



PALOMAR  
POMERADO  
HEALTH

**BOARD OF DIRECTORS  
AGENDA PACKET**

July 17, 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**  
**Gary L. Powers, President and CEO**  
**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](http://www.pph.org)*

**MISSION STATEMENT**

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

**VISION STATEMENT**

***Palomar Pomerado Health will be the health system of choice for patients, physicians and employees,  
recognized nationally for the highest quality of clinical care and access to comprehensive services***

**CORE VALUES**

***Integrity***

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

***Innovation and Creativity***

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

***Teamwork***

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

***Excellence***

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

***Compassion***

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

***Stewardship***

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

***Affiliated Entities***

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

PALOMAR POMERADO HEALTH  
BOARD OF DIRECTORS  
REGULAR MEETING AGENDA

Monday, July 17, 2006  
Commences 6:30 p.m.

Pomerado Hospital  
Meeting Room E  
15615 Pomerado Road  
Poway, California

*Commences at 6:30 p.m. Pomerado Hospital, Meeting Room E*

	<u>Time</u>	<u>Page</u>
<b>I. CALL TO ORDER</b>		
<b>II. OPENING CEREMONY</b>	5 min	
A. Pledge of Allegiance		
B. Recitation – Chaplain David Walden		
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>		
<b>III. PUBLIC COMMENTS</b>	5	
<i>(5 mins allowed per speaker with cumulative total of 15 min per group – for further details &amp; policy see Request for Public Comment notices available in meeting room).</i>		
<b>IV. * MINUTES</b>	3	1-20
Special Board Meeting – May 30, 2006		
Regular Board Meeting – June 12, 2006		
Joint Board/Strategic Planning Meeting – June 20, 2006		
<b>V. * APPROVAL OF AGENDA to accept the Consent Items as listed</b>	5	21-87
A. Consolidated Financial Statements		
B. Revolving Fund Transfers/Disbursements – May, 2006		
1. Accounts Payable Invoices	\$29,513,068.00	
2. Net Payroll	<u>8,453,809.00</u>	
Total	<u>\$37,966,877.00</u>	

*“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.*

- C. Ratification of Paid Bills
- D. May 2006 & Fiscal YTD 2006 Financial Report
- E. Lease of Office Space in Pomerado Outpatient Services Pavilion
- F. Governance Committee – Review of PPH Board Policies  
GOV-06; GOV-08; GOV-09; GOV-12; GOV-15; HR-01; QLT-23; QLT-27; QLT-32; FIN-03

**VI. PRESENTATIONS -**

- A. **Community Outreach** – Tina Pope, Director Community Relations
  - Healthcare Community Advisory Councils – Jane Radatz, Chair, Tri-Regional 15
- B. **Westview High School Student Presentation of Donation to Pomerado Hospital** 5
  - Gustavo Friederichsen with Adrianna Afsar and Shireen Ashtari

**VII. REPORTS**

- A. **Medical Staffs** 15
  - \* 1. Palomar Medical Center – *John J. Lilley, M.D., for Robert D. Trifunovic, M.D.*
    - a. Medical Staff Bylaws, Rules and Regulations Revisions 88-89
    - b. Credentialing/Reappointments 90-101
    - c. Credentialing Reappointment 102
      - Dr. Patrick O'Meara
  - \* 2. Escondido Surgery Center – *Marvin W. Levenson, M.D.*
    - a. Credentialing/Reappointments 103
  - \* 3. Pomerado Hospital – *Paul E. Tornambe, M.D.*
    - a. Credentialing/Reappointments 104
- B. **Administrative**
  - 1. **President of Palomar Pomerado Health Foundation** – *Al Stehly*
    - a. Update on PPHF Activities 5 *Verbal Report*
  - 2. **Chairman of the Board** – *Marcelo R. Rivera, M.D.* 10 *Verbal Report*
    - \* a. **Resolution No. 07.17.06 (01) – 20** 3 105-108  
Requesting the Board of Supervisors to conduct the election of Palomar Pomerado Health on Tuesday, November 7, 2006, and to consolidate that election with the statement general election to be held on the same day
    - \* b. **Resolution No. 07.17.06 (02) – 21** 3 110-111  
Amending Established Dates of Regular Board Meeting for Calendar Year 2006

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



3. President and CEO – Michael H. Covert 10 Verbal Report
- a. Community Benefit Reporting
  - b. Trauma Program Designation
  - c. Joint Design Review Committee with City of Escondido
  - \* d. Approval of Union Contracts
    - (i) Collective Bargaining Agreement between PPH and CNA 112-114
    - (ii) Collective Bargaining Agreement between PPH and CHE 115-117
  - \* e. Approval of Purchase Agreement for 2.57 acres located off Main Street in Ramona, also known as Auerbach Property 118-128  
**Resolution No. 07.17.06 (03) – 22** (resolution under separate cover)

**VIII. INFORMATION ITEMS** (Discussion by exception only)

- A. Background Checks Human Resources 129-139
- B. Fidelity 457 Campaign Human Resources
- C. Van Pool Service Human Resources
- D. PMC West Foundation and Superstructure Approval Strategic Planning
- E. Quarterly Facility Update Strategic Planning
- F. Finance Committee Date Change – from July 25 to August 1, 2006 Finance
- G. Education Session Facilities and Grounds
- H. Date/Time/Location of Next Meeting Facilities and Grounds
- I. Project Updates Facilities and Grounds

**IX. COMMITTEE REPORTS** – for Finance Committee see also under Consent Items

- A. **Finance** – Michael Covert, CEO for Director T. E. Kleiter, Chair 140-167
  - \* 1. Professional Services & Medical Director Agreement Pediatric Care Unit, Palomar Medical Center between PPH and Children's Specialists of San Diego, Inc.
- B. \* **Strategic Planning** – Michael Covert, CEO for Director Alan Larson, M.D., Chair 168-170  
FY '07 Initiatives and Targets

**X. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH**

**XI. FINAL ADJOURNMENT**

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

**Palomar Pomerado Health  
SPECIAL BOARD OF DIRECTORS**

Palomar Medical Center  
555 East Valley Parkway  
Escondido, CA 92025  
Graybill Auditorium  
May 30, 2006 Meeting Minutes

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOWUP
CALL TO ORDER	5:05 p.m. by Marcelo Rivera, Chair		
ESTABLISHMENT OF QUORUM	Present: Directors Bassett, Greer, Kleiter, Powers, Krider		
ATTENDANCE	Also in attendance were: Michael Covert, Brenda Turner, Lorie Shoemaker, , Wallie George, Cliff Elliott, Sharon Andrews, Mary Oelman, Lorraine Gilbert		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
PUBLIC COMMENTS	No public comments were presented.		
ADJOURNMENT TO CLOSED SESSION	5:06 p.m. B. Krider motioned to adjourn to closed session. N. Bassett seconded, motion carried. Pursuant to Government Code Section 54957.6 <b>Informational Session: Update Labor Negotiations (CNA, CHEU)</b> Designated Representative: Walter George (CHRO)	No anticipated action	
RE-ADJOURNMENT TO OPEN SESSION	5:58 p.m. by M. Rivera, MD, Board Chairperson	No action necessary	
Final Adjournment	6:00 p.m. motion by M. Rivera, MD, Chair, L. Greer seconded, motion carried.		

**SIGNATURES**

• Chairperson

\_\_\_\_\_  
Marcelo Rivera, MD

• Committee Secretary

\_\_\_\_\_  
Lorraine Gilbert, HR Committee Secretary

Palomar Pomerado Health  
**BOARD OF DIRECTORS**  
**REGULAR BOARD MEETING**  
 Palomar Medical Center, Graybill Auditorium  
 Monday, June 12, 2006

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:40 pm Quorum comprised Directors Bassett, Greer, Kleiter, Krier, Larson, Powers, Rivera		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison, followed by an inspirational reading by Chaplain Hard ( <i>attached</i> ).		
MISSION AND VISION STATEMENTS	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	<ul style="list-style-type: none"> <li>▪ Sima Moazzaz-Reed Ms. Moazzaz-Reed spoke in favor of unity and diversity in the workforce. She would like to encourage English only written communications to employees from Administration. She also spoke in favor of cost of living increases for employees and appropriate increases for seasoned, experienced employees.</li> <li>▪ Danny Thomas Mr. Thomas made follow up remarks to his comments at a board meeting two months ago. He spoke in favor of retaining OPPUS. He</li> </ul>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	commented about his understanding that the area at the new hospital site where the road and bridge are to be built belongs to the County. He spoke about the need to have policies and procedures that permit nurses to confidentially express their concerns about their professional practice environment.		
<ul style="list-style-type: none"> <li>▪ Debbie Nelson</li> </ul>	Ms. Nelson spoke in favor of management considering all employees in a succession planning program, particularly in regard to replacement of R. N.s. She would like to see programs established for ancillary employees for advancement of their careers.		
<ul style="list-style-type: none"> <li>▪ Tina Koenig</li> </ul>	Ms. Koenig asked for understanding by management during the negotiation process. She encouraged everyone to be diligent in regard to reducing waste throughout the health system.		
<ul style="list-style-type: none"> <li>▪ Hermina Filares</li> </ul>	Ms. Filares spoke in favor of cost of living raises for employees.		
<ul style="list-style-type: none"> <li>▪ Steve Pfeffer</li> </ul>	Mr. Pfeffer spoke in favor of establishing a reasonable budget while being fair to all employees. He spoke in support of the wages that are being offered to employees by management.		
		Chairman Rivera expressed his appreciation to the speakers for their professionalism during the presentation of their opinions and for their interest in Board topics.	
<p><b>APPROVAL OF MINUTES</b></p> <ul style="list-style-type: none"> <li>▪ May 8, 2006 Regular</li> </ul>		<p><b>MOTION:</b> by Kleiter, 2<sup>nd</sup> by Larson and carried to approve the May 8, 2006 minutes as submitted. All in favor. None opposed.</p>	
<p><b>APPROVAL OF AGENDA to accept the Consent Items as listed</b></p>		<p><b>MOTION:</b> by Kleiter, 2<sup>nd</sup> by Bassett and carried to approve the Consent Items as submitted. All in favor. None opposed.</p>	

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p><b>PRESENTATION</b></p> <ul style="list-style-type: none"> <li>Lifeline Services – Jennifer Allen, Program Coordinator</li> </ul>	<p>Tina Pope, Director of Community Relations introduced a presentation of Lifeline Services by Jennifer Allen, Program Coordinator. A brief news clip of a woman who has benefited from the Lifeline Services was shown. Jennifer gave a brief history of this program at PPH along with program growth statistics. In FY2005/06 over 3520 lives have benefited from this important program. Support of the CEO, CMO, Director of Community Outreach and Development, Marketing and support from Lifeline Systems, Inc. were cited as factors contributing to program growth. Goals for 2006/07 were outlined. They included increase of funds available to low income subscribers, increased awareness and referrals within PPH and the community and reaching 600 subscribers at year end. <i>(presentation attached to original minutes)</i></p>	<p>Jennifer was praised for her efforts in regard to the Lifeline Services program and thanked for an excellent presentation.</p> <p>Dr. Kanter commented that it would be valuable if, upon discharge, physicians could be made aware of this program for their patients. Jennifer commented that she is working with discharge planners and Chris Cauch in that regard.</p> <p>Director Greer commented that program brochures in physician offices is another way to make people aware of the program.</p>	
<p><b>REPORTS</b></p> <p>Medical Staff</p> <p>Palomar Medical Center</p> <ul style="list-style-type: none"> <li>Credentialing</li> </ul>			
<ul style="list-style-type: none"> <li>Department of OB/GYN Rules and Regulations</li> </ul>	<p>Robert D. Trifunovic, M.D., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.</p> <p>Robert Trifunovic, M.D., Chief of PMC Medical Staff requested approval of updates to the Department of OB/GYN Rules and Regulations.</p>	<p><b>MOTION:</b> by Bassett, 2<sup>nd</sup> by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. None opposed.</p> <p>Directors Greer and Larson abstained to avoid potential conflict of interest.</p> <p><b>MOTION:</b> by Kleiter, 2<sup>nd</sup> by Bassett and carried to approve the PMC Medical Staff Executive Committee recommendations for an update to the Department of OB/GYN Rules and Regulations. All in favor. None</p>	

F

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> <li>Department of Medicine Rules and Regulations</li> </ul>	<p>Robert Trifunovic, M.D., Chief of PMC Medical Staff requested approval of updates to the Department of Medicine Rules and Regulations.</p>	<p>Opposed.  <b>MOTION:</b> by Bassett, 2<sup>nd</sup> by Kleiter and carried to approve the PMC Medical Staff Executive Committee recommendations for an update to the Department of Medicine Rules and Regulations. All in favor. None opposed.</p>	
<ul style="list-style-type: none"> <li>Credentialing Reappointment – Dr. Patrick O'Meara</li> </ul>	<p>Credentialing Reappointment of Dr. Patrick O'Meara was brought forward for action.</p>	<p><b>MOTION:</b> by Krider, 2<sup>nd</sup> by Bassett and carried to extend the credentialing reappointment of Patrick O'Meara, M.D. until the next Board of Directors meeting. All in favor. None opposed.</p>	
<p>Escondido Surgery Center</p> <ul style="list-style-type: none"> <li>Credentialing</li> </ul>	<p>Marvin W. Levenson, MD, Administrator/ Medical Director of the Escondido Surgery Center, presented requests for approval of Credentialing Recommendations.</p>	<p><b>MOTION:</b> by Kleiter, 2<sup>nd</sup> 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.  Directors Greer and Larson abstained to avoid potential conflict of interest.</p>	
<ul style="list-style-type: none"> <li>Bylaws Change</li> </ul>	<p>Marvin Levenson, M.D., requested that this item be withdrawn from consideration by the Board.</p>	<p>Escondido Surgery Center request for change to bylaws withdrawn.</p>	
<p>Pomerado Hospital</p> <ul style="list-style-type: none"> <li>Credentialing</li> </ul>	<p>Paul E. Tornambe, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.</p>	<p><b>MOTION:</b> by Kleiter, 2<sup>nd</sup> by Bassett and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. All in favor. None opposed.</p>	

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
Administrative Chairperson - Palomar Pomerado Health Foundation	Mr. Al Stehly provided an update on PPHF activities. <ul style="list-style-type: none"> <li>▪ New PPHF Board Officers               <ul style="list-style-type: none"> <li>○ Al Stehly - President</li> <li>○ Harold Dokmo, V. President</li> <li>○ Kevin Harkenrider - Treas.</li> <li>○ Terry McCune - Secretary</li> </ul> </li> <li>▪ Management Services Agreement has been approved.</li> <li>▪ New PPHF Board members -               <ul style="list-style-type: none"> <li>○ Bill Duncan</li> <li>○ Kimberly Parker</li> </ul> </li> <li>▪ FY06 Audit has been reaffirmed</li> <li>▪ FY07 budget approved with a substantial increase in revenue to raise Foundation Board member program established to help members learn about systems of excellence</li> </ul>	Directors Greer and Larson abstained to avoid potential conflict of interest.	
Chairman of the Board - Palomar Pomerado Health <ul style="list-style-type: none"> <li>▪ Request to Address the Board</li> <li>▪ Resolution No. 06.12.06(05) - 18 Resolution of the PPH Board of Directors Amending Established Dates of Regular Board Meetings for Calendar Year 2006.</li> </ul>	Marcelo R. Rivera, M.D.  Chairman Rivera extended an apology to Sue Phillips for inadvertently overlooking her request to address the Board during the public comments portion of the agenda. Chairman Rivera asked for discussion in regard to requests to change the date of the regular Board of Directors meeting from July 10 to July 17 because two of the Board members are unavailable to attend on July 10.  If the meeting were to be changed to July 17, Director Kleiter would then be unable to attend. However, he stated that he would not be opposed to changing the meeting date to July 17 if the other members agreed to make that change.	MOTION by Powers, 2nd by Larson to change the date of the regular Board of Directors meeting from July 10 to July 17. All in favor. None opposed. Motion passed.  The Board of Directors meeting in July will be changed to July 17.	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> <li>▪ October PPH Board of Directors Meeting</li> </ul>	<p>Chairman Rivera requested that the Board members consider changing the October meeting of the Board of Directors from October 9 to October 16 because he will not be able to attend on October 9.</p>	<p>Board members will review their calendars. This item will be placed on the July agenda for further discussion and action. Director Kleiter stated that October 9 or 16 would work for him.</p>	
<ul style="list-style-type: none"> <li>▪ Mock Up Room Open House</li> </ul>	<p>June 19, 5:30 p.m. – 7:30 p.m., mock up rooms for the new facility will be viewed. Dr. Rivera asked that all nursing and medical staff members be aware of this open house.</p>	<p>Michael Covert responded that arrangements have been made for employees to be shuttled to the location on Enterprise Avenue. PPH has been recognized by the Center for Health Design for the approach to design for our various facilities.</p>	
<p>President and CEO</p>	<p>Michael H. Covert</p>		
<ul style="list-style-type: none"> <li>▪ Poway City Council</li> </ul>	<p>Proposed Pomerado site design workshop for input from the City and staff will be held tomorrow evening, June 13. A full board Strategic Planning meeting on June 20 will focus on designs for the PMC site.</p>		
<ul style="list-style-type: none"> <li>▪ PPHF Executive Director</li> </ul>	<p>Final interviews of candidates for the position of PPHF executive director have been held. A recommendation will be made soon.</p>		
<ul style="list-style-type: none"> <li>▪ Quarterly Reports from Executive Staff</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Expert Advisory Panel</li> </ul>	<p>A meeting with the expert advisory panel will be held June 26.</p>		
<ul style="list-style-type: none"> <li>▪ Gerald Bracht, CAO, PMC</li> </ul>	<ul style="list-style-type: none"> <li>▪ Patient Satisfaction Trophy Winners <ul style="list-style-type: none"> <li>○ January – March: <ul style="list-style-type: none"> <li>○ Best Overall – Acute Rehab Unit</li> <li>○ Highest to Goal – Peds/NICU</li> <li>○ Most Improved – IMC</li> </ul> </li> </ul> </li> <li>▪ There was excellent representation by PPH at the recent Escondido Street Fair. There was much interest in renderings of the new facility to be built in Escondido</li> <li>▪ ACOS survey of the Trauma Dept took place on May 8-9. No deficiencies revealed during verbal</li> </ul>		



AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>report. Written report expected in next 30 days</p> <ul style="list-style-type: none"> <li>▪ College of American Pathologists survey of Laboratories will take place soon.</li> <li>▪ Gallup's annual physician opinion survey conducted last week. Results expected in early September.</li> <li>▪ Gallup's annual employee opinion survey will be conducted next week. Goal is 93% participation, which would exceed previous years' participation. Results expected in September.</li> <li>▪ First Health Forum for Men, June 15, 2006 at CCAE. Exhibits, health screening and keynote address by Bill Griffith, Channel 10 News.</li> </ul>		
<ul style="list-style-type: none"> <li>▪ Jim Flinn, CAO, Pomerado Hospital</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer Service - <ul style="list-style-type: none"> <li>○ Best Overall - Wound Care</li> <li>○ Most Improved - Radiology</li> <li>○ Best Score to Goal - Birth Center</li> </ul> </li> <li>▪ Financial - May Average Daily Census - 75; compared to budget of 72; June - Average Daily Census of 85.5</li> <li>▪ Workplace/Workforce Excellence <ul style="list-style-type: none"> <li>○ Values in Action - Darrel Roe - Engineering Dept.</li> </ul> </li> <li>▪ Construction - OSP and Parking Deck are on schedule. Parking areas are being addressed. City of Poway, Phase Two City Work Shop - June 13.</li> <li>▪ Pilly Haight installed as new Pomerado Hospital Auxiliary President.</li> </ul>		
<ul style="list-style-type: none"> <li>▪ Sheila Brown, Clinical Outreach Officer</li> </ul>	<ul style="list-style-type: none"> <li>▪ Best Overall Patient Loyalty this quarter - Acute Rehab and Wound Care Center</li> </ul>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> <li>▪ Lorie Shoemaker, Chief Nurse Executive</li> </ul>	<ul style="list-style-type: none"> <li>▪ Budget – Acute Rehab, Skilled Nursing, Wound Care continue to exceed budget year to date.</li> <li>▪ Lumetra has selected PPH's SNFs to be part of a pilot study to reduce pressure ulcers.</li> <li>▪ Home Health – Elissa Hamilton contacted by Calif. Assn. for Health Services at Home regarding statewide awards and Board nominations.</li> <li>▪ Nursing Division Positions - <ul style="list-style-type: none"> <li>○ Denise Dunn, Director of Women's Services at PMC;</li> <li>Dr. Debra Woolley, Clinical Nurse Specialist for Birth Center at PMC; Irma Moore, CNS for Med/Surg at PMC;</li> <li>Caroline Etland, CNS, Palliative Care; Lourdes Januszewicz, Nursing Strategies Manager</li> </ul> </li> <li>▪ Pilots for Rapid Response Team rolled out last week with success at both PMC and Pomerado. Plan to roll out to all units in acute care by end of this year. Dr. Cynthia Robertson was thanked for her leadership</li> <li>▪ In partnership with COPE, enhancements to the medical interpreter services will be made later this month. 20 specially trained volunteer medical interpreters will staff from 11:00 a.m. to 11:00 p.m.</li> <li>▪ American Nurses Association has selected PPH to contribute to a monograph they are publishing on best practices for pressure ulcer reduction. Using our data, PPH has been able to dramatically improve pressure ulcer rates that sustain improvement. Congratulations to</li> </ul>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> <li>▪ Kresge Foundation Grant - Sustainability/Design Workshop</li> </ul>	<p>PPH nursing staff, Margaret Talley and skin team; Anne Moore and wound care staff.</p> <p>A sustainability workshop was held last week. The Kresge Foundation has given PPH a grant in the amount of \$50,000 to look at issues associated with sustainability (water, waste management, electrical). Many helpful recommendations were made during the meeting.</p> <p><i>Discussion by exception only</i></p>		
<p><b>INFORMATION ITEMS</b></p>			
<ul style="list-style-type: none"> <li>▪ Human Resources</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Strategic Planning</li> </ul>			
<ul style="list-style-type: none"> <li>▪ Community Relations</li> </ul>	<p>Director Larson asked Gustavo Friederichsen to elaborate on our sister hospital partnership with the Biamba Marie Mutombo Hospital in Kinshasa. Gustavo reported that PPH is providing medical supplies and services to the hospital in Kinshasa. PPH is sending a used van to the hospital. He shared that Dikembe has agreed to donate to PPH's "Welcome Home Baby" program and to the capital campaign. KUSI recently ran a spot regarding the "multi million dollar dream becoming a reality".</p>	<p>General Counsel, Paul DeMuro, requested that the donation of surplus equipment be brought to the Board for action at the next meeting.</p> <p>Director Powers requested that the Board be notified when the various PPH website redesigns are launched.</p> <p>Director Larson posed the question of whether there might be opportunities for employees to participate in fund raising and foreign service for the Biamba Marie Mutombo Hospital.</p>	
<ul style="list-style-type: none"> <li>▪ Finance</li> </ul>			
<p><b>COMMITTEE REPORTS</b></p>			
<p>Human Resources</p> <ul style="list-style-type: none"> <li>▪ Amendment to Voting Membership on HR Committee</li> </ul>	<p>Director Bassett stated that the HR Committee has recommended that voting rights on the HR Committee be extended to the CEO. Change over to new committee members in January caused problems with voting on action items. These recommended changes to the HR Committee Board Bylaws were reviewed by the Governance Committee. The Governance Committee suggested that the CEO remain as a non-voting member of the HR Committee due</p>	<p><b>MOTION:</b> Bassett, 2nd by Larson to amend voting membership on HR Committee to include the CEO.</p> <p>Ayes - Rivera, Bassett, Larson Noes - Krider, Greer, Kleiter Abstained - Powers</p> <p><b>MOTION DID NOT PASS</b></p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>to the CEO's close connection with Administration. The HR Committee is requesting that the full Board extend voting rights to the CEO. Director Bassett stated that anything the CEO votes on would still come to the full Board for approval and action. The only possible conflict of interest for the CEO would involve voting on wages and benefit issues for the CEO and there is a special committee set up to review those issues.</p> <p>Director Kleiter expressed his concerns about extending voting rights on the HR Committee to the CEO. He noted that the CEO has voting rights on the Strategic Planning and Finance Committees along with Chiefs of Staff from Palomar and Pomerado. These Committees handle some of the major issues that come before the full Board. Prior to that time the CEO had no voting rights on any of the Board Committees. The CEO makes all the recommendations to all the Committees that come to the full Board. He expressed concern about the CEO voting on his own recommendations. He expressed support for maintaining the current board and voting structure on Board committees. The CEO also serves on the Negotiating Committee with the Union. He serves as the administrative representative on that Committee and then sits on the HR Committee that gets recommendations from the HR Department on the issues on which he votes.</p> <p>Director Krider spoke in regard to Board organization and how work is organized (roles, relationships and responsibilities). Further, he spoke about the role of the Governance Committee and the role of the HR Committee.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Director Powers expressed concern that the CEO would be put into a compromised position if he were to have voting rights on the HR Committee.</p> <p>Director Larson expressed his support of giving the CEO voting rights on the HR Committee, which like the other Board Committees are advisory. He noted that CEO participation on the HR Committee is in line with what the Board has designated the CEO to perform. Final decisions of issues always rest with the full Board, on which the CEO does not have voting rights. A voting right would recognize the CEO's importance and contributions in the area of human resources. He is in support of extending voting rights to the CEO.</p> <p>Director Rivera spoke in regard to the shared governance model at PPH and that the Board works together as a team with the CEO. He spoke in favor of extending voting rights to the CEO on the HR Committee. The Board Committees are advisory to the full Board. He feels that putting the CEO as a voting member on the HR Committee makes sense. He feels there are enough checks and balances in the system to allow for extending voting rights to the CEO.</p>		
<p>Finance</p> <ul style="list-style-type: none"> <li>• Medical Director Agreements <ul style="list-style-type: none"> <li>- Diabetes Health Program - A. Conrad, M.D.</li> <li>- Employee/Corporate Health - D. Herip, M.D., M.P.H.</li> </ul> </li> <li>• Professional &amp; Medical</li> </ul>	<p>Director Kleiter, Chairman of the PPH Board Finance Committee requested approval of the Medical Director agreements for Diabetes Health and Employee/Corporate Health.</p>	<p><b>MOTION:</b> by Kleiter, 2<sup>nd</sup> by Krider and carried to approve the Medical Director agreements for the Diabetes Health Program - A. Conrad, M.D. and the Employee/Corporate Health - D. Herip, M.D, M.P.H, as presented. All in favor. None opposed.</p>	<p><b>MOTION:</b> by Kleiter, 2<sup>nd</sup> by Bassett</p>

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>Director Services Agreement - Radiology Dept - Valley Radiology Consultants Medical Group, Inc.</p>	<p>Finance Committee requested approval of the Professional &amp; Medical Director Services agreement - Radiology Department - Valley Radiology Consultants Medical Group, Inc.</p>	<p>and carried to approve the Professional &amp; Medical Director Services agreement - Radiology Department - Valley Radiology Consultants Medical Group, Inc. All in favor. None opposed.</p>	
<ul style="list-style-type: none"> <li>Resolutions - Bank &amp; Investment Account Changes</li> </ul>	<p>Director Kleiter, Chairman of the PPH Board Finance Committee requested approval of the Resolutions - Bank &amp; Investment Account Changes</p>	<p><b>MOTION:</b> by Kleiter, 2<sup>nd</sup> by Rivera and carried to approve the Resolutions - Bank &amp; Investment Account Changes. All in favor. None opposed.</p>	
<ul style="list-style-type: none"> <li>Independent Citizens' Oversight Committee - Nurse/Physician Member Replacement Applications</li> </ul>	<p>Director Kleiter, Chairman of the PPH Board Finance Committee requested approval of the Independent Citizens' Oversight Committee - Nurse/Physician member - George Kung, M.D. and At-Large member - Marguerite Jackson Dill, PhD, RN, FAAN as approved by the Finance Committee.</p>	<p><b>MOTION:</b> by Kleiter, 2nd by Bassett and carried to ratify the decision of the Finance Committee to appoint George Kung, M.D. and Marguerite Jackson Dill, PhD, RN, FAAN as members of the Independent Citizens' Oversight Committee.</p>	
<ul style="list-style-type: none"> <li>Report on Special Board Workshop to Approve 2006/2007 Operating and Capital Budgets</li> </ul>	<p>Director Kleiter reported on the Special Board Workshop held to approve the 2006/2007 operating and capital budgets. The budgets were approved by the full Board as presented at that meeting. A thank you was extended to Bob Hemker for his presentation which allowed for a decision to be made efficiently at that same meeting.</p> <p>Director Kleiter extended thanks to Bob Hemker and Tanya Howell for providing the financial statistics information cards to the Board members.</p>		
<p><b>BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH</b></p>	<p>Director Larson commented that a current issue from the Governance Institute about philanthropy was an excellent and interesting article and he recommended it to the Board. He also stated that he is looking forward to the next steps in philanthropy at PPH.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Director Bassett commented that she would like to see antibacterial gel dispensers placed on every floor at the entrance to elevators for use by staff and visitors.</p> <p>Director Greer expressed thanks and appreciation to employees in the audience who stayed until the completion of the Board meeting.</p>	<p>Michael Covert to follow up on Director Bassett's request.</p>	
<p><b>SIGNATURES</b></p> <ul style="list-style-type: none"> <li>▪ Board Secretary</li> <li>▪ Assistant to the CEO</li> </ul>	<p>_____</p> <p>Linda C. Greer, R.N.</p> <p>_____</p> <p>Nancy M. Wood</p>		

**Palomar Pomerado Health  
BOARD OF DIRECTORS  
SPECIAL BOARD MEETING  
POM – CONFERENCE ROOM E  
June 20, 2006**

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
CALL TO ORDER	Dr. Rivera opened the Board of Directors meeting at 6:05 p.m.		
ESTABLISHMENT OF QUORUM	Dr. Larson, Michael Covert, Nancy Bassett, RN, Ted Kleiter, Bruce Krider, Gary Powers, Dr. Rivera, Dr. Trifunovic, and Dr. Tornambe. Also attending were Gerald Bracht, Dr. Buringrud, Jim Flinn, Lorie Harmon, Marcia Jackson, Dr. Kanter, Dr. Lilley, and Lorie Shoemaker. Guests: Tom Chessum, Harold Dokmo, Sue Herndon, Marilyn Johnson, Dr. Kung, Dennis McFadden, Craig McInroy, Greg Palmer, Mike Shanahan, Jerzey Wollak, Bob Wells, and Steve Yundt.		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
PUBLIC COMMENTS	Robroy Fawcett discussed the mock-up rooms, specifically the family areas.		



AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<p><b>QUARTERLY FACILITY UPDATE</b></p>	<p>On a quarterly basis, the Strategic Planning Committee meeting is expanded to a full PPH Board meeting for the purpose of reviewing the facilities planning and design. The quarterly update was provided at this meeting.</p> <p>An overview of the hospital design for Palomar Medical Center West was the featured item for this night's meeting. Tom Chessum informed us that we are 50% complete in design development. There have been approximately 5 series of User Group meetings, with roughly 3 more sets to go. The Design Committee has met approximately 10 times, and hopefully all of these meetings will be wrapped up by the end of September 2006.</p> <p>Dennis McFadden presented on Concept Design, including the following:</p> <ul style="list-style-type: none"> <li>• Concept Sketch, including moving gardens from inside to outside, to gain better use of floor space</li> <li>• Garden Building Tower – with terrace-style gardens, similar to building in Malaysia, of a vertical nature; will use cactus-type plants with minimal water and care requirements</li> <li>• Concept Design including conservatory (large building made for gardens), green roof, will appear to be continuation of building. One problem - hospital support building was viewed as an appendage – too small; needs to grow. Moved to one side, in different direction. Broke up long slab – shifted, took one floor off one building, put on the other, resulting in two-floor difference. Added community room and garden, terraces in center.</li> <li>• Design Evolution – from straight corridors to</li> </ul>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>identical rooms, to adding a curve (bend), to more fluid shape, with garden distributions in center and at ends</p> <ul style="list-style-type: none"> <li>• Hospital Site Plan – position for third nursing tower, also future conference room</li> <li>• Photo Montage – gardens at center and ends, glass.</li> </ul> <p>Dr. Kanter mentioned that currently, we can't bring patients outside due to fire code – will they be able to be outside here? He was answered affirmatively. Due to the terracing of the land, the central plant appears to disappear. The building appears to extend into the landscape. Bob Wells mentioned that he couldn't see the connection between the HSB (Hospital Services Building) and the hospital, and Dennis Mc Fadden replied that there was a bridge there but it did not appear on the model.</p> <p>Dr. Kanter questioned the continuity of theme, suggesting a common element for PMC West and POM, such as a central fountain. Dennis McFadden answered that the central landscape will have a dominant impact, and reminded the Committee that the scales of the two facilities are very different. Michael Covert stated that there are challenges to figure out elements in common but with uniqueness as well as a cultural compatibility. Dr. Larson emphasized that there has been a dramatic improvement from the original design, and that we are still working on design details.</p> <p>Michael Covert said that we now have a basic footprint, a structure to take to OSHPD for approval.</p> <p>Jerzey Wollak made a partial presentation of the Design Studies at Pomerado Hospital, including:</p>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<ul style="list-style-type: none"> <li>• Bridges</li> <li>• Terraces</li> <li>• Stairs</li> <li>• Atrium</li> <li>• Patient Tower Design Development</li> </ul> <p>Jerzey also presented the feedback from the Poway City Council Design Review workshop on June 13, 2006. Many positive responses were noted. The city requires new architecture to be of a "Southwestern" style, so Pomerado was likened to a Hopi Indian village in Mesa Verde, Colorado, with terracing, small elements of design such as rounded towers, similar colors, and a more curving façade.</p> <p>Steve Yundt presented a planning update on PMC West, largely focusing on the mock-up rooms, which included rooms such as acuity adaptable, patient room, decentralized nursing stations, labor/delivery rooms, NICU, a cath lab, an operating room, and an ED/Trauma room. Approximately 60 physicians toured these mock-up rooms on June 19, and many more employees toured on June 20 and June 21, with enthusiastic responses and feedback. Additional tours are currently being planned, and the next User Group meetings will be held in the mock-up rooms.</p> <p>Mike Shanahan presented a brief update on the status of various projects at POM, including surface parking, waste management center, OSP building, mobile CT and MRI's, road improvements, signal lights, and Wound Care Center parking, and also presented a construction schedule. As of May 1, we are on track with construction, even with a 5-week delay due to unexpectedly dense, large rocks</p>		

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AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	below the surface of the ground, which had to be excavated.		
<b>PMC WEST FOUNDATION AND SUPERSTRUCTURE APPROVAL</b>	<p>In an effort to expedite our facility projects, one effective strategy will be to divide the total projects into sub-packages which can be submitted to OSHPD early while efforts continue on other aspects of the project design. The first such package for each hospital project is the Foundation and Structural package. This aspect of the project includes primarily the steel structure for the building. Board approval of the Foundation and Superstructure will enable the architectural and engineering team to complete these drawings and plans for submission to OSHPD, ultimately enabling an earlier start of construction. Design work will continue on the internal and external design for the campus, with these plans coming forward to the Board for approval in the next several months.</p> <p>After the overview of the hospital design for Palomar Medical Center West was presented at this meeting, Ted Kleiter motioned, and Nancy Bassett seconded, to approve the PMC West Foundation and Structural Superstructure as presented. The motion was carried unanimously.</p>	<p>Motion made by Ted Kleiter, seconded by Nancy Bassett, RN, and carried unanimously, to approve the PMC West Foundation and Structural Superstructure as presented.</p>	
<b>ADJOURN TO STRATEGIC PLANNING COMMITTEE MEETING</b>	The Board Of Directors meeting adjourned at 7:37 p.m. to the Joint BOD/Strategic Planning Committee meeting.		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<b>SIGNATURES</b> Chairman of the Board  Strategic Planning Committee Secretary	<u>Marcelo Rivera, M.D., Chairman of the Board</u>  <u>Lorie Harmon</u>		

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

05/01/06	TO	05/31/06	ACCOUNTS PAYABLE INVOICES	\$29,513,068.00
05/05/06	TO	05/19/06	NET PAYROLL	<u>\$8,453,809.00</u>
				\$37,966,877.00

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

## May 2006 & Fiscal YTD 2006 Financial Report

**TO:** Board of Directors

**MEETING DATE:** Monday, July 17, 2006

**FROM:** Board Finance Committee  
Tuesday, June 27, 2006

**BY:** Robert Hemker, CFO

**Background:** The Board Financial Reports (unaudited) for May 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 May 2006 and Fiscal YTD 2006.

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**PALOMAR POMERADO HEALTH**

*A California Health Care District*

**BOARD FINANCIAL REPORT**

**MAY 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**  
**MAY 2006 and YTD FY 2006 FINANCIAL RESULTS**  
**EXECUTIVE SUMMARY and HIGHLIGHTS**

**Statistics:**

Consolidated acute patient days increased 316 days (3.5%) to 9,340 in May compared to April's 9,024 days. Actual patient days for May were 90 days higher than budget of 9,250. YTD acute patient days of 103,743 are higher (3.8%) than budget of 99,956. The acute Average Daily Census (ADC) was 301 in May, same as April, but slightly lower than 310 ADC on a YTD basis. Acute admissions for May YTD were 26,063 compared to budget of 25,416 (2.6% higher than budget). YTD May SNF patient days were 69,598 compared to budget of 69,389 (.3% variance).

Palomar's YTD acute patient days of 77,874 are above budget of 75,861 (2.6% higher) resulting in a YTD actual ADC of 232 compared to budget of 226. YTD PMC is experiencing 19% less trauma cases than budget. Total YTD surgery cases were down 6.1% from budget (cardiovascular surgery cases are down by 11.8% from budget).

Pomerado's YTD acute patient days are 1,774 days (7.4%) greater than budget (actual = 25,869, budget = 24,095). YTD actual ADC was 77 compared to budget of 72 and the last 4 months averaged ADC was 83. Admissions of 6,298 were lower (-.4%) than budget of 6,325.

**Balance Sheet:**

**Current Cash & Cash Equivalents** increased \$ 6.7 million to \$ 132 million in May from \$125 million in April. The increase is mainly due to improved patient collections up \$5.8 million from April and \$3.1 million of G.O. Bond Reimbursement offset by \$2.2 million in increases to A/P and out of network capitation payments. Total Cash and Investments are \$ 147 million, compared to \$131 million at June 30, 2005. Days cash on hand are 158 compared 151 in April. Master Plan usage remaining to be reimbursed was approximately \$14 million dollars or 15 days of cash on hand.

**Net Accounts Receivable** decreased to \$66.3 million in May as compared to \$70.1 million in April. Gross A/R days were 50.2 in May, down slightly from April's 50.8 days. June 2005 and 2004 gross A/R days were 70 and 40, respectively. May patient account collections (excluding Capitation) were \$29 million compared to budget of \$26.1 million. YTD patient account collections (excluding capitation) are \$11 million below budget at \$277 million (budget was \$288 million). YTD total patient account collections including capitation are \$321.6 million compared to budget of \$320.4 million.

**Construction in Progress** decreased \$5.6 million mainly due to the completion of several construction projects including the \$2.7 million Cardiac Angio Suite and a \$2.5 million portion of the Cerner Project.

**Other Current Liabilities** decreased \$1.0M primarily due to Deferred Property Tax Revenue.

**Income Statement:**

**Gross Patient Revenue** for YTD May reflects a favorable budget variance of \$42.5 million. This favorable variance is composed of a \$37.9 million favorable volume variance and \$4.5 million favorable rate variance.

Routine revenue (inpatient room and board) reflects a favorable \$2.6 million budget variance. PPH North reflects an unfavorable variance of \$1.6 million, and PPH South reflected a favorable variance of \$4.2 million (\$1.7 million of this variance is reflected at Villa Pomerado & Sub-Acute).

Inpatient Ancillary gross revenue represents an YTD \$30 million favorable budget variance in May. PPH North reflects a favorable variance of \$29 million and PPH South reflected \$280 thousand favorable variance. The main contributors to Palomar's favorable variance are reflected in Cat Scanner, Emergency Room, Pharmacy, and supply departments totaling \$21.7 million higher than budget.

Outpatient revenue reflects an YTD favorable budget variance of \$9.7 million. The majority of this favorable variance is reflected at PPH North at \$9.6 million with Emergency at \$5.8 million and pharmacy at \$1.6 million above budget.

**Deductions from Revenue** reflects an YTD unfavorable variance of \$38.9 million. This variance is due to 1) disproportional IP Ancillary revenue compared to routine nursing revenue (which results in additional contractual adjustments of approximately \$28 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 69.1% of gross revenue compared to a budget of 67.5%.

Deductions from Revenue (excluding Capitation revenue and Bad Debt/Charity/Undocumented expenses), was 64.6% of Gross Revenue for May YTD compared to budget of 62.4%.

The Capitation monies retained by PPH are reflecting a \$2.4 million favorable variance as of May. The capitation pools are reflecting a significant reduction in Net Income for the year as compared to budget, however, PPH is retaining significantly more of the capitation dollars as patients are being treated at PPH facilities.

Bad debt, charity & undocumented care write-offs reflected an YTD an unfavorable \$3.2 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 4.8% compared to budget of 4.7%. The .1% variance approximates \$1.0 million.

**Other Operating Revenue** reflects an unfavorable budget variance of \$1.5 million. A large portion of this variance, \$960 thousand, is related to laboratory services that were budgeted in Other Operating Revenue but are being recognized in OP revenue. Included in other operating revenue is the Welcome Home Baby Program's recognized YTD revenue of \$686 thousand, which is lower than budget by \$536 thousand.

**Salaries, Wages & Contract labor** reflects an YTD unfavorable variance of \$7.3 million. This YTD unfavorable variance is composed of: 1) Salaries and Wages - (\$3,898,000 (actual \$146.8 million), 2) Contract Labor - (\$3,438,000) (actual \$11.7 million). These YTD variances are composed of: PPH North unfavorable \$4.7 million, PPH South unfavorable \$2.4 million and Central Office \$509 thousand unfavorable. The month of May reflected an unfavorable variance of \$ 866 thousand due to Central & PPH North's unfavorable rate variances \$558 thousand and PPH South's volume variance of \$424 thousand caused by a drop in volume not supported by an equivalent drop in salaries.

**Benefits Expense** is reflecting an YTD favorable budget variance of \$2.7 million. The month of May reflected favorable variance of \$1.9 million mainly due to a one-time \$2 million reduction to workers compensation reserves.

**Supplies Expense** is reflecting an YTD unfavorable budget variance of \$3.1 million. May reflected an unfavorable \$392 thousand budget variance, mainly from Palomar. The majority is prosthesis \$203 thousand, other non-medical is \$77 thousand, and pharmacy is \$94 thousand. PPH North reflected a YTD unfavorable \$3.1 million variance from budget. The majority of PPH North's variance is in Pharmacy for \$1.2 million, prosthesis for \$1.0 million and general surgery supplies for \$734 thousand.

**Prof Fees & Purch Services** reflected a YTD favorable budget variance of \$35 thousand. However, May reflects a \$213 thousand unfavorable variance to budget mostly due to increased expenses for legal fees and Information Technology expenses.

**Non-Operating Income** reflects an YTD favorable variance of \$1.8 million in May, including a \$984 thousand favorable investment income variance. YTD Investment income reflects a 2.95% investment rate of return compared to budget of 2.5%.

### Ratios & Margins:

All required bond covenant ratios were achieved in May 2006.

Palomar Pomerado Health  
Balanced Scorecard  
Financial Indicators  
May 31, 2006

	February		March		April		May		YTD 2006		% Actual to Bud/PPY
	Actual		Actual		Actual		Actual		Actual	Bud/PPY	
	9.0%	9.4%	6.5%	5.9%	9.9%	-4.0%			7.9%	9.8%	-1.9%
\$	2,507.56	\$ 2,333.17	\$ 2,526.80	\$ 2,350.58	\$ 2,432.74	\$ 82.16			2,407.24	\$ 2,439.13	\$ 31.89
\$	1,470.53	\$ 1,331.13	\$ 1,468.82	\$ 1,295.58	\$ 1,416.75	\$ 121.17			1,396.87	\$ 1,417.30	\$ 20.43
	6.06	5.95	6.27	6.20	6.17	(0.03)			6.07	6.17	0.10
	12,083	13,539	12,095	12,634	12,867	(233.00)			138,282	135,271	3,011

PPH Indicators:

OEBITDA Margin w/Prop Tax	7.9%	9.8%	-1.9%
Expenses/Wtd Day	2,407.24	\$ 2,439.13	\$ 31.89
SWB/Wtd Day	1,396.87	\$ 1,417.30	\$ 20.43
Prod FTEs/Adj Occupied Bed	6.07	6.17	0.10
Weighted Patient Days	138,282	135,271	3,011

PPH North Indicators:

OEBITDA Margin w/Prop Tax	8.2%	11.8%	-3.6%
Expenses/Wtd Day	2,308.44	\$ 2,312.02	\$ 3.58
SWB/Wtd Day	1,175.20	\$ 1,181.26	\$ 6.06
Prod FTEs/Adj Occupied Bed	5.16	5.10	(0.06)
Weighted Patient Days	96,823	96,423	400

PPH South Indicators:

OEBITDA Margin w/Prop Tax	4.6%	1.3%	3.3%
Expenses/Wtd Day	2,338.48	\$ 2,449.39	\$ 110.91
SWB/Wtd Day	1,205.76	\$ 1,262.25	\$ 56.49
Prod FTEs/Adj Occupied Bed	5.61	5.88	0.27
Weighted Patient Days	39,582	36,407	3,175

**Palomar Pomerado Health  
Consolidated Balance Sheet  
As of May 31, 2006**

	Current Month	Prior Month	Prior Fiscal Year End
<b>Assets</b>			
<b>Current Assets</b>			
Cash on Hand	\$6,296,042	\$7,388,533	\$12,663,073
Cash Marketable Securities	125,751,346	117,923,512	96,380,135
<b>Total Cash &amp; Cash Equivalents</b>	<b>132,047,388</b>	<b>125,292,045</b>	<b>109,043,208</b>
<b>Patient Accounts Receivable</b>	<b>151,154,522</b>	<b>153,177,570</b>	<b>190,388,774</b>
Allowance on Accounts	-84,812,256	-83,010,129	-120,586,401
<b>Net Accounts Receivable</b>	<b>66,342,266</b>	<b>70,167,441</b>	<b>69,802,373</b>
Inventories	6,341,000	6,418,568	6,320,951
Prepaid Expenses	2,498,381	2,259,607	2,383,903
Other	1,718,793	2,018,982	828,210
<b>Total Current Assets</b>	<b>208,947,828</b>	<b>206,156,643</b>	<b>188,378,645</b>
<b>Non-Current Assets</b>			
Restricted Assets	54,167,041	57,051,403	12,026,055
Restricted by Donor	287,477	286,158	281,473
Board Designated	14,993,732	16,234,283	22,388,648
<b>Total Restricted Assets</b>	<b>69,448,250</b>	<b>73,571,844</b>	<b>34,696,176</b>
Property Plant & Equipment	330,539,806	324,488,377	337,484,770
Accumulated Depreciation	-215,757,987	-216,231,558	-218,491,576
Construction in Process	75,948,421	81,529,191	28,023,698
<b>Net Property Plant &amp; Equipment</b>	<b>190,730,240</b>	<b>189,786,010</b>	<b>147,016,892</b>
Investment in Related Companies	6,540,311	6,442,655	6,175,837
Deferred Financing Costs	3,307,203	3,322,656	2,311,702
Other Non-Current Assets	1,143,376	1,156,297	1,274,318
<b>Total Non-Current Assets</b>	<b>271,169,380</b>	<b>274,279,462</b>	<b>191,474,925</b>
<b>Total Assets</b>	<b>\$480,117,208</b>	<b>\$480,436,105</b>	<b>\$379,853,570</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$17,158,469	\$17,048,574	\$18,090,054
Accrued Payroll	18,883,267	19,027,907	19,511,491
Accrued PTO	11,130,800	10,988,087	10,212,195
Accrued Interest Payable	1,654,693	3,112,395	708,785
Current Portion of Bonds	12,745,000	12,745,000	6,125,000
Est Third Party Settlements	-2,118,947	-2,289,581	-4,522,051
Other Current Liabilities	7,440,280	8,494,887	6,542,463
<b>Total Current Liabilities</b>	<b>66,693,562</b>	<b>69,127,269</b>	<b>56,767,937</b>
<b>Long Term Liabilities</b>			
Bonds & Contracts Payable	151,322,314	151,297,233	79,819,688
<b>General Fund Balance</b>	<b>246,620,124</b>	<b>243,491,159</b>	<b>220,595,825</b>
Unrestricted	287,477	286,158	281,473
Restricted for Other Purpose	14,993,732	16,234,283	22,388,648
Board Designated	261,901,333	260,011,600	243,265,946
<b>Total Fund Balance</b>	<b>\$480,117,208</b>	<b>\$480,436,105</b>	<b>\$379,853,570</b>
<b>Total Liabilities / Fund Balance</b>	<b>\$480,117,208</b>	<b>\$480,436,105</b>	<b>\$379,853,570</b>



**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
MTD 2006  
May 2006**

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

	Actual	Budget	Variance
<b>Statistics:</b>			
Admissions - Acute	2,478	2,352	126
Admissions - SNF	112	115	(3)
Patient Days - Acute	9,340	9,250	90
Patient Days - SNF	6,486	6,421	65
LOS - Acute	3.97	4.00	(0.03)
LOS - SNF	40.44	37.95	2.49
Weighted Pt Days	12,634	12,315	319

<b>Revenue:</b>									
Gross Revenue	\$ 94,418,434	\$ 89,738,729	\$ 4,679,705	F	\$ 2,324,535	\$ 2,355,170	\$ 7,473.36	\$ 7,286.95	\$ 186.42
Deductions from Rev	(66,597,867)	(60,196,380)	(6,401,487)	U	(1,559,289)	(4,842,198)	(5,271.32)	(4,888.05)	(383.27)
Net Patient Revenue	27,820,567	29,542,349	(1,721,782)	U	765,246	(2,487,028)	2,202.04	2,398.89	(196.85)
Other Oper Revenue	664,191	848,479	(184,288)	U	21,978	(206,266)	52.57	68.90	(16.33)
<b>Total Net Revenue</b>	<b>28,484,758</b>	<b>30,390,828</b>	<b>(1,906,070)</b>	<b>U</b>	<b>787,225</b>	<b>(2,693,295)</b>	<b>2,254.61</b>	<b>2,467.79</b>	<b>(213.18)</b>

<b>Expenses:</b>									
Salaries, Wages & Contr Labor	14,858,678	13,992,843	(865,835)	U	(362,462)	(503,373)	1,176.09	1,136.24	(39.84)
Benefits	1,509,659	3,454,472	1,944,813	F	(89,462)	2,034,295	119.49	280.51	161.02
Supplies	5,407,662	5,016,992	(390,670)	U	(129,957)	(260,713)	428.02	407.39	(20.64)
Prof Fees & Purch Svc	4,163,265	3,950,029	(213,236)	U	(102,319)	(110,917)	329.53	320.75	(8.78)
Depreciation	1,650,956	1,435,958	(214,998)	U	(37,196)	(177,802)	130.68	116.60	(14.07)
Other	1,686,506	1,694,297	7,791	F	(43,888)	51,679	133.49	137.58	4.09
PPH Allocation	-	1	1	F	(0)	1	-	0.00	0.00
<b>Total Expenses</b>	<b>29,276,726</b>	<b>29,544,592</b>	<b>267,866</b>	<b>F</b>	<b>(765,304)</b>	<b>1,033,170</b>	<b>2,317.30</b>	<b>2,399.07</b>	<b>81.78</b>

<b>Net Inc Before Non-Oper Income</b>	(791,968)	846,236	(1,638,204)	U	21,920	(1,660,124)	(62.69)	68.72	(131.40)
Property Tax Revenue	908,333	908,333	-	-	23,529	(23,529)	71.90	73.76	(1.86)
Non-Operating Income	18,743	(168,307)	187,050	F	(4,360)	191,410	1.48	(13.67)	15.15
<b>Net Income (Loss)</b>	<b>\$ 135,108</b>	<b>\$ 1,586,262</b>	<b>\$ (1,451,154)</b>	<b>U</b>	<b>\$ 41,090</b>	<b>\$ (1,492,244)</b>	<b>\$ 10.69</b>	<b>\$ 128.81</b>	<b>\$ (118.11)</b>

Net Income Margin	0.5%	4.9%	-4.4%
OEBITDA Margin w/o Prop Tax	2.9%	7.0%	-4.1%
OEBITDA Margin with Prop Tax	5.9%	9.9%	-4.0%

F= Favorable variance  
U= Unfavorable variance

**Palomar Pomerado Health**  
**STATEMENTS OF CASH FLOWS**  
**Fiscal Year 2006**

	<u>May</u>	<u>YTD</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (Loss from operations)	\$ (791,698)	\$ 275,272
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation Expense	1,650,956	16,369,746
Provision for bad debts	2,028,690	26,807,957
Changes in operating assets and liabilities		
Patient accounts receivable	1,796,484	(23,347,850)
Property Tax and other receivable:	(127,750)	(12,046,557)
Inventories	77,568	(20,049)
Prepaid expenses and Other Non-Current asset:	(293,930)	(560,580)
Accounts payable	109,895	(109,835)
Accrued comp	(1,927)	290,381
Estimated settlement amounts due third-party payor	170,634	2,403,104
Other current liabilities	(146,274)	10,789,480
Net cash provided by operating activitie	<u>4,472,648</u>	<u>20,851,073</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (purchases) sales on investment:	(3,704,240)	(64,123,285)
Interest (Loss) received on investment	477,551	3,662,293
Investment in affiliate:	(170,512)	(847,465)
Net cash used in investing activitie:	<u>(3,397,201)</u>	<u>(61,308,457)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</b>		
Other		0
Receipt of G.O. Bond Taxes	994,363	9,056,393
Receipt of District Taxes	1,282,631	11,393,906
Net cash used in activities:	<u>2,276,994</u>	<u>20,450,299</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of property plant and equipmer	(2,354,619)	(56,921,900)
Proceeds from sale of asse		781,634
G.O. Bond Interest paic		(2,083,619)
Revenue Bond Interest paic	(2,070,314)	(4,196,668)
Proceeds from issuance of deb		82,185,607
Payments of LT Deb <sup>1</sup>		(6,125,000)
Net cash used in activities:	<u>(4,424,933)</u>	<u>13,640,054</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,072,492)	(6,367,031)
CASH AND CASH EQUIVALENTS - Beginning of period	<u>7,368,534</u>	<u>12,663,073</u>
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 6,296,042</u>	<u>\$ 6,296,042</u>



# PALOMAR POMERADO HEALTH BOND COVENANT RATIOS

<b>CUSHION RATIO</b>	<b>Jun-04</b>	<b>Jun-05</b>	<b>May-06</b>
Cash and Cash Equivalents	140,057,417	109,043,208	132,047,388
Board Designated Reserves	27,374,261	22,388,648	14,993,732
Trustee-held Funds	11,853,970	12,026,055	11,188,930
<b>Total</b>	<b>179,285,648</b>	<b>143,457,911</b>	<b>158,230,050</b>
Divided by:			
Max Annual Debt Service (Bond Year 2012)	10,697,594	10,697,594	10,697,594
<b>CUSHION RATIO</b>	<b>16.8</b>	<b>13.4</b>	<b>14.8</b>
<b>REQUIREMENT</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>

<b>DAYS CASH ON HAND</b>	<b>Jun-04</b>	<b>Jun-05</b>	<b>May-06</b>
Cash and Cash Equivalents	140,057,417	109,043,208	132,047,388
Board Designated Reserves	27,374,261	22,388,648	14,993,732
<b>Total</b>	<b>167,431,678</b>	<b>131,431,856</b>	<b>147,041,120</b>
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	311,614,910	340,338,156	328,273,877
Less: Depreciation	14,546,550	16,394,985	16,369,749
<b>Adjusted Expenses</b>	<b>297,068,360</b>	<b>323,943,171</b>	<b>311,904,128</b>
Number of days in period	366	365	335
<b>Average Adjusted Expenses per Day</b>	<b>811,662</b>	<b>887,516</b>	<b>931,057</b>
<b>DAYS CASH ON HAND</b>	<b>206</b>	<b>148</b>	<b>158</b>
<b>REQUIREMENT</b>	<b>90</b>	<b>90</b>	<b>90</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>

<b>Net Income Available for Debt Service</b>	<b>Jun-04</b>	<b>Jun-05</b>	<b>May-06</b>
Excess of revenue over expenses Cur Mo.	2,905,196	1,490,930	135,108
Excess of revenues over expenses YTD (General Funds)	16,053,177	17,052,649	10,242,781
ADD:			
Depreciation and Amortization	14,546,550	16,394,985	16,369,749
Interest Expense	5,581,454	5,272,031	4,604,629
<b>Net Income Available for Debt Service</b>	<b>36,181,181</b>	<b>38,719,665</b>	<b>31,217,159</b>

### Aggregate Debt Service

1993 Insured Refunding Revenue Bonds	6,017,132	6,020,301	3,435,723
1999 Insured Refunding Revenue Bonds	4,357,728	4,356,844	6,263,177
<b>Aggregate Debt Service</b>	<b>10,374,860</b>	<b>10,377,145</b>	<b>9,698,900</b>

<b>Net Income Available for Debt Service</b>	<b>3.49</b>	<b>3.73</b>	<b>3.22</b>
<b>Required Coverage</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>

# Financial Statements

*May 2006*

Tim Nguyen  
Corporate Controller  
June 30, 2006



**PALOMAR POMERDO HEALTH**  
**SUMMARY OF KEY INDICATORS AND RESULTS**  
**FISCAL YEAR TO DATE - MAY 2006**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2005</u>
<b><u>ADMISSIONS - Acute:</u></b>				
Palomar Medical Center	19,765	19,091	674	19,427
Pomerado Hospital	6,298	6,325	(27)	6,301
<b>Total:</b>	<u>26,063</u>	<u>25,416</u>	<u>647</u>	<u>25,728</u>
<b><u>ADMISSIONS - SNF:</u></b>				
Palomar Medical Center	575	488	87	432
Pomerado Hospital	554	758	(204)	628
<b>Total:</b>	<u>1,129</u>	<u>1,246</u>	<u>(117)</u>	<u>1,060</u>
<b><u>PATIENT DAYS - Acute:</u></b>				
Palomar Medical Center	77,874	75,861	2,013	76,558
Pomerado Hospital	25,869	24,095	1,774	23,260
<b>Total:</b>	<u>103,743</u>	<u>99,956</u>	<u>3,787</u>	<u>99,818</u>
<b><u>PATIENT DAYS - SNF:</u></b>				
Palomar Medical Center	28,032	29,859	(1,827)	29,272
Pomerado Hospital	41,566	39,530	2,036	39,287
<b>Total:</b>	<u>69,598</u>	<u>69,389</u>	<u>209</u>	<u>68,559</u>



**PALOMAR POMERDO HEALTH**  
**SUMMARY OF KEY INDICATORS AND RESULTS**  
**FISCAL YEAR TO DATE - MAY 2006**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2005</u>
<b><u>WEIGHTED PATIENT DAYS:</u></b>				
Palomar Medical Center	96,823	93,983	2,840	96,423
Pomerado Hospital	39,582	36,472	3,110	39,287
Other Activities	1,877	2,618	(741)	(439)
<b>Total:</b>	<b>138,282</b>	<b>133,073</b>	<b>5,209</b>	<b>135,271</b>
<b><u>AVERAGE LENGTH OF STAY- Acute:</u></b>				
Palomar Medical Center	4.05	4.07	(0.02)	4.04
Pomerado Hospital	3.72	3.81	(0.09)	3.72
<b>Total:</b>	<b>3.97</b>	<b>4.00</b>	<b>(0.03)</b>	<b>3.96</b>
<b><u>AVERAGE LENGTH OF STAY - SNF:</u></b>				
Palomar Medical Center	50.44	50.44	-	49.62
Pomerado Hospital	28.78	29.55	(0.77)	28.12
<b>Total:</b>	<b>40.10</b>	<b>37.96</b>	<b>2.14</b>	<b>36.95</b>



**PALOMAR POMERDO HEALTH  
SUMMARY OF KEY INDICATORS AND RESULTS  
FISCAL YEAR TO DATE - MAY 2006**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2005</u>
<b><u>EMERGENCY ROOM VISITS &amp; TRAUMA CASES:</u></b>				
Palomar Medical Center	38,827	37,736	1,091	37,456
Pomerado Hospital	20,015	19,215	800	19,368
<b>Total:</b>	<u>58,842</u>	<u>56,951</u>	<u>1,891</u>	<u>56,824</u>
<b><u>EMERGENCY &amp; TRAUMA ADMISSIONS:</u></b>				
Palomar Medical Center	10,100	9,315	785	9,298
Pomerado Hospital	3,532	3,005	527	3,225
<b>Total:</b>	<u>13,632</u>	<u>12,320</u>	<u>1,312</u>	<u>12,523</u>
<b><u>SURGERIES:</u></b>				
Palomar Medical Center	7,122	7,585	(463)	7,383
Pomerado Hospital	3,596	3,729	(133)	3,400
<b>Total:</b>	<u>10,718</u>	<u>11,314</u>	<u>(596)</u>	<u>10,783</u>
<b><u>BIRTHS:</u></b>				
Palomar Medical Center	3,905	4,173	(268)	4,031
Pomerado Hospital	1,023	1,114	(91)	1,106
<b>Total:</b>	<u>4,928</u>	<u>5,287</u>	<u>(359)</u>	<u>5,137</u>



**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
MTD 2006  
May 2006**

	Month Activity		Variance		Volume	Rate/Eff	Actual	\$/Wtg Pt Day	Budget	Variance
	Actual	Budget								
<b>Statistics:</b>										
Admissions - Acute	2,478	2,352	126							
Admissions - SNF	112	115	(3)							
Patient Days - Acute	9,340	9,250	90							
Patient Days - SNF	6,486	6,421	65							
LOS - Acute	3.97	4.00	(0.03)							
LOS - SNF	40.44	37.95	2.49							
Weighted Pt Days	12,634	12,315	319							
<b>Revenue:</b>										
Gross Revenue	\$ 94,418,434	\$ 89,738,729	\$ 4,679,705	F	\$ 2,324,535	\$ 2,355,170	\$ 7,473.36	\$ 7,286.95	\$ 186.42	
Deductions from Rev	(66,597,867)	(60,196,380)	(6,401,487)	U	(1,559,289)	(4,842,198)	(5,271.32)	(4,898.05)	(383.27)	
Net Patient Revenue	27,820,567	29,542,349	(1,721,782)	U	765,246	(2,487,028)	2,202.04	2,398.89	(196.85)	
Other Oper Revenue	684,191	848,479	(184,288)	U	21,978	(206,266)	52.57	68.90	(16.33)	
<b>Total Net Revenue</b>	<b>28,484,758</b>	<b>30,390,828</b>	<b>(1,906,070)</b>	<b>U</b>	<b>787,225</b>	<b>(2,693,295)</b>	<b>2,254.61</b>	<b>2,467.79</b>	<b>(213.18)</b>	
<b>Expenses:</b>										
Salaries, Wages & Contr Labor	14,858,678	13,992,843	(865,835)	U	(362,462)	(503,373)	1,176.09	1,136.24	(39.84)	
Benefits	1,509,659	3,454,472	1,944,813	F	(89,482)	2,034,295	119.49	280.51	161.02	
Supplies	5,407,662	5,016,992	(390,670)	U	(129,957)	(260,713)	428.02	407.39	(20.64)	
Prof Fees & Purch Svc	4,163,265	3,950,029	(213,236)	U	(102,319)	(110,917)	329.53	320.75	(8.78)	
Depreciation	1,650,956	1,435,958	(214,998)	U	(37,196)	(177,802)	130.68	116.60	(14.07)	
Other	1,686,506	1,694,297	7,791	F	(43,888)	51,679	133.49	137.58	4.09	
PPH Allocation	-	1	1	F	(0)	1	-	0.00	0.00	
<b>Total Expenses</b>	<b>29,276,726</b>	<b>29,544,592</b>	<b>267,866</b>	<b>F</b>	<b>(765,304)</b>	<b>1,033,170</b>	<b>2,317.30</b>	<b>2,399.07</b>	<b>81.78</b>	
<b>Net Inc Before Non-Oper Income</b>	<b>(791,968)</b>	<b>846,236</b>	<b>(1,638,204)</b>	<b>U</b>	<b>21,920</b>	<b>(1,660,124)</b>	<b>(62.69)</b>	<b>68.72</b>	<b>(131.40)</b>	
Property Tax Revenue	908,333	908,333	-		23,529	(23,529)	71.90	73.76	(1.86)	
Non-Operating Income	18,743	(168,307)	187,050	F	(4,360)	191,410	1.48	(13.67)	15.15	
<b>Net Income (Loss)</b>	<b>\$ 135,108</b>	<b>\$ 1,586,262</b>	<b>\$ (1,451,154)</b>	<b>U</b>	<b>\$ 41,090</b>	<b>\$ (1,492,244)</b>	<b>\$ 10.69</b>	<b>\$ 128.81</b>	<b>\$ (118.11)</b>	
Net Income Margin	0.5%	4.9%	-4.4%							
OEBITDA Margin w/o Prop Tax	2.9%	7.0%	-4.1%							
OEBITDA Margin with Prop Tax	5.9%	9.9%	-4.0%							

F= Favorable variance  
U= Unfavorable variance





**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
Actual May 06 YTD + 1 Month Budget  
FY 06 Projection**

	Projected		Budget		Variance		Rate/Eff		\$/W/tg Pt Day	
					Volume		Actual	Budget	Actual	Budget
<b>Statistics:</b>										
Admissions - Acute	28,333	27,686	647							
Admissions - SNF	1,241	1,358	(117)							
Patient Days - Acute	112,690	108,903	3,787							
Patient Days - SNF	75,808	75,599	209							
Weighted Pt Days	150,194	144,985	5,209							
<b>Revenue:</b>										
Gross Revenue	\$ 1,099,287,161	\$ 1,056,787,431	\$ 42,499,730	F	\$ 37,968,105	\$ 4,531,625	\$ 7,319,112	\$ 7,288,94		
Deductions from Rev	(749,994,248)	(708,886,173)	(41,108,075)	U	(25,468,759)	(15,639,316)	(4,993,50)	(4,889,38)		
Net Patient Revenue	349,292,913	347,901,258	1,391,655	F	12,499,346	(11,107,691)	2,325,61	2,399,87		
Other Oper Revenue	8,724,780	10,181,748	(1,456,968)	U	365,808	(1,822,776)	58,09	70,23		
Total Net Revenue	358,017,693	358,083,006	(65,313)	U	12,865,154	(12,930,467)	2,383,70	2,469,79		
<b>Expenses:</b>										
Salaries, Wages & Contr Labor	172,142,792	164,806,821	(7,335,971)	U	(5,921,156)	(1,414,815)	1,146,74	1,136,72		
Benefits	37,908,885	40,687,200	2,778,315	F	(1,461,804)	4,240,119	252,40	280,63		
Supplies	62,153,131	59,073,841	(3,079,290)	U	(2,122,396)	(956,894)	413,82	407,45		
Prof Fees & Purch Svc	46,822,748	46,858,531	35,783	F	(1,683,526)	1,719,309	311,75	323,20		
Depreciation	17,805,706	17,189,004	(616,702)	U	(617,564)	862	118,55	118,56		
Other	20,166,860	20,132,441	(34,419)	U	(723,315)	688,896	134,27	138,86		
PPH Allocation		2	2	F	(0)	2		0,00		
Total Expenses	357,000,122	348,747,840	(8,252,284)	U	(12,529,762)	4,277,480	2,376,93	2,405,41		
<b>Net Inc Before Non-Oper Income</b>	1,017,571	9,335,166	(8,317,596)	U	335,392	(8,652,987)	6,78	64,39		
Property Tax Revenue	13,688,595	10,899,996	2,788,599	F	391,613	2,396,986	91,14	75,18		
Non-Operating Income	(2,980,791)	(2,019,684)	(961,107)	U	(72,563)	(888,544)	(19,85)	(13,93)		
<b>Net Income (Loss)</b>	\$ 11,725,375	\$ 18,215,478	\$ (6,490,104)	U	\$ 654,443	\$ (7,144,546)	\$ 78,07	\$ 125,64		
Net Income Margin	3.1%	4.8%	-1.7%							
OEBITDA Margin w/o Prop Tax	5.0%	7.0%	-2.0%							
OEBITDA Margin with Prop Tax	8.6%	9.8%	-1.2%							

F = Favorable variance  
U = Unfavorable variance





**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
MONTHLY TREND - FY 2006**

	Jul-06	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	FYTD
<b>Statistics:</b>												
Admissions - Acute	2,455	2,411	2,328	2,362	2,218	2,472	2,380	2,257	2,452	2,250	2,478	26,063
Admissions - SNF	95	113	101	94	108	98	99	91	120	98	112	129
Patient Days - Acute	9,372	9,005	9,011	9,277	9,204	9,960	10,258	9,155	10,057	9,024	9,340	103,743
Patient Days - SNF	6,514	6,434	6,284	6,331	6,293	6,452	6,482	5,727	6,359	6,236	6,486	69,598
LOS - Acute	3.97	3.97	3.97	3.97	3.97	3.97	3.97	3.97	3.97	3.97	3.97	3.97
LOS - SNF	40.42	38.38	40.68	42.38	40.73	39.15	40.26	38.69	39.71	40.23	40.44	40.10
Weighted Pt Days	12,568	12,363	12,099	12,214	12,331	13,089	13,278	12,083	13,539	12,095	12,634	131,282
<b>Revenue:</b>												
Gross Revenue	\$ 80,796,156	\$ 92,899,063	\$ 87,768,291	\$ 91,401,103	\$ 92,231,910	\$ 94,575,189	\$ 10,103,675	\$ 85,868,709	\$ 95,924,111	\$ 86,432,429	\$ 94,418,434	\$ 1,022,352,153
Deductions from Rev	(61,907,280)	(63,501,913)	(59,585,069)	(63,119,951)	(62,448,821)	(65,407,152)	(70,137,875)	(56,085,860)	(64,780,297)	(58,107,487)	(66,597,867)	(691,679,574)
Net Patient Revenue	27,888,876	29,397,150	28,183,222	28,281,152	29,783,089	29,168,037	30,965,800	29,782,849	31,143,814	28,324,942	27,820,567	320,672,579
Other Operating Revenue	676,323	779,264	750,898	659,462	885,609	880,873	487,382	587,938	879,354	625,007	664,191	7,816,301
<b>Total Net Revenue</b>	<b>28,565,200</b>	<b>30,176,414</b>	<b>28,934,119</b>	<b>28,940,614</b>	<b>30,668,698</b>	<b>30,048,910</b>	<b>31,386,265</b>	<b>30,370,787</b>	<b>32,023,168</b>	<b>28,949,949</b>	<b>28,484,758</b>	<b>328,548,882</b>
<b>Expenses:</b>												
Salaries, Wages & Contr Labor	13,665,176	14,511,787	13,633,115	13,695,914	14,430,050	14,545,538	14,810,465	14,344,581	15,076,174	15,025,501	14,858,678	158,596,980
Benefits	3,350,961	3,484,804	3,814,310	3,497,830	3,449,201	3,278,526	3,069,404	3,423,858	2,946,012	2,739,895	1,509,659	34,564,459
Supplies	4,735,610	5,067,417	5,043,180	4,960,031	5,397,869	5,364,677	5,945,923	5,050,659	5,347,858	4,970,676	5,407,662	57,291,862
Prof Fees & Purch Svc	3,370,185	3,675,947	3,622,882	3,504,352	4,019,717	4,026,089	3,875,056	3,990,109	4,559,474	4,143,045	4,463,265	42,950,121
Depreciation	1,418,082	1,446,865	1,450,271	1,451,680	1,482,124	1,459,591	1,532,681	1,441,886	1,542,906	1,492,706	1,650,956	16,569,748
Other	1,583,527	1,733,047	1,786,337	1,830,660	1,581,043	1,865,910	1,319,203	1,628,675	1,696,451	1,769,648	1,686,306	18,501,007
<b>Total Expenses</b>	<b>28,123,543</b>	<b>29,939,867</b>	<b>29,350,093</b>	<b>28,940,467</b>	<b>30,360,004</b>	<b>30,540,331</b>	<b>30,552,732</b>	<b>29,879,768</b>	<b>31,168,875</b>	<b>30,141,471</b>	<b>29,276,726</b>	<b>328,273,877</b>
<b>Net Inc Before Non-Oper Inc</b>	<b>44,1657</b>	<b>236,547</b>	<b>(415,974)</b>	<b>147</b>	<b>308,694</b>	<b>(491,421)</b>	<b>833,533</b>	<b>491,019</b>	<b>854,293</b>	<b>(1,191,522)</b>	<b>(791,968)</b>	<b>275,005</b>
Property Tax Revenue	908,333	908,333	908,333	908,333	908,333	908,333	908,333	908,333	908,333	1,601,333	908,333	10,684,663
Non-Operating Income	(565,643)	12,880	225,990	(436,912)	81,321	11,690	(89,686)	(159,953)	(15,404)	70,086	18,743	(716,887)
<b>Net Income (Loss)</b>	<b>\$ 784,346</b>	<b>\$ 1,157,760</b>	<b>\$ 718,350</b>	<b>\$ 471,568</b>	<b>\$ 1,298,348</b>	<b>\$ 558,602</b>	<b>\$ 1,652,180</b>	<b>\$ 1,239,399</b>	<b>\$ 1,747,222</b>	<b>\$ 479,897</b>	<b>\$ 135,108</b>	<b>\$ 10,242,781</b>
<b>Net Income Margin</b>	<b>2.5%</b>	<b>3.6%</b>	<b>2.5%</b>	<b>1.5%</b>	<b>4.2%</b>	<b>1.7%</b>	<b>4.9%</b>	<b>3.9%</b>	<b>4.9%</b>	<b>1.6%</b>	<b>0.5%</b>	<b>2.9%</b>
<b>OEBITDA Margin w/o Prop Tax</b>	<b>6.0%</b>	<b>5.2%</b>	<b>3.5%</b>	<b>4.7%</b>	<b>5.7%</b>	<b>3.0%</b>	<b>7.0%</b>	<b>6.1%</b>	<b>6.8%</b>	<b>1.0%</b>	<b>2.9%</b>	<b>4.8%</b>
<b>OEBITDA Margin with Prop Tax</b>	<b>9.0%</b>	<b>8.0%</b>	<b>6.6%</b>	<b>7.6%</b>	<b>8.6%</b>	<b>5.8%</b>	<b>9.6%</b>	<b>9.0%</b>	<b>9.4%</b>	<b>6.5%</b>	<b>5.9%</b>	<b>7.9%</b>



Palomar Pomerado Health  
Consolidated Balance Sheet  
As of May 31, 2006

	Current Month	Prior Month	Prior Fiscal Year End
<b>Assets</b>			
<b>Current Assets</b>			
Cash on Hand	\$6,296,042	\$7,368,533	\$12,663,073
Cash Marketable Securities	125,751,346	117,923,512	96,380,135
<b>Total Cash &amp; Cash Equivalents</b>	<b>132,047,388</b>	<b>125,292,045</b>	<b>109,043,208</b>
<b>Patient Accounts Receivable</b>	<b>151,154,522</b>	<b>153,177,570</b>	<b>190,388,774</b>
Allowance on Accounts	-84,812,256	-83,010,129	-120,586,401
<b>Net Accounts Receivable</b>	<b>66,342,266</b>	<b>70,167,441</b>	<b>69,802,373</b>
Inventories	6,341,000	6,418,568	6,320,951
Prepaid Expenses	2,498,381	2,259,607	2,383,903
Other	1,718,793	2,018,982	828,210
<b>Total Current Assets</b>	<b>208,947,828</b>	<b>206,156,643</b>	<b>188,378,645</b>
<b>Non-Current Assets</b>			
Restricted Assets	54,167,041	57,051,403	12,026,055
Restricted by Donor	287,477	286,158	281,473
Board Designated	14,993,732	16,234,283	22,388,648
<b>Total Restricted Assets</b>	<b>69,448,250</b>	<b>73,571,844</b>	<b>34,696,176</b>
Property Plant & Equipment	330,539,806	324,488,377	337,484,770
Accumulated Depreciation	-215,757,987	-216,231,558	-218,491,576
Construction in Process	75,948,421	81,529,191	28,023,698
<b>Net Property Plant &amp; Equipment</b>	<b>190,730,240</b>	<b>189,786,010</b>	<b>147,016,892</b>
Investment in Related Companies	6,540,311	6,442,655	6,175,837
Deferred Financing Costs	3,307,203	3,322,656	2,311,702
Other Non-Current Assets	1,143,376	1,156,297	1,274,318
<b>Total Non-Current Assets</b>	<b>271,169,380</b>	<b>274,279,462</b>	<b>191,474,925</b>
<b>Total Assets</b>	<b>\$480,117,208</b>	<b>\$480,436,105</b>	<b>\$379,853,570</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$17,158,469	\$17,048,574	\$18,090,054
Accrued Payroll	18,883,267	19,027,907	19,511,491
Accrued PTO	11,130,800	10,988,087	10,212,195
Accrued Interest Payable	1,654,693	3,112,395	708,785
Current Portion of Bonds	12,745,000	12,745,000	6,125,000
Est Third Party Settlements	-2,118,947	-2,289,581	-4,522,051
Other Current Liabilities	7,440,280	8,494,887	6,642,463
<b>Total Current Liabilities</b>	<b>66,893,562</b>	<b>69,127,269</b>	<b>56,767,937</b>
<b>Long Term Liabilities</b>			
Bonds & Contracts Payable	151,322,314	151,297,233	79,819,688
<b>General Fund Balance</b>			
Unrestricted	246,620,124	243,491,159	220,595,825
Restricted for Other Purpos	287,477	286,158	281,473
Board Designated	14,993,732	16,234,283	22,388,648
<b>Total Fund Balance</b>	<b>261,901,333</b>	<b>260,011,600</b>	<b>243,265,946</b>
<b>Total Liabilities / Fund Bala</b>	<b>\$480,117,208</b>	<b>\$480,436,105</b>	<b>\$379,853,570</b>



Palomar Pomerado Health  
Balanced Scorecard  
Financial Indicators  
May 31, 2006

	February		March		April		May		YTD 2006	
	Actual	% Actual to Bud/IPY	Actual	% Actual to Bud/IPY	Actual	% Actual to Bud/IPY	Actual	% Actual to Bud/IPY	Bud/IPY	Variance to Bud/IPY

OEBITDA Margin w/Prop Tax	9.0%	9.4%	6.5%	5.9%	9.9%	-4.0%		7.9%	9.8%	-1.9%	
Expenses/Wtd Day	\$ 2,507.56	\$ 2,333.17	\$ 2,526.80	\$ 2,350.58	\$ 2,432.74	\$ 82.16	103.9%	\$ 2,407.24	\$ 2,439.13	\$ 31.89	98.7%
SWB/Wtd Day	\$ 1,470.53	\$ 1,331.13	\$ 1,468.82	\$ 1,295.58	\$ 1,416.75	\$ 121.17	103.7%	\$ 1,396.87	\$ 1,417.30	\$ 20.43	98.6%
Prod FTEs/Adj Occupied Bed	6.06	5.95	6.27	6.20	6.17	(0.03)	101.6%	6.07	6.17	0.10	98.4%
Weighted Patient Days	12,083	13,539	12,095	12,634	12,867	\$(233.00)		138,282	135,271	3,011	102.2%

PPH Indicators:

PPH North Indicators:

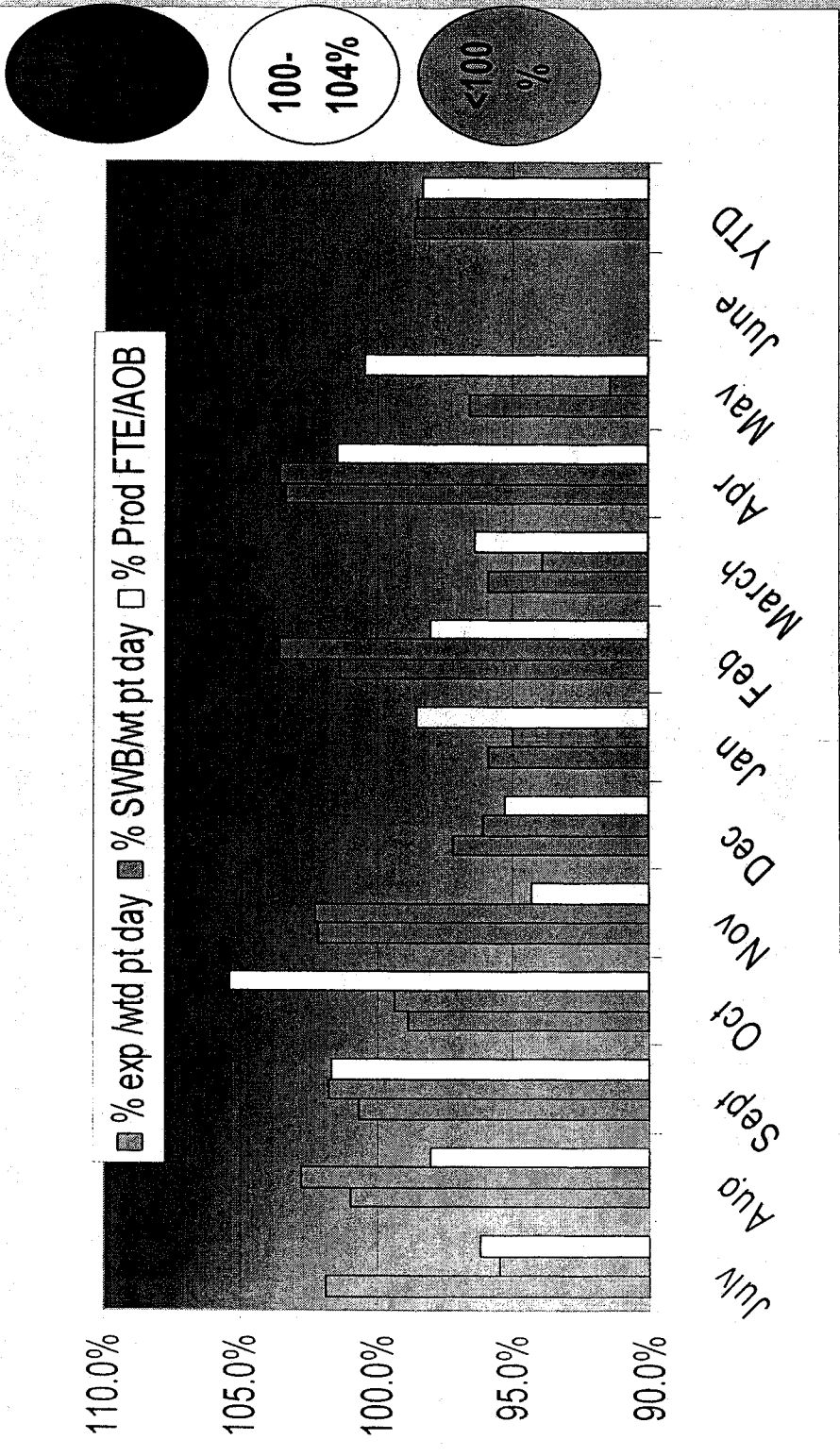
OEBITDA Margin w/Prop Tax	10.2%	10.1%	8.7%	4.2%	11.9%	-7.7%		8.2%	11.8%	-3.6%	
Expenses/Wtd Day	\$ 2,452.12	\$ 2,258.43	\$ 2,453.41	\$ 2,267.87	\$ 2,306.47	\$ 38.60		\$ 2,308.44	\$ 2,312.02	\$ 3.58	99.8%
SWB/Wtd Day	\$ 1,225.03	\$ 1,118.84	\$ 1,245.04	\$ 1,080.30	\$ 1,180.75	\$ 100.45		\$ 1,175.20	\$ 1,181.26	\$ 6.06	99.5%
Prod FTEs/Adj Occupied Bed	5.20	5.06	5.33	5.28	5.09	(0.19)		5.16	5.10	(0.06)	101.2%
Weighted Patient Days	8,261	9,354	8,276	8,701	9,206	\$(505.00)		96,823	96,423	400	

PPH South Indicators:

OEBITDA Margin w/Prop Tax	7.0%	3.8%	-0.1%	5.0%	1.4%	3.6%		4.6%	1.3%	3.3%	
Expenses/Wtd Day	\$ 2,289.05	\$ 2,235.87	\$ 2,373.34	\$ 2,231.51	\$ 2,443.48	\$ 211.97	97.1%	\$ 2,338.48	\$ 2,449.39	\$ 110.91	95.5%
SWB/Wtd Day	\$ 1,225.33	\$ 1,143.02	\$ 1,194.03	\$ 1,072.17	\$ 1,261.88	\$ 189.71	94.6%	\$ 1,205.76	\$ 1,262.25	\$ 56.49	95.5%
Prod FTEs/Adj Occupied Bed	5.45	5.36	5.32	5.54	5.87	0.33	90.6%	5.61	5.88	0.27	95.4%
Weighted Patient Days	3,653	4,003	3,706	3,788	3,436	\$ 352.00	107.9%	39,582	36,407	3,175	108.7%

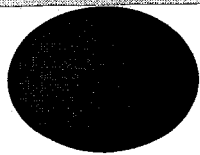
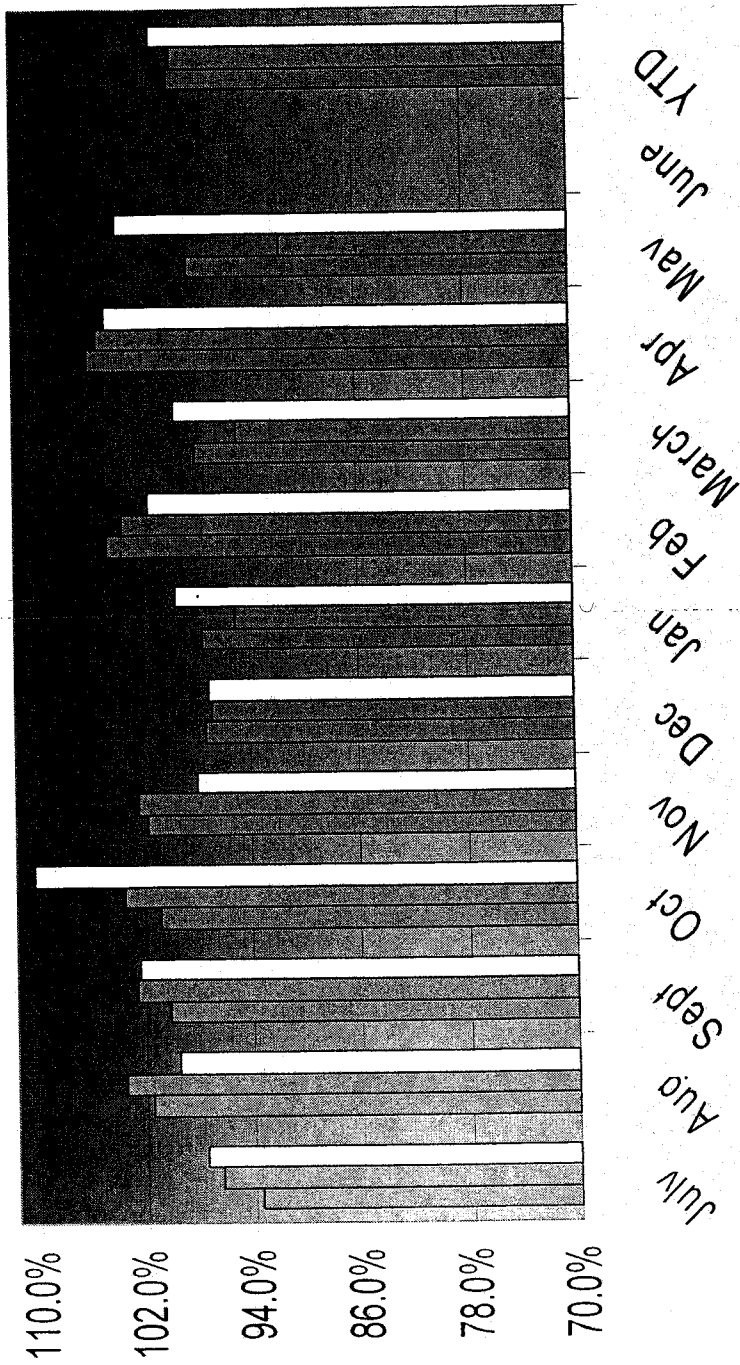


# PPH Total Consolidated Financial Indicators BSC-FY06



# PPH North Consolidated Financial Indicators BSC-FY06

% exp h/mtd pt day 
  % SWB/hwt pt day 
  % Prod FTE/AOB

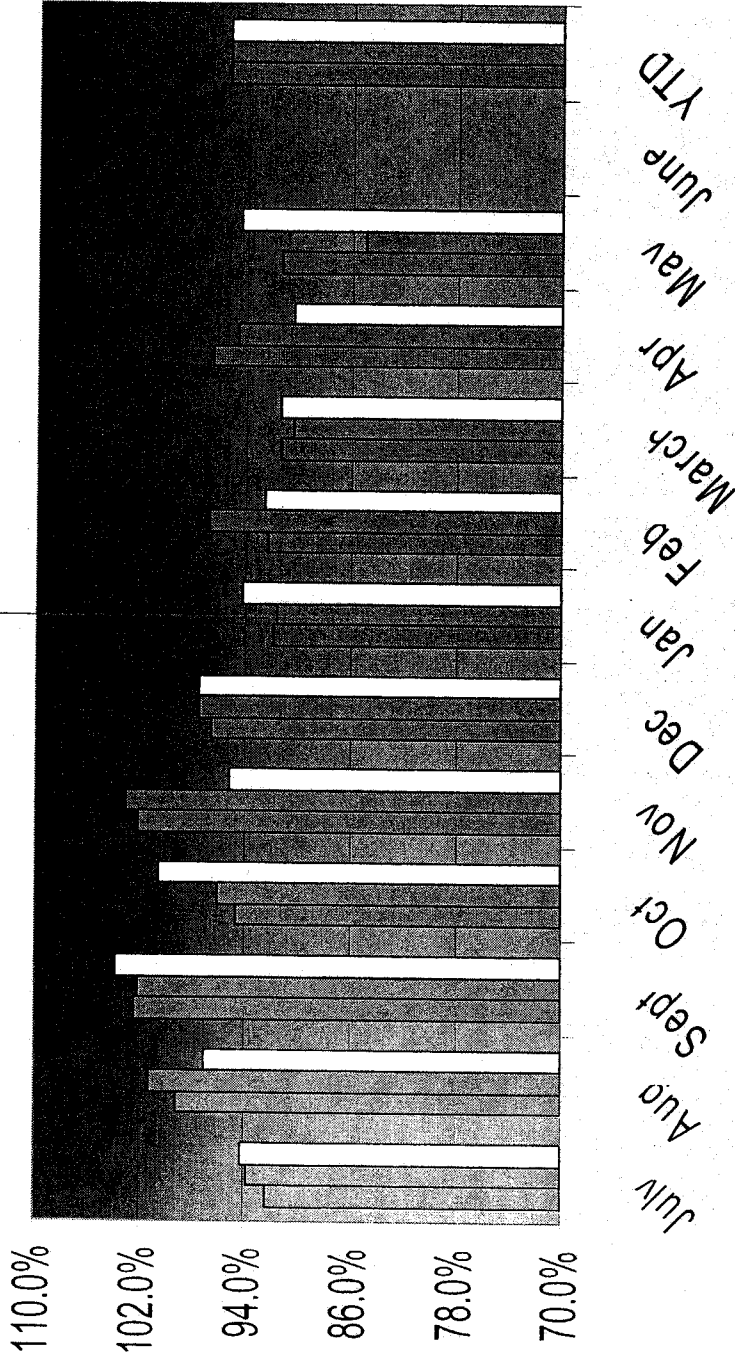


100-  
104%

<100  
%

# PPH South Consolidated Financial Indicators BSC-FY06

% exp /mtd pt day 
  % SWB/mt pt day 
  % Prod FTE/AOB

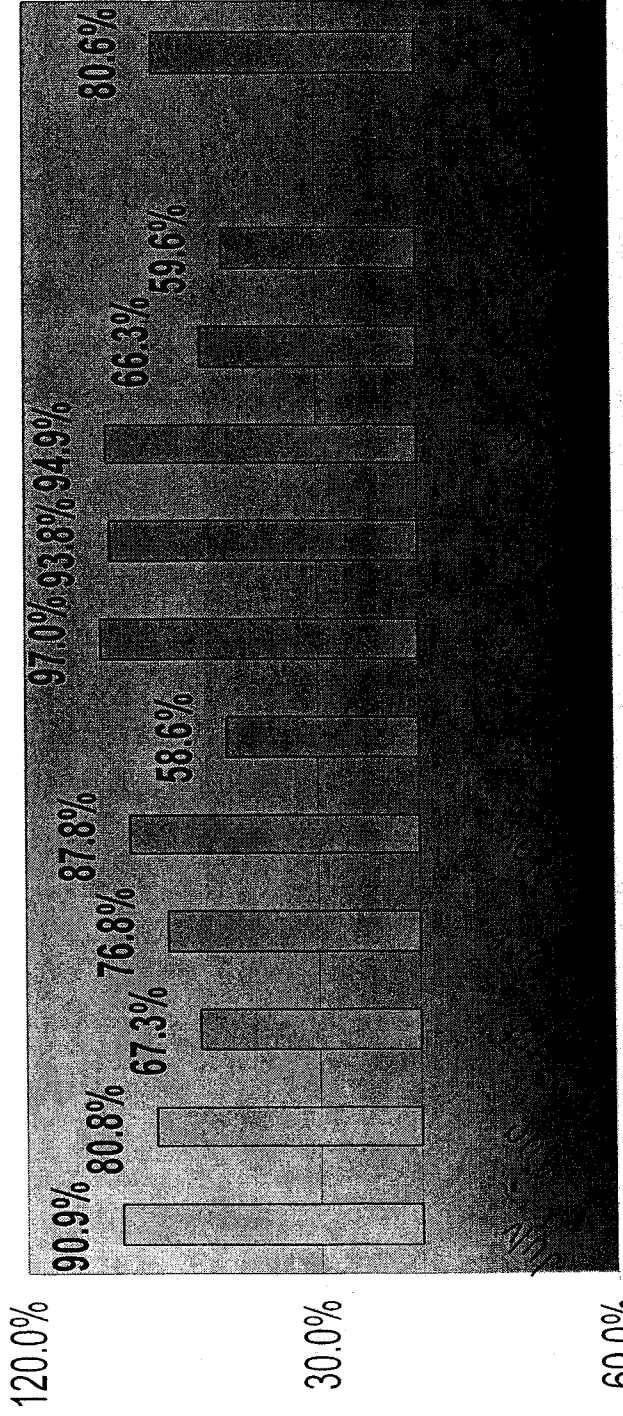
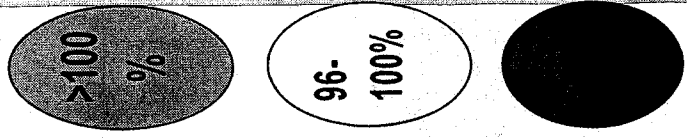


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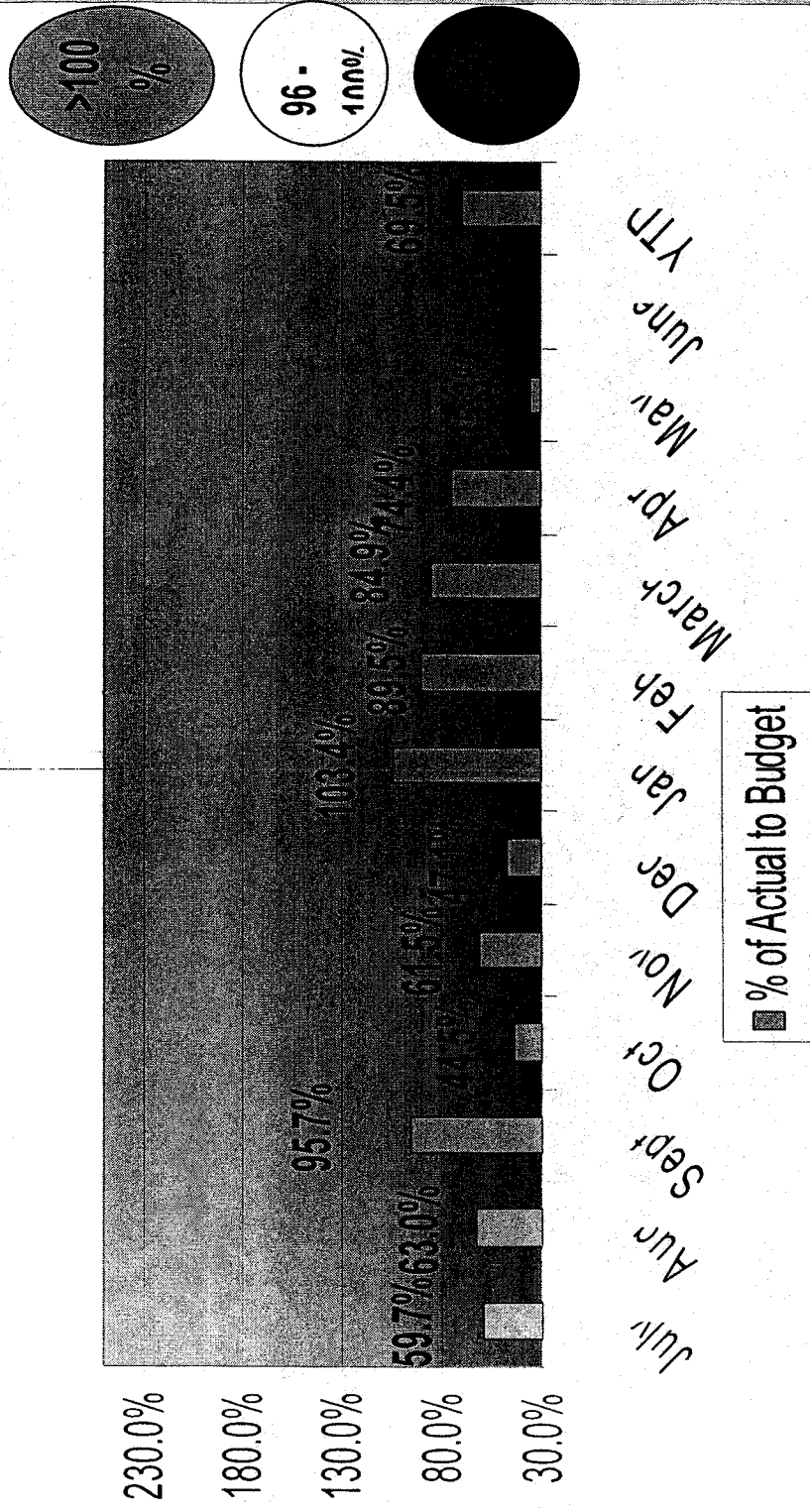


# PPH Total Consolidated OEBITDA w/ Prop Taxes - FY06



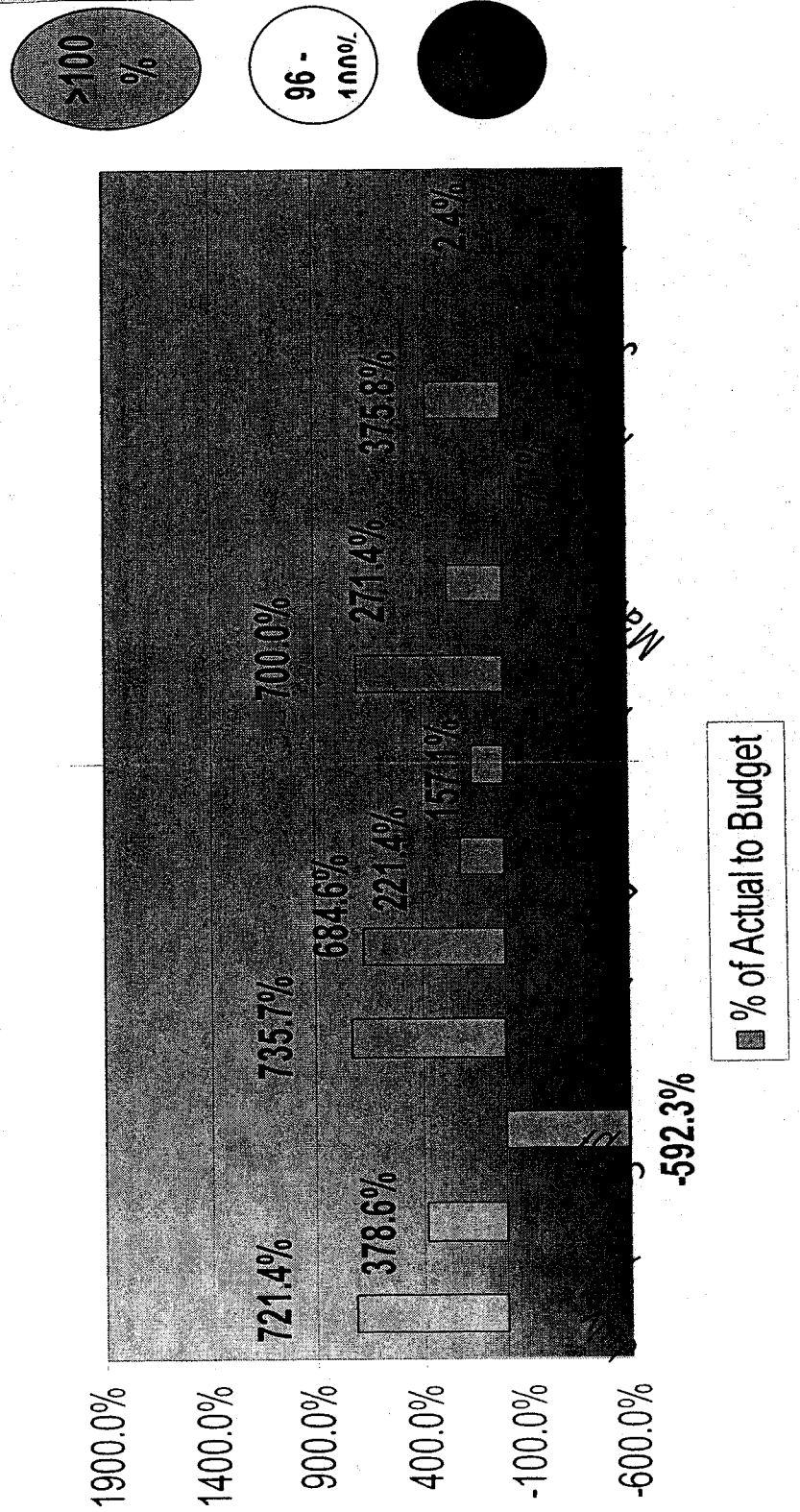
■ % of Actual to Budget

# PPH North Consolidated OEBITDA w/ Prop Taxes - FY06

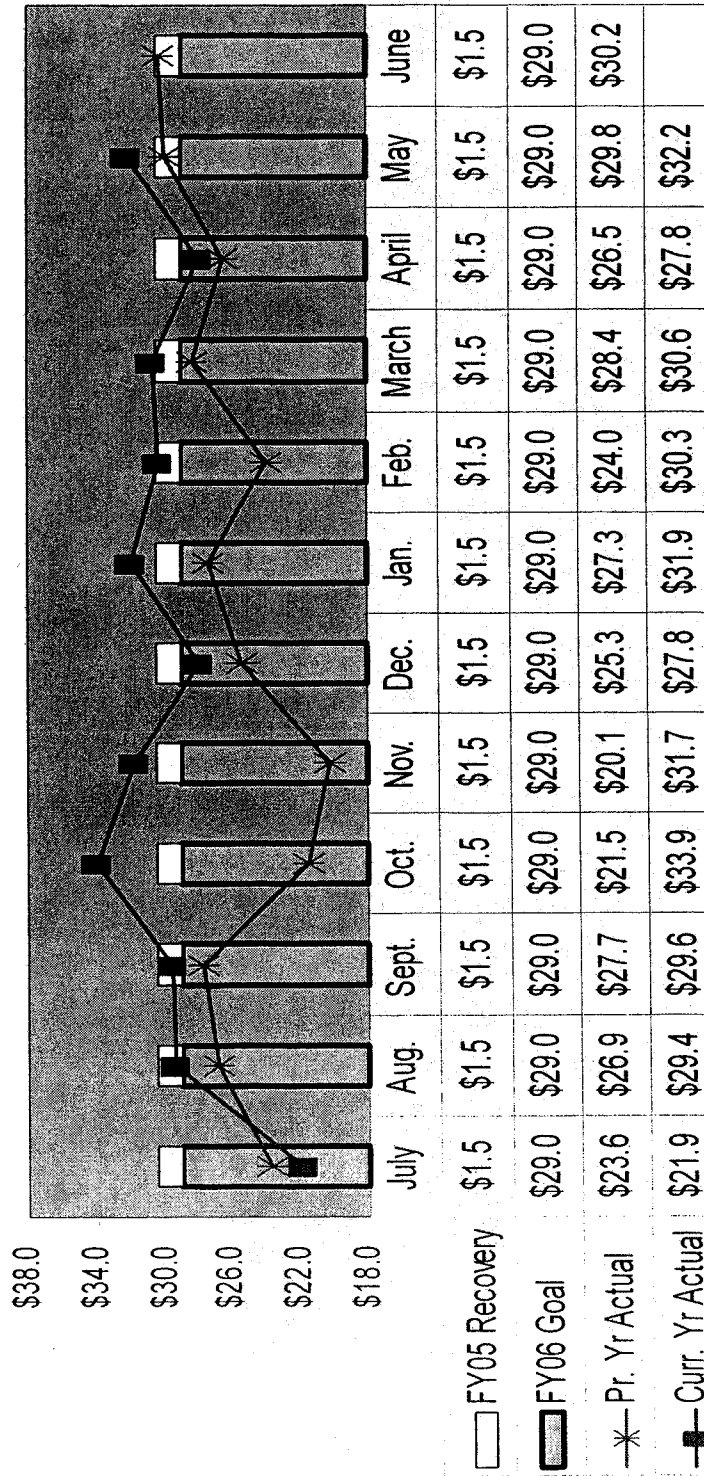




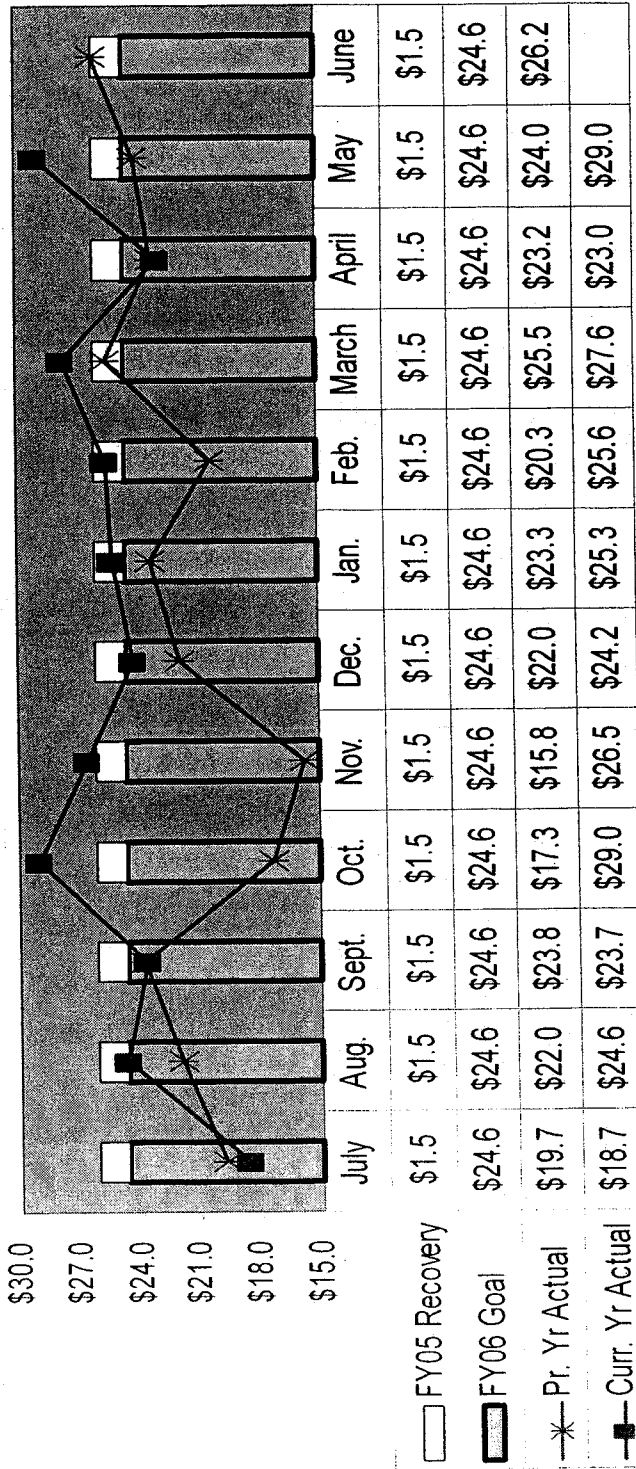
# PPH South Consolidated OEBITDA w/ Prop Taxes - FY06



# PPH Monthly Collections in Millions



## PBS Monthly Collections in Millions



**Palomar Pomerado Health  
STATEMENTS OF CASH FLOWS  
Fiscal Year 2006**

	<u>May</u>	<u>YTD</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income (Loss) from operations	\$ (791,698)	\$ 275,272
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,650,956	16,369,746
Provision for bad debts	2,028,690	26,807,957
Changes in operating assets and liabilities:		
Patient accounts receivable	1,796,484	(23,347,850)
Property Tax and other receivables	(127,750)	(12,046,557)
Inventories	77,568	(20,049)
Prepaid expenses and Other Non-Current assets	(293,930)	(560,580)
Accounts payable	109,895	(109,835)
Accrued comp	(1,927)	290,381
Estimated settlement amounts due third-party payors	170,634	2,403,104
Other current liabilities	(146,274)	10,789,480
Net cash provided by operating activities	<u>4,472,648</u>	<u>20,851,073</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (purchases) sales on investments	(3,704,240)	(64,123,285)
Interest (Loss) received on investments	477,551	3,662,293
Investment in affiliates	(170,512)	(847,465)
Net cash used in investing activities	<u>(3,397,201)</u>	<u>(61,308,457)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</b>		
Other	0	0
Receipt of G.O. Bond Taxes	994,363	9,056,393
Receipt of District Taxes	1,282,631	11,393,906
Net cash used in activities	<u>2,276,994</u>	<u>20,450,299</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of property plant and equipment	(2,354,619)	(56,921,900)
Proceeds from sale of asset	781,634	781,634
G.O. Bond Interest paid	(2,083,619)	(2,083,619)
Revenue Bond Interest paid	(2,070,314)	(4,196,668)
Proceeds from issuance of debt	82,185,607	82,185,607
Payments of LT Debt	(6,125,000)	(6,125,000)
Net cash used in activities	<u>(4,424,933)</u>	<u>13,640,054</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(1,072,492)</u>	<u>(6,367,031)</u>
<b>CASH AND CASH EQUIVALENTS - Beginning of period</b>	<u>7,368,534</u>	<u>12,663,073</u>
<b>CASH AND CASH EQUIVALENTS - End of period</b>	<u>\$ 6,296,042</u>	<u>\$ 6,296,042</u>



**Lease of Space in the Outpatient Services Pavilion ("OSP")  
at Pomerado Hospital**

**TO:** Board of Directors

**MEETING DATE:** Monday, July 17, 2006

**FROM:** Board Finance Committee  
Tuesday, June 27, 2006

**BY:** George Gigliotti, Construction Auditor  
Bob Hemker, CFO

**Background:** Pursuant to the development of the OSP at Pomerado Hospital, PPH has entered into various Agreements with the LLC building the OSP, including: Ground Lease, Parking License Agreement, Parking Management Plan, and Subtenant Recognition Agreement.

Previously, the Board reviewed and approved the updated deal points and project costs including the revised equity structure and economics of the associated LLC. At the time of the update, it was contemplated that PPH would also, at least initially, lease Floors One and Two, while retaining ownership options.

Ongoing discussions have resulted in a successfully negotiated lease for Floors One and Two. In order to finalize the leases, Board approval is requested. Management has previously executed the leases subject to Board approval.

A review of key business terms contained in the negotiated leases will be reviewed. A summary of the key terms is attached.

**Budget Impact:** N/A

**Staff Recommendation:** Approval of the leases for Floors 1 & 2 of the OSP as presented.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:** The Finance Committee recommends approval of the leases for Floors 1 & 2 of the OSP as presented.

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

# POMERADO OUTPATIENT SERVICES PAVILION SUMMARY OF BASIC LEASE INFORMATION

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The undersigned agree to the following terms of this Summary of Basic Lease Information (the "Summary"). This Summary is incorporated into the attached Office Space Lease (this Summary and the Office Space Lease to be known collectively as the "Lease") that pertains to the Building identified in Summary Section 1. Each reference in the Office Space Lease to any term of this Summary shall have the meaning set forth in this Summary for such term. Any capitalized terms used herein and not otherwise defined herein shall have the meaning set forth in the Office Space Lease.

- |   |  |
|---|--|
| 1. The Building name and address are:   | Pomerado Outpatient Services Pavilion<br>156_____ Pomerado Road<br>Poway, CA 92064             |
| 2. The Hospital is:   | PALOMAR POMERADO HEALTH,<br>a California Health Care District                                  |
| 3. The Execution Date of this Lease is:   | _____, 2006  |
| 4. Tenant is:   | PALOMAR POMERADO HEALTH,<br>a California Health Care District                                  |
| 5. Tenant's Premises address is:  | 156_____ Pomerado Road, Suites 100 &<br>200<br>Poway, CA 92064                                 |
| 6. Tenant's notice address (if different from Tenant's Premises address) is:  | 15255 Innovation Drive<br>San Diego, CA 92128<br>Attn: CFO's Office.                           |
| 7. Landlord is:   | PDP POMERADO LLC   |
| 8. Landlord's notice address is:  | 12348 High Bluff Drive, Suite 210<br>San Diego, CA 92130                                       |
| 9. Ground Lessor's name and address are:  | PALOMAR POMERADO HEALTH<br>15255 Innovation Drive<br>San Diego, CA 92128<br>Attn: CFO's Office |
| 10. The Usable Area (Approximate) is:   | 55,200 USF<br>("USF" — Usable Square Feet)   |
| 11. The Usable Area (Actual) is:<br>Landlord to compute and insert when Working Drawings are completed and approved.                      | _____ USF  |
| 12. The Rentable/Usable Ratio is:   | 111.2 %  |
| 13. The Rentable Area (Approximate) — the product of the Rentable/Usable Ratio times the Usable Area (Approximate) in Summary Section 10: | 61,410 RSF<br>("RSF" — Rentable Square Feet)   |

53

- 14. The **Rentable Area (Actual)** – the product of the Rentable/Usable Ratio times the Usable Area (Actual) in Summary Section 11: \_\_\_\_\_ RSF
  
- 15. The **Commencement Date** is: The later of: (a) June 1, 2007, or (b) seven (7) months after the TI Start Date. The Commencement Date is subject to adjustment pursuant to Lease Section 1.3.2 below. In no event shall Tenant's obligation to pay Rent commence until a certificate of occupancy or temporary certificate of occupancy is issued with respect to the Building shell and core.
  
- 16. The **Adjusted Commencement Date** (if any) is: \_\_\_\_\_, 200\_\_\_\_\_
  
- 17.
  
- 18. The **Term**: Twenty (20) years
  
- 19. The **Expiration Date** is: May 31, 2027
  
- 20. The **Base Rental Rate** (per RSF per month) is: \$ 3.25 / RSF / Mo
  
- 21. The **Base Rent** (per month and year) is: \$ 199,583 / Mo  
\$ 2,394,990 / Year
  
- 22. The **actual Base Rent** is: \$ \_\_\_\_\_ / Mo  
Landlord to compute and insert when Working Drawings are completed and approved. \$ \_\_\_\_\_ / Year
  
- 23. The **initial Estimated Operating Expenses** (per RSF per month and year) is: \$ TBD / RSF / Mo  
\$ TBD / RSF / Year
  
- 24. **Tenant's Percentage Share (Approximate)** (based on 150,514 total USF) 36.67 %
  
- 25. **Tenant's Percentage Share (Actual)**: \_\_\_\_\_ %  
Landlord to compute and insert when Final Suite Design is completed.
  
- 26. The **Tenant Improvement Allowance** is: \$10,488,000 (approximating \$ 190 / RSF)
  
- 27. The **Security Deposit** is: N/A for Tenant named above.
  
- 28. The **Permitted Use** is: Outpatient medical services.
  
- 29. The **CPI Increase Limits** (per year) are: 2 % minimum  
5 % maximum
  
- 30. **Broker(s)**: N/A.

↓  
↓  
↓  
↓ Signatures on next page ...

54

Landlord and Tenant agree to the terms of this Summary. If there is any conflict between any provision of this Summary and any specific clause of the Lease, the specific clause of this Summary shall prevail.

**"Landlord"**

PDP POMERADO LLC,  
A California limited liability company

By: PMB Poway LLC,  
A California limited liability company, Manager

By: Pacific Medical Buildings, L.P.,  
A California limited partnership,  
Manager

By: PMB, Inc.,  
A California corporation,  
General Partner

By: \_\_\_\_\_  
Vice-President

**"Tenant"**

PALOMAR POMERADO HEALTH,  
a California Health Care District

*Subject to PPH BOO approval of its next  
\*regularly scheduled mtg.*

By: \_\_\_\_\_

Its: \_\_\_\_\_  
President/CEO

By: \_\_\_\_\_ 6/13/06

Its: \_\_\_\_\_  
CFO

55



**Governance Committee Review of PPH Policies**

**TO:** Board of Directors

**MEETING DATE:** July 17, 2006

**FROM:** Governance Committee Meeting June 13, 2006

**BY:** Jim Neal, Director Corporate Compliance & Integrity

**BACKGROUND:** Reviewed and approved revisions to current Board Policies listed below. In attendance were: Directors Linda Greer (Chair), Gary Powers, Ted Kleiter, together with CEO Michael Covert and Jim Neal. Board approval is sought.

**Policies for approval:**

- GOV-06 Governing Body Orientation
- GOV-08 Correspondence to or from Board members
- GOV-09 Absenteeism by Board Members
- GOV-12 Revision of Policies
- GOV-15 Governance
- HR-01 Continuance HR Standards Compliance
- QLT-23 Discharge Policy: Home Health
- QLT-27 Medical Supervision: Home Health
- QLT-32 Professional Advisory Committee – Program Evaluation: Home Health

**Policies First Review**

- FIN-03 PPH Credit Cards (Old Policy 10-503)

**BUDGET IMPACT:** None

**STAFF RECOMMENDATIONS:** Staff Recommended approval

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

**Motion:** X

**Individual Action:**

**Information:**

# **Fourth-Quarter Review of Policies** **Implementing the Annual Review Cycle**

July 17, 2006

## **GOV-06 Governing Body Orientation**

**Change Summery:** Added the following as required by Assembly Bill 1234. and the Government Code §11146: “10.Meeting with the Compliance Officer for Ethics Training required by Assembly Bill 1234”. No oth

## **GOV-08 Correspondence to or from Board members**

**Change Summery:** No changes.

## **GOV-09 Absenteeism by Board Members**

**Change Summery:** No changes.

## **GOV-12 Revision of Policies**

**Change Summery:** No changes.

## **GOV-15 Governance**

**Change Summery:** No changes.

## **HR-01 Continuance HR Standards Compliance**

**Change Summery:** No changes.

## **QLT-23 Discharge Policy: Home Health**

**Change Summery:** No changes.

## **QLT-27 Medical Supervision: Home Health**

**Change Summery:** No changes.

## **QLT-32 Professional Advisory Committee – Program Evaluation: Home Health**

**Change Summery:** No changes.

## **Policies First Review**

### **FIN-03 PPH Credit Cards (Old Policy 10-503)**

**Change Summery:** 1) Combined the policy and the resolution into one document. 2) Added the following to Section III.A: “All PPH officers and agents issued a credit card will sign a statement that it is understood that the credit card is strictly for and in connection with PPH business”. 3) Added the following to Section III.E: “To allow the operation and maintenance of a District courier service, a gasoline credit card shall be issued. These cards are the overall responsibility of the designated PPH officer overseeing courier services.” 4) Added a three year review date.

**PALOMAR POMERADO HEALTH**

**BOARD POLICY**

**GOV-06**

**GOVERNING BODY ORIENTATION**

July 17, 2006

SP

**I. PURPOSE:**

To establish policy, to maintain patient care; and to provide for institutional management and planning in accordance with the standards of the Joint Commission on Accreditation of Health Care Organizations and with the laws of the State of California.

**II. DEFINITIONS:**

None

**III. TEXT / OF PRACTICE:**

A. Consistent with the desire of the Board of Directors to fully understand and fulfill their responsibilities to the residents of the Palomar Pomerado Health it shall be incumbent upon the administrative staff of the District to formulate and provide an orientation program for all newly elected or appointments of the Board. Such program shall include, but not be limited to, the following components:

1. Administration of the oath of office.
2. Provision and obtaining of signatures on Confidentiality Statements and Statements of Economic Interests.
3. Copies of board and committee meeting minutes for the previous three-month period.
4. Board of Directors Handbook containing:
  - a. Board of Directors, Members;
  - b. Board of Directors, Committee Members;
  - c. Board of Directors, Calendar of Events;
  - d. Board of Directors, Organizational Chart;
  - e. Local Healthcare District Law;
  - f. California Open Meeting Laws (Brown Act)
  - g. Open and Public (Users Guide, Brown Act);
  - h. PMC Medical Staff, Committees and Roster;
  - i. PMC Medical Staff Bylaws;
  - j. POM Medical Staff, Committees and Roster;
  - k. POM Medical Staff Bylaws;
  - l. Palomar Pomerado Health Foundation Board Members;
  - m. Palomar Pomerado Health Foundation Bylaws;
  - n. PMC Auxiliary Bylaws;

- o. POM Auxiliary Bylaws;
- p. Board Members Position Description;
- q. Parliamentary Procedures;
- r. Healthcare Acronyms and Terms;
- s. Citizens Guide to Special Districts in California.

- 5. Structured orientation meeting relative to governance and/or *boardsmanship*.
- 6. Individual meetings with the C.E.O., Board Assistant, and members of the staff as determined by the C.E.O. or requested by a Board member.
- 7. Facilities' tour.
- 8. Subscriptions to *Trustee* and other publications that may be of interest or value.
- 9. Information relative to programs on hospital governance when available.
- 10. Meeting with the Compliance officer for Ethics Training required by Assembly Bill 1234 and Government Code §11146.

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

**IV. DOCUMENT / PUBLICATION HISTORY:**

Original Document Date: 2/94

Reviewed: 1/93; 2/94; 2/99; 1/05; 7/06

Revision Number: 1 Dated: 1/05

Document Owner: Michael Covert

Authorized Promulgating Officers: Marcelo R. Rivera, Chairman

**VI. CROSS REFERENCE DOCUMENTS:**

Prior to 2005 this policy was Board Policy 10-108

**PALOMAR POMERADO HEALTH**

**BOARD POLICY**

**GOV-08**

**CORRESPONDENCE TO OR FROM BOARD MEMBERS**

July 17, 2006

**I. PURPOSE:**

To provide guidelines to clarify and standardize the process for handling correspondence received by board members on behalf of the District, Resolution No. 12.14.92 (10) has been adopted. Accordingly, the following guidelines have been written.

**II. DEFINITIONS:**

None

**III. TEXT / OF PRACTICE:**

- A. In the event a board member receives correspondence concerning District business from an individual who does not request anonymity, the board member shall promptly deliver the correspondence received to the President and Chief Executive Officer of the District.
- B. The President and Chief Executive Officer shall designate a District staff member to be responsible for responding to such correspondence and shall inform the appropriate board member of the identity of that staff member.
- C. The letter shall, be prepared by the District staff member with input from and for the signature of the board member who received the correspondence, using the attached sample "Exhibit A"
- D. In the event anonymity is requested, the board member shall advise the author of the correspondence by phone or personal correspondence, using language in the attached sample "Exhibit B", that the District cannot address the concerns expressed without revealing the identity.
- E. Excepting express authority of the board or as provided herein, board members are prohibited from corresponding on or otherwise using stationary containing District letterhead.
- F. Board members are prohibited from taking a position in writing, expressly or implied, which identifies the position of the District on any matter without express permission of the board.
- G. This policy will be reviewed and updated as required or at least every three years.

**IV. DOCUMENT / PUBLICATION HISTORY:**

Original Document Date: 4/95  
Reviewed: 2/99; 4/97; 1/05; 7/06  
Revision Number: 1 Dated: 1/20/05  
Document Owner: Michael Covert  
Authorized Promulgating Officers: Marcelo R. Rivera, Chairman

**VI. CROSS REFERENCE DOCUMENTS:**

Prior to 2005, this policy was Board Policy 10-112

EXHIBIT "A"

Dear \_\_\_\_\_

Thank you for your letter of \_\_\_\_\_ concerning  
\_\_\_\_\_.

I have forwarded your correspondence to \_\_\_\_\_

the \_\_\_\_\_ of Palomar Pomerado Health, for [his] [her) attention. [Mr.]  
[Ms.) \_\_\_\_\_ will respond to your inquiry shortly. Please direct any further  
correspondence on this matter to [him] [her). If you do not hear from [Mr.) [Ms.) by please contact me  
again.

Thank you for bringing this matter to my attention.

Very truly yours,



EXHIBIT "B"

Dear \_\_\_\_\_

Thank you for your letter of \_\_\_\_\_ concerning  
\_\_\_\_\_.

You indicated in your correspondence that you did not want me to reveal your name to District Staff. The Board's policy is to forward all correspondence received by individual Board members to the President/Chief Executive Officer of the District for response. Both the Board and the President/Chief Executive Officer are sensitive to requests of residents of the District to keep their identity confidential. However, I have, as a Board member, the responsibility to share your inquiry with the CEO and thus reveal your identity.

Please indicate whether you would like me to proceed with the matter discussed in your letter.

Thank you for bringing this matter to my attention.

Very truly yours,

**PALOMAR POMERADO HEALTH**

**BOARD POLICY**

**GOV-09**

**ABSENTEEISM BY BOARD MEMBERS**

July 17, 2006

**I. PURPOSE:**

In recognition of the requirement for a quorum of board members to conduct District business and the desirability of the presence of all members, guidelines shall be formulated to govern absenteeism.

**II. DEFINITIONS:**

None

**III. TEXT / OF PRACTICE:**

A. The term of any member of the Board shall expire if the member is absent from three consecutive regularly scheduled monthly Board meetings or from three of any five consecutive regular meetings of the Board and if the Board by resolution declares that a vacancy exists on the Board.

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

**IV. DOCUMENT / PUBLICATION HISTORY:**

Original Document Date: 3/94

Reviewed: 1/99; 1/05; 7/06

Revision Number: 1 Dated: 3/95

2 Dated: 1/20/05

Document Owner: Michael Covert

Authorized Promulgating Officers: Marcelo R. Revera, Chairman

**VI. CROSS REFERENCE DOCUMENTS:**

Prior to 2005, this policy was Board Policy 10-113

**PALOMAR POMERADO HEALTH**

**BOARD POLICY**

**GOV-12**

**REVISION OF POLICIES**

July 17, 2006

## **I. PURPOSE:**

To ensure that current practice is consistent with written policies, and in recognition of the standards of the Joint Commission on Accreditation of Health Care Organizations, timely and appropriate review of all PPH policies shall be accomplished regularly, systematically and in accordance with the following guidelines.

## **II. DEFINITIONS:**

For purposes of this policy, the term policy shall mean a Board approved statement that provides broad strategic direction and/or a governing mandate for PPH, instituting the development of procedures, as defined and provided for elsewhere.

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

### **A. Governing Board**

1. Each Board committee shall review, evaluate and revise as necessary the applicable policies.
2. A packet will be provided to the Assistant to the Board for Governance Committee review. This packet will include:
  - a. A written summary of all changes;
  - b. Copy of the old policy;
  - c. Copy showing redline changes;
  - d. Copy of new policy in LUCIDOC format.
3. To assure that policies are kept current, the Board Assistant shall, on a monthly basis, peruse all Board committee minutes, extracting information as appropriate either to formulate policy statements that may be directed by the committee or to provide the information to the appropriate personnel for completion of the policy statement. The completed policy statement is to be submitted to the full Board for approval and appropriately posted and communicated following approval.

### **B. Central Office, Hospitals, Related Entities, Volunteer Organizations**

1. The policies of PPH shall be reviewed, evaluated and revised as necessary at least once in a three-year period beginning with the effective date of this policy and at least once in each subsequent three-year period. Evidence of that review is to be made a permanent part of the policy.
2. In the interim, all policies will be reviewed when warranted based on changes in the law, state of the art, current knowledge or technology or other factors.
3. For purposes of this policy, PPH shall include the central office, hospitals, convalescent facilities, foundation, medical staffs, auxiliaries and all related entities

4. The Board will receive on an annual basis a brief report from PPH's President and Chief Executive Officer or designee confirming compliance with this Policy.
5. This policy will be reviewed and updated as required or at least every three years.

**IV. DOCUMENT / PUBLICATION HISTORY:**

Original Document Date: 1/93

Reviewed: 3/95; 1/99

Revision Number: 1 Dated: 1/20/05

Document Owner: Michael Covert

Authorized Promulgating Officers: Marcelo R. Rivera, Chairman

**VI. CROSS REFERENCE DOCUMENTS:**

Prior to 2005, this policy was Board Policy 10-207

**PALOMAR POMERADO HEALTH**

**BOARD POLICY**

**GOV-15**

**GOVERNANCE**

July 17, 2006

I. **PURPOSE:**

To describe the roles and responsibilities of the Board of Directors as they relate to establishing and meeting standards and regulations.

II. **DEFINITIONS:**

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

The Board of Directors will:

- A. Establish bylaws for the governance of Palomar Pomerado Health addressing its legal accountabilities and seeking appropriate consultations while maintaining responsibility to the patient population.
- B. Select the Chief Executive Officer on a criteria based system.
- C. Provide for appropriate medical staff participation in governance.
- D. Delegate the responsibility of oversight, analysis, trending and performance improvement activities to the medical staff.
- E. Provide for compliance with applicable laws and regulations.
- F. Provide for the collaboration of leadership in developing, reviewing and revising policies.
- G. Provide policies to direct the facility's operations.
- H. Provide sufficient resources to realize the system's mission, goals and objectives.
  - I. Provide for conflict resolution.
- J. Identify lines of authority for key planning management and operations activities.
- K. Provide for organizational management and planning.
- L. Provide for coordination and integration among the districts leaders to maintain quality care and patient safety.
- M. Annually evaluate facilities performance in relation to its vision, mission and goals.

IV. **ADDENDUM:**

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

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



**PALOMAR POMERADO HEALTH**  
**BOARD POLICY**

**HR-01**

**Continuance HR Standards Compliance**

July 17, 2006



Palomar Pomerado Health

Policy

## Continuous HR Standards Compliance

Human Resources

HR-01

Pending Release(Rev: 2)

PALOMAR  
POMERADO  
HEALTH

**Applicable to:**

**Affected Departments:**

### I. PURPOSE:

To ensure continuous compliance with human resource (HR) standards of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

### II. DEFINITIONS: N/A

### III. TEXT / STANDARDS OF PRACTICE:

Policies, procedures, plans, and systems shall be implemented to achieve the objective of continuous JCAHO HR standards compliance, while at the same time meeting state, federal, and other pertinent laws and regulations, and fulfilling the mission of PPH:

1. Leadership defines the qualifications and performance expectations for all staff positions.
2. PPH provides an adequate number of staff members whose qualifications are consistent with job responsibilities.
3. Leadership ensures that the competence of all staff members is assessed, maintained, demonstrated, and improved continually.
4. PPH encourages and supports self-development and learning for all staff.
5. Orientation programs provide initial job training and information and assess the staff's ability to fulfill specified responsibilities.
6. PPH orients and educates forensic staff about their responsibilities related to patient care.
7. PPH provides ongoing in-service and other education and training to maintain and improve staff competence.
8. PPH regularly collects aggregate data on competence patterns and trends to identify and respond to the staff's learning needs.
9. PPH assesses each staff member's ability to meet the performance expectations stated in his or her job description.
10. PPH addresses a staff member's request not to participate in any aspect of patient care.
11. PPH ensures that a patient's care will not be negatively affected if a staff member's request not to participate in an aspect of patient care is granted.
12. Policies and procedures specify those aspects of patient care that might conflict with staff members' cultural values or religious beliefs.
13. This policy will be reviewed and updated as required, or at least every year.

### IV. ADDENDUM:

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

Revision Number	Effective Date	Document Owner at Publication	Description
2		Michael H. Covert, F.A.C.H.E., President + CEO	1/20/05 Reviewed for JCAHO purposes
1	12/17/2001	Gilbert Taylor, SVP	Original Version

VI.

**Authorized Promulgating Officers:** ( unsigned ) Michael H. Covert, F.A.C.H.E., President + CEO  
( unsigned ) James Neal, Director of Corporate Integrity  
( unsigned ) Dr. Marcelo R Rivera, Director, PPH Board

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

Reference Type	Title	Notes
Source Documents	1	
JCAHO CAMH Standard	HR Standards	

*Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at <http://www.lucidoc.com/cgi/doc-gw.pl/ref/pphealth:10366> .*

**PALOMARPOMERADO HEALTH**

**BOARD POLICY**

**QLT-23**

**Discharge Policy**

July 17, 2006



PALOMAR  
POMERADO  
HEALTH

Palomar Pomerado Health

## Discharge Policy

Policy

Policies, HH only

QLT-23

Official(Rev: 2)

**Applicable to:**  
HH - 54

**Affected Departments:**

### I. PURPOSE:

To ensure appropriate, timely discharge with provision for continuing care as needed.

### II. DEFINITIONS:

- A. **Home Health Advance Beneficiary Notices (HHABNs)** advise beneficiaries, before items or services actually are furnished, when Medicare is likely to deny payment for them. ABNs allow beneficiaries to make informed consumer decisions about receiving items or services for which they may have to pay out-of-pocket and to be more active participants in their own health care treatment decisions.
- B. **Advance Notice ("Important Medicare message of non-coverage")** is a specific notification for patients covered by Medicare+ Choice Plans (M + C). This notice provides standardized information on a patient's appeal rights and instructions on how to initiate an appeal, if necessary.
- C. **The Center for Medicare and Medicaid Services (CMS)** is a Federal Agency with over-sight responsibility of the U.S. Department of Health and Human Services of the Medicare and Medicaid (Medi-Cal) program.

### III. TEXT / STANDARDS OF PRACTICE:

- A. Patients/clients may be discharged from home care services based on any one of the following criteria:
  1. Goals have been met.
  2. Certification has ended.
  3. Care provided is no longer reasonable and necessary.
  4. Death of the patient.
  5. The patient is no longer homebound if required by the payor.
  6. The patient does not require skilled nursing, physical therapy, speech therapy, or occupational therapy (Certified only).
  7. The patient is hospitalized and does not return to home care services within the 60 day certification period.
  8. The patient refuses services and/or requests discharge from services.
  9. The patient/client and/or caregiver are no longer available, willing and able to participate in the plan of care, comply with the therapeutic regimen and agree that the patient/client should receive care at home. If the patient requires shift care, there needs to be a family member or a trained and competent caregiver to assume care in the event the agency is unable to staff a shift.
  10. The agency no longer has adequate and qualified personnel and resources to provide the services required; this includes the ability to provide care to patients in all age groups and nationalities with language needs considered.
  11. For private duty shift care:
    - a. Physical facilities and resources in the patients home, school and/or community environments are no longer adequate for proper and safe care to the client and staff member.
    - b. The patient no longer has a family member or a trained and competent caregiver to assume care in the event the agency is unable to staff a shift.
    - c. The patient/family no longer agrees to keep privately owned medical and emergency equipment appropriately calibrated and maintained for safe and accurate delivery of nursing care.

- 12. The home situation is inadequate for the safe care of the patients.
  - 13. The home situation is unsafe for agency staff.
  - 14. The patient moves from the geographical area served by the agency.
  - 15. The physician fails to renew orders and orders cannot be obtained by a new primary physician (as applicable).
  - 16. The physician gives orders, which are not consistent with the stated diagnosis, and fails upon agency request to give needed orders.
  - 17. Payment sources are exhausted, and the agency is fiscally unable to provide free care.
  - 18. The service needed is not available from the agency.
  - 19. The agency is closing out a particular service or all of its services.
  - 20. Patient requests, and then signs a Home Health Advanced Beneficiary Notice (HHABN) requesting discharge.
- B. When discharge is appropriate the physician will be contacted to discuss same and to obtain orders (if applicable). Discharge planning will be initiated upon admission and continuing throughout care with patient/client/family involvement.
  - C. Instructions will be given regarding follow-up; referrals to other facilities, providers or community resources will be made as appropriate. A Home Health Advance Beneficiary Notice will be initiated if appropriate. *If the patient is covered by a Medicare+ Choice organization, the Home Health Agency is required by CMS to deliver a notice to the patient of termination of service no later than two days before the proposed end of service. This would typically be the second to the last approved scheduled visit.*
  - D. A discharge summary will be completed and placed in the patients /clients record, a copy will be sent to the physician upon request. The discharge summary will include the date and reason for discharge, referrals made to other agencies, a summary of care provided and the status of the patients/clients at the time of discharge, and the goals attained. Discharge OASIS survey, if applicable will be completed at the time of discharge by one of the following disciplines: Registered Nurse, Physical Therapist, Speech Therapist, and Occupational Therapist.
  - E. The patients chart will be audited and closed within 30 days of discharge. The chart will be stored in the department for a minimum of 3 months after discharge. During the 4<sup>th</sup> month they will be transferred to the Iron Mountain record Storage facility.

**History:**

- A. The previous revision dates are 5/21/01, 2/11/02, 8/27/03

**IV. ADDENDUM:**

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

Revision Number	Effective Date	Document Owner at Publication	Description
2 (this version)	08/01/2005	Lucia A Nolan, Admin Partner Home Health	Removed Christine Greenstein's name from the list of authorized Promulgating Officers
1 (Changes)	02/11/2002	Elissa Hamilton	The previous revision date is: 05/25/01.

**Authorized Promulgating Officers:**

- ( 08/01/2005 ) Sheila Brown, RN, MBA, Chief Clinical Outreach Officer
- ( 07/15/2005 ) James Neal, Director of Corporate Integrity
- ( 07/17/2005 ) Dr. Marcelo R Rivera, Director, PPH Board

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

Reference Type	Title	Notes
Source Documents	Continuum of Care	

Source Documents  
Source Documents

Patient Rights and Ethics  
Management of Information

*Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at*

*<http://www.lucidoc.com/cgi/doc-gw.pl/ref/pphealth:10462>.*

**PALOMAR POMERADO HEALTH**

**BOARD POLICY**

**QLT-27**

**Medical Supervision**  
**Home Health**

July 17, 2006





PALOMAR  
POMERADO  
HEALTH

## Palomar Pomerado Health

### Medical Supervision - Home Health

Policy

Policies, HH only

QLT-27

Official(Rev: 3)

**Applicable to:**  
HH - 54

**Affected Departments:**  
Policies, HH only

#### I. **PURPOSE:**

To assure services are provided under physician orders, to facilitate communication between the organization and physician offices, and to provide information to physicians regarding their responsibilities for medical supervision.

#### II. **DEFINITIONS:**

- A. **Plan of Treatment (POT)** is the typed documentation of the Plan of Care that is sent to the Physician for signature. It is also referred to as the '485'. It is the document that the Department of Health Services and Medicare Conditions of Participation refer to as the physician's plan of care.
- B. **Plan of Care (POC)** is the individual discipline care plan that is developed on admission and updated a minimum of every 60 days or as the patient's condition changes.
- C. **Hot Sheet** - A disciplinary summary reporting physician licensure status located at [www.medbd.ca.gov/publications.htm](http://www.medbd.ca.gov/publications.htm)
- D. **60-day Summary Report** provides a brief but comprehensive summary of the patient's status, progress, or regression to the physician for the certification period just ending.

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

- A. Palomar Pomerado Home Care (PPHC) clinical staff will administer medications and treatments only under physician orders. The physician must have a valid California license. If a referral is received from an out of state practitioner, the patient will be contacted and offered as an option the PPH physician's referral line. The one permitted exception to this requirement is for patients who have orders from military practitioners that do not have a California license (see Admission Criteria Outpatient). All physician orders taken over the phone must be "read back" to validate the order.
- B. PPHC clinical staff are expected to contact physician upon patient's admission to home care services (under POT), whenever there is a change in the patient's/client's status, and upon discharge from services.
- C. PPHC will communicate any significant changes in patient condition, or instance of patient non-compliance to the physician. In addition, a written summary (60-Day Summary Report) will be provided to the physician no less than every 60 days.
- D. PPHC will be available to physicians or their staff at all times to answer questions or provide information about their patients. The physician will be available to organization staff at all times to respond to questions/orders for patient care.
- E. PPHC is committed to preserving patient confidentiality in all correspondence and requests the same of physicians and their staff.
- F. The physician will participate in the care planning process. Patient care follows an established plan of care that is periodically reviewed by a physician. The physician is available for emergency calls or will provide on-call back up for emergencies. In the event that a patient's regular physician or designee cannot be reached the PPHC Medical Director will be consulted.
- G. Phone orders shall be received by a licensed nurse or a person lawfully authorized to receive such orders as appropriate to their specialty areas. RN supervisors may receive physician orders for all disciplines. The Rehabilitation Lead may receive orders for PT, OT, ST and MSW intervention. When phone orders are received they must be documented in the patient/client progress note and verified by a "Written Confirmation of Physician's Order/Verbal Order." Any phone orders will be read back and documented (R.B. is an approved abbreviation for this purpose).
- H. Physician orders will be signed and returned to the agency within 30 working days.



PALOMAR  
POMERADO  
HEALTH

## Palomar Pomerado Health

# Professional Advisory Committee - Program Evaluation

Policies, HH only

QLT-32

Policy

Official(Rev: 2)

**Applicable to:**  
HH - 54

**Affected Departments:**  
Policies, HH only

### I. PURPOSE:

The Professional Advisory Committee will establish, assess, and review agency policies governing scope of services provided. The evaluation assesses the extent to which the agency's program is appropriate, adequate, effective and efficient.

### II. DEFINITIONS:

- A. Professional Advisory Committee is a group of committee members that include at least one physician and one registered nurse (preferably a public health nurse) and appropriate representation from all other professional disciplines. At least one member of the group is neither an owner nor employee of the agency. The Professional Advisory Committee advised the agency on health and financial issues, participates in the evaluation of the agency's programs, assists the agency in maintaining liaison with other health care providers in the community and in the agency's community information program, and participates in the agency's quality assessment and performance improvement program.
- B. *Agency means the "primary home health agency" that is responsible for the services furnished to patients and for implementation of the plan of care.*
- C. Appropriateness is the assurance that the area being evaluated addresses existing or potential problems.
- D. Adequacy is a determination as to whether the agency has the capacity to overcome or minimize existing or potential problems.
- E. Effectiveness determines that the services offered accomplish the objectives of the agency and anticipated patient outcomes.
- F. Efficiency determines whether there is a minimal expenditure of resources by the agency to achieve desired goals and anticipated patient outcomes.

### III. TEXT / STANDARDS OF PRACTICE:

- A. The Professional Advisory Committee will meet a minimum of three times per year with one meeting designated as annual evaluation of the agency's program. The agency and Professional Advisory Committee will evaluate appropriateness and adequacy through a review of policies, procedures, protocols, and practices. Effectiveness will be determined through an outside review of patient satisfaction results, chart audit data, educational and training material, and patient infection control data. Efficiency will be determined through a financial analysis of the fiscal year, and utilization of resources.
- B. The director will preside as chairperson at all meetings. The Chief Clinical Outreach Officer participates in the committee meetings and maintains liaison among the PPH Board of Directors, the Professional Advisory Committee, and the home care staff and discusses recommendations with same. A secretary will record minutes of all meetings including documentation of recommendations, and notify members of meeting dates and times. In the absence of the chairperson, a designee shall preside over meetings. Membership in the committee shall be for the length of time agreed upon between the member and Palomar Pomerado Home Care. Membership may be terminated upon notice from either party. On issues requiring a vote, each member shall have one vote, with a simple majority ruling. Vacancies on the committee shall be filled by approval of the management team and/or other committee members.
- C. The committee establishes and annually reviews the agency's policies governing scope of services offered, admission and discharge policies, medical supervision and plan of care, emergency care, clinical records, personnel qualifications and program evaluation. As part of the evaluation process the policies and administrative practices of the agency are reviewed to determine the extent to which they promote patient care that is appropriate, adequate, effective and efficient.

- D. Collectively included in the Professional Advisory Committee responsibilities is the monitoring of the following functions and processes:
1. Evaluation of the professional service program.
  2. Advisement of the agency on professional issues.
  3. Establishment and annual review of the agency's policies governing:
    - a. scope of services offered
    - b. admission and discharge
    - c. medical supervision and plans of care
    - d. emergency care
    - e. clinical records
    - f. personnel qualifications and performance
    - g. program evaluation
  4. Assistance in maintaining liaison with other health care providers in the community.
  5. Participation in an overall evaluation of the agency's total program at least once a year.
  6. Assistance with agency's community information program.
  7. Participation in the agency's quality assessment and performance improvement program.
- E. At the annual evaluation, a committee member may present a summary report noting significant developments, changes and /or problems and highlight the adequacy, appropriateness, efficiency and effectiveness of the program or policies. An annual agenda will be developed to assure review of all of the required areas. The results of the evaluation and recommendations will be acted upon by those responsible for the operations of the agency. The annual evaluation will be maintained separately as an administrative record in a separate binder. The required areas to be reviewed are:
1. Organization
  2. Governing Body
  3. Professional Advisory Committee
  4. Annual Safety Education
  5. Human Resources
  6. Clinical Records
  7. Financial
  8. Risk Management
  9. Administrative Personnel
  10. Fiscal Budgets/Contracts
  11. Quality Mangement
  12. Patient Rights
  13. Policies

IV. **ADDENDUM:**

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

Revision Number	Effective Date	Document Owner at Publication	Description
2 (this version)	08/01/2005	Lucia A Nolan, Admin Partner Home Health	Removed Christine Greenstein's name from the list of authorized Promulgating Officers
1 (Changes)	02/11/2002	Elissa Hamilton	The previous revision date is: 10/10/01.
<b>Authorized Promulgating Officers:</b>		( 08/01/2005 ) Sheila Brown, RN, MBA, Chief Clinical Outreach Officer	
		( 07/15/2005 ) James Neal, Director of Corporate Integrity	
		( 07/17/2005 ) Dr. Marcelo R Rivera, Director, PPH Board	

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

Reference Type	Title	Notes
Source Documents	Leadership and Management	

*Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at <http://www.lucidoc.com/cgi/doc-gw.pl/ref/pphealth:11337>.*

**PALOMAR POMERADO HEALTH**

**BOARD POLICY**

**FIN-03**

**PPH Credit Cards**

July 17, 2006

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**I. PURPOSE:**

To establish policy for obtaining financial accommodations from a bank, pursuant to the use of a number of Credit Cards by the officers and agents of PPH and to ensure District credit cards are not extended without the authorization of the board.

**II. DEFINITIONS:**

None

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

- A. PPH officers and agents may use Credit Cards for and in connection with PPH business. This includes travel arrangements for both trustees and District employees. All PPH officers and agents issued a credit card will sign a statement that it is understood that the credit card is strictly for and in connection with PPH business
- B. Credit Cards will be issued in the name(s) of officers or agents designated to Bank by PPH and that all indebtedness incurred through the use of such Credit Cards be charged directly to PPH. The bank will not extend such accommodations by issuing Credit Cards unless PPH agrees in writing to assume sole responsibility and to pay the Bank for all indebtedness incurred by use of these Credit Cards, whether such use of indebtedness was authorized or unauthorized by PPH.
- C. In the case of deletions of authorization of designated officers or agents, PPH shall be liable for the use of such Credit Cards until said Credit Cards are returned to Bank or Bank is notified of the loss or theft of said Credit Cards.
- D. The Bank is authorized to act upon this policy until written notice of its revocation is delivered to Bank, and that the authority hereby granted shall apply with equal force and effect to the successors in office of the officers named.
- E. To allow the operation and maintenance of a District courier service, a gasoline credit card shall be issued. These cards are the overall responsibility of the designated PPH officer overseeing courier services.
- F. This policy will be reviewed and updated as required or at least every three years.

**IV. DOCUMENT / PUBLICATION HISTORY:**

Original Document Date: 2/94

Reviewed: 4/95; 1/99; 6/05

Revision Number: 1 Dated: 6/05

Document Owner: Michael Covert

Authorized Promulgating Officers: Marcelo R. Rivera, Chairman

**PALOMAR POMERADO HEALTH**

**BOARD POLICY**

**QLT-32**

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**Professional Advisory Committee – Program Evaluation**  
**Home Health**

July 17, 2006

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- I. The physician's office will be informed of the requirement to notify the agency when patients are referred to other agencies or physicians when in relationship to the care provided by the agency.
- J. Palomar Pomerado Home Care will verify the licensure of any physician ordering treatments, procedures or medications for their home care patients.
  - 1. If the physician is officially on the staff of either Palomar Hospital or Pomerado Hospital their licensure is verified by that hospital. Each hospital will provide to the home care department, on a quarterly basis, an updated physician roster. The roster will include a listing of physicians added to staff and of physicians deleted from staff.
  - 2. If a physician is not on staff at either Palomar or Pomerado Hospital, the home care staff will verify licensure by contacting the State of California Medical board at [docboard.org/ca/df/casearch.htm](http://www.docboard.org/ca/df/casearch.htm) <<http://www.docboard.org/ca/df/casearch.htm>>.
  - 3. The "Hot Sheet" - a Disciplinary Summary will be monitored monthly for change of physician status.
  - 4. An annual review will be done in January on all physicians servicing patients during the prior 12-month period.

**IV. ADDENDUM:**

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

Revision Number	Effective Date	Document Owner at Publication	Description
3 (this version)	06/02/2006	Lucia A Nolan, Admin Partner Home Health	Added text. to sec III-A from admission criteria procedures Luc #10074. added additional text same section. myrna
2 (Changes)	09/28/2005	Lucia A Nolan, Admin Partner Home Health	Removed Christine Greenstein's name from the list of authorized Promulgating Officers
1 (Changes)	02/11/2002	Elissa Hamilton	The previous revision date is: 10/10/01.

**Authorized Promulgating Officers:**

- ( 10/24/2005 ) Sheila Brown, RN, MBA, Chief Clinical Outreach Officer
- ( 01/13/2006 ) Elissa Hamilton
- ( 03/23/2006 ) James Neal, Director of Corporate Integrity
- ( 06/02/2006 ) Dr. Marcelo R Rivera, Director, PPH Board

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

Reference Type	Title	Notes
Referenced Documents	Admission Criteria Outpatient	
Referenced Documents	<a href="http://www.medbd.ca.gov/publications.htm">www.medbd.ca.gov/publications.htm</a>	
Source Documents	Care of Patients	
Source Documents	Continuum of Care	

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# MEDICAL STAFF SERVICES



June 28, 2006

TO: Board of Directors

MEETING DATE: July 17, 2006

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

SUBJECT: Medical Staff Bylaws, Rules and Regulations

The following revisions to the Medical Staff Bylaws, Rules and Regulations were approved for forwarding to the Board of Directors based on approval by vote of the Active Members of the Medical Staff. The revisions have also been reviewed by legal counsel.

*Rationale:* Proposed changes reflect the recommendation from the Executive Committee that the position of chief of Staff be changed from a two-year term to a three-year term, and that the position of Credentials Committee Chair be appointed by the Chief of Staff rather than assumed by the Chief of Staff Elect. The modifications also correct the title of Departments, Committees and individuals to reflect current structure.

## Modifications:

### Officers of the Medical Staff

- 10.1.3 Nominations  
Elections shall be held every ~~other-third~~ third Medical Staff year....
- 10.1.4 Elections  
The Chief of Staff Elect, Secretary-Treasurer, and Hospital Medical Staff Section Representative shall be elected at the annual meeting of the Medical Staff every ~~other-third~~ third Medical Staff Year....
- 10.1.5 Terms of Elected Office  
Each officer shall serve a ~~two (2)~~ three (3) year term, commencing on the first day of the staff year following his election....

### Duties of Officers

- 10.2.1 Chief of Staff  
The Chief of Staff shall serve as the chief officer of the Medical Staff. The duties of the Chief of Staff shall include, but not be limited to:  
(c) serving as chairman of the Executive Committee and serving as a member of the ~~Medical Staffs/Board Liaison-Joint Conference~~ Board Liaison-Joint Conference Committee.
- 10.2.2 Chief of Staff Elect  
The Chief of Staff Elect shall assume all duties and authority of the Chief of Staff in the absence of the Chief of Staff. The Chief of Staff Elect shall be a member of the Executive Committee, the ~~Medical Staffs/Board Liaison-Joint Conference~~ Board Liaison-Joint Conference Committee, Credentials Committee and Nominating Committee. He shall chair the Bylaws Committee, shall be a non-voting member of the Quality Assurance Management Committee and shall perform such other duties as the Chief of Staff may assign, or as may be delegated by these bylaws or by the Executive Committee.
- 10.2.3 Immediate Past Chief of Staff  
The Immediate Past Chief of Staff's role shall be advisory in nature. He shall be a member of the Executive Committee, the Bylaws Committee, the Credentials Committee and the Nominating Committee ~~He shall chair the Credentials Committee~~ and shall perform such other duties as may be assigned by the Chief of Staff or delegated by these bylaws or by the Executive Committee.

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HOSPITAL  
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SURGERY CENTER  
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Fax 760.480.1288

### Executive Committee

#### 11.3.1 Composition

The Executive Committee shall consist of the following individuals:

- (a) officers of the Medical Staff
- (b) department chairmen
- (c) ~~quality assessment-management~~ chairman
- (d) credentials committee chairman
- (e) representatives of administration which may include the Chief Executive Officer of the District, the Administrator/Chief Operating Officer, the Assistant Administrator(s) for Nursing Services, and the Vice President for Medical Affairs. These members shall serve as nonvoting members and may not attend executive sessions of this committee, unless requested by the Chief of Staff with approval of the Executive Committee.
- (f) the Medical Director of the Surgery Center
- (g) the Medical Director of the Trauma Program as a non-voting member.

### Credentials Committee

#### 11.4 Credentials Committee

##### 11.4.1 Composition

The Credentials Committee shall consist of a chairman appointed by the Chief of Staff, the Immediate Past Chief of Staff ~~as chairman~~, the Chief of Staff Elect, the Chief of Staff, the ~~Vice President for Medical Affairs~~ Chief Medical Quality Officer as a non-voting member and a representative from the Medical Advisory Committee of the Surgery Center. Department chairmen, if they so desire, may be invited and may participate as members of the Credentials Committee from time to time.

##### 11.4.2 Duties

The Credentials Committee shall:

- (a) review and evaluate the credentials of all applicants to the Medical Staff and ~~specified-Allied Health Professional personnel-staff~~ after receiving applications.

##### 11.4.3 Meetings

The Credentials Committee shall meet as often as necessary (usually ~~quarterly~~ monthly). It shall maintain a record of its proceedings and report its activities and recommendations to the Executive Committee.

### Nominating Committee

#### 11.5 Nominating Committee

##### 11.5.1 Composition

Every ~~other~~ third Medical Staff Year, the Nominating Committee shall consist of the Chief of Staff, Chief of Staff-Elect, and one (1) representative from the departments of surgery, medicine, pediatrics, OB/GYN, anesthesia, emergency medicine, radiology, pathology, family practice, orthopaedics/rehab and trauma ~~and one (1) representative of the general/family physicians of the staff~~. The Chief of Staff shall be the chairman of the committee.

# MEDICAL STAFF SERVICES

June 27, 2006



TO: Board of Directors

BOARD MEETING DATE: July 17, 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

Elizabeth T. Cerrone, D.O., Obstetrics & Gynecology (07/17/2006 - 06/30/2008)  
Alan J. Conrad, M.D., Internal Medicine (07/17/2006 - 06/30/2008)  
Robert T. Gramins, D.D.S., Oral and Maxillofacial Surgery (07/17/2006 - 06/30/2008)  
Jerry T. Tseng, M.D., Internal Medicine (07/17/2006 - 06/30/2008)  
Jonathan S. Wilensky, M.D., Plastic Surgery (Includes PCCC) (07/17/2006 - 06/30/2008)  
Farah Zeeda, M.D., Internal Medicine (Includes PCCC) (07/17/2006 - 06/30/2008)

### II. Advance from Provisional to Active Category

Arthur A. Blain, IV, M.D., Family Practice (07/17/2006 - 06/30/2007) (Includes PCCC)  
Theodore G. Geer, M.D., Internal Medicine (07/17/2006 - 12/31/2006) (Includes PCCC)  
Antoine A. Hallak, M.D., Plastic Surgery (07/17/2006 - 08/31/2007) (Includes PCCC)  
M. Mark Mofid, M.D., Plastic Surgery (07/17/2006 - 06/30/2007)  
Catherine G. Pattengill, M.D., Obstetrics & Gynecology (07/17/2006 - 03/31/2007)  
Traci E. Socha, D.O., Pediatrics (07/17/2006 - 03/31/2007)  
Raymond Y. Sung, M.D., Diagnostic Radiology (07/17/2006 - 09/30/2007)  
Kevin Yoo, M.D., Neurosurgery (07/17/2006 - 12/31/2006)

### III. Advance from Provisional to Associate Status

Aliya S. Ferouz-Colborn, M.D., Otolaryngology (07/17/2006 - 09/30/2007)

### IV. Change from Associate to Active Status

Wendy K. Wright, M.D., Pediatrics

### V. Additional Privileges

George Delgado, M.D., Family Practice

- General Obstetrics Bundle (Low Risk Obstetrical Privileges by Family Practitioners)
- Gynecologic Treatment and Evaluation (Including but not limited to): Pelvic Infections

Mark L. Kadden, M.D., Gastroenterology

- Endoscopic Retrograde Cholangiopancreatography (ERCP)

### VI. Voluntary Resignations/Withdrawal of Membership

Kim B. Benson, M.D., Internal Medicine (Effective 07/10/2006)  
Jack J. Druet, M.D., Anesthesiology (Effective 06/15/2006)  
Thomas M. Hemmen, M.D., Neurology (Effective 06/13/2006)

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Voluntary Resignations....continued

- Daniel J. Macksood, M.D., Diagnostic Radiology (Effective 06/30/2006)
- Justin T. Mao, M.D., Internal Medicine (Effective 06/26/2006)
- Jennifer A. Neff, M.D., Family Practice (Effective 06/14/2006)
- Thomas P. Nowak, M.D., Neurosurgery (Effective 06/09/2006)
- Akber M. Safi, M.D., Internal Medicine (Effective 06/01/2006 at expiration of leave of absence)
- Arthur J. Stehly, M.D., Obstetrics & Gynecology (Effective 06/01/2006 at expiration of leave of absence)
- Jeffrey D. Yusim, M.D., Family/General Practice (Effective 06/16/2006)

VII. Allied Health Professional Appointment

- Lori D. Echeverria-Ring, Oral Surgery Assistant; Sponsors: Drs. Lin, Grammins (07/17/2006 – 06/30/2008)
- Mary M. Lesniewski, N.P., Corporate Health Nurse Practitioner; Sponsor: Drs. Herip, Esmaeili (07/17/2006 – 06/30/2008)

VIII. Allied Health Professional Withdrawal

- Joan M. Keith, CNM, Certified Nurse Midwife; Sponsors: Escondido OB/GYN

IX. Reappointments Effective 08/01/2006 – 07/31/2008

David A. Borecky, M.D. (Includes PCCC)	Family/General Practice	Dept of Family Practice	Active
Jonathan C. Bourne, M.D. (No clinical privileges pending receipt of documentation of clinical activity from another facility.) (Change from Active to Associate)	Anesthesiology	Dept of Anesthesia	Associate
Manuel M. Castillo, M.D.	Pathology	Dept of Pathology	Active
Cara E. Cohen, M.D.	Pediatrics	Dept of Pediatrics	Courtesy
Joseph C. College, M.D.	Dermatology	Dept of Medicine	Associate
Solomon Finkelstein, M.D.	Family Practice	Dept of Family Practice	Active
Lisa E. Heikoff, M.D. (Includes PCCC)	Geriatric Medicine	Dept of Medicine	Associate
Daniel C. Hernandez, M.D.	Internal Medicine	Dept of Medicine	Active
Nick S. Huang, M.D.	Internal Medicine	Dept of Medicine	Active
Karen E. Kohatsu, M.D.	OB/GYN	Dept of OB/GYN	Active
Joseph M. Mann, III, M.D.	Ortho Surgery/Hand	Dept of Ortho/Rehab	Active
Soheil Niku, M.D.	Diagnostic Radiology	Dept of Radiology	Active
Thomas E. Page, M.D.	Pediatrics	Dept of Pediatrics	Active
Samuel I. Poniachik, M.D. (Includes PCCC)	Internal Medicine	Dept of Medicine	Active
Richard R. Ricci, M.D.	Family/General Practice	Dept of Family Practice	Active
George B. Sachs, M.D.	Otorhinolaryngology	Dept of Surgery	Associate
Marc M. Sedwitz, M.D.	General Vascular Surgery	Dept of Surgery	Associate
William M. Sereda, M.D.	Emergency Medicine	Dept of Emergency Med	Active
Mark H. Shapiro, M.D. (Includes PCCC)	Nephrology	Dept of Medicine	Active
Sharon R. Sternfeld, M.D.	Pediatrics	Dept of Pediatrics	Active
Vera A. Stucky, M.D.	OB/GYN	Dept of OB/GYN	Active
Phil E. Yphantides, M.D.	Family Practice	Dept of Family Practice	Active
<u>Reappointment Effective 10/01/2006 – 06/30/2008</u>			
Dick R. Smith, M.D. (Trauma privileges)	General Surgery	Dept of Surgery	Active

- X. Allied Health Professional Reappointment Effective 08/01/2006 – 07/31/2008  
William D. Christensen, CCP, Perfusionist; Sponsors: Drs. Reichman, Rosenburg, Young, Bulkin  
Thomas L. Kolt, P.A.-C., Physician Assistant; Sponsors: Drs. Reichman, Milling, Young, Rosenburg, Kadesky,  
Marcisz  
Cassandra L. Miller, P.A.-C., Emergency Department Physician Assistant; Sponsors: CEP  
Peter Sidlauskas, Ph.D., Psychologists; Sponsor: N/A (Includes PCCC)

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  
July, 2006**

**PERSONAL INFORMATION**

<i>Provider Name &amp; Title</i>	Elizabeth T. Cerrone, D.O.
<i>PPHS Facilities</i>	Escondido Surgery Center Pomerado Hospital Palomar Medical Center

**SPECIALTIES/BOARD CERTIFICATION**

<i>Specialties</i>	Obstetrics and Gynecology - Certified 2000
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**ORGANIZATIONAL NAME**

<i>Name</i>	Escondido OB/GYN
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**EDUCATION/AFFILIATION INFORMATION**

<i>Medical Education Information</i>	New York College of Osteopathic Medicine, NY, NY FROM: 08/28/1987 TO: 06/01/1991 Doctor of Osteopathy
<i>Internship Information</i>	UMDNJ-School of Osteopathic Medicine, Newark, New Jersey Rotating From: 06/24/1991 To: 06/23/1992 Rotating Internship
<i>Residency Information</i>	UMDNJ-School of Osteopathic Medicine Obstetrics/Gynecology From: 07/01/1992 To: 06/30/1996 7/1/95-6/30/96: Co-Chief Resident
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Southwest Healthcare System Fallbrook Hospital

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

**PERSONAL INFORMATION**

<i>Provider Name &amp; Title</i>	Alan J. Conrad, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

**SPECIALTIES/BOARD CERTIFICATION**

<i>Specialties</i>	Internal Medicine - Certified 1984
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**ORGANIZATIONAL NAME**

<i>Name</i>	North County Internists
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**EDUCATION/AFFILIATION INFORMATION**

<i>Medical Education Information</i>	New York Medical College, Valhalla FROM: 09/07/1977 TO: 05/31/1981
<i>Internship Information</i>	University of California, San Diego Internal Medicine From: 06/24/1981 To: 06/27/1982
<i>Residency Information</i>	University of California, San Diego Internal Medicine From: 07/01/1982 To: 06/30/1984
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Pomerado Hospital

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

**PERSONAL INFORMATION**

<i>Provider Name &amp; Title</i>	Robert T. Gramins, D.D.S.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

**SPECIALTIES/BOARD CERTIFICATION**

<i>Specialties</i>	Surgery, Oral & Maxillofacial – Not Board Certified
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**ORGANIZATIONAL NAME**

<i>Name</i>	North County Inland Oral & Maxillofacial
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**EDUCATION/AFFILIATION INFORMATION**

<i>Medical Education Information</i>	Northwestern University Dental School, Evanston, IL FROM: 08/01/1994 TO: 04/25/1998
<i>Internship Information</i>	Naval Hospital, Great Lakes, IL Dental From: 08/24/1998 To: 08/20/1999 General Dentistry
<i>Residency Information</i>	Loyola University, Illinois Oral & Maxillofacial Surgery From: 07/01/2001 To: 06/30/2005
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Ingalls Same Day Surgery, Tinley Park, IL Hinsdale Hospital, IL



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

**PERSONAL INFORMATION**

<b>Provider Name &amp; Title</b>	Athanasios A. Mihas, M.D.
<b>PPHS Facilities</b>	Pomerado Hospital

**SPECIALTIES/BOARD CERTIFICATION**

<b>Specialties</b>	Psychiatry - Certified: 2004
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**ORGANIZATIONAL NAME**

<b>Name</b>	PsyCare Associates
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**EDUCATION/AFFILIATION INFORMATION**

<b>Medical Education Information</b>	University of Mississippi Medical Center From: 08/01/1991 To: 05/27/1995 Doctor of Medicine Degree
<b>Internship Information</b>	University of Maryland Hospital Psychiatry From: 07/01/1995 To: 06/30/1996
<b>Residency Information</b>	University of Maryland Hospital Psychiatry From: 07/01/1996 To: 06/30/1999
<b>Fellowship Information</b>	N/A
<b>Current Affiliation Information</b>	Scripps Mercy Hospital API/Behavioral Health System Sharp Memorial Hospital University Community Medical Center

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

**PERSONAL INFORMATION**

<b>Provider Name &amp; Title</b>	Jerry T. Tseng, M.D.
<b>PPHS Facilities</b>	Palomar Medical Center

**SPECIALTIES/BOARD CERTIFICATION**

<b>Specialties</b>	Internal Medicine – Certified 2003
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**ORGANIZATIONAL NAME**

<b>Name</b>	Kaiser Permanente
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**EDUCATION/AFFILIATION INFORMATION**

<b>Medical Education Information</b>	New York Medical College, Valhalla FROM: 09/01/1996 TO: 05/19/2000 Doctor of Medicine Degree
<b>Internship Information</b>	Olive View-UCLA Medical Center Internal Medicine From: 06/24/2000 To: 06/23/2001
<b>Residency Information</b>	Olive View-UCLA Medical Center Internal Medicine From: 07/01/2001 To: 06/30/2003
<b>Fellowship Information</b>	N/A
<b>Current Affiliation Information</b>	Kaiser Permanente, San Diego Orange Coast Memorial Medical Center Irvine Medical Center Fountain Valley Regional Hospital

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

**PERSONAL INFORMATION**

<b>Provider Name &amp; Title</b>	Jonathan S. Wilensky, M.D.
<b>PPHS Facilities</b>	Escondido Surgery Center Pomerado Hospital (Villa Pomerado) Palomar Medical Center (Palomar Continuing Care Center)

**SPECIALTIES/BOARD CERTIFICATION**

<b>Specialties</b>	Plastic Surgery – Not Board Certified
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**ORGANIZATIONAL NAME**

<b>Name</b>	Jonathan S. Wilensky, M.D.
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**EDUCATION/AFFILIATION INFORMATION**

<b>Medical Education Information</b>	University of Michigan, Ann Arbor FROM: 08/01/1996 TO: 07/02/2000 Doctor of Medicine Degree
<b>Internship Information</b>	University of Michigan Hospitals and Health Centers Plastic Surgery From: 06/24/2000 To: 06/30/2001
<b>Residency Information</b>	University of Michigan Hospitals and Health Ctrs Plastic Surgery From: 07/01/2001 To: 06/30/2006
<b>Fellowship Information</b>	N/A
<b>Current Affiliation Information</b>	N/A

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

**PERSONAL INFORMATION**

<i>Provider Name &amp; Title</i>	Farah Zeeda, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital (Villa Pomerado) Palomar Medical Center (Palomar Continuing Care Center)

**SPECIALTIES/BOARD CERTIFICATION**

<i>Specialties</i>	Internal Medicine – Not Board Certified
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**ORGANIZATIONAL NAME**

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

<i>Medical Education Information</i>	Dhaka Medical College - Bangladesh, India FROM: 07/01/1992 TO: 04/13/1999 Doctor of Medicine Degree
<i>Internship Information</i>	Westlake Hospital, Melrose Park, IL Internal Medicine From: 06/24/2003 To: 06/23/2004 PGY1
<i>Residency Information</i>	LAC-King-Drew Medical Center, Los Angeles, CA Internal Medicine From: 07/01/2004 To: 06/30/2005 PGYII  St. Vincent's Medical Center, Bridgeport, CT Internal Medicine From: 07/01/2005 To: 06/30/2006 PGYIII
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	N/A

**PALOMAR POMERADO HEALTH  
ALLIED HEALTH PROFESSIONAL  
APPOINTMENT  
JULY, 2006**

<b>NAME:</b>	<b>Lino Cappa, O.T.</b>	
<b>SPECIALTY:</b>	Orthopaedic Technician	
<b>SERVICES:</b>	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Pomerado Hospital	
<b>TRAINING:</b>	Grossmont College, La Mesa, CA A.S. degree Orthopaedic Technology	01/29/90-08/12/94
<b>PRACTICE:</b>	Orthopaedic Technician, Kaiser Permanente, San Diego, CA Orthopaedic Technician, Sharp Grossmont Medical Center San Diego, CA	08/07/95-Present 05/01/95-06/30/95
<b>SPONSORS:</b>	Orthopaedic Technician, B.W. and Associates, San Diego, CA	01/94-07/95
<b>CERTIFICATION:</b>	Kaiser Orthopaedic Surgeons at Pomerado Hospital	
<b>FACILITY:</b>	None Pomerado Hospital	
<b>NAME:</b>	<b>Lori Echeverria-Ring</b>	
<b>SPECIALTY:</b>	Technician/Oral Surgery Assistant	
<b>SERVICES:</b>	Technician/Oral Surgery Assistant	
<b>TRAINING:</b>	Concorde Career Institute, San Diego, CA Dental Assistant Program Certificate	12/09/04-09/17/05
<b>PRACTICE:</b>	Dental Assistant/Oral Surgery Assistant, Harrison Fortney, DDS& Albert Lin, DDS, Poway, CA	07/05/05-Present
<b>SPONSORS:</b>	Albert Lin, DDS	
<b>CERTIFICATION:</b>	None	
<b>FACILITIES:</b>	Palomar Medical Center and Escondido Surgery Center	
<b>NAME:</b>	<b>Harold T. Frank, P.A.-C.</b>	
<b>SPECIALTY:</b>	Physician Assistant	
<b>SERVICES:</b>	Physician Assistant	
<b>TRAINING:</b>	Western University of Health Sciences, Pomona, CA Physician Assistant Certificate	01/01/97-12/31/98
<b>PRACTICE:</b>	Per diem Physician Assistant, Kevin Yoo, M.D., Escondido, CA Physician Assistant, Pacific Pain Medicine Group, Oceanside, CA Physician Assistant, Valley Radiology Medical Group Physician Assistant, Sterling Medical, Naval Medical Center, San Diego, CA	02/01/06-Present 11/04/05-Present 05/02/05-11/30/05 03/01/01-02/29/05
	Physician Assistant, Robert Reichman, M.D., Escondido, CA Physician Assistant, Call Doctor Medical Group, San Diego, CA Physician Assistant, US Healthworks, San Diego, CA Instructor, Maric College, Vista, CA Physician Assistant, La Jolla Cardiovascular/Thoracic Surgeons	03/15/00-03/31/01 02/01/00-03/31/01 01/01/00-Present 08/01/99-08/31/01 02/01/99-06/30/99
<b>SPONSOR:</b>	Drs. Kevin Yoo	
<b>CERTIFICATION:</b>	National Commission on Certification of Physician Assistants	1999
<b>FACILITY:</b>	Pomerado Hospital	

**PALOMAR POMERADO HEALTH  
ALLIED HEALTH PROFESSIONAL  
APPOINTMENT  
JULY , 2006 (continued)**

**NAME:** Mary M. Lesniewski, R.N., N.P.  
**SPECIALTY:** Family Nurse Practitioner  
**SERVICES:** Nurse Practitioner  
**TRAINING:** University of California, Los Angeles, CA 09/22/87-06/14/91  
 Bachelor of Science in Nursing  
 University of California, Los Angeles, CA 06/24/96-06/19/98  
 Master of Science in Nursing, Nurse Practitioner  
**PRACTICE:** Corporate Health Nurse Practitioner, Palomar Pomerado Health  
 Escondido and Poway, CA 4/11/06-Present  
 Nurse Practitioner/Clinical Nurse Specialist, Ahmanson-UCLA  
 Cardiomyopathy Center, Los Angeles, CA 09/01/98-05/30/05  
**SPONSORS:** Donald Herip, M.D. & Kevyan Esmaeili, M.D.  
**CERTIFICATION:** American Nurses Credentialing Center 2003  
**FACILITY:** Palomar Medical Center Pomerado Hospital

**NAME:** Harold C. Rice, O.T.-C  
**SPECIALTY:** Orthopaedic Technician  
**SERVICES:** Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at  
 Pomerado Hospital  
**TRAINING:** Grossmont College, La Mesa, CA 08/27/90-08/12/94  
 A.S. degree Orthopaedic Technology  
**PRACTICE:** Orthopaedic Technician, Kaiser Permanente, San Diego, CA 03/31/97-Present  
 Orthopaedic Technician, UCSD Medical Center  
 San Diego, CA 01/26/95-02/28/97  
 Orthopaedic Technician, B.W. and Associates, San Diego, CA 01/93-01/95  
**SPONSORS:** Kaiser Orthopaedic Surgeons at Pomerado Hospital  
**CERTIFICATION:** National Board of Certification for Orthopaedic Technologists 2003  
**FACILITY:** Pomerado Hospital



**The Medical Staff  
Palomar Medical Center  
555 East Valley Parkway  
Escondido, CA 92025**

June 27, 2006

TO: Board of Directors

BOARD MEETING DATE: July 17, 2006

FROM: Robert Trifunovic, M.D., Chief of Staff  
PMC Medical Staff Executive Committee  
Marvin Levenson, M.D., Medical Director  
Escondido Surgery Center

SUBJECT: **Additional Medical Staff Credentialing Recommendation**

**PALOMAR MEDICAL CENTER/ESCONDIDO SURGERY CENTER**

The reappointment of Patrick M. O'Meara, M.D. will expire on 07/17/2006. As you will recall, the Board of Directors initially granted a limited reappointment from 05/01/2005 – 07/31/2005. Since that time, the Board of Directors has extended the reappointment for different intervals, the most recent of which will expire on 07/17/2006.

The Executive Committee, in its meeting of June 26, 2006, reaffirmed its original recommendation for a two year reappointment for Dr. O'Meara through 04/30/2007. This expiration date is in accordance with Article 5.1.3 of the Medical Staff Bylaws which states that reappointments shall not exceed two years and will terminate based on the renewal date of the California medical license.

I.	<u>Reappointment Effective 07/17/2006 – 04/30/2007</u>			
	Patrick M. O'Meara, M.D.	Orthopaedic Surgery	Dept of Ortho/Rehab	Active

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.

# MEDICAL STAFF SERVICES



PALOMAR  
POMERADO  
HEALTH

**DATE:** June 27, 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:**

- ◆ Elizabeth T. Cerrone, D.O., Obstetrics & Gynecology (07/17/2006 – 06/30/2008)
- ◆ Jonathan S. Wilensky, M.D., Plastic Surgery (07/17/2006 – 06/30/2008)

**Voluntary Resignations:**

- ◆ Jack J. Druet, M.D., Anesthesiology (Effective 06/15/2006)
- ◆ Arthur J. Stehly, M.D., Obstetrics & Gynecology (Effective 06/01/2006)

**Allied Health Professional Appointment:**

- ◆ Lori D. Echeverria-Ring, Oral Surgery Assistant; Sponsor: Dr. Lin

**Reappointment:**

07/17/2006 – 12/31/2006

- ◆ Kevin Yoo, M.D., Neurosurgery  
07/17/2006 – 06/30/2007
- ◆ Arthur A. Blain, IV, M.D., Family Practice  
07/17/2006 – 08/31/2007
- ◆ Antoine A. Hallak, M.D., Plastic Surgery  
07/17/2006 – 09/30/2007
- ◆ Aliya S. Ferouz-Colborn, M.D., Otolaryngology  
08/01/2006 – 07/31/2008
- ◆ David A. Borecky, M.D., Family/General Practice
- ◆ Jonathan C. Bourne, M.D., Anesthesiology (without clinical privileges)
- ◆ Karen E. Kohatsu, M.D., OB/GYN
- ◆ Joseph M. Mann, III, M.D., Ortho Surgery/Hand
- ◆ George B. Sachs, M.D., Otorhinolaryngology
- ◆ Vera A. Stucky, M.D., OB/GYN

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.

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

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

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





**Pomerado Hospital Medical Staff Services**

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

DATE: July 5, 2006  
TO: Board of Directors - July 17, 2006 Meeting  
FROM: Paul E. Tornambe, M.D., Chief of Staff, Pomerado Hospital Medical Staff  
SUBJECT: Medical Staff Credentials Recommendations – June 2006:

Provisional Appointments: (07/17/2006 – 06/30/2008)

Elizabeth T. Cerrone, D.O. – OB/GYN  
Robert T. Gramins, D.D.S. – Oral Surgery  
Athanasios A. Mihas, M.D. – Psychiatry  
Jonathan S. Wilensky, M.D. – Plastic Surgery (includes Villa)  
Farah Zeeda, M.D. – Internal Medicine (includes Villa)

Biennial Reappointments: (08/01/2006 – 07/31/2008)

Manuel M. Castillo, M.D. – Pathology – Active  
Cara E. Cohen, M.D. – Pediatrics – Active  
Daniel B. DeRoo, M.D. – Anesthesiology – Active  
Sam Filiciotto, M.D. – Surgery – Active  
Lisa E. Heikoff, M.D. – Medicine – Associate (includes Villa)  
Nick S. Huang, M.D. – Medicine – Active  
Karen E. Kohatsu, M.D. – OB/GYN – Active  
Soheil Niku, M.D. – Radiology – Active  
Thomas E. Page, M.D. – Pediatrics – Active  
Nathan Rendler, M.D. – Pediatrics – Active  
George B. Sachs, M.D. – Surgery – Active (includes Villa)  
Marc M. Sedwitz, M.D. – Surgery – Active  
William M. Sereda – Emergency Medicine – Active  
Mark H. Shapiro, M.D. – Medicine – Active (includes Villa)  
Sharon Sternfeld, M.D. – Pediatrics – Active

Advancements:

Antoine A. Hallak, M.D. – Surgery – Active  
Pierre Lotzof, M.D. – Anesthesia – Active  
Michael Nussbaum, M.D. – Anesthesia – Active  
Raymond Y. Sung, M.D. – Radiology – Active  
Merton C. Suzuki, M.D. – Surgery – Active

Allied Health Appointments: (07/17/2006 – 06/30/2008)

Lino M. Cappa, O.T. – Sponsors Kaiser Physicians  
Harold T. Frank, P.A.-C. – Sponsor – Dr. Yoo  
Mary M. Lesniewski, N.P. Sponsors – Dr. Herip and Dr. Esmaeile, M.D.  
Harold T. Rice, M.D. – Sponsors- Kaiser Physicians

Expiration of Membership

Shawn J. Bissonnette, M.D. - Pediatrics

Resignations

Joyce A. Adams, M.D. - Pediatrics  
Thomas C. Bruff, M.D. – Medicine  
Michael M. Easter, M.D.- OB/GYN  
Daniel J. Macksood, M.D. – Radiology  
Jared D. Nieman, M.D. - Anesthesiology  
Donald J. Pellioni, M.D. - Medicine

**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

10x

**Resolution Requesting the Board of Supervisors to Conduct the Election of  
Palomar Pomerado Health on Tuesday, November 7, 2006, and Consolidation**

**TO:** Board of Directors

**DATE:** July 17, 2006

**FROM:** Marcelo R. Rivera, M.D., Board Chairman

**BY:** Christine Meaney, Board Assistant

**BACKGROUND:** Palomar Pomerado Health Board of Directors seeks to adopt the attached resolution to call an election to be held in this District on November 7, 2006. Section 439.1 of the Administrative Code of the County of San Diego authorizes the Registrar of Voters of the County of San Diego to render specified services relating to the conduction of an election which has by resolution requested the Board of Supervisors of San Diego County to permit the Registrar to render those services. The California statewide election has been called to be held on that same day and pursuant to section 10400 *et seq* of the California Elections Code, the Board of Supervisors has authority to consolidate public district, city county or other political subdivision elections with each other and with a statewide general election to be held on the same day. Pursuant to Section 32100.5 of the Health and Safety Code, a general election for members of the district's Board must be consolidated with the statewide general election in accordance with Elections Code Section 10400 *et seq*.

The Board's adoption of this resolution is requested.

**Palomar Pomerado Health  
RESOLUTION NO. 07.17.06 (01) - 20**

**RESOLUTION REQUESTING THE BOARD OF SUPERVISORS  
TO CONDUCT THE ELECTION OF PALOMAR POMERADO  
HEALTH ON TUESDAY, NOVEMBER 7, 2006, AND  
TO CONSOLIDATE THAT ELECTION WITH THE STATEMENT  
GENERAL ELECTION TO BE HELD ON THE SAME DAY**

UPON MOTION duly made, seconded and carried, at a Regular Meeting of the Board of Directors of Palomar Pomerado Health (the "District"), held on July 17, 2006, the following resolution was adopted:

**WHEREAS**, Palomar Pomerado Health has called an election to be held in this District on November 7, 2006; and

**WHEREAS**, Section 439.1 of the Administrative Code of the County of San Diego authorizes the Registrar of Voters of the County of San Diego (the "Registrar") to render specified services relating to the conduction of an election to any city or district which has by resolution requested the Board of Supervisors of San Diego County to permit the Registrar to render the services, subject to requirements set forth in that section; and

**WHEREAS**, the California statewide election has been called to be held on that same day; and

**WHEREAS**, pursuant to Section 10400 *et seq.* of the California Elections Code, the Board of Supervisors has authority to consolidate public district, city, county or other political subdivision elections with each other and with a statewide election to be held on the same day and

**WHEREAS**, pursuant to Section 32100.5 of the Health and Safety Code, a general election for members of the District's Board must be consolidated with the statewide general election in accordance with Elections Code Section 10400 *et seq.*

**NOW THEREFORE, BE IT RESOLVED** that the Board of Supervisors is hereby requested to consolidate the District election with the California statewide general election to be held on the same day, in the same territory or in the territory that is in part the same.

**BE IT FURTHER RESOLVED** that pursuant to the above provisions, the District hereby requests the Board of Supervisors of the County of San Diego to permit the Registrar to perform and render all services and proceedings incidental to and connected with the conduct of the subject election of the District, which services will include, but not to be limited to, the following activities as are appropriate to the subject District election:

1. Furnish a tabulation of the number of registered voters in each precinct;

2. Examine the signatures on nomination papers or petitions of candidates for public offices;
3. Establish voting precincts, secure locations for polling places, secure the services of election officers for each precinct as required by law, and furnish a list of precincts, polling places and election officers for filing in the office of the Registrar;
4. Prepare and furnish to the election officers necessary election supplies for the conduct of the election;
5. Cause to be translated, as appropriate, and printed the requisite number of sample ballots, official ballots, polling place slips, rosters, tally sheets and other necessary forms;
6. Furnish and address to mail sample ballots to the registered voters of the District;
7. Cause the sample ballots to be mailed, as required by applicable law;
8. Assemble the election material and supplies into ballot containers and make necessary arrangements for their delivery to the various precincts;
9. Distribute absent voter ballots as required by applicable law;
10. Receive the returns of the elections and supplies;
11. Sort and assemble the election material and supplies in preparation for the canvassing of the returns of the election;
12. Canvass the returns of the election, including the absent voters' ballots;
13. Furnish a tabulation of the number of votes given in each precinct; and
14. Make all arrangements and take the necessary steps to pay the members of the precinct boards, the polling place rentals, the persons returning the ballot containers and to pay all other costs of the election incurred as the result of the services performed for the District and pay for the election officials the amounts prescribed by the Board of Supervisors of the County of San Diego.

**BE IT FURTHER RESOLVED** that if this consolidation is ordered, then pursuant to Section 10403 of the Elections Code, the following shall constitute the form of question/proposition to appear on the ballot:

**PALOMAR POMERADO HEALTH  
(A California Healthcare District)**

**Member of the Board of Directors**  
**(Four-year Term) Vote for Four**

(Candidates to be determined and identified by the Registrar at close of filing period.)

**BE IT FURTHER RESOLVED** that the exact form of the offices to be voted upon to appear on the ballot and to be submitted to the voters are to be determined by the Registrar at the close of the filing period.

**BE IT FURTHER RESOLVED** that if this consolidation is ordered, then pursuant to Section 10411 of the Elections Code: (a) the consolidated elections shall be held in all respects as if there were only one election; (b) only one form of ballot shall be used; and (c) the Registrar of Voters of the County of San Diego shall canvass the returns of the subject election or elections consolidated hereby.

**BE IT FURTHER RESOLVED** that if this consolidation is ordered, then pursuant to Section 10410 of the Elections Code, within the territories affected by this order of consolidation, the election precincts, polling places, voting booths and polling hours shall in every case be the same, and there shall be only one set of election officers in each of the precincts.

**BE IT FURTHER RESOLVED AND ORDERED** that the County of San Diego shall be reimbursed in full for the services performed by the Registrar of Voters for this District in connection with the election services herein described and that the approximate sum of **ONE HUNDRED AND SEVENTY-FIVE THOUSAND DOLLARS (\$175,000)**, which amount shall be more specifically stated by the Registrar by a two-part invoice, shall be deposited in the County Treasury on or before such dates as the Registrar shall require, in accordance with the notice of the said Registrar which specifies that amount as including the estimated costs to conduct the election plus an amount to cover contingencies which could occur to increase costs beyond those normally to be anticipated.

**BE IT FURTHER RESOLVED** that pursuant to Section 439. 1 (2)(d) of the San Diego County Code of Administrative Ordinances, the District agrees to indemnify and hold harmless the County, its officers, agents and employees from expense of liability, including reasonable attorneys' fees, as the result of an election contest arising after conduct of this election.

**BE IT FURTHER RESOLVED AND ORDERED** that the Secretary is hereby directed to deliver forthwith certified copies of this resolution to the Clerk of the Board of Supervisors of the County of San Diego and to the Registrar of Voters of the County of San Diego.

**PASSED AND ADOPTED** by the Board of Directors of Palomar Pomerado Health on the 17th day of July, 2006, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

DATED: July 17, 2006

BY:

Marcelo R. Rivera, M.D., Chair  
Board of Directors  
Palomar Pomerado Health

ATTESTED:

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

STATE OF CALIFORNIA        }  
                                      }SS  
COUNTY OF San Diego        }

*I, Linda Greer, the Secretary of Palomar Pomerado Health, do hereby certify that the foregoing is a true copy of a resolution adopted by the District on July 17, 2006, at the time and by the vote stated above, which resolution is on file in the office of the District.*

DATED: July 17, 2006

Linda Greer, R.N.  
Secretary, Board of Directors  
Palomar Pomerado Health

**AMENDING ESTABLISHED DATE OF REGULAR BOARD MEETING  
for CALENDAR YEAR 2006**

**TO:** Board of Directors  
**DATE:** July 17, 2006  
**FROM:** Marcelo R. Rivera, MD., Board Chairman  
**BY:** Christine Meaney, Board Assistant  
**SUBJECT:** **RESOLUTION TO AMEND ESTABLISHED DATE OF  
REGULAR BOARD MEETING FOR CALENDAR YEAR  
2006**

**BACKGROUND:** Consistent with legal requirements to establish dates, times and locations of Regular Board Meetings prior to the pertinent calendar year, a resolution was approved at the December 12, 2005 Annual Board Meeting.

The Chairman has requested that the following date amendment for 2006 be considered for Board approval under Resolution No. 07.17.06 (02) – 21 attached:

Amending October 9 to October 16

It is understood that PMC Graybill, the regular location for the month of October, will be available October 16.

**ACTION:** Board approval is sought.

RESOLUTION NO. 07.17.06 (02)-21  
**RESOLUTION OF THE BOARD OF DIRECTORS OF  
PALOMAR POMERADO HEALTH  
AMENDING ESTABLISHED DATES OF  
REGULAR BOARD MEETINGS  
FOR CALENDAR YEAR 2006**

*WHEREAS*, Palomar Pomerado Health is required, pursuant to Section 54954 of the California Government Code and Section 5.2.2 of the PPH Bylaws, to pass a resolution adopting the time, place and location of the regular board meetings;

*WHEREAS*, the Board of Directors established the dates of regular board meetings for calendar year 2006 by Resolution No. 12.12.05(01) - 27 at the Annual Meeting of the Board of Directors held on December 12, 2005;

*WHEREAS*, the Board of Directors wishes to change the date of the regular meeting currently scheduled on October 9 to October 16;

*NOW, THEREFORE, BE IT RESOLVED* by the Board of Directors of Palomar Pomerado Health that the following amended schedule of regular meetings will apply for the remaining calendar year 2006:

**2006 AMENDED BOARD MEETING SCHEDULE**

<b>August 14</b>	PMC
<b>September 11</b>	Pomerado
<b>October 16</b>	PMC
<b>November 13</b>	Pomerado
<b>December 11</b>	PMC

Each meeting will begin at 6:30 p.m. Those meetings held at Palomar will be in Graybill Auditorium; those at Pomerado will be in the third floor meeting room.

*PASSED AND ADOPTED* at a Regular Meeting of the Board of Directors of Palomar Pomerado Health, held on July 17, 2006, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

DATED: July 17, 2006

*APPROVED:*

*ATTESTED:*

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

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



**Approval: Collective Bargaining Agreement between  
PPH and the California Nurses Association**

**TO:** PPH Board of Directors

**MEETING DATE:** July 17, 2006

**FROM:** Wallie George  
Chief Human Resources Officer

**BACKGROUND:**

Following the achievement of a tentative agreement at the bargaining table between PPH and the California Nurses Association (CNA) in June, employees in this bargaining unit ratified the agreement on June 29, 2006. The next step in the process is for the PPH Board of Directors to review the agreement for adoption.

A summary of the highlights of new articles as well as the economic changes is enclosed for your review. The new contract is currently being reviewed by CNA and PPH and, if possible, will be made available prior to the Board meeting. Please note that the majority of the articles in the new agreement remain unchanged from the previous agreement. Further details will be available at the closed session, after which the Board members will return to open session and cast their votes.

Please do not hesitate to contact me if I may be of assistance in your review and interpretation of the enclosed documents.

**BUDGET IMPACT:** See enclosed overview document

**STAFF RECOMMENDATION:**

**COMMITTEE QUESTIONS:**

**COMMITTEE RECOMMENDATION:**

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

## COMPARISON OF MAJOR CHANGES TO CNA AGREEMENT

### New Articles:

**“Technology”**- Continues what is presently done by PPH; involving RN’s in the unit council structure for input to new clinical based technology. Input will be considered prior to implementation.

**“Personnel files”**- Major focus is that unrelated disciplinary actions will not be considered after one year when determining the level of discipline.

**“Safe Patient Handling/Lift Program”** New article assures that within the first year of the contract PPH will implement a zero lift policy. Further that employees who are trained in the lift and transfer of patients have demonstrated the competencies to perform the duties. The intent of the article is not to have a dedicated 24/7 lift team.

### Present Articles:

**Article 6 Discipline and Discharge:** Presently there is no requirement to advise the nurse that they are entitled to a representative during an investigation where the nurse believes discipline may result. New language states that she/he will be advised of the entitlement. However, failure to do so by the manager will not affect the outcome of the discipline.

**Article 7 Grievance Procedure:** Major issue for PPH was determining when the grievance had in fact been filed. Also, there were times when PPH was advised of an individual grievance without the employee’s signature. New language states receipt of the consent by the employee by fax or e-mail will constitute signing of the grievance. It was further clarified that arbitration must be requested within the time limits of the article.

**Article 12 Compensation:** Per Diem and STAT RNs must work one of the major three winter holidays: Christmas, Thanksgiving, New Years. The previous contract included President’s Day. STAT RNs are eligible for call in pay: previous contract excluded.

**Article 23 Job Postings, Transfers and Promotions:** Major changes

- Positions will be posted for 5 days instead of 7 days.
- Employees will apply on line for open positions instead of using paper format.
- Employer will provide access to computers in the departments, lobbies and Human Resources.
- During an employee’s absence, another employee may file a transfer request on line for the absent employee.
- Clarifies that an employee only serves one probationary period. Taking a new position does not constitute a new probationary period.
- Employees may have up to four months to show that he/she can perform the duties of the position. If the employee or PPH at any time during the four months decides to cease orientation in the new position, PPH will attempt to return the employee to his/her former position. If the position is no longer available, the employee will have 30 days to accept another posted position.

**Article 26 Layoff and Recall:** Eliminated the language on temporary layoff since that does not occur. Revised the order of employees that are identified for lay of more than 30 days in the following order:

- Registry
- Volunteers
- Travelers
- Probationary
- Per Diem
- Full-time, part-time including STAT and WOW

Also, if a RN bumps another RN, that person must be willing to work the shift and hour commitment of the RN displaced.

### **ECONOMICS**

Over the term of the contract the average increase for an RN will be 18%.

Year 1: 3% ATB (across the board) market adjustment and a range adjustment of an additional 2%. Nurses will also receive step increases. Wage changes are effective in June.

Year 2: 2% ATB adjustment plus step increase, effective June. December ATB adjustment of 1.5% no step increase.

Year 3: 2% ATB adjustment plus step increase effective June. December ATB adjustment of 1.5% no step increase.

We agreed to give the Week End Only nurses and the STAT nurses a one-time lump sum bonus of 1.5% in December of the second year of the contract. Both categories are paid well above market but we felt it was important to recognize them with this payment.

The following changes are common to both contracts.

- Pension was enhanced to 6 1/2% contribution in the 401(a) for employees with 15 or more years of service.
- A matching program was implemented to the 457 deferred compensation plan:
  - 1-9 years of service 50% match by PPH to employee contribution up to 2% of base salary.
  - 10-15 years of service 100% match by PPH to employee contribution up to 2% of base of salary.
  - 16+ years of service 150% match by PPH to employee contribution up to 2% of base salary.
- Health insurance was capped so employee premiums would not increase more than 5% per year of the contract.

**Approval: Collective Bargaining Agreement between  
PPH and the Caregivers and Healthcare Employees Union**

**TO:** PPH Board of Directors  
**MEETING DATE:** July 17, 2006  
**FROM:** Wallie George  
Chief Human Resources Officer

**BACKGROUND:**

Following the achievement of a tentative agreement at the bargaining table between PPH and the Caregivers and Healthcare Employees Union (CHE) in June, employees in this bargaining unit ratified the agreement on June 29, 2006. The next step in the process is for the PPH Board of Directors to review the agreement for adoption.

A summary of the highlights of new articles as well as the economic changes is enclosed for your review. The new contract is currently being reviewed by CHE and PPH and, if possible, will be made available prior to the Board meeting. Please note that the majority of the articles in the new agreement remain unchanged from the previous agreement. Further details will be available at the closed session, after which the Board members will return to open session and cast their votes.

Please do not hesitate to contact me if I may be of assistance in your review and interpretation of the enclosed documents.

**BUDGET IMPACT:** See enclosed overview document

**STAFF RECOMMENDATION:**

**COMMITTEE QUESTIONS:**

**COMMITTEE RECOMMENDATION:**

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

## COMPARISON OF MAJOR CHANGES TO CHEU AGREEMENT

### New Articles:

“Personnel files”- Major focus is that unrelated disciplinary actions will not be considered after one year when determining the level of discipline.

### Present Articles:

#### **Article 17 - Job Postings, Transfers and Promotions: Major changes**

- Positions will be posted for 5 days instead of 7 days.
- Employees will apply on line for open positions instead of using paper format.
- Employer will provide access to computers in the departments, lobbies and Human Resources. Training on process for applying on line will be provided to employees.
- During an employee's absence, another employee may file a transfer request on line for the absent employee. However, the absent employee must be available to fill the position within a reasonable period of time.
- Clarifies that an employee only serves one probationary period. Taking a new position does not constitute a new probationary period.
- Employees may have up to four months to show that he/she can perform the duties of the position. If the employee or PPH at any time during the four months decides to cease orientation in the new position, PPH will attempt to return the employee to his/her former position. If the position is no longer available, the employee will have 30 days to accept another posted position.
- Clarifies that if a position is filled on a temporary basis, the position will remain posted during the temporary assignment.

**Article 10 - Layoff and Recall:** Clarified flexing or call-off order. Included provision that regular staff will not be flexed more than two (2) times within a pay period. Eliminated the language on temporary layoff since that does not occur. Revised the order of employees that are identified for lay of more than 30 days in the following order:

- Registry
- Volunteers
- Travelers
- Probationary
- Per Diem
- Casual
- Full-time, part-time

Also, provided bumping rights within same classification regardless of status.

**Article 12 - Grievance Procedure:** Major issue for PPH was determining when the grievance had in fact been filed. Also, there were times when PPH was advised of an individual grievance without the employee's signature. New language states receipt of the consent by the employee by fax or e-mail will constitute signing of the grievance. It was further clarified that arbitration must be requested within the time limits of the article.

**Article 14 – Hours of Work:** Evening and night shift differential amounts were adjusted to be more market competitive. Preceptor pay for OR Techs, Radiology, and Respiratory Therapy was added. Other positions may be evaluated within 90 days.

**Article 22 - Personal Time Off:** No change in the article except that language was added that employees will be notified of the impending PTO cap each pay period when PTO is within 40 hours of the maximum accrual balance. This is a current practice.

**Article 25 - Floating:** Under certain circumstances employees with 18 or more years of continuous service shall not be required to float.

**Article 26 – Education, Training:** A definition of precepting was added.

**Side Letter (1) –** PPH’s translation strategies will be reviewed in Spring 2007. If it appears PPH’s strategies are not substantially successful in minimizing CHEU employees’ participation in translation, then PPH and CHEU will meet to consider alternatives.

**Side Letter (2) –** Within ninety (90) days following ratification, PPH will have an independent market survey conducted for 8 identified position. Pay adjustments may be made based on the results of the survey.

## ECONOMICS

Year 1: 2% ATB (across the board) adjustment plus the employees would be placed in a new step. The majority of employees will receive a 5% increase. Employees who would not receive at least a 3% increase will receive a lump sum one-time bonus to bring them to 3%. Employees who have at least 20 years of experience will receive a one-time lump sum longevity bonus of 2%.

Year 2: July 2% ATB plus step increase and a 1.5% ATB in December with no step increase.

Year 3: July 2% ATB plus step increase and a 1.5% ATB in December with no step increase.

The following changes are common to both contracts.

- Pension was enhanced to 6 1/2% contribution in the 401(a) for employees with 15 or more years of service.
- A matching program was implemented to the 457 deferred compensation plan:
  - 1-9 years of service 50% match by PPH to employee contribution up to 2% of base salary.
  - 10-15 years of service 100% match by PPH to employee contribution up to 2% of base salary.
  - 16+ years of service 150% match by PPH to employee contribution up to 2% of base salary.
- Health insurance was capped so employee premiums would not increase more than 5% per year of the contract.

## Purchase of Property in Ramona

**TO:** Board of Directors

**MEETING DATE:** Monday, July 17, 2006

**BY:** Michael H. Covert, FACHE, CEO

**Background:** Consistent with the Facility Master Plan and Proposition BB, PPH is interested in opening a satellite outpatient center in Ramona. Management has been studying several options and has identified suitable land in Ramona. At the June 27, 2006, Board meeting, the Board approved continuing negotiations consistent with the attached Letter of Intent to purchase. Pursuant to that Board approval, Management consummated negotiations for acquisition of the parcels.

The attached Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate ("Purchase Agreement") contains the full terms and conditions, with key points as follows:

- Purchase price of \$2.4 million
- Four parcels consisting of approximately 2.57 acres

**Budget Impact:** \$2.4 million as part of the Facility Master Plan. Funding source: Working capital and/or General Obligation or Revenue Bond proceeds.

**Staff Recommendation:** Staff recommends approval of the Purchase Agreement and consummation of the transaction, subject to completion of due diligence. A resolution authorizing the purchase—including the ability to reimburse with General Obligation and/or Revenue Bond proceeds as needed—will be presented at the Board meeting. Further, Management is requesting that the Chief Executive Officer and/or Chief Financial Officer be delegated the authority to execute the Purchase Agreement and such other documents necessary to close escrow on the targeted date of August 31, 2006.

If appropriate after completion of due diligence, a final recommendation will be made at the August Board of Directors meeting that 2.57 acres of land located in Ramona, along with the existing buildings, should be purchased for a price of \$2.4 million.

### Committee Questions:

**COMMITTEE RECOMMENDATION:** Approval of the Purchase Agreement and consummation of the transaction, subject to completion of due diligence, along with the Resolution authorizing the purchase and the ability to reimburse with General Obligation and/or Revenue Bond proceeds as needed. Delegation of authority to Chief Executive Officer and/or Chief Financial Officer to execute the Purchase Agreement and such other documents necessary to close escrow by the targeted date of August 31, 2006.

### Motion:

**Individual Action:** X

### Information:

**Required Time:**



STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE (Non-Residential) AIR Commercial Real Estate Association

6/16/06 (Date for Reference Purposes)

1. Buyer. 1.1 Palomar Pomerado Hospital, a California local healthcare district organized pursuant to Division 23, Section 32.000 of California Health & Safety Code... (Buyer) hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller")...

upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer.

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property. 2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) four parcels consisting of approximately 2.57 acres located off Main Street, bordered by 13th and 14th Street... is located in the City of Ramona, County of San Diego, State of California... is commonly known by the street address of N/A

and is legally described as: to be addressed in escrow

(APN: 281-190-09, -10, -11 & -12 )

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of to be addressed in escrow ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: electrical distribution systems (power panel, bus ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters; heating, ventilating, air conditioning equipment ("HVAC"); air lines; fire sprinkler systems; security and fire detection systems; carpets; window coverings; well coverings; and

(collectively, the "Improvements").

2.4 The fire sprinkler monitor is owned by Seller and included in the Purchase Price, is leased by Seller, and Buyer will need to negotiate new leases with the fire monitoring company, or ownership will be determined during Escrow.

2.5 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and all of which shall be removed by Seller prior to Closing.

3. Purchase Price. 3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$2,400,000.00, payable as follows:

- (a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price): \$2,400,000.00
(b) Amount of "New Loan" as defined in paragraph 5.4, if any: \$
(c) Buyer shall take title to the Property subject to and/or assume the following existing debt(s) of Buyer: (Existing Debt(s) of Trust) securing the existing promissory note(s) (Existing Note(s)):
(i) An Existing Note ("First Note") with an unpaid principal balance of of the Closing of approximately: \$ Said First Note is payable at \$ per month, including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on )
(ii) An Existing Note ("Second Note") with an unpaid principal balance of of the Closing of approximately: \$ Said Second Note is payable at \$ per month, including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on )
(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property to secure the promissory note of Buyer to Seller described in paragraph 5 ("Purchase Money Note") in the amount of: \$

Total Purchase Price: \$2,400,000.00

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3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1  Buyer has delivered to Broker a check in the sum of \$ \_\_\_\_\_, payable to Escrow Holder, to be held by Broker until both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder.  Buyer shall deliver to Escrow Holder a check in the sum of \$100,000.00 when both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder. When cashed, the check shall be deposited into the Escrow's trust account to be applied toward the Purchase Price of the Property at the Closing. Should Buyer and Seller enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of \$0.00 to be applied to the Purchase Price at the Closing.

(b) Within 5 business days after the contingencies discussed in paragraph 9.1 (a) through (k) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of \$50,000.00 to be applied to the Purchase Price at the Closing.

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity. Buyer's Federal Tax Identification Number is 956003843. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

5. Financing Contingency (State Law applicable)

5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least \_\_\_\_\_% of the Purchase Price, at terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder in writing of the disapproval within said 7 days, it shall be conclusively presumed that Seller has approved the terms of the New Loan.

5.2 Buyer hereby agrees to diligently pursue obtaining the New Loan. If Buyer shall fail to notify the Broker, Escrow Holder and Seller, in writing within \_\_\_\_\_ days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.

5.3 If, after due diligence, Buyer shall notify the Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.

6. Seller Financing (Purchase Money Note) (State Law applicable)

6.1 The Purchase Money Note shall provide for interest on unpaid principal at the rate of \_\_\_\_\_% per annum, with principal and interest paid as follows: \_\_\_\_\_

The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.

6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):

- (a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.
(b) Late Charge. A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 40 days after a due date.
(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.

6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and non-sale with regard to such mortgage or deed of trust to which it will be subordinate.

6.4 WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING IF BUYER ULTIMATELY DEFAULTS ON THE LOAN. SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.

7. Real Estate Brokers.

7.1 The following real estate broker(s) ("Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes):

- RE/MAX Direct (Gann) represents Seller exclusively ("Seller's Broker");
 Grubb & Ellis/ERE Commercial (Reeder/Ragghanti) represents Buyer exclusively ("Buyer's Broker"); or
 \_\_\_\_\_ represents both Seller and Buyer ("Dual Agency").

The Parties acknowledge that Brokers are the procuring cause of this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the top of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named in paragraph 7.1, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance.

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), (n), and (o), 9.4, 9.5, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement

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between the Parties only and are not instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall be promptly refunded all funds deposited by Buyer with Escrow Holder, less only Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.

8.8 The Closing shall occur on the Expected Closing Date and said Date is not extended by mutual instructions of the Parties. A Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this Escrow is terminated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to the return of Buyer's deposit, Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT. Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (j) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) Disclosure. Seller shall make to Buyer, through escrow, all of the applicable disclosures required by law (See AIR Commercial Real Estate Association ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet ("Property Information Sheet") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 40 or 30 days following the Date of Agreement. Buyer has 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.

(b) Physical Inspection. Buyer has 40 or 30 days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) Hazardous Substance Conditions Report. Buyer has 30 or \_\_\_\_\_ days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "Hazardous Substance" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substance Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) Soil Inspection. Buyer has 30 or \_\_\_\_\_ days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days of the Date of Agreement.

(e) Governmental Approvals. Buyer has 90 or \_\_\_\_\_ days from the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) Conditions of Title. Escrow Holder shall cause a current commitment for title insurance ("Title Commitment") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("Underlying Documents") to be delivered to Buyer within 40 or 30 days following the Date of Agreement. Buyer has 10 days from the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to the condition of title. The disapproval of Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) Survey. Buyer has 30 or \_\_\_\_\_ days from the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("ALTA") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) Existing Leases and Tenancy Statements. Seller shall within 40 or 30 days of the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "Existing Leases") affecting the Property, and with a tenancy statement ("Estoppel Certificate") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Leases and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.

(i) Other Agreements. Seller shall within 40 or 30 days of the Date of Agreement provide Buyer with legible copies of all other agreements ("Other Agreements") known to Seller that will affect the Property after Closing. Buyer has 10 days from the receipt of said Other Agreements to satisfy itself with regard to such Agreements.

(j) Financing. If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

(k) Existing Notes. If paragraph 3.1(c) has not been stricken, Seller shall within 40 or 30 days of the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 40 or 30 days from the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof.

(l) Personal Property. In the event that any personal property is included in the Purchase Price, Buyer has 40 or 30 days from the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 40 or 30 days of the Date of Agreement.

(m) Destruction, Damage or Loss. There shall not have occurred prior to the Closing, a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this transaction or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this transaction, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(n) Material Change. Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "Material Change" shall mean a change in the status of the use, occupancy, tenants, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

*[Handwritten Signature]*  
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*[Handwritten Initials]*

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(o) **Seller Performance.** The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(p) **Warranties.** That each representation and warranty of Seller herein be true and correct as of the Closing. Escrow Holder shall assume that this condition has been satisfied unless notified to the contrary in writing by any Party prior to the Closing.

(q) **Brokerage Fee.** Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("Brokerage Fee"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (p) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "Buyer's Contingencies."

9.3 If any Buyer's Contingency or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("Disapproved Item"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("Seller's Election"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the election, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this transaction. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this transaction. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's said Elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 Buyer understands and agrees that until such time as all Buyer's Contingencies have been satisfied or waived, Seller and/or its agents may solicit, entertain and/or accept back-up offers to purchase the Property.

9.5 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or before Closing:

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

- (a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.
- (b) If applicable, the Beneficiary Statements concerning Existing Note(s).
- (c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.
- (d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.
- (e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.
- (f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18682 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.
- (g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.
- (h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

- (a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder as immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date.
- (b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgagee payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.
- (c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.
- (d) Assumptions duly executed by Buyer of the obligations of Seller that occur after Closing under any Other Agreements.
- (e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.
- (f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.

**IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.**

11. Prorations and Adjustments.

11.1 **Taxes.** Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 **Insurance. WARNING:** Any Insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate Insurance to cover the Property.

11.3 **Rentals, Interest and Expenses.** Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 **Security Deposit.** Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 **Post Closing Matters.** Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

11.6 **Variations in Existing Note Balances.** In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("Existing Note Variation"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.

11.7 **Variations in New Loan Balance.** In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 3.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

12. Representation and Warranties of Seller and Disclaimers.

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12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 1 year 2-years, and, are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

- (a) Authority of Seller. Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.
- (b) Maintenance During Escrow and Equipment Condition At Closing. Except as otherwise provided in paragraph 9.1(m) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted, including keeping clear of growth. ~~The HVAC, plumbing, elevators, loading docks and electrical systems shall be in good operating order and condition at the time of Closing.~~
- (c) Hazardous Substances/Storage Tanks. Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, not of the existence or prior existence of any above or below ground storage tank.
- (d) Compliance. Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any uninitiated order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.
- (e) Changes in Agreements. Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.
- (f) Possessory Rights. Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.
- (g) Mechanics' Liens. There are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.
- (h) Actions, Suits or Proceedings. Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.
- (i) Notice of Changes. Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(n)) affecting the Property that becomes known to Seller prior to the Closing.
- (j) No Tenant Bankruptcy Proceedings. Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.
- (k) No Seller Bankruptcy Proceedings. Seller is not the subject of a bankruptcy, insolvency or probate proceeding.
- (l) Personal Property. Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price or knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have waived all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession. Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry. At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances. The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees. If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defenses. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

17. Prior Agreements/Amendments. 17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property. 17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights. ~~18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.~~ 18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.

19. Notices. 19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger or by mail, postage prepaid, to the address set forth in this Agreement or by facsimile transmission. 19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. Communications transmitted by facsimile transmission shall be deemed delivered upon telephonic confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer. 20.1 If the offer is not accepted by Seller on or before 6:00 P.M. according to the time standard applicable to the city of \_\_\_\_\_

\_\_\_\_\_ on the date of June 27, 2006

It shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initiated by both Parties)

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dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not without the express permission of the respective Party, disclose to the other Party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(d) Further Disclosures. Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Brokers have no responsibility with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 Confidential Information: Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. Construction of Agreement. In construing this Agreement, all headings and titles are for the convenience of the parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days. This Agreement shall not be construed as if prepared by one of the parties, but rather according to its fair meaning as a whole, as if both parties had prepared it.

26. Additional Provisions:

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum consisting of paragraphs 28 through 31. (If there are no additional provisions write "NONE".)

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

- 1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

- 1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
2. IF THE BUYER IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

BROKER:

Grubb & Ellis (ERE Commercial)
Attn: Rick Reeder & Amber Ragghanti
Title:
Address:
Telephone:
Facsimile:
Email:
Federal ID No.

BUYER:

Palomar Pomerado Hospital, a California local healthcare district
By: [Signature]
Date: 7/11/06
Name Printed: Bob Hewler
Title: Chief Financial Officer
Address: 15255 Innovation Dr. San Diego, CA 92126
Telephone: (858) 675-5567
Email: rsh4@pph.org

27. Acceptance.

27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.

27.2 Seller acknowledges that Buyer's Brokers have been retained to locate a Buyer and are the procuring cause of the purchase and sale of the Property set forth in this Agreement. In consideration of real estate brokerage service rendered by Buyer's Brokers, Seller agrees to pay Buyer's Brokers

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a real estate Brokerage Fee in a sum equal to 2.5 % of the Purchase Price divided in such shares as said Brokers shall direct in writing. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing. RE/MAX as Seller's representative, shall be paid per a separate agreement between Seller and RE/MAX.

27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

**BROKER:**

RE/MAX Direct

Attn: Jeff Gann

Title:

Address: 1410 Main Street

Ramona, CA 92065

Telephone: (760) 788-1000

Facsimile: (760) 788-2000

Email:

Federal ID No.:

**SELLER:**

Auerbach Family Trust 1986

By: Ernest Auerbach

Date: 1-16-06

Name Printed: Ernest Auerbach

Title: President/Trustee

Telephone: ( )

Facsimile: ( )

By:

Date:

Name Printed:

Title:

Address:

Telephone: ( )

Facsimile: ( )

Email:

Federal ID No.:

These forms are often modified to meet changing requirements of law and needs of the industry. Always write or call to make sure you are utilizing the most current form; AIR COMMERCIAL REAL ESTATE ASSOCIATION, 700 South Flower Street, Suite 600, Los Angeles, CA 90017. (213) 687-8777.

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**ADDENDUM TO STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE, FOR THAT CERTAIN PROPERTY LOCATED AT MAIN STREET, RAMONA, CALIFORNIA, BY AND BETWEEN AUERBACH FAMILY TRUST 1987 "SELLER," AND PALOMAR POMERADO HEALTH, A CALIFORNIA LOCAL HEALTHCARE DISTRICT, ORGANIZED PURSUANT TO DIVISION 23, SECTION 32000 OF CALIFORNIA HEALTH & SAFETY CODE, AS "BUYER" DATED JUNE 14, 2006.**

**28. Sale As Is:**

Except as expressly set forth in this agreement, this sale and conveyance is made on an "as is", "where is" basis, and neither Seller nor any person acting on behalf of Seller makes any warranty or representation, express or implied, as to merchantability, suitability or fitness for a particular purpose of the property, the state of repair of the property or the condition of the improvements located thereon, the future financial performance of the property, or with respect to soil conditions or the presence or release of hazardous substances in, on or under the property. Buyer shall be responsible for conducting its own investigations or otherwise taking such steps as it deems necessary to satisfy itself as to any matter or thing relating to the property, including, without limitation, the existence or other otherwise of hazardous substances in, on or under the property, and, by reason of all of the foregoing, Buyer shall assume the full risk of any loss or damage occasioned by any fact, circumstance, condition or defect pertaining to the physical or financial condition of the property, including, without limitation, the presence of hazardous substances in, on or under the property, and, except with respect to any warranty or representation expressly set forth in this agreement, Buyer hereby expressly and unconditionally waives, discharges and releases Seller from any and all liabilities and claims with respect to the condition of the property.

**29. Allocation of Fees and Costs:**

Seller will pay:

- a. All San Diego County documentary transfer taxes;
- b. The fee for a CLTA title insurance policy premium;
- c. One-half (1/2) of Escrow Agent's escrow fee; and
- d. The usual Seller's document drafting and recording charges.

Buyer will pay:

- a. One-half (1/2) of Escrow Agent's escrow fee;
- b. The additional fee for an ALTA title insurance policy; and
- c. The usual Buyer's document drafting and recording charges.

Escrow Agent shall pro rate these fees and costs between the parties at the close of escrow.

**30. Escrow Number/Wiring Instructions:**

Bank:  
 Address:  
 Routing No:  
 To Credit:  
 Account Name:  
 Account Number:  
Important Required Information:  
 For Credit to:  
 Attention:  
 Escrow Officer:

31. This purchase is subject to Board of Directors approval at the board meeting on July 17, 2006.

**CONSULT YOUR ADVISORS** – This document has been prepared for your approval by your attorney. No representation or recommendation is made by Grubb & Ellis|BRE Commercial as to the sufficiency or tax consequences of this document or the transaction to which it relates. These are questions for your attorney. In any real state transaction, it is recommended that you consult with a professional, such as a civil engineer, industrial hygienist or other person, with experience in evaluating the condition of the property, including the possible presence of asbestos, hazardous materials and underground storage tanks.

Agreed to and Accepted:

**Seller:**  
Auerbach Family Trust 1987

By: *Ernest Auerbach*

Name: Ernest Auerbach


**Buyer:**  
Palomar Pomerado Health, a California Local  
Healthcare District, Organized Pursuant to  
division 23, Section 32000 of California Health &  
Safety Code

By: *Robert Henriquez*

Name: Robert Henriquez, CEO



By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: 7-6-06

By:   
Name: Michael Covert  
Date: 7/11/06

## Informational: Background Checks

**TO:** PPH Board of Directors  
**MEETING DATE:** July 17, 2006  
**FROM:** Human Resources Committee: June 13, 2006

**BACKGROUND:**

At the May 16 HR Committee meeting Nancy Bassett, Chairperson, voiced a concern based on current problems experienced at Children's Hospital where a couple of employees have been charged with sexual misconduct with patients. With that in mind, N. Bassett requested information on the changes Children's Hospital made to their new employee background checks to see if the PPH background / employment checks held any potential loop holes.

At the June 13 HR Committee Brenda Turner, Executive Director Human Resources, presented a comparison (see attached) between the Children's Hospital new employee background checks and those done by PPH.

1. The comparison showed that the PPH employment checklist is quite comprehensive at this time.
2. Possible PPH addition could be an OFAC (Office of Foreign Asset Control) check which is the list of known terrorists.

**BUDGET IMPACT:** Not Applicable

**STAFF RECOMMENDATION:**

**COMMITTEE QUESTIONS:**

- A. Larson questioned the application of the various checks when foreign applicants are involved.
- B. Turner stated that foreign countries do not have databases similar to the US. Therefore, there is not a process available to determine criminal activity on applicants from foreign countries.

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**

**Informational: Fidelity 457 Campaign**

**TO:** PPH Board of Directors  
**MEETING DATE:** July 17, 2006  
**FROM:** Human Resources Committee: June 13, 2006

**BACKGROUND:**

Palomar Pomerado Health, in conjunction with Fidelity, recently had a campaign to encourage PPH employees to enroll in the 457 deferred compensation plan. The campaign was conducted at all PPH facilities and included workshops, computer labs and a "help desk" staffed by Fidelity. Drawings were held at each facility. The campaign was very successful with over 100 employees enrolling in the plan.

**BUDGET IMPACT:** Not Applicable

**STAFF RECOMMENDATION:**

**COMMITTEE QUESTIONS:**

Committee members discussed options to entice employees to take part in their retirement planning.

- Employees have not shown an interest in group educational sessions. Only 25 employees participated in the sessions offered in the recent workshops. However, Fidelity will be returning each month for one-on-one meetings with employees as those meetings were well attended.
- Possible inclusion of a Fidelity Rep. at the new employee orientation

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information: X**

**Required Time:**

## Informational: Van Pool Service

**TO:** PPH Board of Directors

**MEETING DATE:** July 17, 2006

**FROM:** Human Resources Committee: June 13, 2006

### **BACKGROUND:**

The Human Resources Department has been exploring alternative methods of helping employees drive in to work. Enterprise has a program that would benefit both the employee and PPH. Details of how the program works will be shared with the committee.

### Presentation highlights:

- a. Enterprise completes all technical aspects of the program such as the logistics of identifying participants.
- b. Enterprise covers vehicle insurance, negotiates for weekend parking lot space for the parked van, vans are luxury upgrades, 200 extra miles per month are available for personal use of the drivers (vehicle cannot leave the state), all maintenance is covered as is roadside assistance.
- c. The primary target is employees working 20 miles or more from their work. Seven or more people are assigned to ride together. These people all live within a five mile or less radius and work the same shift. Vans are available to accommodate the specific number of people in each vanpool.
- d. Contract is made directly with the employees using the service.
- e. Tax break for employees if they use payroll deduction to pay for their use of the van. The employer does not pay FICA tax if employees choose this method of payment.
- f. There is a possible subsidy from the County that Enterprise would orchestrate. Subsidy would lower the cost to the employees.
- g. Perks: parking would be less of an issue, gas would be shared among the riders, wear and tear on private vehicles would end, employees could have a break on their own car insurance.
- h. Employees contract on a month-to-month basis. A guaranteed ride home is available for unexpected emergencies.
- i. PPH would be allowed to "brand" the Vans with the PPH logo.
- j. Information used as a recruitment tool and would be added to the new hire packets.

### Next steps:

- a. Set up marketing / communication details
- b. Look at employee automatic deduction details

**Informational: Van Pool Service**

**BUDGET IMPACT:** Not Applicable

**STAFF RECOMMENDATION:**

**COMMITTEE QUESTIONS/SUGGESTIONS:**

- A. Larson suggested a subsidy for employees at the lower end of the wage scale.
- This idea may be explored after the initial response from PPH employees has been evaluated.

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information: X**

**Required Time:**

## PMC West Foundation and Superstructure Approval

**TO:** PPH Board of Directors  
**DATE:** July 17, 2006  
**FROM:** Joint BOD/Strategic Planning Committee on June 20, 2006  
**BY:** Marcia Jackson, Chief Planning Officer

**BACKGROUND:** In an effort to expedite our facility projects, one effective strategy will be to divide the total projects into sub-packages which can be submitted to OSHPD early while efforts continue on other aspects of the project design. The first such package for each hospital project is the Foundation and Structural package. This aspect of the project includes primarily the steel structure for the building. Board approval of the Foundation and Superstructure will enable the architectural and engineering team to complete these drawings and plans for submission to OSHPD, ultimately enabling an earlier start of construction. Design work will continue on the internal and external design for the campus, with these plans coming forward to the Board for approval in the next several months.

After the overview of the hospital design for Palomar Medical Center West was presented at this meeting, Ted Kleiter motioned, and Nancy Bassett seconded, to approve the PMC West Foundation and Structural Superstructure as presented. The motion was carried unanimously.

### RECOMMENDATION:

Information: X

## Quarterly Facility Update

**TO:** PPH Board of Directors  
**DATE:** July 17, 2006  
**FROM:** Joint BOD/Strategic Planning Committee on June 20, 2006  
**BY:** Marcia Jackson, Chief Planning Officer  
Mike Shanahan, Director Facilities Planning & Development

**BACKGROUND:** On a quarterly basis, the Strategic Planning Committee meeting is expanded to a full PPH Board meeting for the purpose of reviewing the facilities planning and design. The quarterly update was provided at this meeting.

An overview of the hospital design for Palomar Medical Center West was the featured item for this night's meeting. Tom Chessum informed us that we are 50% complete in design development. There have been approximately 5 series of User Group meetings, with roughly 3 more sets to go. The Design Committee has met approximately 10 times, and hopefully all of these meetings will be wrapped up by the end of September 2006.

Dennis McFadden presented on Concept Design, including the following:

- Concept Sketch, including moving gardens from inside to outside, to gain better use of floor space
- Garden Building Tower – with terrace-style gardens, similar to building in Malaysia, of a vertical nature; will use cactus-type plants with minimal water and care requirements
- Concept Design including conservatory (large building made for gardens), green roof, will appear to be continuation of building. One problem - hospital support building was viewed as an appendage – too small; needs to grow. Moved to one side, in different direction. Broke up long slab – shifted, took one floor off one building, put on the other, resulting in two-floor difference. Added community room and garden, terraces in center.
- Design Evolution – from straight corridors to identical rooms, to adding a curve (bend), to more fluid shape, with garden distributions in center and at ends
- Hospital Site Plan – position for third nursing tower, also future conference room
- Photo Montage – gardens at center and ends, glass. Dr. Kanter mentioned that currently, we can't bring patients outside due to fire code – will they be able to be outside here? He was answered affirmatively. Due to the terracing of the land, the central plant appears to disappear. The building appears to extend into the landscape. Bob Wells mentioned that he couldn't see the connection between the HSB (Hospital Services Building) and the hospital, and Dennis Mc Fadden replied that there was a bridge there but it did not appear on the model.

Dr. Kanter questioned the continuity of theme, suggesting a common element for PMC West and POM, such as a central fountain. Dennis McFadden answered that the central landscape will have a dominant impact, and reminded the Committee that the scales of the two facilities are very different. Michael Covert stated that there are challenges to figure out elements in common but with uniqueness as well as a cultural compatibility. Dr. Larson emphasized that there has been a

## Quarterly Facility Update

dramatic improvement from the original design, and that we are still working on design details. Michael Covert said that we now have a basic footprint, a structure to take to OSHPD for approval.

Jerzey Wollak made a partial presentation of the Design Studies at Pomerado Hospital, including:

- Bridges
- Terraces
- Stairs
- Atrium
- Patient Tower Design Development

Jerzey also presented the feedback from the Poway City Council Design Review Workshop on June 13, 2006. Many positive responses were noted. The city requires new architecture to be of a "Southwestern" style, so Pomerado was likened to a Hopi Indian village in Mesa Verde, Colorado, with terracing, small elements of design such as rounded towers, similar colors, and a more curving façade.

Steve Yundt presented a planning update on PMC West, largely focusing on the mock-up rooms, which included rooms such as acuity adaptable patient room, decentralized nurses' stations, labor/delivery room, NICU, a cath lab, an operating room, and an ED/Trauma room. Approximately 60 physicians toured these mock-up rooms on June 19, and many more employees toured on June 20 and June 21, with enthusiastic responses and feedback. Additional tours are currently being planned, and the next User Group meetings will be held in the mock-up rooms.

Mike Shanahan presented a brief update on the status of various projects at POM, including surface parking, waste management center, OSP building, mobile CT and MRI's, road improvements, signal lights, and Wound Care Center parking, and also presented a construction schedule. As of May 1, we are on track with construction, even with a 5-week delay due to unexpectedly dense, large rocks below the surface of the ground, which had to be excavated.

### COMMITTEE RECOMMENDATION:

Information:           X



**Finance Committee Date Change  
for Tuesday, July 25, 2006, Meeting**

**TO:** Board of Directors

**MEETING DATE:** Monday, July 17, 2006

**FROM:** Board Finance Committee  
Tuesday, June 27, 2006

**FROM:** Tanya Howell, Secretary

**BY:** Bob Hemker, CFO

**Background:** A request was made to change the date of the Finance Committee meeting scheduled on Tuesday, July 25, 2006, in Graybill Auditorium at Palomar Medical Center, 555 East Valley Parkway, Escondido, CA. A poll of the Board members on the Finance Committee resulted in a full complement for the new date of **Tuesday, August 1, 2006**, with the meeting to be held in **Meeting Room E, Pomerado Hospital, 15615 Pomerado Road, Poway, CA**. The timing would be 5:30 p.m. for dinner (for Board & Invited Guests Only), with a 6:00 p.m. meeting start time. The Finance Committee was requested to approve the changes in date and location.

**Budget Impact:** N/A

**Staff Recommendation:** Approval of the change in the date and location of the Tuesday, July 25, 2006, Finance Committee meeting to **Tuesday, August 1, 2006**, with the meeting to be held in **Meeting Room E, Pomerado Hospital, 15615 Pomerado Road, Poway, CA**; dinner at 5:30 p.m., meeting to begin at 6:00 p.m.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:** The Finance Committee approved the change in the date and location of the Tuesday, July 25, 2006, Finance Committee meeting to **Tuesday, August 1, 2006**, with the meeting to be held in **Meeting Room E, Pomerado Hospital, 15615 Pomerado Road, Poway, CA**; dinner at 5:30 p.m., meeting to begin at 6:00 p.m.

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**

**PALOMAR POMERADO HEALTH  
Education Session**

**TO:** Board of Directors

**MEETING DATE:** Monday, July 17, 2006

**FROM:** FACILITIES AND GROUNDS COMMITTEE  
Meeting of June 19, 2006

**BY:** Jim Flinn, CHE  
Chief Administrative Officer  
Pomerado Hospital

**Background:** Jim Flinn conducted a site visit and tour of the Phase I construction project at Pomerado Hospital, also providing a cost-accounting of this phase to date.

**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, July 17, 2006

**FROM:** FACILITIES AND GROUNDS COMMITTEE  
Meeting of June 19, 2006

**BY:** Jim Flinn, CHE  
Chief Administrative Officer  
Pomerado Hospital

**Background:** The next meeting is scheduled for Monday September 18, 2006, from 12 noon to 1:30 pm, to be held at Palomar Medical Center – Education Classroom and will include a tour of the construction projects in process.

**Budget Impact:** N/A

**Staff Recommendation:** INFORMATION

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**

**PALOMAR POMERADO HEALTH**  
**Project Updates**

**TO:** Board of Directors

**MEETING DATE:** Monday, July 17, 2006

**FROM:** FACILITIES AND GROUNDS COMMITTEE  
Meeting of June 19, 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
- PMC Imaging
- San Marcos School of Nursing
- Supply Chain Services Relocation
- PMC Facility Design

**Budget Impact:** NONE

**Staff Recommendation:** INFORMATIONAL ONLY

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**

**Professional Services and Medical Director Agreement  
Hospitalist Services – Pediatric Care Unit, Palomar Medical Center**

**TO:** Board of Directors  
**MEETING DATE:** Monday, July 17, 2006  
**FROM:** Board Finance Committee  
Tuesday, June 27, 2006  
**BY:** Diane Key, Service Line Administrator, Women & Children's Services

**BACKGROUND:** In order to meet the needs of children in North County, Palomar Medical Center established a Pediatric Hospitalist Service in 2002, following discussions with staff, physicians, Children's Hospital representatives and the community. Coverage was awarded to Neighborhood Healthcare (NHC) under a combined agreement for pediatric and adult hospitalist coverage. NHC has continued to provide adult hospitalist coverage to Palomar since 1999 and recently expanded their scope of coverage to include Pomerado Hospital. The agreement for Pediatric Hospitalist services expired in 2005, and PPH sought to unbundle the pediatric and adult coverage into separate agreements. In response to PPH's notice to renegotiate the agreement, Children's Specialists of San Diego (CSSD) expressed interest in providing pediatric hospitalist services. CSSD presently provides similar services at Children's Hospital. In view of multiple provider interest in the agreement, a Request for Proposal (RFP) process was initiated, and both entities were invited to respond.

The RFP responses were reviewed by administration, and CSSD leadership was interviewed to assure clear understanding by the parties of the intent and terms of the agreement. The Department of Pediatrics and the Medical Executive Committee at PMC were presented the recommendation to proceed with an agreement with CSSD for Pediatric Hospitalist Professional and Medical Director services, including on-call coverage for the unassigned Emergency Department and inpatient pediatrics.

The agreement calls for professional pediatric medical services by CSSD to be billed and collected by CSSD as compensation for professional services. PPH will provide compensation for medical director services and on-call unassigned emergency and inpatient pediatrics department coverage.

CSSD will be responsible for providing educational opportunities for physicians and hospital staff, participation in facility planning and the budget process, and improvement of clinical services provided by the pediatric department.

**BUDGET IMPACT:** Budgeted FY07

**STAFF RECOMMENDATION:** Staff recommends approval.

**COMMITTEE QUESTIONS:** Director Rivera questioned the use of Nurse Practitioners in lieu of Physicians for the Hospitalist Program.

**COMMITTEE RECOMMENDATION:** The Finance Committee recommends approval of the Professional Services and Medical Director Agreement for Hospitalist Services in the Pediatric Care Unit, Palomar Medical Center, *pending clarification that there will be certified Pediatric Nurse Practitioners providing professional services based on established procedures, that a Physician will be available at all times to provide back-up coverage, and that Nurse Practitioners, and that Nurse Practitioners will not be solely assigned as the Hospitalist in lieu of a Physician.*

**Motion:** X

**Individual Action:**

**Information:**

**Required Time:**

**PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT**

<b>Section Reference</b>	<b>Term/Condition</b>	<b>Term/Condition Criteria</b>
	<b>TITLE</b>	Professional Services and Medical Director Agreement, Hospitalist Services – Pediatric Care Unit, PMC
7.1	<b>AGREEMENT DATE</b>	July 1, 2006
Preamble	<b>PARTIES</b>	Children's Specialists of San Diego, Inc., and Palomar Pomerado Health
Recital E	<b>PURPOSE</b>	Administrative services and professional medical services for the pediatric hospitalist program
Exhibit A&B	<b>SCOPE OF SERVICES</b>	Provision of administrative and professional medical services for the pediatric hospitalist program, including on-call coverage for unassigned Emergency Department and inpatient pediatrics.
	<b>PROCUREMENT METHOD</b>	<input checked="" type="checkbox"/> Request For Proposal <input type="checkbox"/> Discretionary
7.1	<b>TERM</b>	Two years
	<b>RENEWAL</b>	N/A
7.2	<b>TERMINATION</b>	Without cause or penalty with no less than 90 days prior written notice, for cause as defined in the agreement
6.1 6.2	<b>COMPENSATION METHODOLOGY</b>	Compensation for administrative services. Professional medical services billing and collection responsibility of Children's Specialists of San Diego, Inc
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: Budgeted
Exhibit A&B	<b>EXCLUSIVITY</b>	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES – EXPLAIN: Administration recommends single provider group for scope of services to assure consistent administrative oversight and delivery of quality patient care services
	<b>JUSTIFICATION</b>	Required for consistent administrative oversight and professional medical services. To provide pediatric hospitalist services including on-call coverage for the unassigned Emergency Department and inpatient pediatrics
	<b>POSITION POSTED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <b>Methodology &amp; Response:</b> All PPH Medical Staff invited in writing to comment
	<b>ALTERNATIVES/IMPACT</b>	Hospitalist program would be eliminated resulting in a gap of services to patients/families and pediatricians in the community
Exhibit A&B	<b>Duties</b>	<input checked="" type="checkbox"/> Provision for Staff Education <input checked="" type="checkbox"/> Provision for Medical Staff Education <input checked="" type="checkbox"/> Provision for participation in Quality Improvement <input checked="" type="checkbox"/> Provision for participation in budget process development
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input type="checkbox"/> CAO <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee Finance <input type="checkbox"/> BOD

**PROFESSIONAL SERVICES AND MEDICAL DIRECTOR  
AGREEMENT**

**HOSPITALIST SERVICES**

**between**

**PALOMAR POMERADO HEALTH,  
a local health care district**

**and**

**CHILDREN'S SPECIALISTS OF SAN DIEGO, INC.**

**July 1, 2006**

## PROFESSIONAL SERVICES AND MEDICAL DIRECTOR AGREEMENT

THIS PROFESSIONAL SERVICES AND MEDICAL DIRECTOR AGREEMENT ("Agreement") is made and entered into effective July 1, 2006 by and between Palomar Pomerado Health, a local health care district organized pursuant to Division 23 of California Health and Safety Code ("PPH") and Children's Specialists of San Diego, Inc., a California professional corporation ("Medical Group").

### RECITALS

A. PPH is the owner and operator of Palomar Medical Center, a general acute care hospital located at 555 East Valley Parkway, Escondido, California (referred to herein as "Palomar" or "Hospital").

B. Hospital operates a Pediatric Care unit that provides comprehensive twenty-four (24) hour pediatric services for inpatients and outpatients of the Hospital (the "Department").

C. Medical Group is a professional medical corporation whose shareholder(s), employee(s), contracting physician(s) and Medical Directors ("Physicians") are duly qualified and licensed to practice medicine in the State of California, are experienced and qualified in the specialized field of Pediatric Hospitalist Medicine, and those providing services pursuant to this Agreement are members of the Medical Staff of Hospital ("Medical Staff"). As used in this Agreement, the term "Medical Group" shall include not only the professional medical corporate entity, but its employees, agents, directors, Physicians, contractors and subcontractors.

D. The Department consists of facilities and equipment owned by PPH and/or the Hospital and staffed by PPH employees.

E. PPH desires to retain Medical Group as an independent contractor to provide, through its Physicians and professional medical staff, certain administrative services ("Administrative Services") and professional medical services ("Professional Services") in the operation of the Department and has determined that this proposed arrangement with Medical Group will enhance the Department's and the Hospital's organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among the Department's providers and users.

F. PPH and Medical Group acknowledge and agree that this Agreement shall supercede the agreements, if any, previously entered into by the parties for the provision of Administrative Services and Professional Services in the Department.

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



and in the Ethics in Patient Referral Act.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### 1. MEDICAL GROUP SERVICES

1.1 **Medical Director of the Departments.** Medical Group shall provide a Medical Director to act as medical director of the Departments ("Medical Director") in accordance with the terms of this Agreement, the Medical Staff's bylaws ("Medical Staff Bylaws"), and the Hospital's bylaws, rules, regulations, policies, and procedures (collectively, "Hospital Bylaws"). Medical Director, at all times during the term of this Agreement, shall be duly licensed as a physician under California law, shall be board certified or eligible in Pediatrics and its sub-board of Hospitalists Medicine, shall be a member in good standing of the active Medical Staff, shall comply with all applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"), and shall hold all clinical privileges on the active Medical Staff of the Hospital appropriate to the discharge of his or her obligations under this Agreement. In the event Medical Group seeks to replace an existing Medical Director, such replacement shall be subject to written approval by PPH.

1.2 **Medical Director Administrative Duties.** Medical Director shall perform the Administrative Services as set forth on Exhibit A, attached hereto and incorporated herein by this reference. Medical Director and PPH shall use best efforts to meet monthly to discuss the performance of Administrative Services in the Departments.

1.3 **Administrative Hours.** Medical Director shall commit to a minimum of eight (8) hours per week onsite at Hospital and Medical Director shall set his or her own work schedule consistent with the proper operation of the Departments.

### 2. MEDICAL GROUP PROFESSIONAL SERVICES

2.1 **Provision of Professional Services.** One (1) Medical Group Physician shall be present in the Hospital to provide all Professional Services reasonably required for patient care and operation of the Department, as determined by the Hospital and the Medical Staff, during the Department's normal business hours of 8 a.m. to 5 p.m. Monday through Friday. The Professional Services shall include those listed in this Paragraph 2.1; Exhibit B, which is attached hereto and incorporated herein; other Professional Services that may be denoted throughout this Agreement; the services of other healthcare professionals that may be hired or retained by Medical Group through contractor or subcontractor services; and such other Professional Services that from time-to-time may be deemed necessary by Medical Director, the Hospital or the Medical Staff. Medical Group agrees to provide such services as an independent medical group of Hospital during the term of this Agreement, and, subject to the general qualifications set forth

below, shall be responsible for the manner and methods in which such services are provided. Medical Director or his/her designee shall have on-call administrative responsibility for the Department with respect to Professional Services, on a seven (7) day per week, twenty-four (24) hour per day basis. Medical Director or his/her designee does not need to be on the Hospital premises while on-call, but should be able to respond to a request to be at the Hospital within twenty minutes. In addition, Medical Group shall provide qualified Physicians or Nurse Practitioners ("NPs") to accept referrals from community physicians for pediatric patients requiring admission to the hospital. Medical Group also shall provide qualified Physicians or Nurse Practitioners to provide phone consultations to Emergency Room physicians treating pediatric patients.

2.2 **Nurse Practitioners.** Notwithstanding anything herein to the contrary, Medical Group may subcontract for Nurse Practitioner coverage to perform those Professional Services which fall within the scope of their practice as defined by the Medical Executive Committee of the Medical Staffs and in accordance with the standards and recommendations of the State of California, the JCAHO, the California Medical association and the Medical Staff Bylaws. The Nurse Practitioners shall be credentialed and privileged according to Hospital's Medical Staff Bylaws and approved by Hospital's Medical Executive Committee and PPH Board of Directors. The Nurse Practitioners shall be approved in writing by PPH, which approval will not be unreasonably withheld, prior to actually providing Professional Services. Medical Group shall ensure that the written subcontract between the Medical Group and each Nurse Practitioner shall contain a provision requiring the Nurse Practitioner to agree to be bound by any and all terms and conditions of this Agreement to which the Physicians are subject, including but not limited to the provision herein concerning independent contractor status and the provision requiring insurance to cover Professional Services under this Agreement. Medical Group shall supervise the care delivered by the Nurse Practitioners and indemnify and hold PPH and Hospital harmless as a result of any claim arising out of the negligent Professional Services provided by Nurse Practitioners or any claim asserted by a Nurse Practitioner against PPH or Hospital concerning the payment of wages or workers' compensation benefits.

2.3 **Coverage.** Medical Group shall ensure that at least one (1) Physician or Nurse Practitioner is on-call at the Hospital seven (7) days per week, twenty-four (24) hours per day. Medical Group shall post on a monthly basis in the Department the on-call schedule identifying the on-call Physician. The Physician or Nurse Practitioner does not need to be on the Hospital premises while on-call, but should be able to respond to a request to be at the Hospital within twenty minutes.

2.4 **Consultation.** Medical Group shall make available one (1) or more Physician(s) at reasonable times for consultation with PPH, with individual members of the Medical Staff (and physicians consulting with such staff members), with committees of the Medical Staff, and with nursing and administrative employees of the Hospitals, with regard to the Professional Services required to be provided in the Departments hereunder.

2.5 **Use of Premises.** In order to preserve the Hospitals' and PPH's exemption

from property and other taxes, pursuant to state and federal law, Hospital space must be used for Hospital purposes only, which include the provision of Professional and Administrative Services hereunder by Medical Group. Consequently, no part of the Department's premises shall be used at any time by Medical Group or any Physician as an office for personal use, including for the general/private practice of medicine. Neither Medical Group nor any Physician shall incur any financial obligation on behalf of PPH without PPH's prior written consent, which consent shall be in PPH's sole and absolute discretion.

### 3. QUALIFICATIONS

3.1 **General Qualifications.** Administrative Services and Professional Services (collectively, the "Services") shall be performed for Medical Group by Physicians and Medical Group represents and warrants to PPH that each Physician performing Administrative Services and Professional Services shall at all times (i) be qualified and licensed to practice medicine in the State of California, (ii) be a member in good standing of the active Medical Staff with such privileges as are necessary or appropriate to provide Professional Services, (iii) be board certified or eligible for certification by the American Board of Pediatrics and its sub-board of Hospitalist Medicine, provided that if a Physician eligible for certification does not become board certified within five (5) years after completion of his or her medical residency, Medical Group shall cause such Physician to immediately cease providing Professional Services hereunder, and except as otherwise provided herein, meet the American Board of Pediatrics and its sub-board of Hospitalist Medicine requirements, (iv) be in legitimate possession of all customary narcotics and controlled substances numbers and licenses as required by all federal, state and local laws and regulations, (v) comply with the Hospital Bylaws, (vi) maintain professional liability coverage in an amount and form acceptable to PPH, (vii) participate in continuing education as necessary to maintain licensure in the current standard of practice, (viii) comply with all applicable standards and recommendations of the JCAHO, (ix) comply with all of the laws, rules, and regulations of all governmental authorities having applicable jurisdiction, including Title 22 of the California Code of Regulations, and (x) comply with the standards of medical practices and professional duties established by the American Board of Pediatrics and its sub-board of Hospitalist Medicine, and the standards of practice in the community and as defined by the appropriate medical staff committee.

3.2 **No Adverse Proceeding.** Medical Group further represents and warrants to PPH that (i) no Physician has ever had his or her license to practice medicine in any state suspended, revoked or restricted, (ii) neither Medical Group nor any Physician has ever been reprimanded, sanctioned or disciplined by any licensing board or state or local medical society or specialty board, (iii) neither Medical Group nor any Physician has ever been excluded from participation in, or sanctioned by, any state or federal health care program, including, but not limited to Medicare or Medicaid, and (iv) no Physician has ever been denied membership or reappointment of membership on the medical staff of any hospital and no hospital medical staff membership or clinical privileges of Physician have ever been suspended, curtailed or revoked for a medical disciplinary cause or reason.

#### 4. RIGHTS AND OBLIGATIONS

4.1 **Referral Prohibition.** Medical Group shall in no event refer or admit any patient to any hospital or other provider of health care services which has been excluded from participation in the Medicare program.

#### 4.2 **Independent Contractor.**

4.2.1 In the performance of the duties and obligations of Medical Group hereunder, it is mutually understood and agreed that Medical Director, Medical Group, its employees, Physicians, agents, or subcontractors and Nurse Practitioners retained by Medical Group to provide Professional Services under this Agreement are at all times acting and performing as independent contractors, and nothing in this Agreement is intended nor shall be construed to create between PPH, the Hospital and Medical Director, Medical Group, its employees, agents, subcontractors, Nurse Practitioners or Physicians, an employer/employee, joint venture, lease or landlord/tenant relationship. In that regard, neither PPH nor the Hospital shall have or exercise any control or direction over the methods by which Medical Director, Medical Group or any of its Physicians, employees, agents, subcontractors or Nurse Practitioners perform their duties, work, functions or Services or over any best medical, professional or clinical judgment of any Medical Director, Physician or Nurse Practitioner. The standards of medical practice and professional duties of Medical Group shall be determined by the Medical Staff and prevailing professional standards. In furtherance of the independent status of the parties, Medical Group shall not, and shall cause each Medical Director, Physician, subcontractor, agent, employee, or Nurse Practitioner to not, hold itself, himself or herself or themselves out as an officer, agent or employee of PPH and/or the Hospital, and shall take all reasonable steps to disavow such status or relationship in every instance where a reasonable party might assume that such a relationship exists between the parties. Medical Group, as an independent contractor, agrees to pay in a timely manner all social security and other payroll taxes relating to any compensation to be paid to its Medical Director, employees, Physicians, agents, subcontractors, or Nurse Practitioners. Medical Group also shall reimburse or otherwise indemnify PPH for all costs incurred, if Medical Group, its Medical Director or any of its employees, Physicians, agents, subcontractors, or Nurse Practitioners are held to be an employee or agent of PPH or the Hospital for any purpose. The sole interest and responsibility of PPH and the Hospital is to assure that the Services covered by this Agreement shall be performed and rendered in a competent, efficient, and satisfactory manner. PPH shall, at no time during the term of this Agreement, or for a period of one (1) year immediately following termination of this Agreement, interfere with any contractual relationship between Medical Group and any of its employees.

4.2.2 In the event any governmental entity, including without limitation, the Internal Revenue Service, should question or challenge the independent contractor status of Medical Group, its Medical Director, employees, Physicians, agents, subcontractors or Nurse Practitioners with respect to PPH or the Hospital and the Services rendered hereunder, the parties hereto mutually agree that both Medical Group and PPH shall have the right to participate in any discussion or negotiation occurring with such governmental entity, regardless of who initiated such discussions or negotiations. In the event the governmental entity concludes that an independent contractor relationship does not exist, PPH may terminate this Agreement

immediately upon written notice to Medical Group.

4.3 **Medical Group Obligations to Its Personnel.** Medical Group shall be solely responsible for and shall indemnify, defend and hold PPH harmless from and against any and all claims related to the satisfaction of any and all obligations it assumes with respect to any Medical Directors, partners, shareholders, associates, employees or contractors it retains, employs or contracts with to assist in its performance of this Agreement. Such obligations shall include, but not be limited to, claims for wages, salaries, benefits, taxes and other withholdings, payment of all federal and state withholding taxes applicable to employees, compliance with federal and state wage-hour (including overtime), workers' compensation or unemployment insurance obligations, and other applicable taxes and contributions to government-mandated employment related insurance and similar programs, if any. At the request of PPH, Medical Group shall provide PPH with certificates or other evidence satisfactory to PPH that Medical Group has complied with such requirements.

4.4 **Performance Standards For Medical Group and Physicians.**

4.4.1 Medical Group and its Medical Director and Physicians shall use best efforts to meet patient satisfaction standards mutually agreeable to Medical Group and PPH.

4.4.2 No Physician or Medical Director shall be the subject of more than one (1) Medical Staff disciplinary action in any twelve (12) month period or more than two (2) during the term of this Agreement, provided that, in PPH's sole discretion, PPH may request removal of a Physician or Medical Director based upon a single Medical Staff action.

4.4.3 Each Physician and Medical Director shall ensure that his or her professional competence and skills remain within the standard of care for the practice of his or her specialty and shall attend and participate in approved continuing medical education courses applicable to the Services.

4.4.4 PPH, in consultation with Medical Director, may develop a survey to measure the satisfaction of professional users of the Department (other members of the Medical Staff, etc.) with the quality of care rendered in the Department. The survey shall be implemented using standards mutually agreeable to PPH and Medical Director.

4.4.5 Hospital may establish a grievance procedure to address the concerns of patients. Medical Group, Medical Director and each Physician shall be bound by such grievance procedure, and, if requested, the Physicians and Medical Director may be required to serve on a grievance review committee, in accordance with such procedures as PPH may establish.

4.4.6 Each Physician and Medical Director shall cooperate positively with PPH and its Hospital in the accomplishment of the goals of PPH and its Hospital, shall share information with PPH and the Hospital appropriately and in a timely manner, and shall not engage in a pattern of repeated lack of cooperation and negative interpersonal relations.

4.4.7 As and to the extent reasonably requested, the Medical Director and

Assistant Medical Director shall, without compensation, serve on and participate in any and all credentialing, quality assurance, peer review and utilization review committees applicable to the performance of Services.

4.4.8 As and to the extent reasonably requested, each Physician shall, without compensation, participate in and cooperate fully with any and all credentialing, quality assurance, peer review and utilization review procedures, and programs applicable to the performance of Services.

4.5 **Loss or Limitation.** In the event Medical Group, Medical Director or any Physician providing Services under this Agreement fails to comply with any requirement set forth in Section 3 or any loss, sanction, suspension or material limitation of their respective licenses, federal Drug Enforcement Agency ("DEA") numbers, right to participate in the Medicare or Medi-Cal programs, malpractice insurance or Medical Staff membership or clinical privileges at the Hospitals, Medical Group shall notify PPH within seventy-two (72) hours of receiving knowledge of such event.

4.6 **Medical Records and Claims.** Medical Group shall cause a complete medical record to be timely and legibly prepared and maintained for patients. This record shall be made on forms provided by PPH. Medical Group shall maintain financial books and records, in accordance with industry standards, and in compliance with all state and federal laws and regulations, the regulations and requirements of the voluntary professional facility accrediting institutions in which Hospital participates, and the Medical Staff Bylaws and Hospital Bylaws. Medical Group shall maintain and provide all such books and records to patients and PPH and/or the Hospital, and to state and federal agencies, including without limitation the California Commissioner of Corporations or its successor, as may be necessary for Medical Group, PPH and/or the Hospital to comply with applicable state, federal, and local law and regulation and with contracts between PPH or the Hospital and payors. Medical Group and each of its Physicians shall cooperate with PPH and the Hospital in completion of such claim forms for the Department's patients as may be required by insurance carriers, health care service plans, governmental agencies or other payors. Medical Group shall retain its records and information for at least six (6) years after the termination of this Agreement. The parties acknowledge and agree that any and all, medical records and charts, and any other document associated with the Department or the provision of Services pursuant to this Agreement shall be and remain the property of PPH and/or the Hospital, subject to the rights in said records and charts by the applicable patient.

## 5. PPH OBLIGATIONS

5.1 **Administrative Liason.** PPH shall provide an administrative liason for the Department who shall be responsible and accountable to PPH for administrative and technical functions, including supervision, selection, assignment, and evaluation of PPH and Hospital personnel; maintenance of equipment; development of annual budget; and acquisition of materials, supplies, and equipment ("Administrative Liason"). In the event of any dispute between Medical Director and Administrative Liason regarding their respective administrative responsibilities, such dispute shall be submitted to each Hospital's Chief Nursing Executive, or

his or her designee, whose decision shall be final and binding upon the parties hereto.

5.2 **Space and Use of Premises.** PPH shall furnish for the use of Medical Group such space and facilities as may be deemed necessary by PPH and/or the Hospital for the proper operation and conduct of the Department. Such space and facilities may change from time to time depending upon needs as determined by PPH and/or the Hospital in their sole discretion, but should include at a minimum, an office and a sleeping area.

5.3 **Equipment.** PPH shall furnish for the use of the Department such equipment as is deemed necessary by PPH and the Hospital for the proper operation and conduct of the Department. PPH shall keep and maintain this equipment in good order and repair and replace such equipment or any part of it that becomes worn out. Obligations of PPH under this Section shall be subject to the availability of funds, and to obtaining all necessary government approvals, if any.

5.4 **PPH Services and Supplies.** PPH shall provide or arrange for the provision of ordinary janitorial services, maintenance, housekeeping services, disposal of clinical waste, laundry and utilities, together with such other PPH services, including medical records, administrative, local and long distance telephone services, engineering services, and expendable supplies as PPH and/or the Hospital deem necessary for the proper operation and conduct of the Department.

5.5 **PPH Personnel.** PPH shall provide all non-physician personnel, excluding Nurse Practitioners that may be separately retained by Medical Group. PPH-provided non-physician personnel may include but may not be limited to a nursing coordinator, technicians, therapists, and clinical personnel that PPH and/or the Hospital deem necessary for the proper operation and conduct of the Department. PPH shall consult with Medical Group regarding the Department's personnel. With the advice and recommendation of Medical Group, PPH shall establish and classify all non-physician positions and shall designate the persons assigned to each non-physician position, with the exception of any Nurse Practitioners retained by Medical Group. While Medical Group shall have input into non-physician employee performance reviews from a quality of care and technical standpoint, with the exception of Nurse Practitioners retained by Medical Group, it is specifically agreed that PPH shall retain ultimate control of the selection, scheduling, and discharge of such employees and/or any direct disciplinary measures as needed. Medical Group shall, at no time during the term of this Agreement, or for a period of one (1) year immediately following termination of this Agreement, interfere with any contractual relationship between PPH and any of its employees.

5.6 **PPH Performance.** The responsibilities of PPH pursuant to Section 5 hereof shall be subject to PPH's usual purchasing practices, budget limitations, governmental approvals, and applicable laws and regulations.

5.7 **Performance Evaluation.** Hospital shall conduct an annual performance evaluation of the Medical Director and Medical Group related to job duties, peer and Department satisfaction and project completion and the results of that evaluation will be shared with Medical Director and Medical Group.

## 6. BILLING AND COMPENSATION

6.1 **Administrative Services.** Medical Group shall, on a monthly basis on or before the fifth (5th) day of each calendar month during the entire term of this Agreement, commencing with the second (2nd) calendar month of the term of this Agreement, submit a written invoice to PPH in a form acceptable to PPH, detailing to PPH's satisfaction the date, time, number of hours and description of activities spent by Medical Group and its Medical Director, employees, Physicians, agents and subcontractors in performing the Administrative Services required under this Agreement during the immediately preceding calendar month.

In consideration of the Administrative Services to be provided under this Agreement, and expressly conditioned upon Medical Group's timely submission to PPH of the monthly invoice required pursuant to this Section 6.1, PPH agrees to pay to Medical Group  
per month during the term hereof, payable monthly on or before the fifteenth (15th) day of each month, with respect to the preceding calendar month. Hospital shall prorate monthly payments based on actual Services provided.

### 6.2 **Professional Services Billing and Collection.**

6.2.1 Medical Group shall bill and collect directly from patients, and/or their insurance company, for Professional Services provided hereunder by its Medical Director, Physicians, employees, agents and subcontractors in accordance with the fee schedule described in Section 6.3.2; and such collections shall constitute the sole compensation for Medical Group and its Medical Director, Physicians, employees, agents and subcontractors for such Professional Services provided under this Agreement. Neither Medical Group nor its Medical Director, Physicians, employees, agents or subcontractors may make any claim upon PPH or Hospital for reimbursement of any Professional Services that cannot be collected from patients, insurers, Medicare, Medi-Cal or other third party programs. Medical Group shall bill and collect for Professional Services in compliance with applicable laws, customary professional practices, and the requirements of the Medicare and Medi-Cal Programs, and, as applicable, other third party programs, whether public or private. Medical Group shall, at PPH's request, make periodic accounting to PPH of billings and collections, which identifies patients, services, and fees. PPH shall have reasonable access to Medical Group's records in order to assure Medical Group's compliance with this Agreement. Medical Group shall promptly correct any billing errors documented by PPH. Medical Group shall accept assignment with respect to Professional Services provided to Medicare beneficiaries and shall execute such other documents and to take such other actions as may be necessary or appropriate to effectuate the acceptance of Medicare assignment.

6.2.2 Medical Group shall prepare a fee schedule of all Professional Services provided by Medical Group, its Medical Director, Physicians, employees, agents and subcontractors, which shall be in general accordance with customary local fees for comparable services. A copy of Medical Group's current fee schedule is attached hereto as Exhibit F and incorporated herein by this reference. Medical Group shall provide PPH with a copy of any amendments to the fee schedule.



6.2.3 PPH shall be responsible for, and solely entitled to, bill and collect for all Administrative Services and Professional Services furnished by its own Medical Staff, employees, agents, or subcontractors at the Departments.

6.2.4 Neither PPH nor Medical Group shall bill for or have any claim or interest in or to the amounts billed by the other party.

6.3 **Records.** Medical Group shall maintain such records and supporting documents as may, from time to time, be required to comply with the requirements of governmental agencies and third party payors, including:

6.3.1 Preparing complete and accurate time records which document separately all time spent providing Administrative Services hereunder, in the form acceptable to PPH;

6.3.2 Executing and updating at such times and on such form(s) as requested by PPH, a written allocation statement specifying the respective amounts of time to be spent in furnishing Services, in order to comply with Medicare requirements; and

6.3.3 Completing or assuring the prompt completion of all patient charts and other written records necessary to be maintained with respect to the Department, including all Services provided under this Agreement.

## 7. TERM AND TERMINATION

7.1 **Term.** This Agreement shall commence on July 1, 2006 and shall continue for two (2) years, unless terminated sooner as provided in this Agreement.

### 7.2 **Termination of Agreement.**

7.2.1 Notwithstanding any other provisions of this Agreement, this Agreement may be terminated upon any of the following:

7.2.1.1 Either party may terminate this Agreement, without cause or penalty, by giving no less than ninety (90) days' prior written notice to the other party.

7.2.1.2 Either party may terminate this Agreement on thirty (30) days' prior written notice to the other party if the party to whom such notice is given is in breach of any material provision of this Agreement. The party giving such notice of termination shall set forth in the notice the facts underlying its claim that the other party is in breach of this Agreement. Notwithstanding the foregoing, this Agreement shall not terminate in the event that the breaching party cures the breach, to the satisfaction of the non-breaching party, within twenty (20) days of the receipt of such written notice.

7.2.2 Notwithstanding the foregoing, PPH shall have the right to immediately terminate this Agreement, by giving written notice to Medical Group, upon the occurrence of any one (1) or more of the following events:

7.2.2.1 If Medical Group has sold or otherwise transferred all or substantially all of its assets, has merged with another entity or has dissolved;

7.2.2.2 If Medical Group has become insolvent or has filed for or declared bankruptcy, or has had its assets administered in any type of creditor's proceeding;

7.2.2.3 If PPH determines in good faith that any aspect of the performance of Medical Group, Medical Director, Physician, contractor or other person retained by Medical Group to provide services under this Agreement endangers patient safety and such person is not removed by Medical Group from providing Professional Services pursuant to this Agreement within five (5) days of PPH's notice to Medical Group;

7.2.2.4 If Medical Group utilizes individuals who have not been approved by PPH or continues to utilize Physicians whose approval has been withdrawn by PPH and such person is not removed within five (5) days of PPH's notice to Medical Group;

7.2.2.5 If the insurance required of Medical Group, its Medical Director, Physicians or subcontractors hereunder is canceled, decreased or not renewed for any reason;

7.2.2.6 Upon (i) the death or permanent disability of Medical Director, (ii) the loss, restriction or suspension of his or her status as a member of the active Medical Staff, (iii) the loss, restriction or suspension of his or her privileges necessary to perform Services hereunder, or (iv) Medical Director's conviction of a crime punishable as a felony or exclusion from participation in any state or federal health care program, including, but not limited to Medicare or Medicaid; provided however, this Agreement shall not be immediately terminated by PPH if the parties meet and agree within thirty (30) days of such meeting that an alternative, acceptable Medical Director can adequately assume the duties of Medical Director. For purposes of this Agreement, the term "permanent disability" is defined as the inability of Medical Director to serve as Medical Director for a period in excess of ninety (90) consecutive days, or ninety (90) days in the aggregate over any three (3) month period;

7.2.2.7 If Medical Group or Hospital fails to maintain compliance with all of the representations and warranties set forth in this Agreement;

7.2.2.8 If Medical Group fails to provide Professional Services required by this Agreement in accordance with the level of quality of care specified in this Agreement, applicable law, Bylaws of Hospital's Medical Staff, or any standards promulgated by any accreditation or professional body applicable to PPH, the Hospital or Medical Group. In arriving at its determination of Medical Group's failure to provide Professional Services at the required standards (the "Determination"), PPH or Hospital, at their discretion, may obtain the review and recommendation of an outside consultant in the medical field independent of the Medical Staff;

7.2.2.9 If, after receiving fifteen (15) days' notice from PPH, Medical

Group fails to remove a Physician or subcontractor that PPH or the Hospital has determined fails to provide Professional Services required by this Agreement in accordance with the level of quality of care specified in this Agreement, applicable law, PPH's or the Hospital's Medical Staff Bylaws or any standards promulgated by any accreditation or professional body applicable to PPH, the Hospital or Medical Group; or

7.2.2.10 If, after receiving fifteen (15) days' notice from PPH, Medical Group fails to remove a Physician or subcontractor who, in the determination of PPH or the Hospital, has engaged in a pattern of repeated and continuous lack of cooperation and/or negative interpersonal relations.

7.3 In the event the parties are unable to develop a revised Agreement in accordance with Section 9.6, PPH or Medical Group may elect to terminate this Agreement upon thirty (30) days written notice to the other Party.

7.4 In the event legal counsel for either party advises that this Agreement or any practices which could be, or are, employed in exercising rights under this Agreement poses a material risk of violating any of the legal requirements referenced in Sections 9.5 or 9.7 or any legal requirement related to PPH's tax exempt status or tax exempt bond financing, the parties in good faith shall undertake to revise this Agreement to comply with such legal requirements. In the event the parties are unable to agree upon the revised terms within thirty (30) days thereafter, either party may terminate this Agreement immediately upon written notice to the other.

#### 7.5 Effect of Termination.

7.5.1 Upon expiration or termination of this Agreement, neither party shall have any further obligation hereunder except for (i) obligations due and owing which arose prior to the date of termination; (ii) obligations, promises or covenants contained herein which reasonably, impliedly or expressly extend beyond the term of this Agreement (e.g., insurance coverage); and (iii) Medical Group shall continue to provide Professional Services to patients under its care in the Department at the time of expiration or termination, until the patient's course of treatment is completed or is transferred to the care of another physician(s).

7.5.2 Upon expiration or termination of this Agreement, and upon PPH's request, Medical Group and its Medical Director, Physicians, subcontractors and employees shall immediately vacate the Department's premises on the effective date of the termination or expiration, removing at such time any and all of their personal property. PPH may remove and store, at Medical Group's expense, any personal property that Medical Group or its Medical Director, Physicians, subcontractors and employees have not so removed.

7.5.3 Following the expiration or termination of this Agreement, Medical Group shall not do anything that might interfere with any PPH efforts to contract with any other individual or entity for the provision of services or to interfere in any way with any relationship between PPH and physicians who may replace Medical Group who are not employed by Medical Group.

## 8. INSURANCE AND INDEMNIFICATION

8.1 **Medical Group Insurance.** Medical Group shall maintain at Medical Group's sole expense, a policy or policies of professional liability insurance as required by this Section. Such insurance shall provide coverage for Medical Group as the named insured, and such policy shall cover any acts of Medical Group, Medical Director, Physician or subcontractors' professional negligence which may have occurred during the relevant term and said policies of insurance shall be written with limits of liability of at least the minimum coverage required from time to time by the Hospitals' Medical Staff Bylaws, but in any event no less than One Million Dollars (\$1,000,000) per claim/Three Million Dollars (\$3,000,000) annual aggregate for "claims made" insurance coverage. Medical Group further shall maintain "continuous coverage", as defined by this Section for the entire relevant term. The relevant term shall commence with the effective date of the first agreement between the parties regarding the matters described herein, and shall continue through the term of this Agreement, as well as any extensions or renewals hereof, and for a period thereafter of no less than four (4) years. In order to maintain continuous coverage for the entire relevant term Medical Group shall, if it changes insurers for any reason, take the necessary actions required in order to provide continuous coverage by either obtaining "tail" insurance from the preceding carriers, or "nose" insurance from the subsequent carriers. In order to satisfy the requirements of this Section, the "tail" insurance must be of either an unlimited type or of the type which would extend the discovery period beyond the last effective day of the last contract between the parties for a period of four (4) years. In order to satisfy the requirements of this Section for "nose" insurance, the retroactive effective date for such insurance must be at least the first date of the relevant term noted above. Medical Group will provide proof of current insurance and, in the event of termination, expiration, non-renewal or cancellation of any of the aforesaid policies of insurance, Medical Group shall give the Hospital and PPH written notice thereof within five (5) business days of Medical Group's receipt of such notification from any of its insurers. In the event Medical Group fails to procure, maintain or pay for said insurance as required herein, PPH shall have the right, but not be obligated to obtain such insurance, or PPH may deem Medical Group to be in material breach of this Agreement. If PPH opts to obtain insurance on behalf of Medical Group, Medical Group shall reimburse PPH for the cost thereof and failure to repay the same upon demand by PPH shall constitute a material breach hereunder.

### 8.2 **Indemnification.**

8.2.1 Medical Group shall indemnify and hold harmless PPH, its parents and subsidiaries, officers, directors, trustees, attorneys, employees and agents, individually and collectively, from any claim, demand, liability, loss, judgment, settlement, suit, action, cost or expense, including attorneys fees, which result from the negligence of Medical Director, Medical Group, or its employees, agents, subcontractors, or Physicians in providing any services under this Agreement or for breach of this Agreement.

8.2.2 PPH shall indemnify and hold harmless Medical Group, Medical Director and Physicians from any claim, demand, liability, loss, judgment, settlement, suit, action, cost or expense including attorney's fees, which result only from the provision or failure to provide the Administrative Services required to be performed pursuant to this agreement or which results

from the negligence of PPH personnel.

## 9. GENERAL PROVISIONS

9.1 Agreement Binding Upon Physicians, et al. All obligations and prohibitions imposed on Medical Group under this Agreement are equally binding upon each Physician, Medical Director, employee, agent or subcontractor providing Services hereunder. Medical Group shall assure that each Physician and Medical Director understands and agrees to be bound by this Agreement, and Medical Group shall deliver to PPH a letter executed by each Physician and Medical Director confirming the same, in the form attached hereto as Exhibit D.

### 9.2 Confidentiality.

9.2.1 This Agreement is personal and confidential between the parties, and the parties hereto shall not release information concerning this Agreement to any person without the written consent of the other party. This prohibition against release of information shall not apply to any information required to be released by contracts existing as of the date of this Agreement, or to fiscal intermediaries, public agencies or commissions with government powers and duties related to disclosure of information having the right to compel disclosure of such information, nor to any information otherwise compelled to be released by process of law, nor to any information required to be disclosed to PPH's representatives or others in connection with the tax exempt bonds or PPH, Hospital, or other financing transactions.

9.2.2 All records, files, proceedings and related information of Medical Group, Medical Director, PPH, the Hospital and the Medical Staff and its committees pertaining to the evaluation and improvements of the quality of patient care at the Hospital shall be kept strictly confidential by Medical Group. Medical Group shall not, and shall cause its Physicians to not voluntarily disclose such confidential information, either orally or in writing, except as expressly required by law or pursuant to written authorization by PPH. This provision shall survive the termination of this Agreement.

9.2.3 Notwithstanding any provision herein to the contrary, any and all patient records and charts produced as a result of either party's performance under this Agreement shall be and remain the property of PPH and/or the Hospital. Both during and after the term of this Agreement, Medical Group or its agents shall be permitted to inspect and/or duplicate, at Medical Group's expense, any individual chart or record to the extent necessary to meet its professional responsibilities to such patient(s) and/or to assist in the defense of any malpractice, compliance or similar claim to which such chart or record may be pertinent, provided that such inspection or duplication is permitted and conducted in accordance with the applicable legal requirements and pursuant to commonly accepted standards of patient confidentiality. Medical Group shall be solely responsible for maintaining patient confidentiality with respect to any information obtained by it or its agents pursuant to this Section.

9.2.4 Medical Group and PPH acknowledges that in connection with

performance under this Agreement, Medical Group and PPH may or will have access to and the use of confidential information and trade secrets (the "Confidential Information") of the Group and PPH, which may include, but may not be limited to, billing information, financial statements, internal memoranda, reports, patient lists, and other materials or records of a proprietary nature. In order to protect the Confidential Information, Medical Group and PPH agree that neither party nor their agents will, after the date of this Agreement and for so long as any such Confidential Information remains confidential, secret or otherwise wholly or partially protectable, use such information (except in connection with the performance of duties hereunder) or divulge the Confidential Information to any third party, without first obtaining the prior written consent of the Chief Executive Officer of Group or PPH or his or her designee.

### 9.3 Access to Medical Group Books and Records.

9.3.1 Medical Group shall, in connection with the subject of this Agreement, cooperate fully with PPH, by, among other things, maintaining and making available all necessary books, documents and records, in order to assure that PPH will be able to meet all requirements for participation and payment associated with public or private third party payment programs, including matters covered by Section 1861(v)(1)(I) of the Social Security Act, as amended.

9.3.2 For the purpose of implementing Section 1861(v)(1)(I) of the Social Security Act, and any written regulations thereto, Medical Group shall comply with the following statutory requirements governing the maintenance of documentation to verify the cost of services rendered under this Agreement:

9.3.2.1 Until the expiration of four (4) years after the furnishing of services pursuant to the Agreement, Medical Group shall make available to the Secretary of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, upon written request of any of them, this Agreement, and all books, documents and records that are necessary to certify the nature and extent of the cost of services hereunder, and

9.3.2.2 If Medical Group carries out any of the duties of this Agreement through a subcontract with a value or cost of Ten Thousand Dollars and No/100 (\$10,000) or more over a twelve (12) month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request to the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents, and records of such organization that are necessary to verify the nature an extent of such costs.

9.3.3 If Medical Group is requested to disclose books, documents or records pursuant to this Section, Medical Group shall notify PPH of the nature and scope of such request and Medical Group shall make available, upon written request of PPH, all such books, documents or records, during regular business hours of Medical Group.

9.3.4 This Section pertains solely to the maintenance and disclosure of specified records and shall have no effect on the right of the parties to this Agreement to make assignments or delegations.

9.4 **Compliance with Laws.**

9.4.1 Medical Group and its Medical Director, employees, Physicians, agents, and subcontractors shall comply with the bylaws, rules, regulations, policies and standards of PPH and the Hospital's Medical Staff, as may be in effect from time to time. PPH & Medical Group shall comply with all applicable laws, rules, and regulations of all governmental authorities and accrediting agencies, having jurisdiction over PPH, the Hospitals, physicians, and/or this Agreement, including all hospital and professional licensure and reimbursement laws, regulations, and policies.

9.4.2 PPH & Medical Group agree not to differentiate or discriminate in their provision of Services to patients due to race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, age, medical condition, medical history, genetics, evidence of insurability, or claims history, in violation of any applicable state, federal or local law, or the rules and regulations of PPH and the Hospital, with respect to such matters. In this regard and not by way of limitation to any other provision hereof, PPH & Medical Group and its Medical Director, Physicians, employees, agents and subcontractors shall comply with the Age Discrimination Act of 1975 and the Americans with Disabilities Act, as amended, and all regulations issued pursuant thereto applicable to the services of Medical Group and its Medical Director, Physicians, employees, agents, and subcontractors under this Agreement.

9.5 **Changes in Laws.** In the event there are any changes in Medi-Cal, Medicare, JCAHO accreditation guidelines or requirements, federal or state tax exemption requirements, and/or substantial changes under other public or private health and/or hospital care insurance programs or policies which may have a material effect on the operations of PPH or the Hospitals, PPH may elect to renegotiate this Agreement. PPH shall indicate the basis upon which it has determined that such a material impact on its operations may result. In any case where such notice is provided, both parties shall negotiate in good faith during the thirty (30) day period thereafter in an effort to develop a revised Agreement, which, to the extent reasonably practicable, will adequately protect the interests of both parties in light of the changes which constituted the basis for the exercise of this provision.

9.6 **Verification of Costs.** If and to the extent required by Section 1395x(v)(1) of Title 42 of the United States Code, until the expiration of four (4) years after termination of this agreement, PPH shall make available, upon written request to the Secretary of the United States Department of Health and Human Services, or upon request to the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of this agreement such books, documents and records as are necessary to certify the nature and extent of costs of services provided by PPH under this Agreement. PPH further agrees that in the event PPH carries out any of its duties under this agreement through a subcontract with a related organization with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve

month period, such subcontract shall contain a provision requiring the related organization to make available until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract upon written request to the Secretary of the United States Department of Health and Human Services, or upon request to the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of such subcontract and such books, documents and records of such organization as are necessary to verify the nature and extent of such costs.

9.7 **Anti-Referral Laws.**

9.7.1 Nothing in this Agreement, nor any other written or oral agreement, nor any consideration in connection with this Agreement contemplates or requires the admission or referral of any patient to Hospital. This Agreement is not intended to influence the judgment of Medical Group or its Medical Director, employees, Physicians, agents or subcontractors in choosing the medical facility appropriate for the proper care and treatment of their patients.

9.7.2 PPH and Medical Group acknowledge and agree that (i) this Agreement covers all of the facilities and services provided by Medical Group and its Medical Director, employees, Physicians, agents and subcontractors to PPH and the Hospital or by PPH and the Hospital to Medical Group and its Medical Director, employees, Physicians, agents or subcontractors with respect to the Departments, and (ii) the overall value of the facilities and services by and between PPH and Medical Group are substantially equivalent. In the event PPH and Medical Group enter into any other agreements pursuant to which Medical Group provides facilities or services to PPH or PPH provides facilities or services to Medical Group, PPH and Medical Group shall execute and attach hereto an addendum which cross-references any such other agreements.

9.8 **Disclosure of Interests.** In order to permit compliance with federal anti-referral statutes and regulations commonly known as Stark I and II (42 U.S.C. Section 1395nn), as those statutes and regulations may be amended from time to time, Medical Group agrees to provide to PPH upon request with information sufficient to disclose any ownership, investment or compensation interest or arrangement of Medical Group, its Medical Director, Physicians or any such Physicians' immediate family member, in any entity providing "designated health services", as that term is defined in applicable statutes and regulations. In addition Medical Group and its Medical Director and Physicians shall inform PPH of any other arrangements that may present a conflict of interest or materially interfere with Medical Group's performance of its duties under this Agreement. PPH may exercise its right to terminate this Agreement under Section 7.2.2 above if Medical Group or any Medical Director or Physician pursues or engages in conduct that does constitute a conflict of interest or that materially interferes with (or is reasonably anticipated to interfere with) Medical Group's performance under this Agreement.

9.9 **Dispute Resolution: Arbitration.**

9.9.1 Any controversy or dispute between Medical Group and PPH concerning



the performance, termination or interpretation of this Agreement shall be resolved through arbitration proceeding under the Federal Arbitration Act and before the American Arbitration Association (AAA) in accordance with AAA's Commercial Arbitration Rules at the AAA location closest to PPH's office. The administrative cost of the arbitration and the arbitrator's fee shall be shared equally by the parties.

9.9.2 The Arbitrator shall have no authority or power to amend or modify the terms of this Agreement. All arbitration decisions shall be final and binding on the parties. The prevailing party, as determined by the Arbitrator in his or her decision, shall be awarded an amount equal to its reasonable attorneys' fees incurred in connection with such arbitration, in addition to any other relief that may be awarded.

9.9.3 Judgment upon any award rendered by the Arbitrator may be entered in any court having jurisdiction.

9.9.4 Notwithstanding the contrary provisions of this Section, each of the parties hereto shall have the right to apply for and obtain a temporary restraining order or other temporary, interim or permanent injunctive or equitable relief from a court of competent jurisdiction in order to enforce the provisions of any part of this Agreement as may be necessary to protect its rights under those Sections. Each party shall bear its own costs and attorneys' fees in the event that such action is taken.

9.10 **Assignment and Delegation.** Neither this Agreement nor any of the rights or duties under this Agreement may be assigned by either party without the prior written consent, except as expressly authorized in this Agreement. Any change, whether occurring in one (1) or multiple transactions over the term of this Agreement, (i) in a majority of the equity ownership of Medical Group, or (ii) in more than one-third of the Physicians in Medical Group, and that materially affects the services provide by Medical Group under this Agreement shall constitute a prohibited assignment or delegation by Medical Group within the meaning of this Section. Any attempted or purported assignment by Medical Group in violation of this provision shall be void.

9.11 **Binding on Successors in Interest.** The provisions of this Agreement and obligations arising hereunder shall extend to and be binding upon and inure to the benefit of the assigns and successors of each of the parties hereto.

9.12 **Notice.** Any notice required to be given hereunder shall be in writing and delivered by registered or certified mail, return receipt requested, at the applicable addresses listed below, or at such other addresses as a party may hereafter designate to the other:

If to PPH and/or the Hospital: Palomar Medical Center

555 E Valley Parkway  
Escondido, CA 92025  
Attention: Diane Key, Service Line  
Administrator, Women's and Children's  
Services

If to Medical Group:

Children's Specialists of San Diego, Inc.  
3030 Children's Way, Suite 213  
San Diego, CA 92123  
Attention: Larry Silvia

with copy to:

Physician Management Group  
3860 Calle Fortunada, #210  
San Diego, CA 92123  
Attention: General Counsel

All notices shall be deemed given on the third (3<sup>rd</sup>) business day after such notice is deposited in the United States mail, addressed and sent as provided above.

9.13 **Governing Law.** The validity, interpretation, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California.

9.14 **Severability.** The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

9.15 **Compliance with PPH Standards.** Medical Group and its Medical Director, employees, Physicians, agents and subcontractors shall comply with PPH's corporate compliance programs, including but not limited to the Performance Improvement Plan, Provision of Patient Care Plan, Safety Plan, Infection Surveillance Plan, Confidentiality Policy and Management of Information Plan. Medical Group shall cooperate with PPH's corporate compliance audits, reviews, and investigations which relate to Medical Group and/or any of the services provided by Medical Group under this Agreement. Subject to request by PPH, such cooperation shall include without limitation the provision of any and all Medical Group documents and/or information related to Medical Group, Medical Group's personnel, agents or subcontractors, and Medical Group activities associated with the provision of services under this Agreement. In addition, as requested by PPH, Medical Group shall participate in corporate compliance-related seminars and educational programs sponsored by PPH as part of PPH's corporate compliance program. Medical Group shall ensure that all personnel retained by Medical Group either directly or indirectly to provide services under this Agreement have not been subject, or are currently not subject, to sanction or exclusion from participation under any federal or state health care program. Any such personnel retained by Medical Group who become so sanctioned or excluded during the

term of this Agreement shall be immediately removed by Medical Group and shall be thereafter excluded from the provision of services under this Agreement.

9.16 **Captions.** Any captions to or headings of the articles, sections, subsections, paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used for interpretation or determination of the validity of this Agreement or any provision hereof.

9.17 **Entire Agreement; Amendment.** The making, execution, and delivery of this Agreement by the parties has not been induced by any representations, statements, warranties or agreements other than those herein expressed. This Agreement embodies the entire understanding of the parties, and there are no further or other agreements or understandings, written or oral, in effect between the parties hereto relating to the subject matter hereof, unless expressly referred to by reference herein. This Agreement supersedes and terminates any previous oral or written agreements between the parties hereto with respect to the subject matter of this Agreement, and any such prior agreement is null and void. This Agreement may be amended or modified only by an instrument in writing signed by both parties to this Agreement.

9.18 **Waiver of Provisions.** Any waiver of any terms, covenants and/or conditions hereof must be in writing, and signed by the parties hereto. A waiver of any of the terms, covenants and/or conditions hereof shall not be construed as a waiver of any other terms, covenants and/or conditions hereof, nor shall any waiver constitute a continuing waiver.

9.19 **Force Majeure.** Neither party shall be liable nor deemed to be in default for any delay, interruption or failure in performance under this Agreement deemed resulting, directly or indirectly, from Acts of God, civil or military authority, war, accidents, fires explosions, earthquakes, floods, failure of transportation, machinery or supplies, vandalism, riots, civil disturbances, strike or other work interruptions by either party's employees, or any similar or dissimilar cause beyond the reasonable control of either party. However, both parties shall make good faith efforts to perform under this Agreement in the event of any such circumstances. In the event PPH determines that PPH facilities have been entirely or substantially destroyed by any of the above, this Agreement may be terminated by either party upon ten (10) days written notice to the other.

9.20 **Gender And Number.** Whenever the context hereof requires, the gender of all words shall include the masculine, feminine, and neuter, and the number of all words shall include the singular and plural.

9.21 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

9.22 **Non-Discrimination.** Each of the parties hereto represents and warrants that it is and at all times during the term of this Agreement will be in full compliance with Section 504 of the Rehabilitation Act of 1973 and Titles VI and VII of the 1964 Civil Rights Act, as amended and all regulations issued pursuant thereto.

9.23 **Incorporation of Exhibits.** All schedules, exhibits, and recitals referred to in this Agreement are an integral part of this Agreement and are incorporated in full in this Agreement by this reference.

9.24 **Third Party Payor Arrangements and Compensation Reductions.**

9.24.1 Medical Group shall reasonably cooperate as necessary to facilitate PPH's entry into or maintenance of any third-party payor arrangements in accordance with the terms and conditions set forth in Section 9.25.

9.24.2 Third party payor arrangements are defined as arrangements for the provision of services under Medicare, Medi-Cal or other public or private managed care, health, and/or hospital care programs. Medical Group shall, upon PPH's request, reasonably consider enrolling as a provider separate from PPH with respect to Medical Group's Professional Services provided pursuant to this Agreement in any third-party payor arrangement, and reasonably attempt to enter into an express contractual agreement with said third-party payor, or any intermediate organization including any independent practice association, if required for said enrollment, which enrollment and agreement shall be consummated as soon as possible after PPH's request.

9.25 **Most Favored Nation Clause.** Medical Group shall perform Professional Services relating to patients referred to PPH or the Hospitals, or whose services are paid for, by a prepaid health care services plan, nonprofit hospital service plan, Medicare, Medi-Cal, employer plan, union plan, multiple employer trust, disbursement agency, insurance company, workers' compensation program, preferred provider organization or other referring organization that has a contract with PPH or the Hospital, at a reasonable rate schedule set by Medical Group. Medical Group shall submit to PPH on the last day of each calendar quarter a list of payers with whom it has contracted to provide services, at PPH's request. If PPH or the Hospitals deem it advisable to contract with such a payor for services that include Medical Group's Professional Services, Medical Group agrees to negotiate with PPH regarding such an arrangement. PPH or the Hospital shall solicit input and approval from Medical Group during the negotiation of any payor contract that will include Medical Group's services. If the contracted charges of PPH or the Hospitals under any such payor contracts are based upon a per diem, per discharge or other compensation formula not tied to charges per service or categories of services, Medical Group & PPH agree to negotiate a reasonable allocation to be made to Medical Group for its Professional Services hereunder, based upon PPH's and Group's best estimate, from time to time, of the percentage of total charges that will be collected under such arrangement. Medical Group agrees to reasonably attempt to participate in and provide services under all contracts to which PPH or the Hospital are a party, in which the Medical Services are covered services, and which provide for compensation on a capitated basis ("Capitation Contracts"). In connection with each such Capitation Contract, Medical Group shall negotiate with PPH or the Hospital an amount to be mutually agreed upon.

9.26 **Non-Exclusive Nature of Agreement.** It is understood that PPH is not obligated to use Medical Group exclusively for Services under this Agreement. PPH reserves the right to determine, in its sole discretion, whether it is necessary to engage additional vendor(s) or

medical providers to provide the Services indicated herein. However, if PPH chooses to engage additional vendor(s), it shall not modify or impact the payment to Medical Group for Administrative Services or the reimbursement received by Medical Group for Professional Services pursuant to this Agreement.

This Professional Services and Medical Director Agreement is executed at San Diego, California.


Palomar Pomerado Health ("PPH")

By: Its

\_\_\_\_\_  
\_\_\_\_\_

Children's Specialists of San Diego, Inc.  
("Medical Group")

By: Its

  
\_\_\_\_\_  
ADMINISTRATOR

**EXHIBIT A**  
**ADMINISTRATIVE SERVICES**

Medical Director shall:

**Pediatric Care Unit Responsibilities**

1. Provide medical information and consultation for Pediatric care team members.
2. Act as the Pediatric medical liaison with other Physicians.
3. Attend weekly multidisciplinary rounds from Pediatric Unit or a representative thereof.
4. Provide direct in-service education to staff as scheduled on a quarterly basis.
5. Participate in the development and implementation of the marking plan for the Unit with other Physicians.
6. Provide timely transfers back to PPH for Pediatric patients according to appropriate level of care.
7. Attend the Pediatric department meetings to provide information to Pediatric Physicians.
8. Provide for training of Pediatric Unit staff.
9. Provide quarterly report of transfers to facilitate review of circumstances of transfers from and to PPH. Quality improvement project(s) are ongoing, and shall be defined annually to PPH.
10. Participate in development of department's annual capital and operating budgets.
11. Assist with the design of the new facility.
12. In cooperation with the hospital, proactively identify, pursue and promote opportunities to improve the quality and delivery of clinical services, effective utilization of resources and clinical outcomes of pediatric services.
13. Provide medical director leadership related to achieving and maintaining CCS certification.
14. Collaborate with nursing, consultants, and ancillary services to ensure communication, coordination and optimal outcomes for pediatric patients.
15. Provide an annual Department report to PPH's administration no less than sixty (60) days after fiscal year end, including, but not limited to, Department efficiency, suggestions as to improving Services, decreasing costs, and enhancing Department performance. This

report will be used to satisfy the requirement for an annual report to the Medical Executive Committee.

16. Perform such other reasonable administrative duties as may be assigned from time to time by the administration of PPH.

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**EXHIBIT B**  
**PROFESSIONAL SERVICES**

1. Perform all pediatric exams for unassigned patients or patients referred for admission by private pediatricians.
2. Ensure all transfers of patients from PPH to Children's Hospital and Health Center are appropriate in meeting the needs of medical necessity for higher levels of care not otherwise offered by PPH.
3. Perform all Professional Services for the Department as defined in the Agreement, including but not limited to Paragraph 2, *et seq.*



## FY'07 Initiatives and Targets

**TO:** PPH Board of Directors  
**DATE:** July 17, 2006  
**FROM:** Joint BOD/Strategic Planning Committee on June 20, 2006  
**BY:** Marcia Jackson, Chief Planning Officer

**BACKGROUND:** PPH management shared the draft FY '07 Initiatives with the Strategic Planning Committee on May 16, 2006, and received feedback. PPH management provided the Board with the updated initiatives grid showing the targets for the outcome measures for FY '07, FY '08, and FY '09.

Marcia Jackson presented the updated FY '07 Initiatives and Targets, after management had reviewed and modified, for discussion and approval of targets. It was necessary to determine whether we had sufficient funds to undertake certain initiatives, including items such as the Service Line Initiatives. Changes that had been incorporated included the decision that the CPOE (Computerized Physician Order Entry) program would take at least one year, and would be implemented in FY '08, rather than FY '07. Also, management assessed the costs of bar coding, and since there was no capital funding, it was removed as an initiative.

Bruce Krider asked if we currently had a formal retention plan, and we do not currently have one. Lorie Shoemaker commented that nursing has a strategy to retain older workers, including ergonomic assessments and accommodations, and shorter work shifts. Jim Flinn discussed that the PEP program has been introduced for support services, such as nutritional services, engineering, and facilities. Gerald Bracht said that professional services (such as ancillary services), are seeking certification in all areas; that entry antes are higher at PPH than at other hospitals, and briefly mentioned the pharmaceutical residency program, which involves mentoring. Dr. Tornambe asked what the normal attrition rate for nursing is currently, and Lorie Shoemaker replied that the turnover rate in California is around 12%, and PPH is currently about 9%. In San Diego, there is higher turnover due to the military influence, with relocation having a strong impact. The average age of a registered nurse is 47, and the average age for nursing leadership is 51. The highest turnover rate that PPH has seen has been between 26% and 27%.

Dr. Rivera asked how management determined target numbers, and Marcia Jackson answered that the targets are tied to an incremental increase that will lead to the FY09 goals. Michael Covert added that each Board Committee would report back to the Board of Directors with their respective results. Dr. Larson asked if these targets were tied to incentive plans, and Marcia responded that these were not; the Board of Directors is simply being asked to approve management's targets for FY '07 only.

## FY'07 Initiatives and Targets

Nancy Bassett, RN, asked if there is any way that we can track the number of "hits" on the Balanced Scorecard site, and Michael Covert responded that both he and Carrie Frederick are able to do so. In addition, most of PPH leadership has completed a Balanced Scorecard training program. Michael Covert suggested that we do an overview of the Balanced Scorecard at an upcoming BOD Committee meeting, particularly to introduce this to our new Director, Gary Powers, and it was decided that this would take place at a future HR Committee meeting. Gary Powers asked how new employees get trained in the use of the Balanced Scorecard, and Nancy Bassett suggested that we respond to this question, also at a future HR Committee meeting.

Dr. Larson asked if PPH employees have the equipment they need to do their jobs, in order to clarify what we are striving for in our IT Initiative, and Marcia responded that the IT department still needs to optimize what they have implemented to date. Michael Covert added that the Cerner Phase 1 update is scheduled for FY '07, but not the Cerner Phase 2 update, and that IT still needs to get the foundation working well.

Dr. Rivera motioned, and Bruce Krider seconded, that the Strategic Planning Committee forward this as an action item to the PPH Board of Directors for BOD approval of the FY '07 Targets. Motion was carried unanimously.

**BUDGET IMPACT:** Initiatives are included in the approved FY '07 budget.

**COMMITTEE RECOMMENDATION:** BOD Approval of FY '07 Targets.

**COMMITTEE RECOMMENDATION:**

Action: X

PPH FY07 Initiative Planning

A	B	C	D	E	G	H	I
	FY09 Goals	Objectives	FY07 Initiatives	Outcome Measures	FY07 Target	FY08 Target	FY09 Target
1	Financial Strength	1.1 Achieve profitability	Develop, implement and operationalize a patient focused revenue cycle plan, inclusive of all business and clinical aspects.	OEBITDA Margin % with Property Tax	10.25%	10.50%	10.75%
2	Achieve A+ bond rating	1.2 Demonstrate business growth	Update PPH Strategic Plan Implement comprehensive web strategy	Increase in Weighted P1 Days	5%	4%	4%
3	Customer Service	2.1 Develop loyal patients	Harowire best practices in service excellence Improve baseline scores from the July 06 internal customer service survey with action plans to address identified issues	Patient Loyalty Scores	80th Percentile	85th Percentile	90th Percentile
4		2.2 Increase physician loyalty	Implement physician development strategy	Physician Loyalty Scores or surrogate	80th Percentile	85th Percentile	90th Percentile
5		3.1 Demonstrate high quality patient care	Improve/harowire performance for the evidence-based, publicly reported data through the Best Practice Teams action plans Develop project scope and plan for CPOE	Core measures	PMC: 3/4 Core Measure Sets composite scores will be in the top 2 deciles POM: 2/3 Core Measure Sets composite scores will be in the top 2 deciles	PMC: 3/4 Core Measure Sets composite scores will be in the first decile POM: 2/3 Core Measure Sets composite scores will be in the first decile	PMC: 4/4 Core Measure Sets composite scores will be in the first decile POM: 3/3 Core Measure Sets composite scores will be in the first decile
6	Quality	Achieve national recognition for clinical quality and performance excellence including achieving the California Baldrige Award	Improve patient safety by improving performance on the National Patient Safety Goals. Deploy Rapid Response Teams	Index of Compliance with National Patient Safety Goals, QRRs and CallNoC/INDICI data	Minimum of 2 applicable NPSGs at 95% compliance or above	3/3 applicable NPSGs at 95% compliance or above	3/3 applicable NPSGs at 100% compliance
7		3.3 Optimize process efficiency and effectiveness	Develop and initiate prioritized plan to close identified gaps. Improve service by addressing departments under-performing on their service standards.	% of time service standards are met: Progress on CAPE recognition	Receive CAPE Bronze award Improve to next higher level by end of year. (Red to yellow or yellow to green)	Receive CAPE Silver award	Receive Baldrige site visit
8		4.1 Attract, acquire and retain a high quality workforce	Implement recruitment plan Develop a retention plan	Employee engagement	80th Percentile	85th Percentile	90th Percentile
9	Workforce Development	4.2 Demonstrate employee competence and growth	Develop and implement an electronic interdisciplinary clinical documentation system across the continuum	Management composite score on Gallup question about have had opportunities at work to learn and grow	80th Percentile	85th Percentile	90th Percentile
10		4.3 Create a learning organization	Implement a learning management system	Score on Gallup question about learn and grow	80th Percentile	85th Percentile	90th Percentile
11		5.1 Provide the tools and equipment for optimal performance	Optimize the implemented Phase I IT applications.	Score on Gallup question about tools and equipment to do job	80th Percentile	85th Percentile	90th Percentile
12	Workplace	5.2 Provide facilities for optimal delivery and receiving of services	Implement FY07 Facilities Expansion Plan	Master facilities plan	Complete Design Development by 9/30/06	Structural construction underway at PMC West and Pomarado	Hospital construction 30% complete at PMC West and 40% complete at Pomarado

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