation begins with the President and CEO and includes all members of the Executive Management Team.

There are various requests for the production of this designation of officers of the District, including that for "corporate" officers. The resolution references the District's enabling authority. The CEO is granted authority by District bylaws to designate officers; the State of California requires approval by the Board.

BUDGET IMPACT: None

RECOMMENDATION: Approval

Motion:

Individual Action: X

Information:

Required Time:

**RESOLUTION OF THE BOARD OF DIRECTORS OF
PALOMAR POMERADO HEALTH
DESIGNATING SUBORDINATE OFFICERS OF THE DISTRICT**

WHEREAS, Palomar Pomerado Health (the "District") is a political subdivision of the State of California organized under Division 23 of the Health and Safety Code ("Local Health Care District Law"); 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 which supersedes previous such resolutions; and

NOW, THEREFORE, BE IT RESOLVED, that the following subordinate officers of the District are hereby designated:

President and CEO
Chief Administrative Officer – Palomar Medical Center
Chief Clinical Outreach Officer
Chief Medical Quality Officer
Chief Administrative Officer – Pomerado Hospital
Chief Marketing and Communications Officer
Chief Financial Officer
Chief Planning Officer
Chief Information Officer
Chief Executive Officer, Palomar Pomerado Health Foundation
Chief Nurse Executive
Chief Human Resource Officer
Chief Quality Officer

PASSED AND ADOPTED at a regular meeting of the Board on April 10, 2006, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

APPROVED:

ATTESTED:

Marcelo R. Rivera, M.D., Chairman
Board of Directors

Linda C. Greer, R.N., Secretary
Board of Directors

Informational: Annual Review of PPH Bylaws Relating to HR Committee

TO: PPH Board of Directors
MEETING DATE: April 10, 2006
FROM: Human Resources Committee: March 16, 2006

BACKGROUND:

PPH Board Bylaws are reviewed annually. HR Committee met on March 16, 2006 to review section 6.2.3 that relates to the Human Resources Committee.

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION:

Recommended changes to the HR Committee Board Bylaws will be reviewed by the Governance Committee. Changes are as follows:

- (a) Voting Membership. Membership shall consist of no more than three members of the Board and one alternate. The alternate shall attend Committee meetings and enjoy voting rights only in the absence of a voting Committee board member. The President and Chief Executive Officer shall also hold voting rights.
- (b) Non-Voting Membership: Chief Human Resources Officer, the Chief Administrative Officers of Palomar Medical Center and Pomerado Hospital, and the Chief Nurse Executive.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Informational: Inclusion of a Foundation Board Member on the HR
Committee**

TO: PPH Board of Directors
MEETING DATE: April 10, 2006
FROM: Human Resources Committee: March 16, 2006

BACKGROUND:

In 2005 the Governance Committee suggested the potential addition of a Foundation Board Member to the HR Committee. At the September 13, 2005 meeting the HR Committee briefly discussed the suggestion and decided to revisit the in 2006.

Concerns expressed at the September meeting:

- a. This committee is not germane to the Foundation, voting authority would be questionable
- b. Maintaining confidentiality of HR matters discussed in closed session
- c. Possible hampering of discussions due to lack of close PPH contact
- d. Concern on how the Foundation Member would be selected to sit on the PPH committees.
- e. Lack of Foundation Board stability

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION:

Committee passed a motion that a member of the Foundation Board not be included in the HR Committee.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Campus Non-Smoking Policy

TO: PPH Board of Directors
MEETING DATE: April 10, 2006
FROM: Human Resources Committee: March 16, 2006

BACKGROUND:

Board Member Greer requested HR Committee discuss the possible creation of a PPH Campus Non-Smoking Policy.

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION:

M. Covert to discuss with the EMT and staff to determine the next step. M. Covert to report back to HR Committee at a future date.

COMMITTEE QUESTIONS:

- a. Smoke free PPH facilities
 - b. Clearly defined outside smoking areas, including the construction of smoking areas specific for employees and visitors
 - c. Totally smoke-free campuses
 - d. Concern for stressed family members
 - e. Possible development of focus groups to assess the concerns and provide a recommendation.
- Suggestion: If focus groups are developed they should include family members and patients.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Shift Bidding

TO: PPH Board of Directors
MEETING DATE: April 10, 2006
FROM: Human Resources Committee: March 16, 2006

BACKGROUND:

1. Per Board Member request Lorie Shoemaker will provide information on a shift bidding process for employees.
2. Prior to discussing shift bidding, L. Shoemaker provided an overview of the current scheduling process involving both ResQ and API.
 - All of the nursing units have some form of participative scheduling, wherein staff post their schedule requests for a 4 week schedule well in advance.
 - The schedule is then reviewed by the unit scheduler and ultimately approved by the director/manager, and then entered into the ResQ on-line scheduling system.
 - Staff utilize the API badge reader system for clocking in and out on a daily basis. This ultimately generates their paycheck.
3. Three vendors are being considered for staffing, scheduling and shift bidding purposes. Although no one vendor has all the components needed, interfaces between the systems are available.
4. The vendor demonstrations will take place on March 28th and 31st.

BUDGET IMPACT: None at this time

COMMITTEE RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Travelers and PPH Shift Options

TO: PPH Board of Directors
MEETING DATE: April 10, 2006
FROM: Human Resources Committee: March 16, 2006

BACKGROUND:

Per Board Member request L. Shoemaker spoke to the perception that Travelers receive the best shifts.
Travelers are hired with the understanding that they work every weekend and fill the open positions (which are primarily off-shifts). It was also noted that reducing the use of Travelers is a goal for the Nursing Departments.

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Pension Communications

TO: PPH Board of Directors
MEETING DATE: April 10, 2006
FROM: Human Resources Committee: March 16, 2006

BACKGROUND:

At the May meeting of the PPH Pension Committee Fidelity presented a comprehensive program targeted at educating PPH employees on their pension plan options.

1. Fidelity was challenged to develop an enrollment guide/booklet in layman's terms to educate PPH employees. The enrollment guide includes the steps 1, 2 and 3 of getting started in the deferred compensation plan. It also includes definitions of investment terms as a means to begin educating employees on terms they may see in investment materials.
2. All employees not currently participating in the pension programs will receive a brochure. Fidelity has over 200 languages available via their language telephone lines.
3. The educational campaign will include:
 - a. An introduction to on-going characters, Jim and Susan, who will be featured in future editions of *Momentum*.
 - b. One-on-ones with Fidelity representatives
 - c. Computer labs
 - d. Participative investment seminars, including the appearance of Sally and John who will ask questions geared to engage employees.
 - e. Future seminars will include retirement planning for employees close to retirement.

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

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Tobacco Tax Act

TO: PPH Board of Directors
MEETING DATE: April 10, 2006
FROM: Community Relations Committee on March 17, 2006
BY: Gustavo Freiderichsen

BACKGROUND: The California Hospital Association discontinued pursuit of last fall's tobacco tax initiative and instead joined with the Cancer, Lung, Heart and Children's Associations and others to sponsor a consolidated tobacco tax initiative. The new measure, sponsored by the Coalition for a Healthy California, received approval by the Attorney General to be placed on the November 7, 2006 ballot -- as long as the coalition generates 1 million signatures by the end of April. This ground breaking joint effort will raise \$2.1 billion annually for hospitals, nurse education, children's health insurance, physician services, smoking related diseases and tobacco control. When asked how employees could help support the initiative, Gustavo cautioned that it be done only during non-work hours.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

PPH Legislative Luncheon

TO: PPH Board of Directors
MEETING DATE: April 10, 2006
FROM: Community Relations Committee on March 17, 2006
BY: Gustavo Freiderichsen

BACKGROUND: Gustavo briefed the Committee on plans for Palomar Pomerado Health's first Legislative Luncheon and Workshop to be held on Friday, April 28, 2006 at the Rancho Bernardo Inn from noon to 2 p.m. The purpose of the Luncheon and Workshop will be to discuss and collaborate on important legislative, regulatory and public health issues facing PPH and the health district. Gustavo informed the committee that while he has sent invitations and followed up with phone calls, he was not getting the response he had hoped for and may cancel if the interest level did not increase.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Media Update

TO: PPH Board of Directors
MEETING DATE: April 10, 2006
FROM: Community Relations Committee on March 17, 2006
BY: Gustavo Freiderichsen

BACKGROUND: Andy Hoang presented to the Committee the strategic media coverage placed in local newspapers during the weeks leading up to the historic Escondido City Council vote on February 8, 2006. He also reported on the recent television media coverage on Channel 8 News spotlighting Minimally Invasive Total Hip Replacement Surgery.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Monthly Reports

TO: PPH Board of Directors

MEETING DATE: April 10, 2006

FROM: Community Relations Committee on March 17, 2006

BY: Gustavo Friederichsen

BACKGROUND: Monthly reports were respectively presented to the Community Relations Committee. Included were Marketing/Public Relations, HealthSource , and Community Outreach for the months of January and February, 2005.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Facilities Update

TO: PPH Board of Directors
DATE: April 10, 2006
FROM: Joint BOD/Strategic Planning Committee on March 16, 2006
BY: Marcia Jackson, Chief Planning Officer
Mike Shanahan, Director Facilities Planning & Development

BACKGROUND: Marcia Jackson presented feedback from the second PPH Innovation Week, (January 31 to February 3, 2006). She also included a meeting summary of the Expert Advisory Panel (January 30, 2006), as well as a summary of the Physician Facilities Innovation Retreat (January 20, 2006).

Steve Yundt presented mock-ups of the patient rooms, noting that employing certain aspects of these updated mock-ups can result in the following:

1. Improved family-centered care
2. Improved staff efficiency, patient safety

The next steps included building the next iteration of same-handed room, and building the first iteration of the OR, IR/Cath Lab, LDR, NICU, and ED Treatment.

Tom Chessum of Anshen & Allen discussed the overall design aspects for POM and PMC West, noting that the Design Team has met a total of five times, with phenomenal results.

POMERADO HOSPITAL

Jerzey Wollak, from Anshen & Allen, presented the Pomerado Hospital Architectural Design agenda item, including segments on the campus plan, Outpatient Services Pavilion, and hospital expansion. Pomerado's ground-breaking ceremony will be held on March 21. The expansion will more than double the size of the facility, and includes a new nursing tower, an Outpatient Services Pavilion, and a new parking structure. The design will feature a resort-like ambience, with many gardens, water features, courtyards, and indoor-outdoor terraces. One of the key priorities at POM is to maintain the natural setting and sense of openness, including extensive landscaping and a stepped, curved façade.

PMC WEST

Dennis McFadden of Anshen & Allen presented the architectural design for PMC West, including segments on the campus plan, hospital, and Women's and Children's Center. The architects strove to find a balance in the dual nature of the hospital, both as a machine (facility of the future) and also as a "green" facility with healing gardens as well as a roof garden.

The design evolution for PMC West included changing the perimeter, bending the "spine" to offer a less institutional look. A shade structure feature on the conservatory was a topic of considerable discussion, with comments that the feature was reminiscent of Venetian blinds.

Dr. Rivera challenged the Board of Directors to envision the way that they had perceived the structure of the new facility, and decide whether they wanted PMC West to be an "urban

Facilities Update

hospital” or to have a softer, more spread-out feel like Pomerado Hospital.

Board member comments included the following:

- More fluid, rounder building, with porte-cochere, façade changes, possibly a bell tower
- Less rectangular buildings with different shapes
- More of a resort-style feeling like POM
- Facility needs flavor, character

Michael Covert reminded the Committee that one of the difficulties with the model is the issue of scale; the lot size is already the size of 1.5 football fields, and that possibly we might not want the new hospital to “fit in,” and to think about giving notice as a monument, a beacon of health care.

Marcia Jackson and Mike Shanahan presented a brief update on the Ramona and Rancho Peñasquitos satellite centers.

RAMONA

PPH continues to be limited by the lack of available and reasonably priced land sites in Ramona. The following two site options were discussed:

1. **The Auerbach parcel, Main Street & 13th – 14th Streets** - it appears that the Auerbach family doesn't really want to sell; PPH is looking at developer-partnership options.
2. **The Old Post Office off Main Street** is for sale, and this could be the 2nd option.

Dr. Rivera reminded the Committee that the Ramona residents have waited a long time for a satellite clinic. Michael Covert responded that there is not much for sale in Ramona at the present time, and that PPH may have to look at options, including leasing property. Mr. Covert stressed that if PPH does not consider leasing for at least the present time, it is possible that the Ramona residents could continue to wait for years.

RANCHO PENASQUITOS

Mike Shanahan reviewed the two options for the Rancho Peñasquitos property that were discussed at the February 2006 Strategic Planning Committee meeting:

1. **Construct a new 55,000 square foot (SF) Clinic**
2. **Retain the 15,000 SF Church Nave, and add a secondary 40,000 SF Clinic**

Partnering with a developer is also being examined. Marcia and Mike discussed that the preferred option is to retain the Nave for PPH education and wellness programs, which offer community benefit, but minimal reimbursement. Financial considerations will continue to be reviewed.

COMMITTEE RECOMMENDATION:

Information: X

**PALOMAR POMERADO HEALTH
Education Session**

TO: Board of Directors

MEETING DATE: Monday, April 10, 2006

FROM: FACILITIES AND GROUNDS COMMITTEE
Meeting of March 20, 2006

BY: Jim Flinn, CHE
Chief Administrative Officer
Pomerado Hospital

Background: Michael Shanahan and Marcia Jackson made an educational presentation to the Committee regarding our newly acquired property in Rancho Penasquitos. The presentation covered Entitlement Process and Programming Options for this facility. Marcia Jackson also provided an update on the planning process for the Satellite Clinic being planned for Ramona.

Budget Impact:

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**PALOMAR POMERADO HEALTH
Project Updates**

TO: Board of Directors

MEETING DATE: Monday, April 10, 2006

FROM: FACILITIES AND GROUNDS COMMITTEE
Meeting of March 20, 2006

BY: Jim Flinn, CHE
Chief Administrative Officer
Pomerado Hospital

Background: Michael Shanahan provided status updates and details on the following projects currently under way for Palomar Pomerado Health:

- Phase I –Pomerado Hospital
- Palomar Continuing Care Center – ADA
- PMC – Linear Accelerator
- San Marcos School of Nursing
- Supply Chain Services Relocation

Budget Impact: NONE

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

PALOMAR POMERADO HEALTH
Design Review

TO: Board of Directors

MEETING DATE: Monday, April 10, 2006

FROM: FACILITIES AND GROUNDS COMMITTEE
Meeting of March 20, 2006

BY: Jim Flinn, CHE
Chief Administrative Officer
Pomerado Hospital

Background: Jim Flinn provided design details and answers to questions for the Pomerado Campus posed by Board and committee members. The architectural models were not on display at this meeting.

Budget Impact:

Staff Recommendation: INFORMATIONAL ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**PALOMAR POMERADO HEALTH
Date/Time/Location Of Next Meeting**

TO: Board of Directors

MEETING DATE: Monday, April 10, 2006

FROM: FACILITIES AND GROUNDS COMMITTEE
Meeting of March 20, 2006

BY: Jim Flinn, CHE
Chief Administrative Officer
Pomerado Hospital

Background: The next meeting is scheduled for June 19, 2006 to be held at Pomerado Hospital – 3rd Floor Conference Room - C. The dates, times and frequency when future meetings will occur will be discussed.

Budget Impact: N/A

Staff Recommendation: INFORMATION

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Updated Plan of Finance and Debt Policy

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, March 28, 2006
MEETING DATE: Monday, April 10, 2006
FROM: Bob Hemker, CFO

Background: In August 2004, the Board approved the Plan of Finance to provide the necessary funding to complete the previously approved Facility Master Plan. The Financing Team continues to develop the next steps of financing for the Master Facility Plan, which includes the possible restructuring of the existing Revenue Bonds and issuance of new Revenue Bonds.

At the March 29, 2005, Board Finance Committee, the Plan of Finance update included the introduction of the use of variable rate debt instruments. At that time, the Committee recommended, and it was subsequently approved by the Board, that Management be allowed to pursue the development of a variable rate debt and underlying debt policy for PPH, to include identification of a target range of stabilized variable rate exposure, and the establishment of guidelines for use of traditional and non-traditional fixed and variable rate instruments.

Management worked with the Financing Team to develop the next steps of financing, as well as the components of the requisite debt/swap policy. At the December 6, 2005, meeting, the Board Finance Committee approved and recommended to the full Board authorizations for the Financing Team to:

- Use Credit Enhancement
- Issue Variable Rate Debt and Maintain an Unhedged Portion Within the Guidelines of the Debt Policy
- Increase the Borrowing Amount in 2006
- Enter into an Interest Rate Swap Agreement
- Lock in Interest Rates
- Formulate a Debt and Interest Rate Swap Policy

The above authorizations were approved by resolution at the December 12, 2005, Board Meeting. Management and the Financing Team provided the Finance Committee with an update on their activities since that time, together with an update on financing strategies—including a discussion on hedging.

Status of planning for the Revenue Bond issuance later in Calendar Year 2006 was also reviewed.

Additional materials (for addition to Plan of Finance Binders) were provided at the Finance Committee meeting.

Budget Impact: N/A

Staff Recommendation: N/A

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time: