

ADDENDUM J

PARTICIPANT ROSTER

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

Palomar Pomerado North County Health Development, Conference Room, 642 East Grand Avenue, Escondido, CA

PARTICIPANTS		MEETING DATES							
		7/12/05	10/5/05	3/28/06					
MEMBERS									
WILLIAM L. CORWIN (AT LARGE)		P	P	P					
STEPHEN FRIAR (AT LARGE)		P	P	P					
LEE HUMAN, MD (PHYSICIAN)		E	E	E					
JERRY KAUFMAN, MPT (BUSINESS ORG) - SECRETARY		P	P	E					
EDWARD R. LEHMAN (SR CITIZENS' ORG)		P	P	P					
JOHN MCIVER (AT LARGE)		P	P	P					
KATHY LEECH MCKINNEY (AT LARGE)		P	P	P					
MARGARET MOIR (AT LARGE)		P	P	P					
BOB WELLS (TAXPAYERS' ORG) – VICE CHAIR		P	P	E					
STEPHEN P. YERXA (AT LARGE) - CHAIR		P	P	P					
DISTRICT SUPPORT STAFF									
BOB HEMKER, CFO		P	P	P					
TANYA HOWELL, EXECUTIVE ASST – SCRIBE		P	P	P					
GUESTS									
KATHLEEN LEAK, BOND COUNSEL ORRICK, HERRINGTON & SUTCLIFFE				P					

[P = Present E = Excused A = Absent]

Independent Citizens' Oversight Committee

Meeting Minutes – Tuesday, March 28, 2006

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
I. CALL TO ORDER & ROLL CALL	<p>Meeting called to order at 3:02 p.m. by Chair Steve Yerxa.</p> <p><i>See roster for attendance.</i></p>	
II. INFORMATION ITEM(S)	<ul style="list-style-type: none"> • Chair Steve Yerxa replied to the letters of inquiry received at the October 2005 meeting from Messrs. Robroy Fawcett & Jeff Switzer (<i>Attachment A</i>) • Assistant to the ICOC Tanya Howell is working with the PPH Webmaster to create an appropriate link on the site for posting of the schedule, agendas & minutes of the ICOC • Assistant Tanya Howell distributed the following items to the membership: <ul style="list-style-type: none"> o Petty cash funds distribution and expense vouchers for mileage to previous ICOC meetings o Minutes with attachments from October 5, 2005, ICOC meeting o Letters from Chair Steve Yerxa to public letters of inquiry referenced above o Draft biographical sketches of ICOC membership for review & approval o Current ICOC Contact List o Letter from Lee Human, M.D. (<i>referenced in Agenda item IV.A.</i>) • PMC North Campus <ul style="list-style-type: none"> o PPH closed on the land o The City approved the zoning changes for rights & entitlements o There is a Development Agreement with the City, which includes extending Citracado Parkway for access o There is also a Memorandum of Understanding (MOU) with the City regarding changes being made on the current PMC campus and plans for downtown Escondido <ul style="list-style-type: none"> ▪ Early-stage evaluations of properties on Valley Boulevard are being done as PPH would require rights to both sides of the road for it to be closed to meet current plans o The District Board Finance Committee is reviewing the relocation of Supply Chain Services and the Warehouse to Escondido to begin to reallocate local sales tax <ul style="list-style-type: none"> ▪ The Development Agreement with the City allocates \$13M in cash plus an approximate \$6-7M in local tax reallocations to pay for infrastructure upgrades along Citracado Parkway • ICOC minutes <ul style="list-style-type: none"> o October minutes were reviewed & approved by District Board at their March 13, 2006, meeting o Future distribution: <ul style="list-style-type: none"> ▪ First draft to Chair Steve Yerxa ▪ To Committee members after Chair approval ▪ To PPH Finance Committee for review ▪ To consent agenda at District Board meeting ▪ To next scheduled ICOC meeting agenda 	<ul style="list-style-type: none"> • ICOC Web posting to be worked out prior to Annual Meeting • Minutes of this meeting will be drafted, reviewed by Chair, then forwarded to the District Board via the April 25, 2006, Finance Committee meeting

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Independent Citizens' Oversight Committee

Meeting Minutes – Tuesday, March 28, 2006

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> Jerry Kaufman's resignation was reported to the District Board <ul style="list-style-type: none"> Bob Hemker confirmed with bond counsel the propriety of the resignation John McIver's nomination by the ICOC as replacement—both as Secretary and Business Organization representative—was also reported to the District Board As the membership remains at the required number of nine, no further action is required 	
III. PUBLIC COMMENTS	There were no public comments	
IV. DISCUSSION AGENDA		
REPORTS		
A. RESIGNATION OF LEE HUMAN, M.D.	<ul style="list-style-type: none"> Lee Human, M.D., submitted a letter of intent to resign, based on scheduling conflicts (<i>Attachment B</i>) <ul style="list-style-type: none"> Resignation discussed and accepted Leaves a vacancy on the ICOC, specifically a "Required Member" who is either a nurse or a physician Vacancy also requires replacement of member, as required membership shall be NLT nine (9) <ul style="list-style-type: none"> Eight (8) members is still a quorum Current applications to be forwarded to the Finance Committee for consideration: <ul style="list-style-type: none"> Two applications recently received will be included if they meet the nurse/physician requirement Applications from first round of applicants who met the nurse/physician requirement 	<ul style="list-style-type: none"> Dr. Human's resignation will be reported to the District Board via the Board Finance Committee, with a recommendation that the vacancy be posted for nurse/physician applicants only, as all other required and at-large memberships are filled
PRESENTATIONS		
A. LEGAL ASPECTS OF GO BONDS B. CLARIFICATION OF THE DUTIES & ROLES OF THE ICOC	<p>Utilizing <i>Attachment C</i>, Kathleen Leak, Esq., Bond Counsel for PPH, from Orrick, Herrington & Sutcliffe, LLP, led a discussion that covered both the legal aspects of the issuance of and distribution of funds derived from General Obligation (GO) Bonds and the duties and roles of the ICOC with regard to those funds. Ms. Leak also acknowledged the team of individuals known as the PPH Financing Team—consisting of PPH staff and consultants from Citigroup, Kaufman Hall and Orrick—who are coordinating the formulation of the Plan of Finance, a component of which is the issuance of GO Bonds</p> <ul style="list-style-type: none"> The Constitution of the State of California sets limitations on the use of GO Bonds, stating that they may only be used to purchase "real property" <ul style="list-style-type: none"> No direct legal definition for "real property – consensus over time as to what is or is not allowed <ul style="list-style-type: none"> Anything truly portable, ordinary repairs, maintenance costs, supplies or labor are not generally allowed 	<ul style="list-style-type: none"> Tanya Howell is to add Kathleen Leak to both the ICOC Contact List and the ICOC emailing group listing


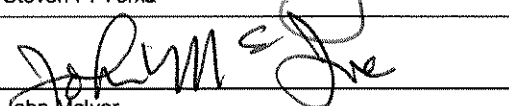
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Independent Citizens' Oversight Committee

Meeting Minutes – Tuesday, March 28, 2006

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> ▪ Fixtures that are affixed to or become part of the land/building, labor costs, professional fees, real estate closing costs and other costs directly connected to real property acquisition and improvements are generally allowed • The ICOC is responsible only for oversight of the GO Bonds issued by the PPH District, even if other sources of funding are utilized by the district to complete the various hospital projects <ul style="list-style-type: none"> o ICOC's role is to review expenditures after they have been made to confirm GO Bonds were used appropriately o Once all GO Bonds have been spent, role of ICOC ends • Annual expense report will be prepared after close of the fiscal year <ul style="list-style-type: none"> o Annual Report will cover only GO Bonds o Whole picture will be available by putting the Annual Report together with the District's Audited Financial Statements • Will the purchase of a new building for the warehouse constitute an appropriate GO Bond expenditure? As Measure BB was a "hospital & healthcare project" – not just "hospital", answer would be, "Yes", contingent on: <ul style="list-style-type: none"> o Review by Bond Counsel o Review by Financing Team o Warehouse that supports the hospital is technically part of the hospital – if housed within the physical buildings of the hospital, there would be no doubt as to validity of use • POM OSP will not be GO financed due to its condo structure – not an "owned asset" of PPH • Discussion of ICOC Concept <ul style="list-style-type: none"> o No requirement for healthcare districts to have ICOC – District Board decided it would be an appropriate aspect of the planning process o Based on the requirement of School Districts to have an ICOC for school bond issuances o Could not ultimately change a decision made by the District Board, but provides input for Board consideration regarding possible inappropriate expenditures <ul style="list-style-type: none"> ▪ Committee report made to District Board ▪ District Board required to reply to comments – "closes the loop" o ICOC protects the citizenry o Bond Counsel protects the bond holders o ICOC has access to bond counsel for questions regarding appropriate vs. inappropriate expenditures <ul style="list-style-type: none"> ▪ Any questions should be made collectively as a body through Bob Hemker's office, utilizing the ICOC emailing list • PPH Fiscal Year 2006 ends June 30th, and the external audit is generally completed by the end of October following FY close 	

Independent Citizens' Oversight Committee Meeting Minutes – Tuesday, March 28, 2006

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B. UPDATE ON MASTER FACILITY PLAN & GO BOND PROCEEDS TO DATE	Bob Hemker distributed a spreadsheet that contained a high-level, interim snapshot of GO Bond Project Draws through March 28, 2006 (<i>Attachment D</i>) <ul style="list-style-type: none">• \$80M in GO Bonds were issued in July 2005• \$45M draw-down against that amount to date<ul style="list-style-type: none">o \$34M for lando \$9M for Architect, Costing, Engineering & Consultingo \$1M for legal fees• \$1.7M in interest income<ul style="list-style-type: none">o Federal arbitrage rules provide limitations on the amount of interest income that can be derived from tax-exempt bonds• About \$36.7M remains of the first tranche of GO Bonds issued		<ul style="list-style-type: none">•
C. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MEETING	<ul style="list-style-type: none">• Discussion of timeliness of receipt of materials for ICOC meetings• It was noted that the minutes from the prior meeting were not an agenda item at this meeting<ul style="list-style-type: none">o Omitted as the minutes had been reviewed by Chair and had already been forwarded to the District Board for final approval—new procedures will be followed in future• If the ICOC needs to meet sooner than the next regularly scheduled meeting, at least 30 days' lead time should be given the membership• Next meeting is Tuesday, September 26, 2006, 3:00 p.m., in Admin Conference Room 1 at Palomar Medical Center		<ul style="list-style-type: none">• Meeting materials will be distributed to members well in advance of future meetings – materials for the September 28, 2006, meeting will be distributed at least one (1) week ahead of time• Approval of minutes will become a standing agenda item for future meetings
D. ADJOURNMENT	Meeting adjourned at 5:10 p.m.		Motion by John McIver, seconded by Ed Lehman and carried to adjourn the meeting
DRAFT REVIEWED AND APPROVED FOR SUBMISSION TO DISTRICT BOARD	CHAIR	 Steven P. Yerxa	
	SECRETARY	 John McIver	
APPROVED BY DISTRICT BOARD	CHAIR	 Marcelo Rivera, M.D	
	SECRETARY	 Linda Greer, R.N.	