

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

**BOARD OF DIRECTORS
AGENDA PACKET**

August 13, 2007

*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
Bruce G. Krider, MA, Vice Chairman
Linda C. Greer, RN, Secretary
T. E. Kleiter, Treasurer
Nancy L. Bassett, RN, MBA
Alan W. Larson, MD
Gary L. Powers
Michael H. Covert, President and CEO

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

MISSION STATEMENT

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

VISION STATEMENT

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

CORE VALUES

Integrity

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

Innovation and Creativity

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

Teamwork

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

Excellence

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

Compassion

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

Stewardship

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

Affiliated Entities

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

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

Monday, August 13, 2007

Commences 6:30 p.m.

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

Mission and Vision

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

"The vision of PPH is to be the health system of choice for patients, physicians and employees, recognized nationally for the highest quality of clinical care and access to comprehensive services."

	<u>Time</u>	<u>Page</u>
I. CALL TO ORDER		
II. OPENING CEREMONY	2 min	
A. Pledge of Allegiance		
III. PUBLIC COMMENTS	5	
<i>(5 mins allowed per speaker with cumulative total of 15 min per group – for further details & policy see Request for Public Comment notices available in meeting room).</i>		
IV. * MINUTES	5	1-25
<p>Regular Board Meeting – May 15, 2007 Joint Board/Strategic Planning Committee Meeting – May 22, 2007 Special Board Budget Workshop – June 4, 2007 Special Board Meeting – June 26, 2007 Regular Board Meeting – July 9, 2007</p>		
V. * APPROVAL OF AGENDA to accept the Consent Items as listed	5	26-71

A. Consolidated Financial Statements		
B. Revolving Fund Transfers/Disbursements – June 2007		
1. Accounts Payable Invoices	\$26,420,121.00	
2. Net Payroll	<u>13,283,826.00</u>	
Total	<u>\$39,703,947.00</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 /CONTD...
- D. June 2007 & YTD FY2007 Financial Report
- E. **Physician Recruitment Agreements –**
 - Maria Camille V. Santos, MD, and Graybill Medical Group, Inc – Family Practice
 - Gabriel Rodarte, MD, and Neighborhood Healthcare – Family Medicine and Psychiatry

VI. PRESENTATIONS - None

VII. REPORTS

- A. Medical Staffs 15
 - * 1. Palomar Medical Center – *Robert D. Trifunovic, M.D.*
 - a. Credentialing/Reappointments 72-87
 - b. Medical Staff Bylaws, Rules and Regulations 88
 - c. Dept of OB/GYN Rules and Regulations 89
 - * 2. Escondido Surgery Center – *Marvin W. Levenson, M.D.*
 - a. Credentialing/Reappointments 90
 - * 3. Pomerado Hospital – *Benjamin Kanter, M.D.*
 - a. Credentialing/Reappointments 91-92
- B. Administrative
 - 1. Chairman 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. Ratification of Agreement between PPH, PPHF and Mr. LaDainian Tomlinson
 - * b. **Resolution No. 08.13.07 (01) – 07** 93-94
 Amending Established Dates of Regular Board Meetings for Calendar Year 2007 (from Sept 10 to Sept 17, 2007)
 - 3. President and CEO – *Michael H. Covert, FACHE* 10 *Verbal Report*
 - a. Welcome to PPH in-house General Counsel

VIII. INFORMATION ITEMS (Discussion by exception only) 95-102

- A. Quarterly Human Resource Hiring, Turnover and Recruitment Report Human Resources

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

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|---|--------------------|
| B. Smoke Free Environment | Human Resources |
| C. Long Term Disability and Life Insurance | Human Resources |
| D. Annual Review of PPH Bylaws re: Quality Review | Quality Review |
| E. Orthopedic Strategic Plan | Strategic Planning |
| F. Strategic Planning Policy | Strategic Planning |
| G. Status Update | Internal Audit |

IX. COMMITTEE REPORTS -

- | | |
|---|---------|
| A. Strategic Planning – Director Alan W. Larson, M.D., Chair | 10 |
| * 1. Approval: Patient Loyalty – FY '08 Target | 103-104 |
| * 2. Approval: Formation of a Task Force to discuss Aspects of Integrative Medicine to the Strategic Planning Committee and Board, deferred from July Board Meeting | 105-106 |
| B. Finance Committee – Director T. E. Kleiter, Chair | 15 |
| * 1. Resolution No. 08.13.07 (02) – 08 Adopting the Purchase of Property at 127-133 Valley Boulevard, Escondido, CA | 107-118 |
| * 2. Resolution No. 08.13.07 (03) – 09 Establishing Appropriations Limit of the District for Fiscal Year July 1, 2007 – June 30, 2008 Pursuant to Article XIII (B) of the California Constitution | 119-123 |
| * 3. Resolution No. 08.13.07 (04) - 10 Adopting General Obligation Bonds – Tax Levy by the Board of Supervisors of the County of San Diego for Fiscal Year 2007-2008 | 124-128 |

X. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH

XI. ADJOURNMENT

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

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
 Pomerado Hospital, Meeting Room E, Poway
 Tuesday, May 15, 2007

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:40 pm Quorum comprised Directors Bassett, Greer, Kleiter, Krider, Powers and Rivera. Regrets from Director Larson.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison.		
MISSION AND VISION STATEMENTS	The PPH mission and vision statements are 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	None		
APPROVAL OF MINUTES <ul style="list-style-type: none"> • April 16, 2007 Regular Board Meeting • March 12, 2007 Special Board Meeting 		MOTION: by Powers, 2 nd by Kleiter and carried to approve the April 16, 2007 Regular Board Meeting minutes as submitted. All in favor. None opposed.	
		MOTION: by Powers, 2 nd by Kleiter and carried to approve the March 12, 2007 Special Board Meeting minutes as submitted. All in favor. None opposed.	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> • January 8, 2007 Special Board Meeting 		<p>MOTION: by Powers, 2nd by Kleiter and carried to approve the January 8, 2007 Special Board Meeting minutes as submitted. All in favor. None opposed.</p>	
<p>APPROVAL OF AGENDA to accept the Consent Items as listed including – <i>Retail-Based Health Clinics;</i> <i>Professional Services & Medical Director Agreement Escondido</i> <i>OB-GYN Medical Group, Inc – Obstetrical Laborist Services;</i> <i>Reimbursement Agreement – Isabel J. Pereira, M.D.</i></p>		<p>MOTION: by Greer, 2nd by Kleiter and carried to approve the Consent Items as submitted. All in favor. None opposed.</p>	
<p>PRESENTATION</p> <ul style="list-style-type: none"> ▪ Ramona/Julian Health Care Advisory Council (HCAC) 	<p>Nancy Roy, Chairperson of the Ramona/Julian Health Care Advisory Council (HCAC) provided a presentation via powerpoint. Janet Bath and Karen Sixt assisted in the presentation.</p> <p>Reference was made to the Council's projects of Access to Care, including Health Insurance for Children; At-Risk-Youth; Obesity/Diabetes Prevention, particularly in children; and Health Education Classes including School-based Health Screenings. Next steps were the continuation of the Program with expansion to two more elementary schools, assessing interest in Julian schools, and Grant Submissions.</p>	<p>The Board, in thanking the presenters, lauded this important and informative presentation, noting the importance of providing good healthcare, particularly to children, and ensuring good health in the community.</p>	
<p>REPORTS</p> <p>Medical Staff</p>			
<p>Palomar Medical Center</p> <ul style="list-style-type: none"> ▪ Credentialing 	<p>John J. Lilley, MD., Interim Chief of Staff, PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> ▪ Joint Conference Committee 	<p>Dr. Lilley relayed that in a recent meeting he was able to discuss co-mingling the Medical Staff Bylaws for both institutions and read out a letter to this effect.</p> <p>Director Kleiter commented that prior to the opening of Pomerado Hospital, it was envisaged that there be one set of Joint Medical Staff Bylaws but this did not happen.</p> <p>Chairman Rivera noted that this made a strong statement.</p> <p>Director Greer appreciated this effort for potential Joint Medical Staff Bylaws, noting that the time was now right for this.</p> <p>Director Bassett agreed, stating that this had been a long time coming.</p>	<p>recommendations for the PMC Medical Staff, as presented. All in favor. None opposed.</p> <p>Director Greer abstained to avoid potential conflict of interest.</p>	
<p>Escondido Surgery Center</p> <ul style="list-style-type: none"> ▪ Credentialing 	<p>Marvin W. Levenson, MD, Administrator/ Medical Director of the Escondido Surgery Center, presented requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the Escondido Surgery Center, as presented.</p> <p>All in favor. None opposed.</p> <p>Directors Greer abstained to avoid potential conflict of interest.</p>	
<p>Pomerado Hospital</p> <ul style="list-style-type: none"> ▪ Credentialing 	<p>Benjamin Kanter, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
Administrative		Medical Staff, as presented. All in favor. None opposed.	
Chairman - Palomar Pomerado Health Foundation	<p>Mr. Al Stehly</p> <p>Mr. Stehly provided an update to the Board regarding the Foundation, noting that exciting things were happening. Employee giving had increased year to date. The Foundation newsletter featured the McLaughlins, and an upcoming Reception for the Farbers with \$50,000 being donated to Acute Rehab. Over \$1 million in donations in this fiscal year had been received to date. He noted that on June 18 a Special Joint PPHFoundation/PPH Boards meeting had been arranged with Ketchum, Inc. Mr. Stehly also relayed that the Foundation was close to finalizing many deals.</p> <p>Marcelo R. Rivera, MD</p>	Mr. Stehly was thanked for his informative report.	
Chairman of the Board - Palomar Pomerado Health	<p>Chairman Rivera reminded that Saturday, May 19 was the date of the Annual Women's Conference at the Rancho Bernardo Inn.</p> <p>Dr. Rivera also noted that four Board Members, Michael Covert CEO, and Gerald Bracht, Chief Operating Officer PMC, attended a recent conference on the Hospital of the Future which proved to be of great value, and that PPH Staff should feel proud of their accomplishments to date.</p> <p>Following his recent visit to the AHA meeting in Washington, Chairman Rivera relayed the importance of the topics covered with outstanding presentations, including an</p>		

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
President and CEO	<p>increase in the number of uninsured; creation of low cost health coverage; fraud prevention and a Recovery Audit Task Force, increase in reimbursement cutbacks, and the issue of inappropriate coding. Terrorism, Immigration and Undocumented Aliens were also topics of interest. He also talked to legislators including Congressman Bilbray to whom an invitation had been extended to visit PPH.</p> <p>Michael H. Covert</p>		
	<p>Mr. Covert referred to the Hospital of the Future conference, noting quality of care and how this will be combined with the facilities, noting that PPH will be one of twenty hospitals around the country engaged in this endeavor.</p> <p>The CEO then deferred to Ms Lorie Shoemaker, Chief Nurse Executive, who reported on the various events for Nurses' Week, including the raffling of baskets which was very popular.</p> <p>Ms Shoemaker announced the Nurse of the Year awards, noting that a luncheon would shortly be held with all relevant nurses.</p> <p>Director Greer thanked PPH for the gifts to employees during Hospital Week.</p> <p>Mr. Covert thanked all involved during Hospital Week, particularly those who were present at midnight to serve employee meals, reminding us of those who provide service every day.</p> <p>Q12 Gallup Employee Survey was completed by 88% vs previous 90% active participation. This still placed us in the top 1% in terms of active participation.</p> <p>The CEO reported on the recent CAPE De-briefing held April 23, noting that the different chapter groups are involved in putting their</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>ideas and action plans into place.</p> <p>Positive meetings had been held with the City of Escondido regarding our downtown potential purchase of property and purchasing of the warehouses.</p> <p>Mr. Covert conveyed that Ms Janine Sarti, General Counsel for St. Lukes, Boise, Idaho would likely commence with PPH August 1.</p> <p>Regarding PMC and Pomerado Auxiliaries, the CEO noted potential for both Auxiliaries to come together in a number of different ways in the future.</p> <p>In addition, he had met with the consultant for the strategic plan for UCSD regarding their and our futures, and how certain things might be brought together.</p> <p>May 22 was scheduled for the Joint Board/Strategic Planning meeting, and Bob Hemker had compiled a three-year capital plan.</p>		
INFORMATION ITEMS	<i>Discussion by exception only</i>		
<ul style="list-style-type: none"> ▪ Community Relations 			
<ul style="list-style-type: none"> ▪ Strategic Planning 			
<ul style="list-style-type: none"> ▪ Finance 			
COMMITTEE REPORTS	<i>None</i>		
BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH	<p>Director Kleiter inquired about the Annual Audit, external auditors Deloitte and Touche, and the Internal Audit Committee. Discussion ensued, noting that Deloitte and Touche will continue as external auditors but with different staff rotation. That which may need approval will first go through the Audit Committee and then to the Board.</p> <p>Director Krider commented upon his</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>attendance at the Hospital of the Future conference, in addition to having served meals at the hospitals several times that week during Hospital Week as he enjoyed doing this and meeting employees.</p> <p>Director Powers also referred to Hospital Week, in addition to a matter at PMC and Villa Pomerado that although noting the care was excellent, was why we needed a new hospital.</p> <p>Director Bassett referred to an experimental lightweight communication system for nurses which would be tested in the ED.</p> <p>Director Greer wished to thank Steve Gold, Interim Chief Operating Officer at Pomerado for his work at PCCC. Should also wished to follow up on a new vision plan status. This would be coming through to Finance Committee.</p>		
ADJOURNMENT	8:00 p.m.		
SIGNATURES			
<ul style="list-style-type: none"> ▪ Board Secretary ▪ Board Assistant 	<p>_____</p> <p>Linda C. Greer, R.N.</p> <p>_____</p> <p>Christine D. Meaney</p>		

**Palomar Pomerado Health
JOINT BOD/STRATEGIC PLANNING COMMITTEE
POMERADO HOSPITAL**

May 22, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
CALL TO ORDER	Dr. Rivera called the PPH Board meeting to order at 6:04 p.m. There were no requests for public comments. After determination of a quorum, Dr. Rivera turned the Board meeting over to Dr. Larson, Chair of the Strategic Planning Committee.		
ESTABLISHMENT OF QUORUM	Dr. Larson, Nancy Bassett, RN, Michael Covert, Linda Greer, Ted Kleiter, Gary Powers, Dr. Rivera, and Dr. Kanter. Also attending were Gerald Bracht, Dr. Buringrud, Bill Chaffin, Dana Dawson, Steve Gold, Lorie Harmon, Bob Hemker, Marcia Jackson, and Dr. Lilley. Guests: Tom Chessum, Gustavo Friederichsen, George Gigliotti, Joe Hook, Dr. Kung, Craig McInroy, Greg Palmer, Stonish Pierce, Mike Shanahan, Brad Wiscons, and Nick Xenitopoulos.		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
APPROVAL OF MINUTES – April 17, 2007		Motion by Nancy Bassett, seconded by Dr. Rivera, and carried unanimously for approval.	

AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<p>FACILITY MASTER PLAN UPDATE</p>	<p>This agenda item consisted of a periodic Facility Master Plan update. Michael Covert announced that the first half of the meeting would be a follow-up to the last periodic Facility Master Plan update, and the second half would be a look at how we manage finances, and that no action was anticipated.</p> <p>Mike Shanahan presented a Design Update on Palomar Medical Center West, taking up from where we left off at the last Joint BOD/Strategic Planning Committee Facility Update meeting. At that previous meeting, the Board of Directors had requested that the architects come up with a more inspiring building design, something more of an “iconic” or signature building that would represent PPH into the future; something that would be recognizable from both a distance and on-site. Mike showed us a new concept diagram, with a new launching point, extending vertically versus horizontally; a new vertical element that transcends the third-floor terrace, raised in a significant way. In this case, the “significant” refers to the impressive skyline profile of a new glass ellipse, created with two opposing curves, with open ends of double-height. The Community Room on the roof has been enhanced as a glass structure, adding to the skyline profile. On the ends there would be conservatory terraces.</p> <p>Tom Chessum discussed an option of a three-story vertical water feature at the entry to the hospital, which would be visible from anywhere south of the facility. When you arrive, the first thing that you would hear would be the soothing sounds of the water. Other alternatives included a circular glass “drum” entryway, which would provide protection from the wind, as well as add aesthetic value. Alternatives for the entry arcades were also discussed, including two-story windows with frosted glazing. Board member suggestions included softening of the curves of the arcade corners and mid-section.</p>		

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AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>Impressive computer-rendering photos of the proposed facility at sunset were shown, and it was discussed that it wouldn't be necessary for a person to come to the hospital to be able to recognize it – either by the illuminating “lantern” effects of the light shining through the new glass ellipse and Community Room features, or by the numerous garden terraces.</p> <p>Board and Committee members discussed various options and minor changes, but the overall impression was extremely positive, and the Board thanked Mike Shanahan and the architects for their hard work and success in creating an inspirational signature building that evoked such a positive response by all.</p> <p>Michael Covert then introduced the second phase of the meeting, which dealt with the finances, which he said would be a work in progress, and reiterated that he was not looking for approval tonight, but was looking for feedback on options.</p> <p>Cost escalation continues to be a challenge for our facility projects, and our original estimates in 2004 of \$753 million have now risen to \$1,150 million, due to numerous market factors, including the following:</p> <ul style="list-style-type: none"> • Strong demand for construction services 1. Hospital projects are driven by SB 1953 and demographics 2. Concurrent growth in other sectors • Limited supply of qualified labor • Limited number of trade contractors qualified and interested in hospital work • Global competition for construction materials <p>In spite of these challenges, we are still committed to realizing our goals, even if the timelines must be extended out for some of the projects, and alternative sources of funding may be needed to complete</p>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>the others.</p> <p>Various options were discussed, including holding off construction of some of the auxiliary buildings at PMC West, as well as some of the renovations at PMC, and parts of the expansion at POM, and it was emphasized that time is a commodity that we can't buy back. We are moving forward, but no one, including PPH, could have anticipated some of the exponential increases in the construction market costs.</p> <p>Ted Kleiter asked to see side-by-side comparisons in the original costs and the current estimates, and what they included, for all facilities, including alternative options.</p> <p>Gary Powers asked for a project timeline. Mike Shanahan will provide project timelines to Board members.</p> <p>Linda Greer expressed concern about additional operating costs associated with landscape and glass at PMC West. She also commented that she would like to see PPH use local labor on our projects</p> <p>At Dr. Rivera's request, Mike Shanahan spoke about the SDG&E grant that PPH recently received. The PPH Design Team worked with SDG&E to achieve a 15% to 18 % energy savings by utilizing a "green" approach to energy conservation, and PPH was awarded approximately \$25,000 for our efforts.</p> <p>Dr. Larson thanked everyone for the enlightening presentation.</p>	<p>M. Covert/M. Shanahan to provide cost comparisons to Board members.</p> <p>Mike Shanahan to provide project timelines to BOD.</p>	<p>M. Covert/M. Shanahan</p> <p>M. Shanahan</p>

AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
COMMITTEE COMMENTS, SUGGESTIONS ADJOURNMENT	There were no additional Committee comments or suggestions. 8:35 p.m.		
SIGNATURES Board Chairperson Committee Chairperson Recording Secretary	<hr/> Marcelo Rivera, M.D., Board Chair <hr/> Alan Larson, M.D., Committee Chair <hr/> Lorie Harmon		

Palomar Pomerado Health
 BOARD OF DIRECTORS
 SPECIAL BOARD BUDGET WORKSHOP)

Palomar Medical Center, 555 East Valley Parkway, Escondido, CA
 Graybill Auditorium

Monday, June 4, 2007, Meeting Minutes

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
NOTICE OF MEETING	The notice of meeting was posted on May 31, 2007, which is consistent with legal requirements.		
MEETING CALLED TO ORDER	6:00 p.m. by Chairman Marcelo Rivera		
ESTABLISHMENT OF QUORUM	By roll call. Present: Directors Nancy Bassett, R.N., Linda Greer, R.N., Ted Kleiter, Gary Powers, and Marcelo Rivera, M.D. Absent: Directors Bruce Krider and Alan Larson, M.D.		
PUBLIC COMMENTS	There were no public comments.		
INFORMATION ITEM(S)	There were no information items.		
FISCAL YEAR 2008 OPERATING BUDGET & CAPITAL BUDGET,	<p>Chairman Rivera welcomed everyone, encouraged questions, and then turned the meeting over to Bob Hemker.</p> <p>Mr. Hemker stated that tonight's meeting had been noticed properly to allow the Board to take action on the FY2008 Operating and Capital Budgets if they so chose. He indicated that he would be delving into detail only as requested. Utilizing the presentation included in the attached materials, Mr. Hemker presented the proposed FY2008 Capital and Operating Budgets:</p> <ul style="list-style-type: none"> • Key Drivers <ul style="list-style-type: none"> o Master Facility Plan and 10-year Plan of Finance <ul style="list-style-type: none"> ■ Where do we need to be to reach those goals? • Starting point is the February 2007 YTD financials, annualized forward for the baseline with some zero-based expense categories <ul style="list-style-type: none"> o Build on success of FY2007 operating performance o Resource management provides discipline for productivity management of approximately 100% o Validate volumes across the system <ul style="list-style-type: none"> ■ New books of business and services proportionate to changes in volume ■ What are capacity constraints, if any? o ADC lowered from 320 of FY2007 to 312 for FY2008 o 3% anticipated growth in discharges o Nominal birth rate growth of 1% o No major change in payor mix • Recommending an 8% composite rate increase <ul style="list-style-type: none"> o Consistent with the marketplace 	<p>MOTION: By Director Bassett, seconded by Director Powers, and carried to approve the FY2008 Operating Budget of \$25,083,628 excess revenue over expense as presented</p> <p>MOTION: By Director Rivera, seconded by Director Greer and carried to approve the FY2008 Capital Budget of \$15 million as presented, with \$5 million in reserve for the Facility Master Plan</p> <p>MOTION: By Director Bassett, seconded by Director Rivera and carried to approve a composite 8% rate increase as presented for FY2008</p>	<p>HealthWoRx progress will continue to be reported through the Finance Committee on a quarterly basis</p>

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> • SWB <ul style="list-style-type: none"> o No changes to benefit structure o Continuing with current health plan o Employees are taking advantage of the deferred compensation matching program o Merit raises budgeted for October and union employee adjustments per contract <ul style="list-style-type: none"> ■ Adjusted on level of performance o Some new FTE's <ul style="list-style-type: none"> ■ New FTE's are self funded through expense offsets ■ Due in part to replacing registry expense w/our own employees o Approximately 3500 employees – full-time, part-time & per diem <ul style="list-style-type: none"> ■ About 2900 FTE's (Full-Time Equivalents) ■ PPH is one of the key San Diego employers • Supplies <ul style="list-style-type: none"> o While challenging, achievable o Volume and inflation adjusted • Professional fees, purchased services and other direct expenses were budgeted using a "modified zero-based" formula <ul style="list-style-type: none"> o Looked at past history – do we need it? o What is new or coming up? o Significant increase of 5.8% <ul style="list-style-type: none"> ■ New Laborist program with 24/7 coverage ■ Annualized cost of the new Perinatology program ■ \$1.7 million in consulting fees for the HealthWoRx initiative ■ Decrease in legal fees based on SWB increase for in-house legal counsel ■ Welcome Home Baby subcontract provides budget neutral grant revenues ■ \$400 thousand budgeted for branding and Web strategy ■ \$300 thousand for costs of recruitment management ■ \$300 thousand for offsite data protection and recovery services • Magnet <ul style="list-style-type: none"> o Key year for the submittal of our application for Magnet status on a system-wide basis o \$300-500 thousand annual investment in readiness expenses o We have 115 nurses on a waiting list – hallmark of a magnet organization o We will be one of the few (if not the only) hospital districts to accomplish magnet status with the entire continuum of care o There are physician and non-physician champions in many areas of care • Retail Clinics <ul style="list-style-type: none"> o Anticipated shortfall in first year due to on-boarding costs o Will be reviewed further once negotiations are finalized – as operating budget component 		

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AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> • HealthWoRx Initiative <ul style="list-style-type: none"> o Strategy with finite timeline o Anticipated ROI embedded within the net revenue budget throughout the year o Immediate action group is Phase I of the strategy, with an approximate 13-month term for implementation of strategies for immediate action • Capital Budget <ul style="list-style-type: none"> o \$15 million – consistent with previous years <ul style="list-style-type: none"> ■ Equipment Pool of \$2 million ▲ Listing of items less than \$100 thousand each, with needs identified ■ Medical Equipment Pool of \$2.7 million ▲ Listing of items greater than \$100 thousand each ▲ Prioritized with the aid of the Physicians' Capital Advisory Committee (PCAC) through an interdisciplinary process ■ Facilities Renovation Pool of \$3.6 million <ul style="list-style-type: none"> ▲ Key to the maintenance and upgrading of existing facilities ■ Information Technology Pool of \$1.7 million <ul style="list-style-type: none"> ▲ IT across all facilities o \$5 million in capital reserve for Facilities Master Plan funding 		
ADJOURNMENT	<p>As both the Capital and Operating Budgets for FY2007 were approved at this meeting with a majority of the Board in attendance, there will be no need to place approval of the budget on the regularly scheduled Board agenda on Monday, June 11, 2007.</p> <p>There being no further business, the meeting was adjourned at 7:30 p.m.</p>		
SIGNATURES:	<ul style="list-style-type: none"> • BOARD CHAIR _____ Marcelo Rivera, M.D. • BOARD SECRETARY _____ Linda Greer, R.N. 		

**ATTENDANCE ROSTER & MEETING MINUTES
SPECIAL BOARD MEETING, TUESDAY, JUNE 26, 2007**

MEMBERS	
NANCY BASSETT, R.N.	P
LINDA GREER, R.N.	P
TED KLEITER	P
BRUCE KRIDER	P
ALAN LARSON, M.D.	P
GARY POWERS	P
MARCELO RIVERA, M.D. - CHAIR	P
STAFF ATTENDEES	
MICHAEL COVERT, FACHE	P
BOB HEMKER	P
BEN KANTER, M.D.	P
ROBERT TRIFUNOVIC, M.D.	E
GERALD BRACHT	P
STEVE GOLD	P
TANYA HOWELL - SECRETARY	P
INVITED GUESTS	
	SEE TEXT OF MINUTES FOR NAME(S) OF GUEST PRESENTER(S)

8

BOARD MEETING MINUTES – TUESDAY, JUNE 26, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
MEETING LOCATION	Graybill Auditorium, 555 E. Valley Parkway, Escondido, CA		
MEETING CALLED TO ORDER	6:00 p.m. by Chair Marcelo Rivera, who welcomed guests Marilyn Moriarty, Esq., of Lewis, Brisbois, Bisgaard & Smith; and BETA Healthcare representatives Marty Lockwood, Vice President of Claims; and Frank Heckman, Claim Representative.		
ESTABLISHMENT OF QUORUM	SEE ROSTER		
PUBLIC COMMENTS	There were no public comments		
ADJOURNMENT TO CLOSED SESSION	<p>The meeting adjourned to Closed Session at 6:01 p.m.</p> <p><i>~pursuant to California Government Code §54956.9(a)</i></p> <p><i>CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION</i></p> <p><i>Case Name Unspecified as Disclosure Would Jeopardize Existing Settlement Negotiations</i></p> <p align="center"><i>~ANTICIPATED ACTION</i></p>		
OPEN SESSION RESUMED	Chairman Rivera called the Open Session to Order at 7:05 p.m.		
ACTION RESULTING FROM CLOSED SESSION DISCUSSION	No action to report out from closed session		
INFORMATION ITEM(S)	<ul style="list-style-type: none"> • Close of Escrow on Grandesco Building, located at 456 East Grand Avenue in Escondido <ul style="list-style-type: none"> o Beginning conversion of the building to our purposes o Three remaining tenancies o Two are short-term, one has 11 more months remaining <ul style="list-style-type: none"> • In active discussions with all tenants to get them out earlier than lease-end • Will be a non-smoking campus, w/adherence to parking rights • In the process of closing on the other warehouse building, located at 975 Andreason Street <ul style="list-style-type: none"> o A portion of the warehouse component will be leased back to seller for the next 60 days • Enterprise warehouse will eventually be made smoke-free, but not at time of move 	<i>Information Only</i>	

BOARD MEETING MINUTES – TUESDAY, JUNE 26, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
<p>CEQA ENVIRONMENTAL REPORT – RANCHO PEÑASQUITOS PROPERTY</p>	<p>Bob Hemker & Mike Shanahan led a discussion on the Final Environmental Initial Study and Mitigated Negative Declaration regarding the PPH Rancho Peñasquitos Satellite Medical Facility ("MND")</p> <ul style="list-style-type: none"> • CEQA required environmental due diligence has been completed <ul style="list-style-type: none"> o MND regarding what is planned for the site o Mitigation requirements are on pages 105-111 <ul style="list-style-type: none"> ■ Standard requirements, including mitigation of noise, operational hours, location of construction staging areas, etc. ■ Some coastal sage was found, but it was on a previously researched slope so not an issue • The report was made available both to the members of the Board & to the public prior to this meeting, in accordance with legal requirements 	<p>MOTION: By Director Larson, seconded by Director Kleiter and carried to approve the findings of the MND, including the associated Board resolutions.</p> <p>Individual Action taken on Resolutions:</p> <p>Resolution 06.26.07(01) - 04 Ayes: Unanimous Noes: None Abstentions: None</p> <p>Resolution 06.26.07(02) - 05 Ayes: Unanimous Noes: None Abstentions: None</p> <p>Resolution 06.26.07(03) - 06 Ayes: Unanimous Noes: None Abstentions: None</p>	<p>FOLLOW UP</p>
<p>ADJOURNMENT</p>	<p>The Board meeting adjourned at 7:12 p.m.</p>		
<p>SIGNATURES:</p> <ul style="list-style-type: none"> • BOARD CHAIR _____ • BOARD SECRETARY _____ 	<p align="center">Marcelo Rivera, M.D. _____</p> <p align="center">Linda Greer, R.N. _____</p>		

18

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
 Pomerado Hospital, Meeting Room E, Poway, California
 Monday, July 09, 2007

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:30 pm Quorum comprised Directors Bassett, Greer, Kleiter, Larson and Rivera. Directors Krider and Powers had excused absences. The Pledge of Allegiance was recited in unison.		
OPENING CEREMONY			
MISSION AND VISION STATEMENTS	The PPH mission and vision statements are 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	Louise McNeill was present to request a definition of the PPH vision statement in regard to promoting health and preventing disease. She requested information about programs involving disease prevention.	Chairman Rivera thanked Ms. McNeill for her comments. He responded that PPH is committed to addressing the needs of our community. There is a wide variety of information available through the PPH Health Advisory Councils, Health Source and community education programs. Ms. McNeill's name will be added to pertinent mailing lists in order for her to receive information that may be of	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Kimberly Swift, representing PMC MHU staff, spoke in favor of a smoke-free environment at PPH and in favor of closing the smoking room on MHU.</p> <p>Liliana Simmons, representing PMC MHU staff, spoke in favor of a smoke-free environment at PPH and in favor of closing the smoking room on MHU.</p> <p>Maribel Florido, representing PMC MHU staff, spoke in favor of closing the smoking room on MHU but also stated that she would like to advocate on behalf of the MHU patients and is in favor of finding an outside location for patients to smoke.</p>	<p>interest to her.</p> <p>Chairman Rivera thanked Ms. Swift for attending the meeting and bringing her comments before the Board.</p> <p>Chairman Rivera thanked Ms. Simmons for attending the meeting and bringing her comments before the Board.</p> <p>Chairman Rivera thanked Ms. Florido for attending the meeting and bringing her comments before the Board.</p>	
<p>APPROVAL OF MINUTES</p> <ul style="list-style-type: none"> June 11, 2007 Regular Board Meeting 		<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the June 11, 2007 Regular Board Meeting minutes as submitted. All in favor. None opposed.</p>	
<p>APPROVAL OF AGENDA to accept the Consent Items as listed.</p>		<p>MOTION: by Bassett, 2nd by Greer and carried to approve the Consent Items as submitted. All in favor. None opposed.</p>	
PRESENTATIONS	None		
REPORTS			
Medical Staff			
Palomar Medical Center			

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> ▪ Credentialing – 	<p>Robert D. Trifunovic, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations and Medical Staff Bylaws, Rules and Regulations Revisions.</p>	<p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations. All in favor. None opposed.</p> <p>Director Greer and Director Larson abstained to avoid potential conflict of interest.</p> <p>MOTION: by Kleiter, 2nd by Bassett to approved Medical Staff Bylaws, Rules and Regulations Revisions for the PMC Medical Staff, as presented. All in favor. None opposed.</p>	
<p>Escondido Surgery Center</p> <ul style="list-style-type: none"> ▪ Credentialing 	<p>Marvin W. Levenson, MD, Administrator/ Medical Director of the Escondido Surgery Center, presented requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the Escondido Surgery Center, as presented. All in favor. None opposed.</p> <p>Director Greer and Director Larson abstained to avoid potential conflict of interest.</p>	
<p>Pomerado Hospital</p> <ul style="list-style-type: none"> ▪ Credentialing 	<p>Benjamin Kanter, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Kleiter, 2nd 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> <p>Director Greer and Director Larson abstained to avoid potential conflict of interest.</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
Administrative			
Chairman - Palomar Pomerado Health Foundation	<i>Al Stehly</i>		
<ul style="list-style-type: none"> ▪ Annual PPHF Meeting ▪ Mary Ann Garland Ketchum Associates 	<p>Mr. Stehly reported that the election of officers took place at the recent annual PPHF meeting. Officers selected for the coming year are Al Stehly, President; Bill Chaffin, Vice-President; Terry McCune, Treasurer and Jaime Rivas, M.D., Secretary</p> <p>Mr. Stehly introduced Mary Ann Garland of Ketchum Associates. She gave a brief overview of the PPHF capital campaign process.</p>		
Chairman of the Board - Palomar Pomerado Health	<i>Marcelo R. Rivera, MD</i>		
<ul style="list-style-type: none"> ▪ PPHF ▪ Congressman Brian Bilbray 	<p>Chairman Rivera thanked Mr. Stehly for his outstanding contributions to PPHF in his role as President. He also thanked Dana Dawson for his leadership of the Foundation. He expressed that embarking upon the PPHF capital campaign is an exciting time and a major effort which will require everyone working together to accomplish our goals.</p> <p>Members of the Board and PPH senior staff met with Congressman Brian Bilbray on July 3 to discuss health care issues. Our challenge as a healthcare provider is to guide and develop policies that make sense and benefit the community. Congressman Bilbray expressed his commitment to working with our district on these issues.</p>		
<ul style="list-style-type: none"> ▪ CHA Governance Forum 	<p>Chairman Rivera attended a meeting of the CHA Governance Forum at Tri-City Medical Center recently. The highlight of the meeting was a presentation by Lorie Shoemaker of the acuity adaptable model. PPH has made a proposal to DHS that they consider the acuity adaptable model.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> ▪ AHA Committee on Governance 	<p>The AHA Committee on Governance will meet June 27 and 28. Topics of discussion will be preventative health, unified health care proposal and board certification issues involving background and education.</p>		
<ul style="list-style-type: none"> ▪ CHA Board Meeting 	<p>The CHA Board of Directors will meet July 11 and 12. Topics of discussion will be the governor's health plan and other health care plan proposals.</p>		
<ul style="list-style-type: none"> ▪ Expert Advisory Panel 	<p>The Expert Advisory Panel will meet July 26 and 27 to review the Master Facilities Plan. Chairman Rivera requested that Board members attend if possible.</p>		
<p>President and CEO</p>	<p><i>Michael H. Covert</i></p>		
<ul style="list-style-type: none"> ▪ Organization Annual Review 	<p>The annual review of PPH involving review of budget, goals year-to-date, etc. has recently been completed.</p>	<p>Board members have requested the laminated card containing PPH financial statistics. Bob Hemker will follow up in regard to getting these for the Board members.</p>	
<ul style="list-style-type: none"> ▪ PPH Web Site 	<p>Updates to the PPH web site are being finalized by Gustavo Friederichsen and AVID Design.</p>		
<ul style="list-style-type: none"> ▪ Mock Surveys 	<p>Joint Commission mock surveys are underway and will continue over the next few weeks.</p>		
<ul style="list-style-type: none"> ▪ Expert Advisory Panel 	<p>In addition to Chairman Rivera's comments, Mr. Covert added that the focus of the Expert Advisory Panel this year will be "innovation".</p>		
<ul style="list-style-type: none"> ▪ Cause for Applause Breakfast 	<p>The annual Cause for Applause Breakfast was held July 2. Over 4200 pins have been distributed in the past year.</p>		
<p>Board Member</p>	<p><i>Ted Kleiter</i></p>		
<ul style="list-style-type: none"> ▪ ACHD Annual Meeting 	<p>The ACHD annual meeting in San Diego in September is in the planning stages.</p>		
<p>INFORMATION ITEMS</p>	<p><i>Discussion by exception only</i></p>		
<ul style="list-style-type: none"> ▪ Facilities Board and Grounds 			
<ul style="list-style-type: none"> ▪ Human Resources 			
<ul style="list-style-type: none"> ▪ Audit 			
<ul style="list-style-type: none"> ▪ Community Relations 			

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> ▪ Finance ▪ Strategic Planning 			
COMMITTEE REPORTS			
Human Resources			
<ul style="list-style-type: none"> • Revised Smoking Policy in PPH Facilities – GOV 23 	<p><i>Nancy Bassett, Chair</i></p> <p>Director Bassett thanked those present who spoke to the Board in regard to their support of a smoke free environment at PPH. She also thanked them for staying through the meeting to hear discussion of this topic. Director Bassett reported that the Board HR Committee has recommended approval of a revised smoking policy which would extend the present policy to "external" locations of the PPH campuses. Director Bassett reviewed the steps of implementation which include appointment of a Smoke Free Task Force, development of a charter by the Task Force, kick-off event August 13 and "go-live" January 1, 2008.</p>	<p>MOTION: 1st by Greer, 2nd by Bassett to extend the present smoking policy to "external" locations of the PPH campuses.</p> <p>Revised policy will go the Board Governance Committee for approval with possible modification of III B.</p> <p>All in favor; none opposed.</p> <p>Michael Covert will send a communication to employees announcing the approval of the new policy with effective date of January 1, 2008.</p>	
Strategic Planning <ul style="list-style-type: none"> • FY'08 Initiatives and Targets 	<p><i>Alan Larson, M.D., Chair</i></p> <p>In regard to the FY08 initiatives and targets, Dr. Larson commented that the Strategic Planning Committee of the Board has reviewed the initiatives and targets in great detail and it is his recommendation that they be approved by the full Board.</p> <p>Dr. Larson also commented that the Strategic Planning Committee of the Board heard outstanding presentations on the Research Institute and the Outpatient Women's Center Business Plan at their meeting in July.</p>	<p>MOTION: 1st by Kleiter, 2nd by Bassett that the FY08 initiatives and targets be approved. All in favor; none opposed.</p> <p>Chairman Rivera thanked Dr. Larson and his committee for their outstanding work in regard to the initiatives and targets for FY08.</p>	
<ul style="list-style-type: none"> • Integrative Medicine 	<p>Dr. Larson requested that discussion of integrative medicine be postponed until the August Board of Directors meeting.</p> <p>Dr. Rivera gave a brief overview of the topic of integrative medicine as discussed at the</p>	<p>MOTION: 1st by Larson, 2nd by Kleiter to postpone discussion of integrative medicine until the August Board of Directors meeting. All in favor; none opposed.</p>	

76

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH	<p>recent <u>Board Strategic Planning meeting</u>. Director Greer requested that PPH employees stand with PPH in regard to the implementation of the new Smoke Free Policy.</p> <p>Chairman Rivera commented that the Board will soon be receiving on CD the full presentation by Lorie Shoemaker on acuity adaptable rooms.</p> <p>Chairman Rivera announced that Nancy Bassett has agreed to serve on a healthcare advisory panel which is being organized from the office of Congressman Filner. Gustavo Friederichsen will represent PPH on a health care advisory panel organized from the office of Congressman Brian Bilbray.</p> <p>7:30 p.m.</p>		
ADJOURNMENT SIGNATURES <ul style="list-style-type: none"> ▪ Board Secretary ▪ Actg Board Assistant 	<p>_____</p> <p>Linda C. Greer, R.N.</p> <p>_____</p> <p>Nancy M. Wood</p>		

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

06/01/07	TO	06/30/07	ACCOUNTS PAYABLE INVOICES	\$26,420,121.00
06/01/07	TO	06/29/07	NET PAYROLL	<u>\$13,283,826.00</u>
				\$39,703,947.00

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

June 2007 & YTD FY2008 Financial Report

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, July 31, 2007
MEETING DATE: Monday, August 13, 2007
BY: Robert Hemker, CFO

Background: As the June 2007 financial close had been extended to assure all FY2007 business transactions were recorded in the pre-audit financial statements, a preliminary draft of the Board Financial Reports (unaudited) for June 2007 and YTD FY2008 was submitted for the Board Finance Committee's review prior to that meeting. Updates to that draft were incorporated as pages D-26 through D-34 in the attached report and were presented at the July 31st Board Finance Committee meeting.

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Board Financial Reports (unaudited) for June 2007 and YTD FY2008.

Motion: X

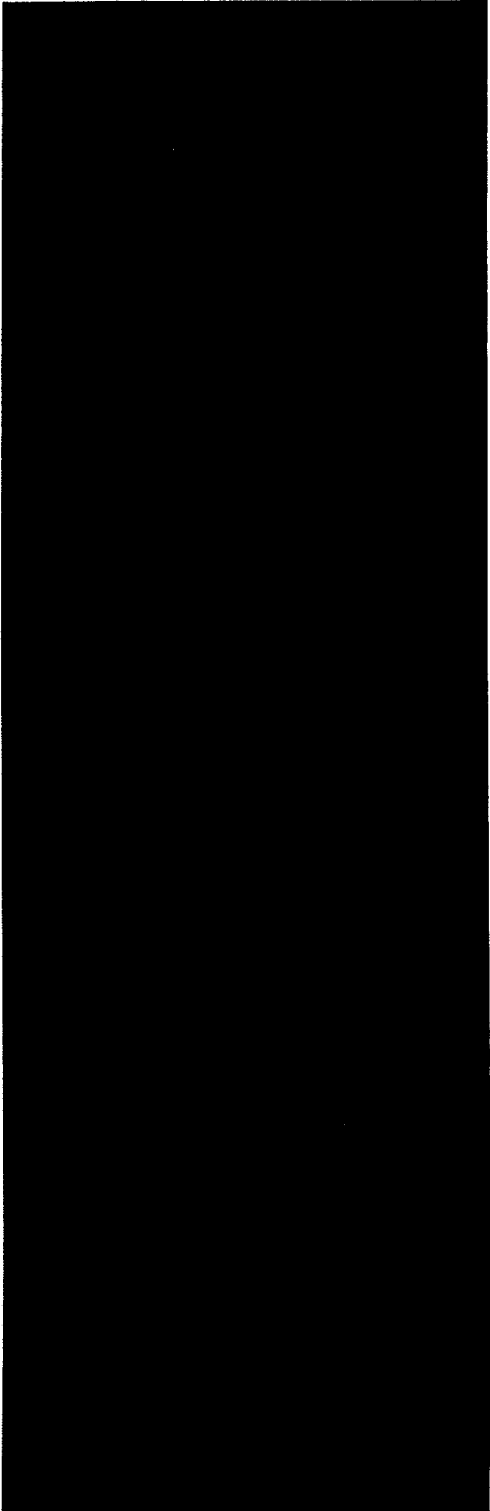
Individual Action:

Information:

Required Time:

Financial Statements

June 2007



PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

Admissions - Acute

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

D-3

FISCAL YEAR 2007

3,000

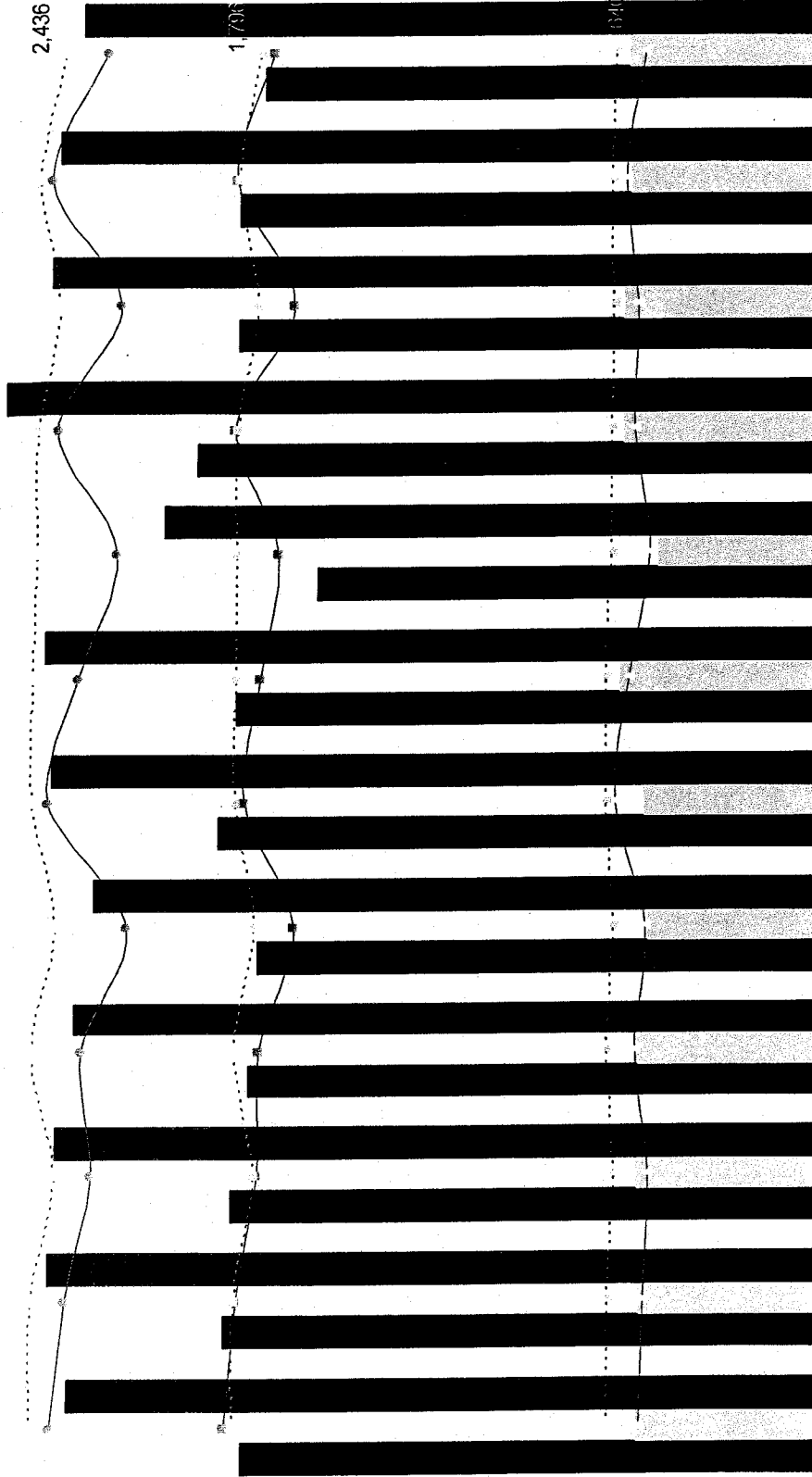
2,500

2,000

1,500

1,000

500



PMC
POM
CON
PY PMC
PY POM
PY CON

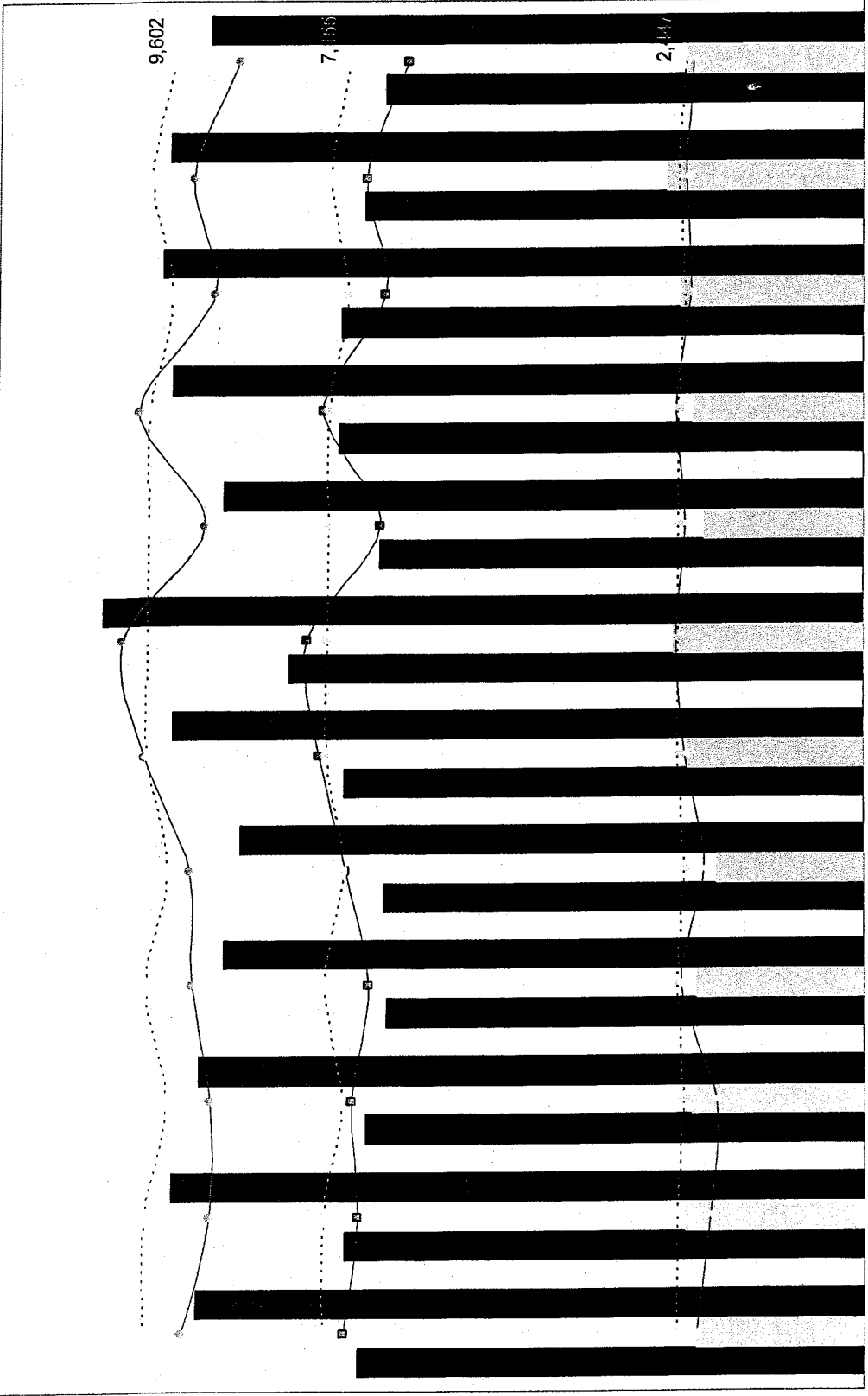
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUN	YTD	Bud YTD
PMC	1,832	1,895	1,871	1,816	1,791	1,915	1,861	1,601	1,996	1,862	1,861	1,783	22,084	22,084	21,896
POM	570	569	572	568	532	545	620	498	613	610	591	597	6,885	6,885	7,787
CON	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	2,609	2,472	2,452	2,380	28,959	28,959	29,683

23

Patient Days - Acute

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

12,000



D-4

F I S C A L Y E A R 2 0 0 7

■ PMC
 □ POM
 ▒ CON
 —■— PY PMC
 —▲— PY POM
 —◆— PY CON

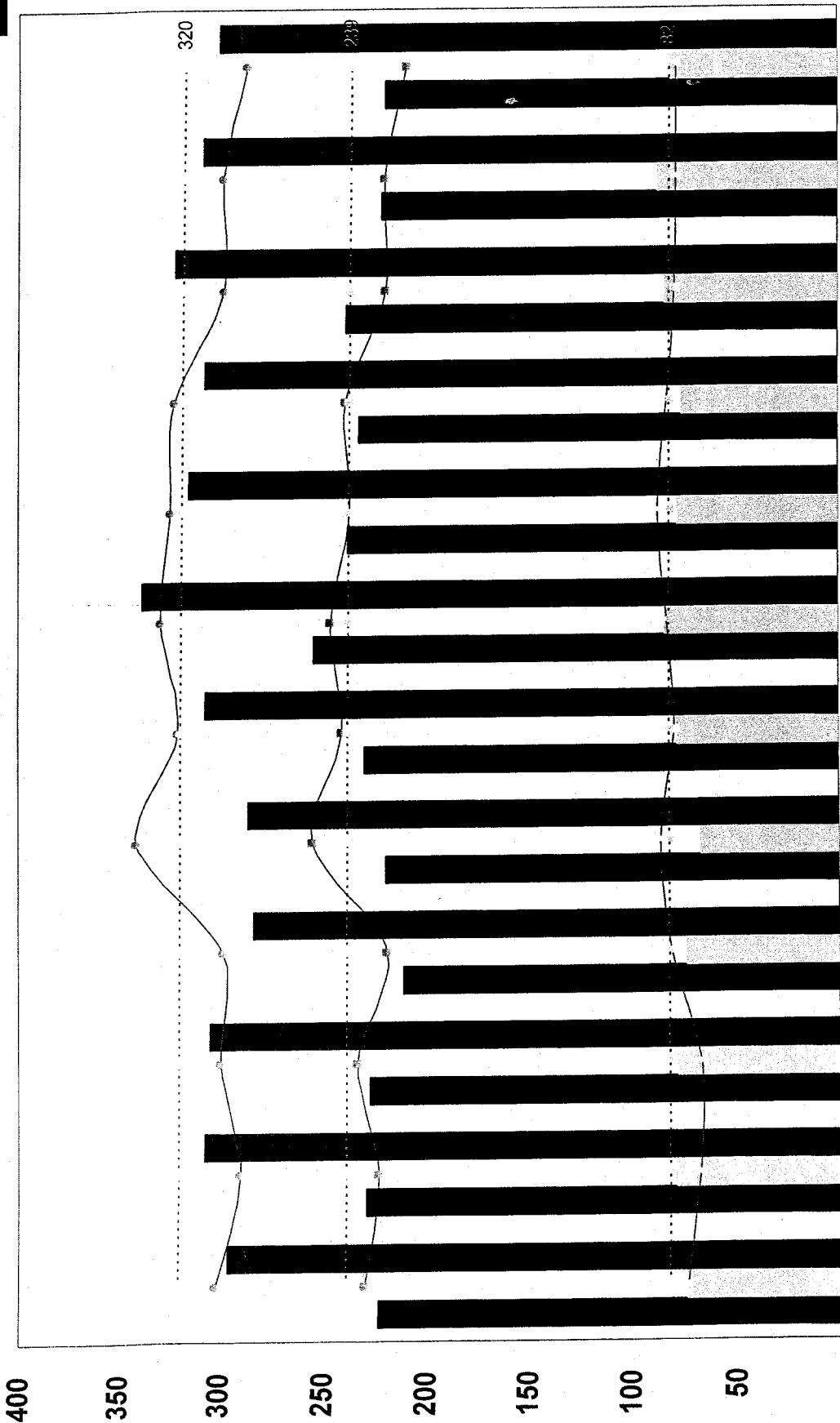
JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	7,258	7,234	6,940	6,676	83,896	87,078
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,991	2,178	2,335	2,512	2,716	2,440	28,476	29,745
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	9,746	9,656	9,116	112,372	116,823

Average Daily Census - Acute

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

D-5 FISCAL YEAR 2007



PMC
 POM
 CON
 PY PMC
 PY POM
 PY CON

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	223	229	227	211	220	231	256	239	234	241	224	223	230	239
POM	73	78	78	73	67	78	84	78	75	84	88	81	78	81
CON	296	308	305	284	287	308	340	317	309	325	311	304	308	320

Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

D-6

FISCAL YEAR 2007

	JUN	MAY	APR	MAR	FEB	JAN	DEC	NOV	OCT	SEP	AUG	JUL
JUN	772	1,015	771	2,220	14	919	418	736				
MAY	773	1,046	848	2,411	13	944	477	722				
APR	836	1,094	841	2,317	200	920	512	692				
MAR	793	1,066	851	2,263	235	937	549	645				
FEB	787	1,010	730	2,020	277	747	423	777				
JAN	870	1,174	847	2,643	306	974	463	734				
DEC	818	1,082	824	2,317	220	929	452	620				
NOV	793	810	767	2,012	206	996	480	569				
OCT	771	899	748	2,028	189	1,030	455	732				
SEP	806	1,013	839	2,178	218	942	399	745				
AUG	762	1,058	870	2,270	198	931	421	730				
JUL	772	1,035	779	2,106	16	942	411	663				

ICU/CCU
 MED-ONCOLOGY
 PEDIATRICS
 NICU
 SURG-ORTH
 LABOR DELIVERY RECOVERY
 TELEMETRY
 MED SURG
 REHAB ACUTE
 IMC
 T2 SURG
 MHU

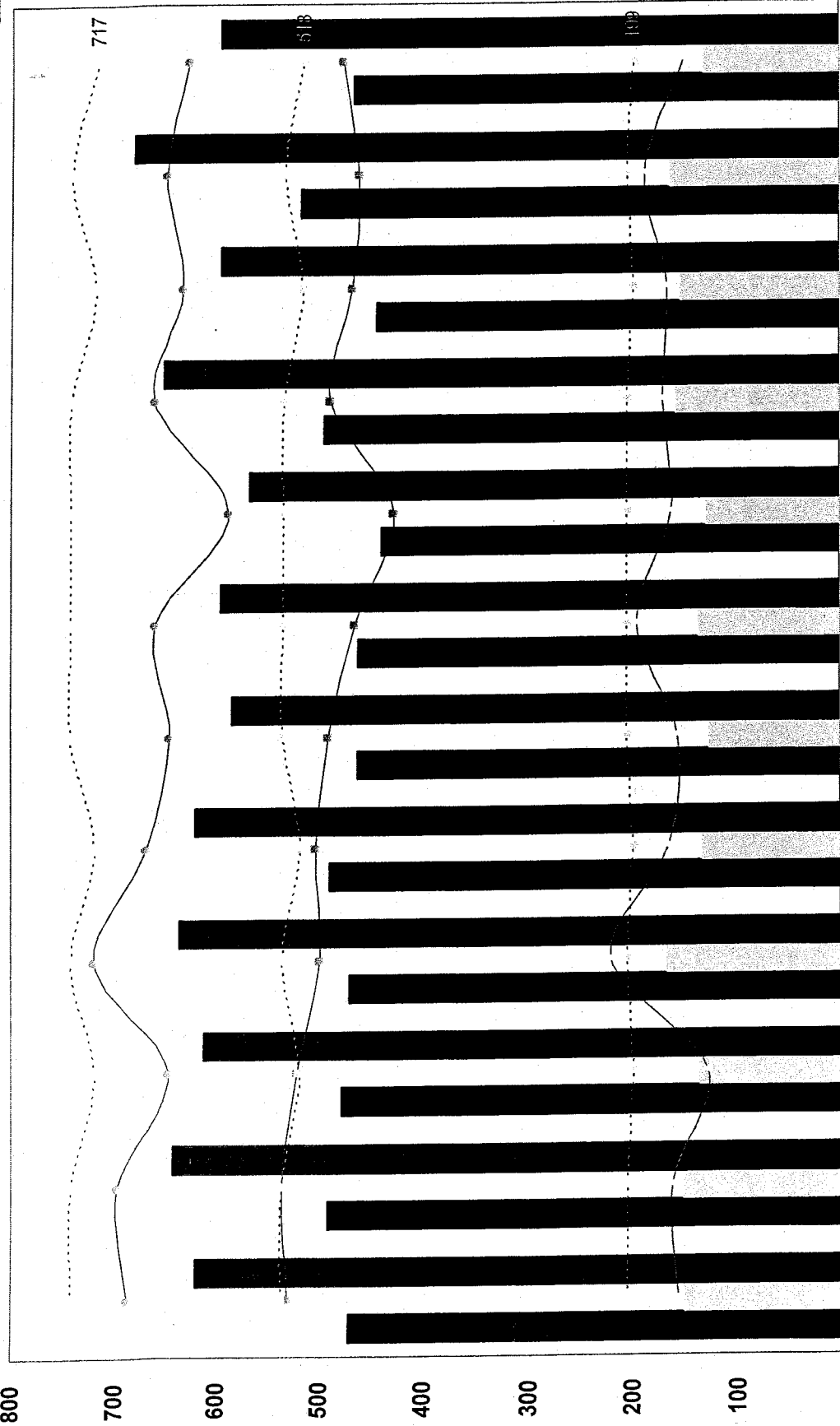
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	7,258	7,234	6,940	6,676	83,896	87,078
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	2,335	2,512	2,716	2,440	28,476	29,745
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	9,746	9,656	9,116	112,372	116,823

Surgeries (In-Patient)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

D-7

FISCAL YEAR 2007



PMC
 POM
 CON
 PY PMC
 PY POM
 PY CON

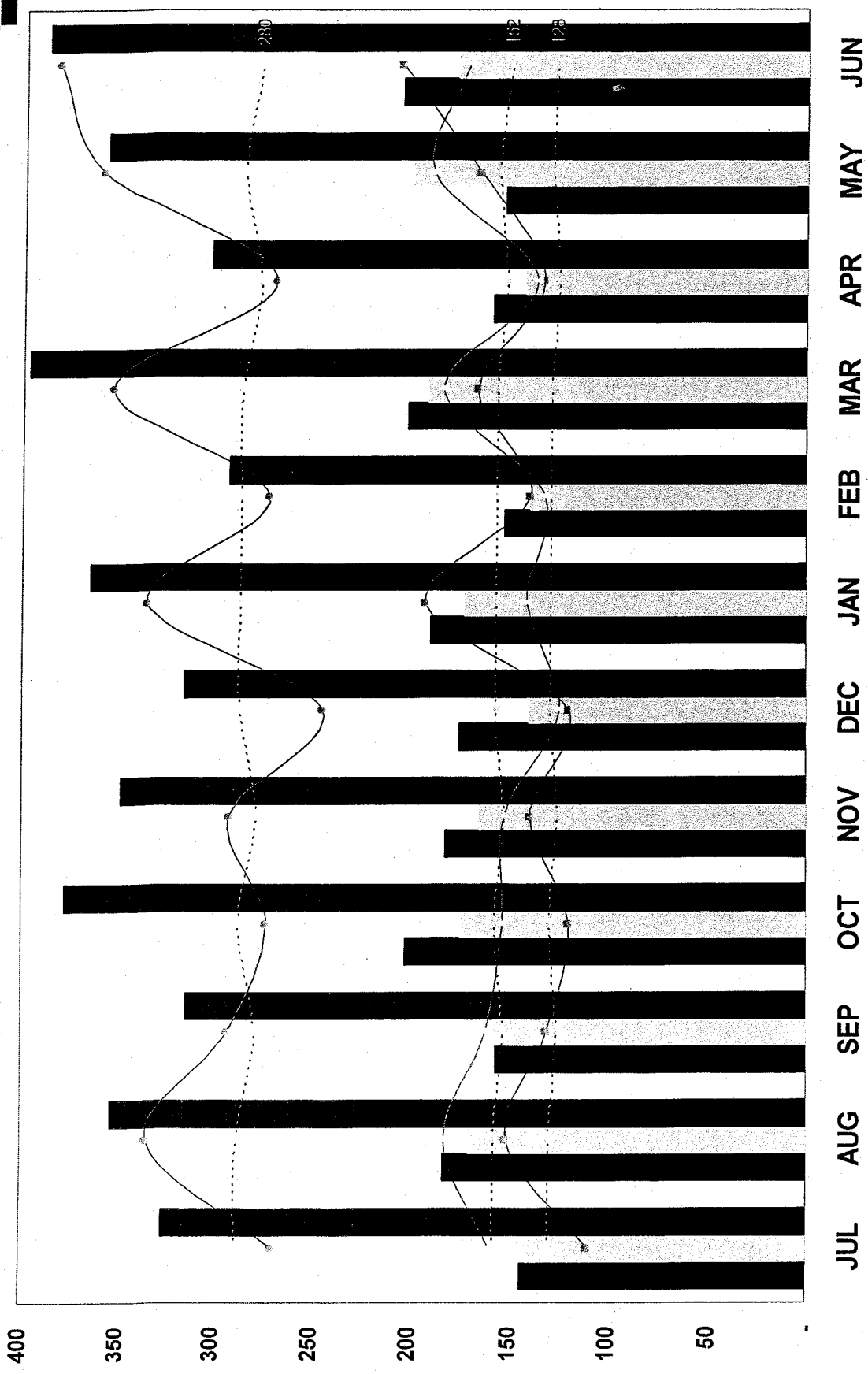
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	471	492	478	471	490	463	464	442	498	447	521	471	5,708	6,319
POM	150	151	135	166	132	124	135	128	157	153	163	130	1,724	2,416
CON	621	643	613	637	622	587	599	570	655	600	684	601	7,492	8,735

Surgeries (Out-Patient)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

FISCAL YEAR 2007

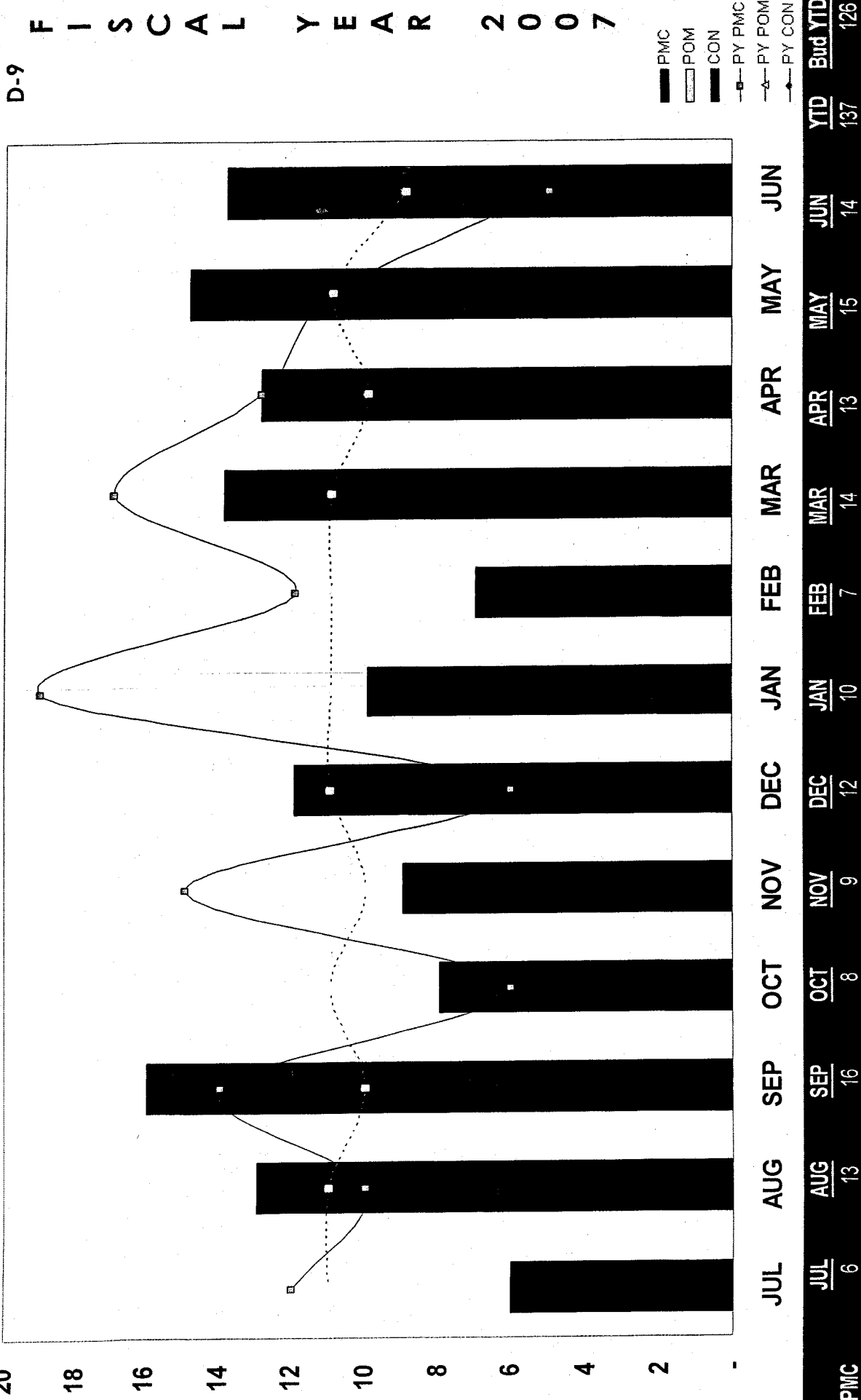
D-8



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bid YTD
PMC	144	183	157	203	183	176	191	154	204	161	155	208	2,119	1,534
POM	182	170	158	175	166	141	174	141	193	144	203	180	2,027	1,860
CON	326	353	315	378	349	317	365	295	397	305	358	388	4,146	3,394

Surgeries - CVS (PMC)

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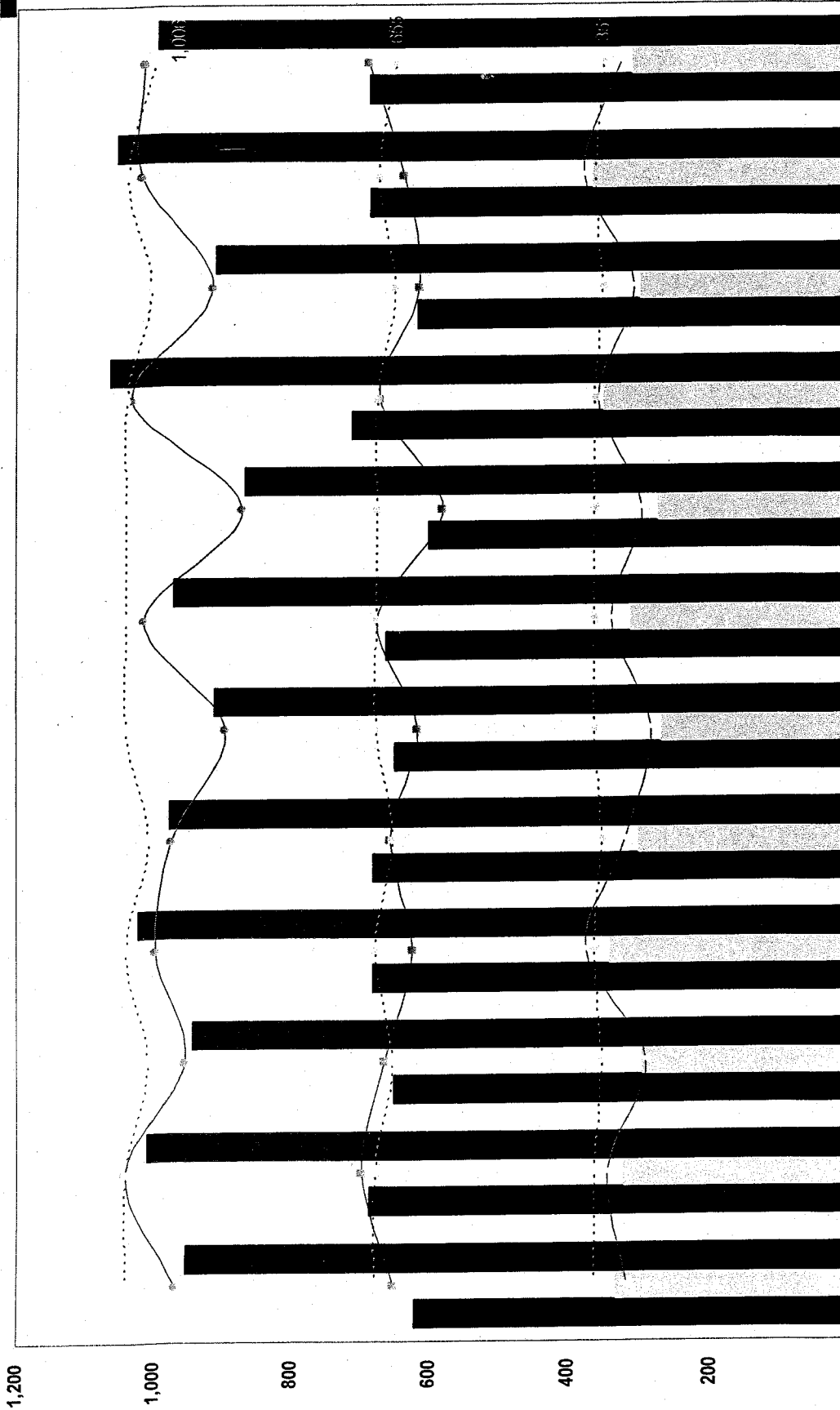


Total Surgeries

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D-10

FISCAL YEAR 2007

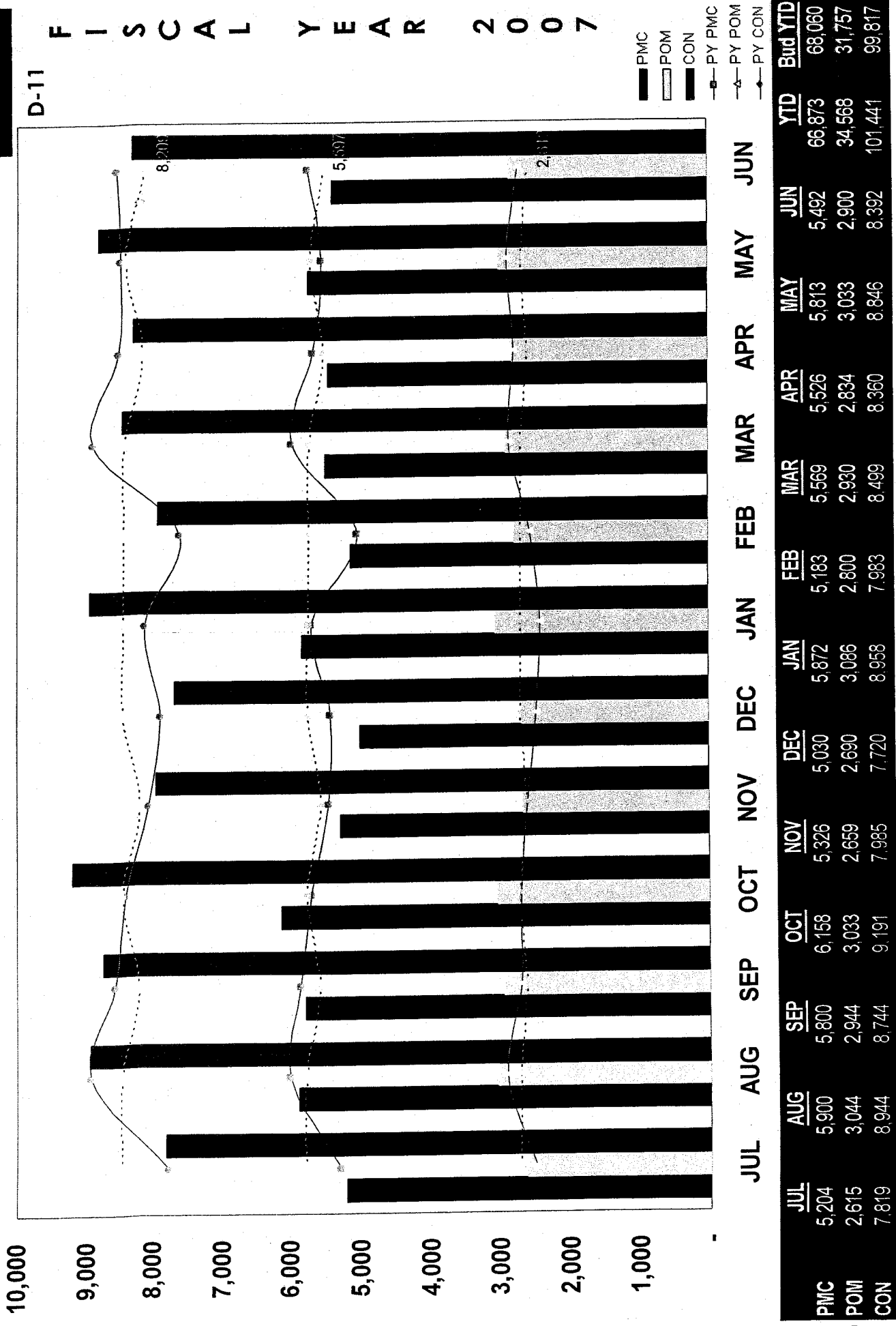


■ PMC
 □ POM
 ▒ CON
 — PY PMC
 - - PY POM
 ··· PY CON

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	621	688	651	682	682	651	665	603	716	621	691	693	7,964	7,979
POM	332	321	293	341	298	265	309	269	350	297	366	310	3,751	4,276
CON	953	1,009	944	1,023	980	916	974	872	1,066	918	1,057	1,003	11,715	12,255

Outpatient Registration

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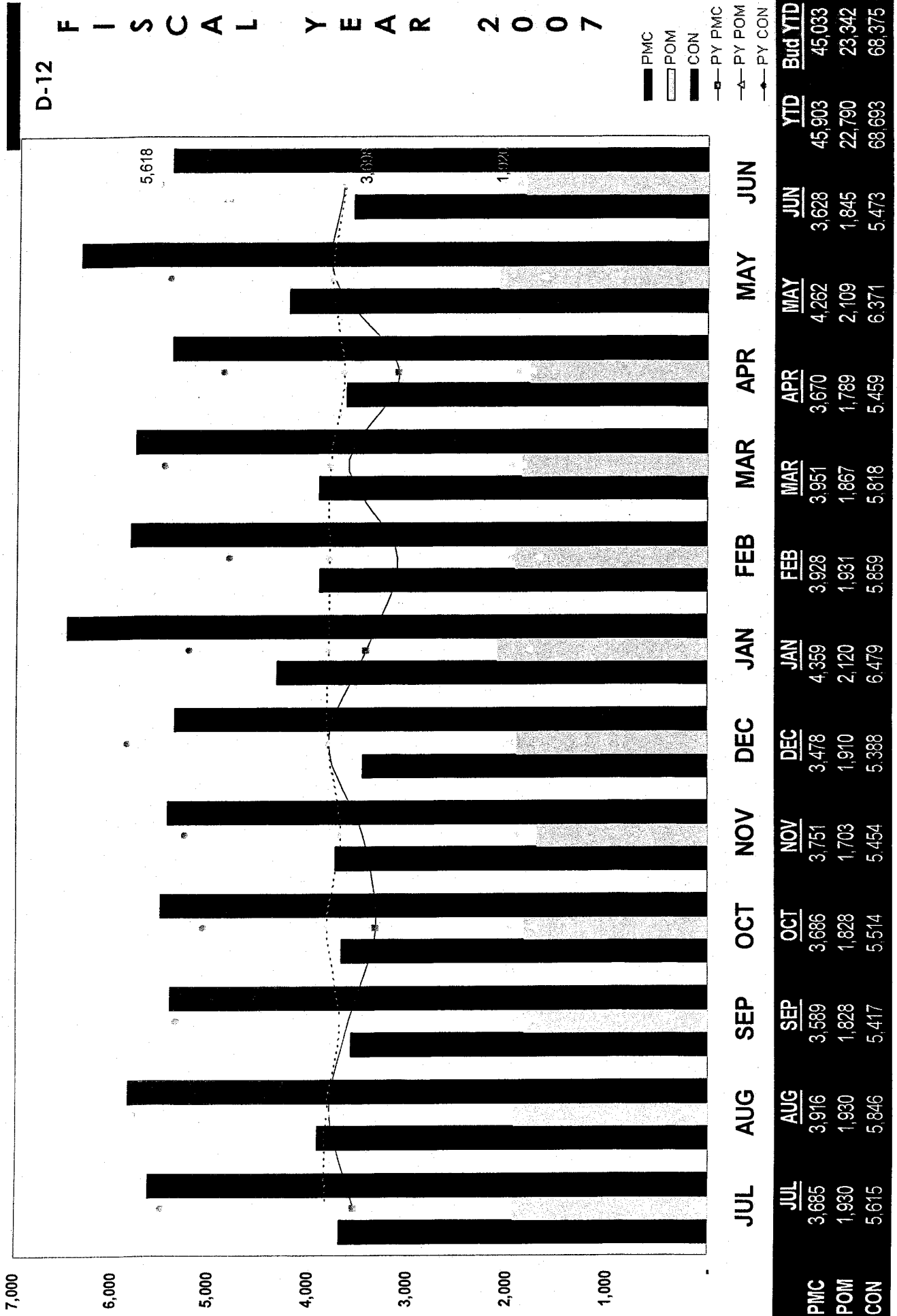


ER Visits includes Trauma

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D-12

FISCAL YEAR 2007

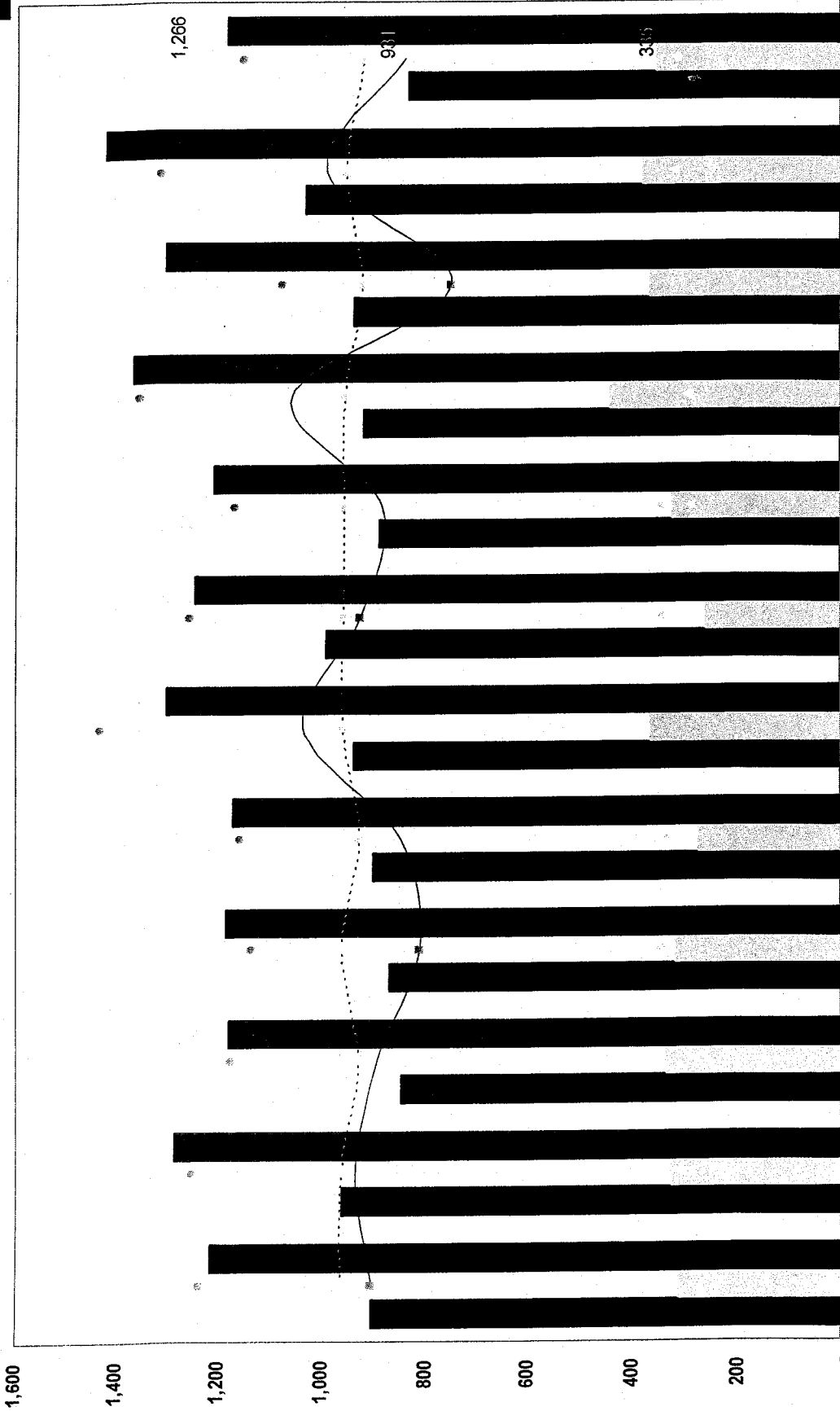


ER Admissions includes Trauma

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D-13

F I S C A L Y E A R 2 0 0 7



PMC
 POM
 CON
 PY PMC
 PY POM
 PY CON

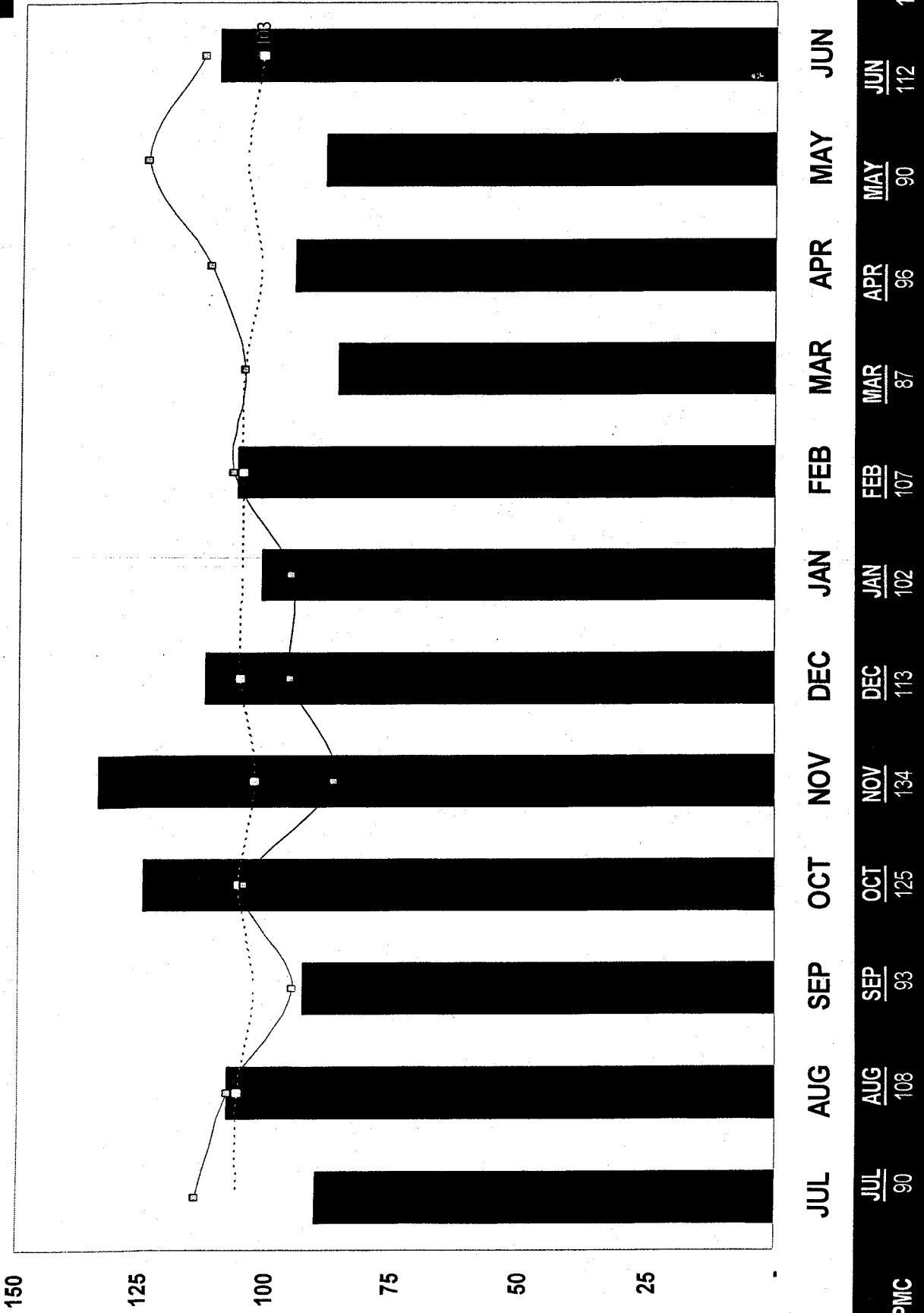
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	905	963	850	873	906	944	998	895	929	949	1,046	847	11,105	11,345
POM	311	326	335	318	274	364	258	324	446	367	382	356	4,061	4,085
CON	1,216	1,289	1,185	1,191	1,180	1,308	1,256	1,219	1,375	1,316	1,428	1,203	15,166	15,430

Trauma Cases (PMC)

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D-14

FISCAL YEAR 2007

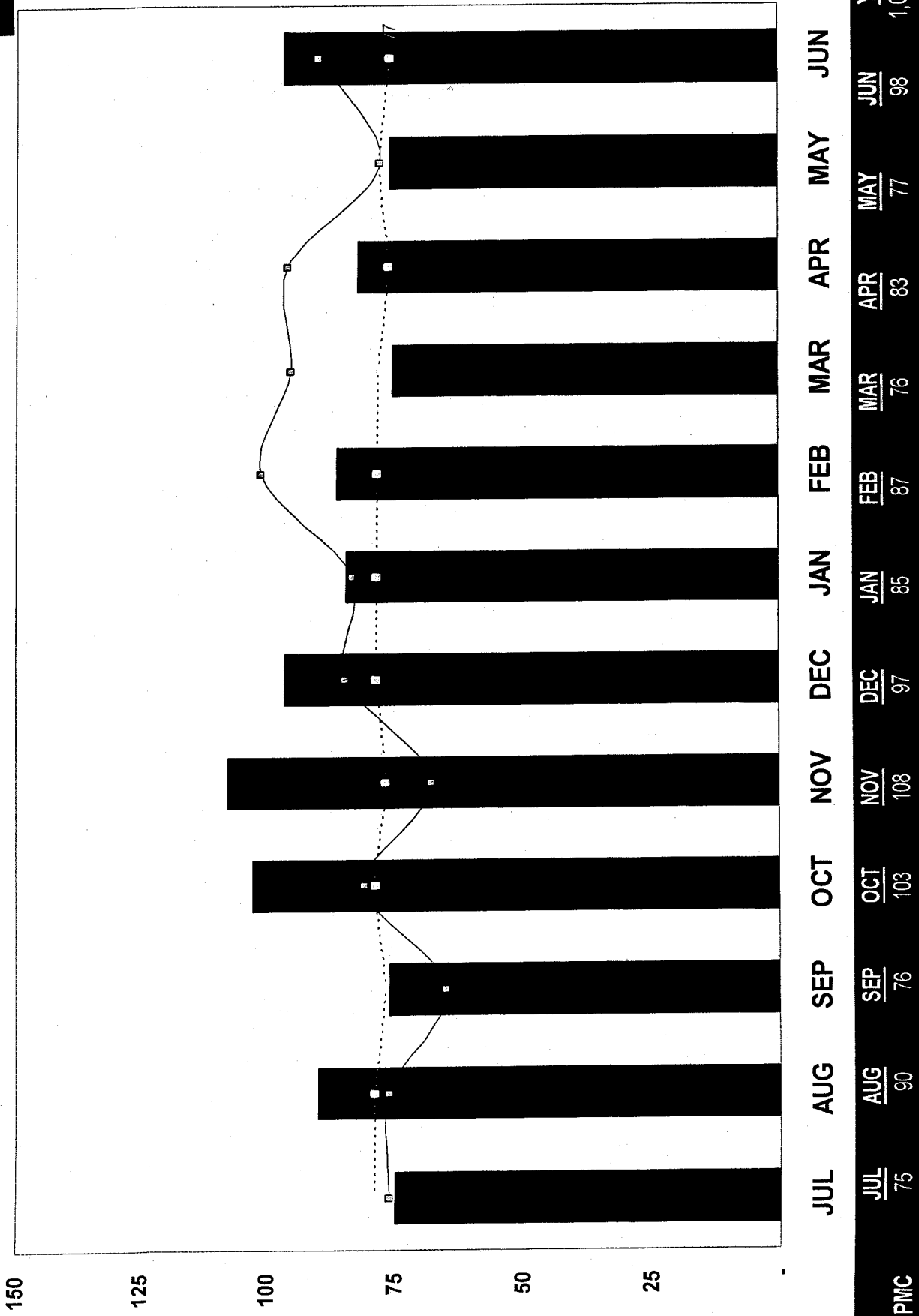


Trauma Admissions (PMC)

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D-15

FISCAL YEAR 2007



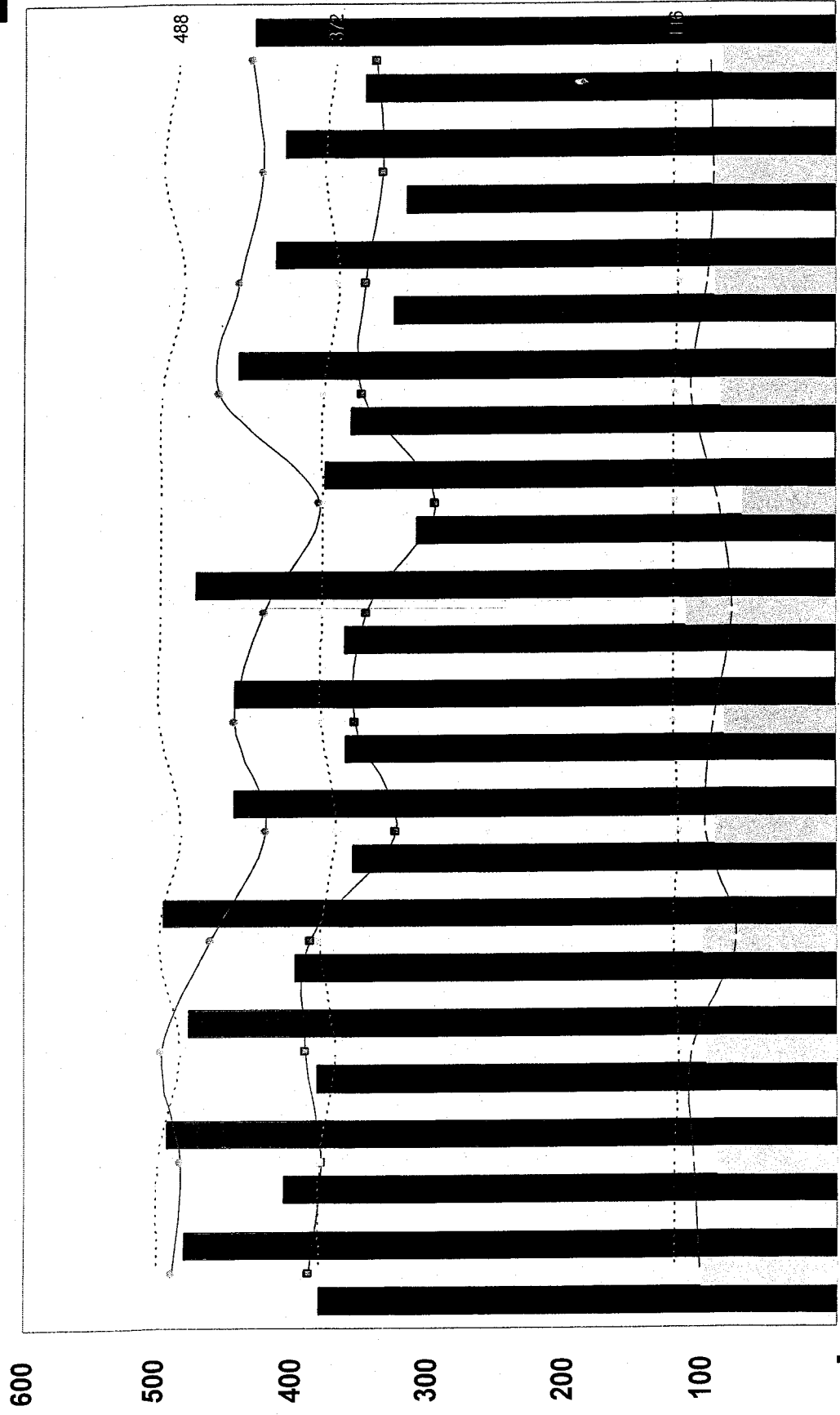
67

Deliveries

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D-16

FISCAL YEAR 2007



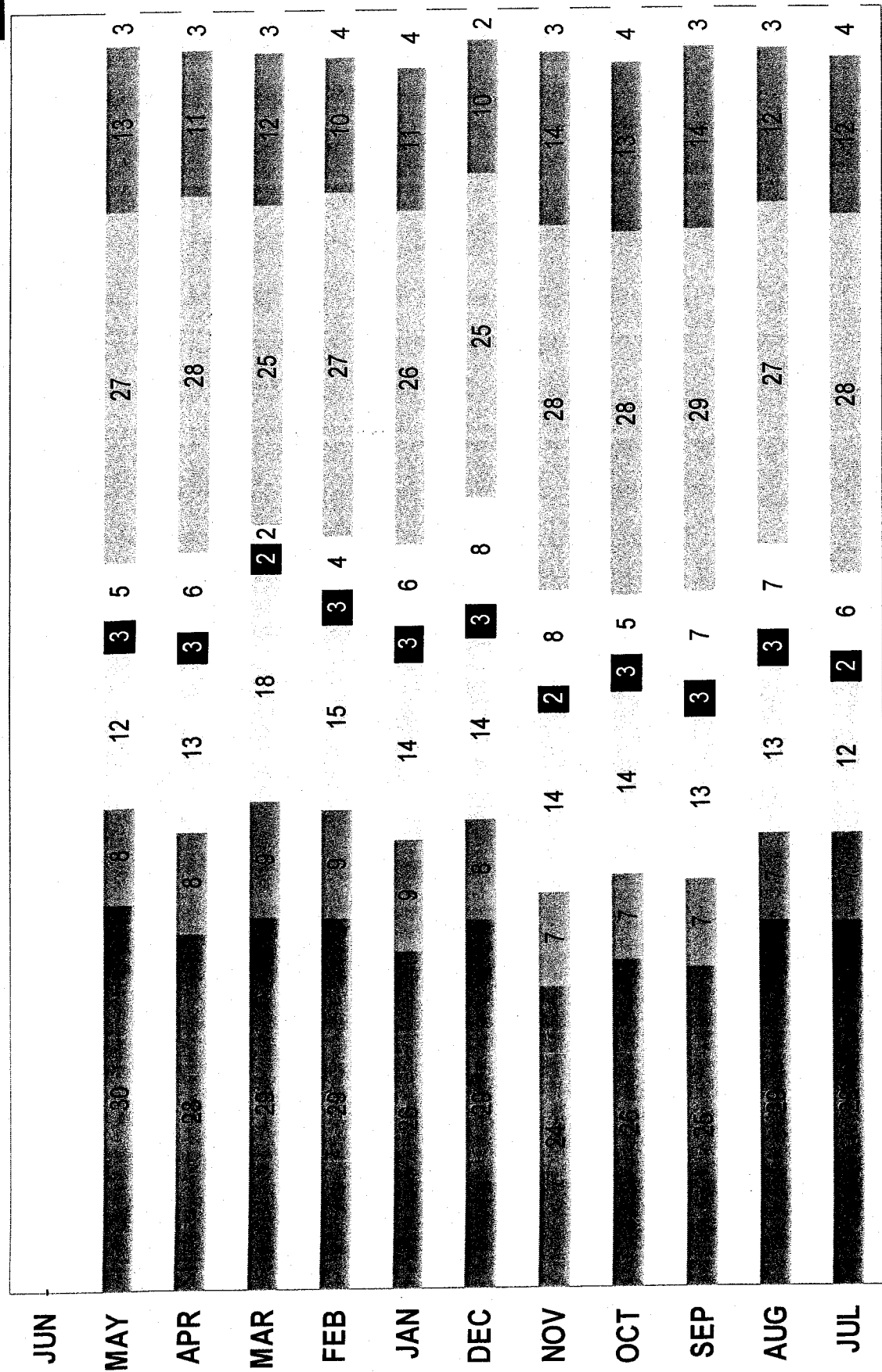
PMC
POM
CON
PY PMC
PY POM
PY CON

JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	379	406	382	399	356	362	363	310	359	328	319	350	4,313	4,480
POM	100	87	95	97	88	82	110	68	84	88	91	83	1,073	1,401
CON	479	493	477	496	444	444	473	378	443	416	410	433	5,386	5,881

Payor Mix based on Gross Revenue

D-17
F I S C A L Y E A R 2 0 0 7



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

MEDICARE
 MCARE MGD
 MEDICAL
 MCAL MGD
 SELF PAY
 MGD CARE
 CAP
 OTHER

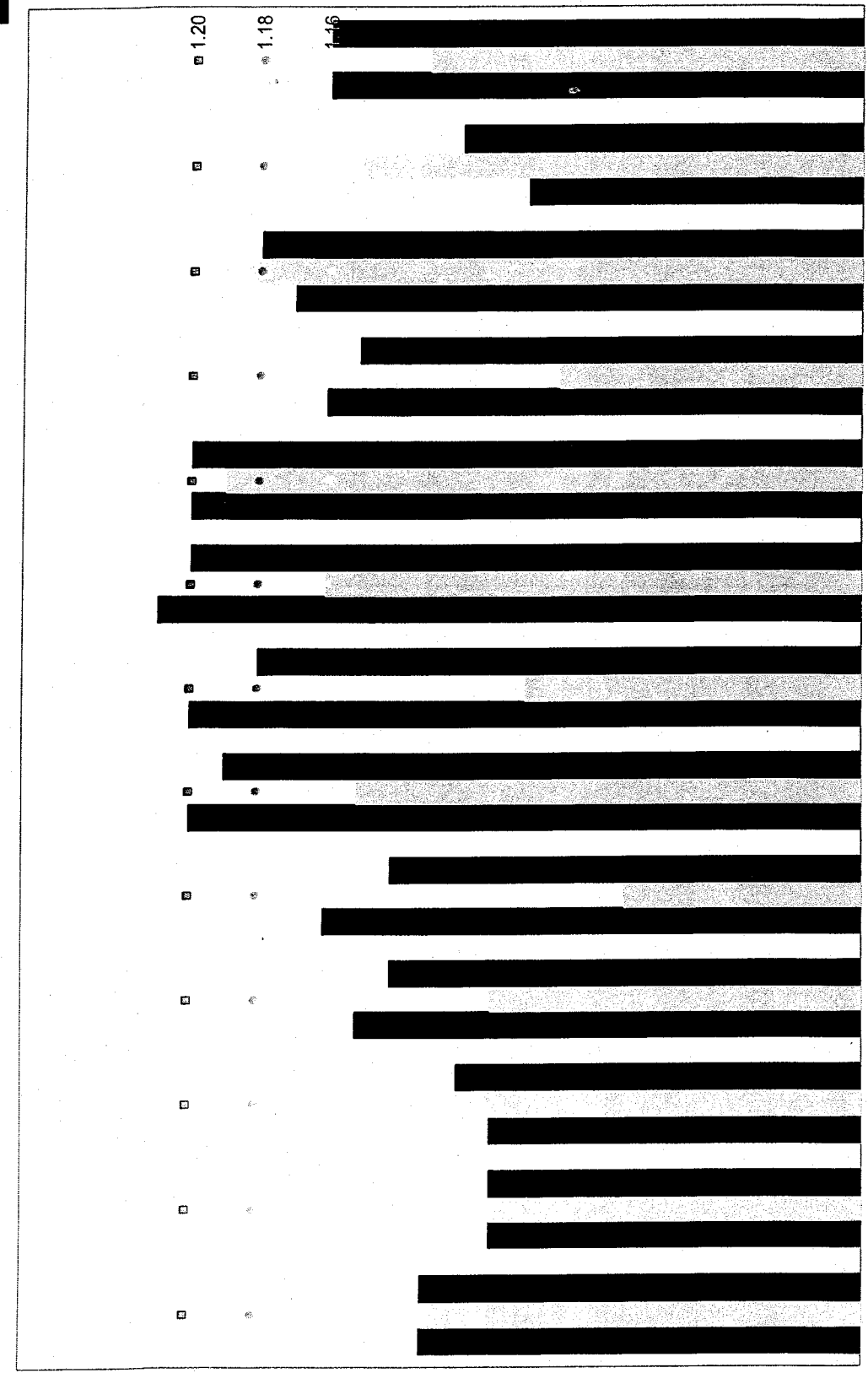
100

Case Mix Index

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D-18

FISCAL YEAR 2007

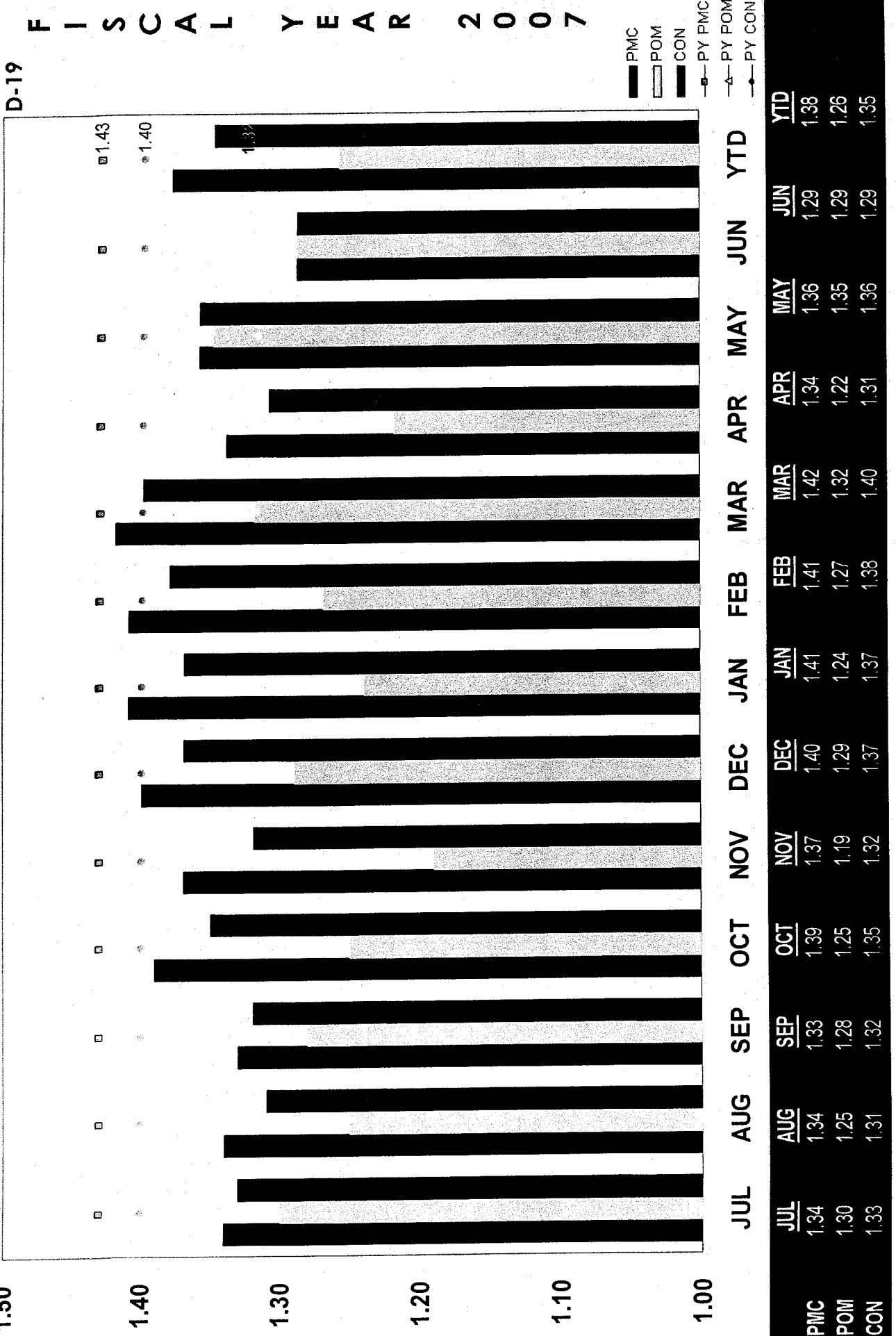


PMC
POM
CON
PY PMC
PY POM
PY CON

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
PMC	1.13	1.11	1.11	1.15	1.16	1.20	1.20	1.21	1.20	1.16	1.17	1.10	1.16
POM	1.13	1.11	1.13	1.11	1.07	1.15	1.10	1.16	1.19	1.09	1.20	1.15	1.13
CON	1.13	1.11	1.12	1.14	1.14	1.19	1.18	1.20	1.20	1.15	1.18	1.12	1.16

Case Mix Index by Region excludes Deliveries

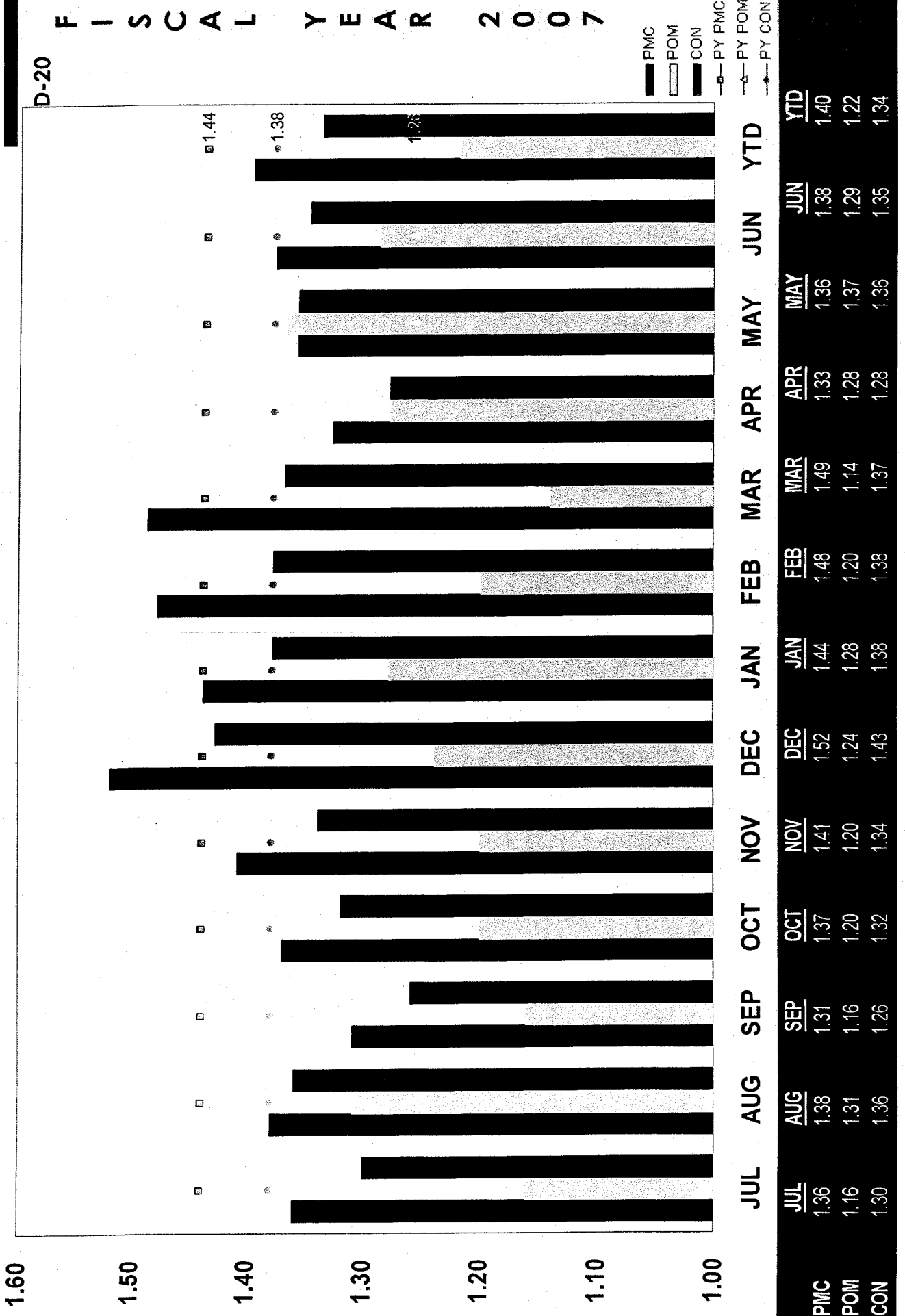
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2

Case Mix Index by Region – MediCare

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Summary of Key Indicators and Results

FYTD June 2007

D-21

	ACTUAL	BUDGET	VARIANCE	FY 2006
ADMISSIONS - Acute:				
Palomar Medical Center	22,084	21,896	188	21,521
Pomerado Hospital	6,885	7,787	(902)	6,843
Total:	28,969	29,683	(714)	28,364
ADMISSIONS - SNF:				
Palomar Medical Center	583	776	(193)	630
Pomerado Hospital	567	629	(62)	596
Total:	1,150	1,405	(255)	1,226
PATIENT DAYS - Acute:				
Palomar Medical Center	83,896	87,078	(3,182)	84,231
Pomerado Hospital	28,476	29,745	(1,269)	28,214
Total:	112,372	116,823	(4,451)	112,445
PATIENT DAYS - SNF:				
Palomar Medical Center	31,706	32,343	(637)	30,527
Pomerado Hospital	45,134	45,262	(128)	45,319
Total:	76,840	77,605	(765)	75,846

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5 D

Summary of Key Indicators and Results

FYTD June 2007 (cont'd)

D-22

	ACTUAL	BUDGET	VARIANCE	FY 2006
<u>WEIGHTED PATIENT DAYS:</u>				
Palomar Medical Center	107,362	108,362	(1,000)	104,995
Pomerado Hospital	44,806	44,949	(143)	45,319
Other Activities	3,201	3,671	(470)	1,381
Total:	<u>155,369</u>	<u>156,982</u>	<u>(1,613)</u>	<u>151,695</u>
<u>AVERAGE LENGTH OF STAY - Acute:</u>				
Palomar Medical Center	3.77	4.02	(0.25)	3.96
Pomerado Hospital	4.11	3.96	0.15	4.07
Total:	<u>3.85</u>	<u>4.00</u>	<u>(0.15)</u>	<u>3.99</u>
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	55.53	40.63	14.90	47.11
Pomerado Hospital	78.91	73.60	5.31	78.41
Total:	<u>67.23</u>	<u>55.00</u>	<u>12.23</u>	<u>61.86</u>

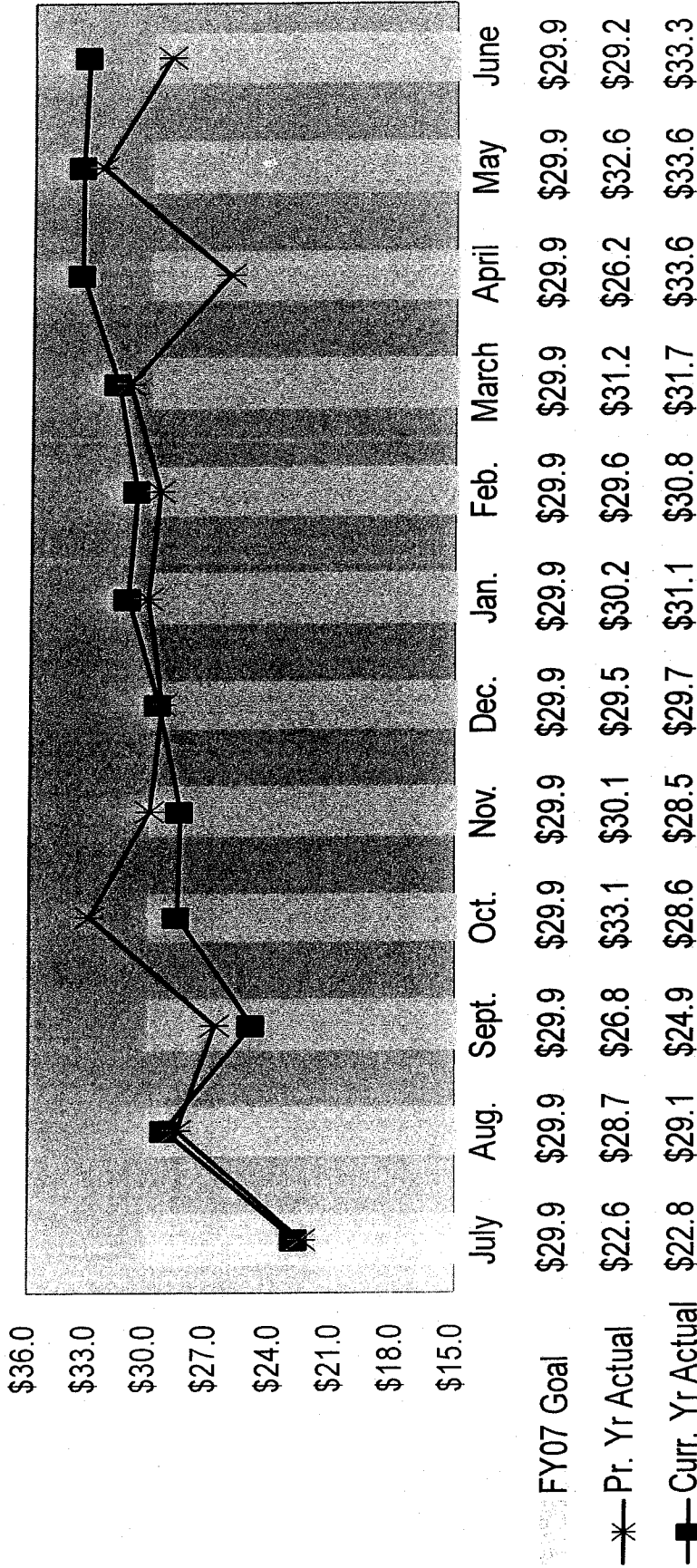
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Summary of Key Indicators and Results FYTD June 2007 (cont'd)

D-23

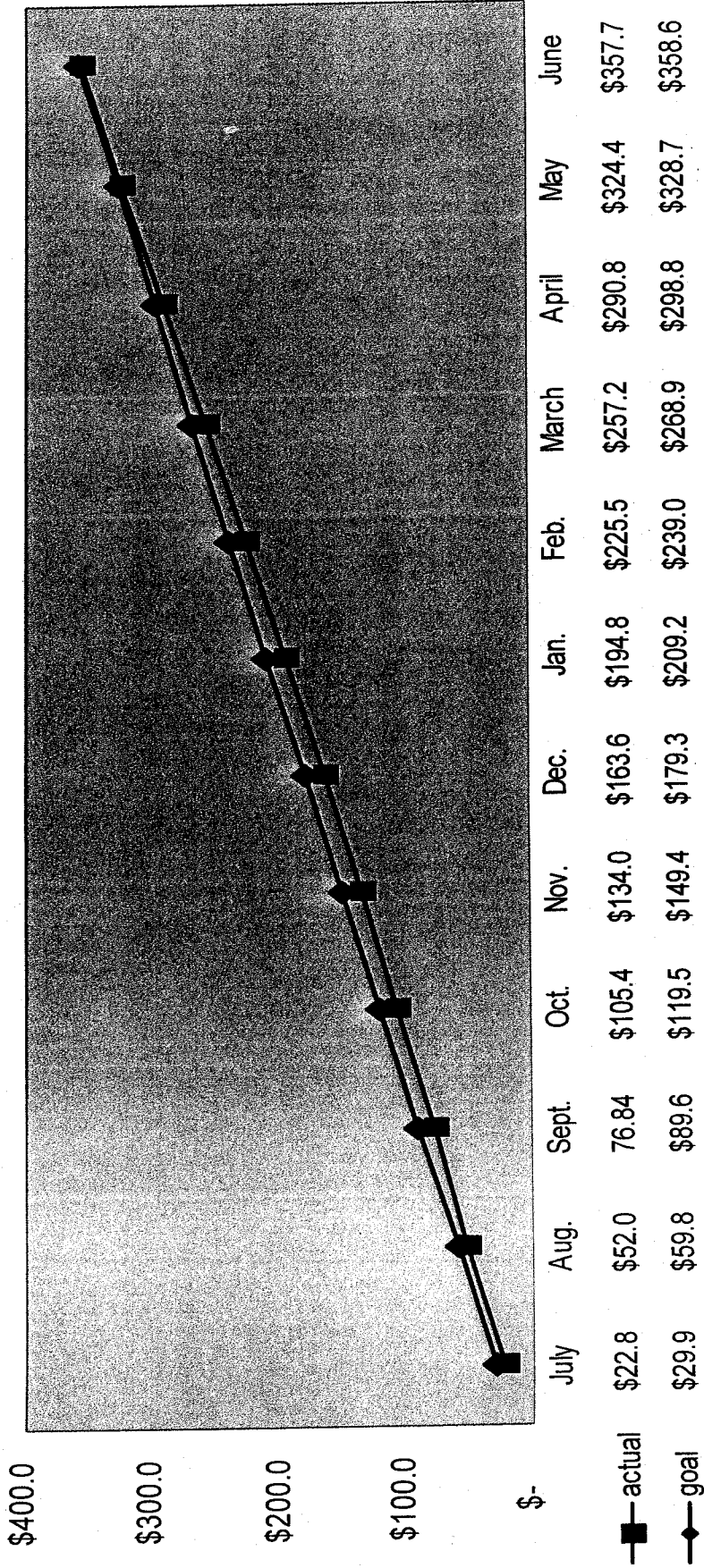
	ACTUAL	BUDGET	VARIANCE	FY 2006
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	45,903	45,033	870	42,556
Pomerado Hospital	22,790	23,342	(552)	21,893
Total:	<u>68,693</u>	<u>68,375</u>	<u>318</u>	<u>64,449</u>
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	11,105	11,345	(240)	10,951
Pomerado Hospital	4,061	4,085	(24)	3,851
Total:	<u>15,166</u>	<u>15,430</u>	<u>(264)</u>	<u>14,802</u>
<u>SURGERIES:</u>				
Palomar Medical Center	7,964	7,979	(15)	7,818
Pomerado Hospital	3,751	4,276	(525)	3,920
Total:	<u>11,715</u>	<u>12,255</u>	<u>(540)</u>	<u>11,738</u>
<u>BIRTHS:</u>				
Palomar Medical Center	4,313	4,480	(167)	4,248
Pomerado Hospital	1,073	1,401	(328)	1,115
Total:	<u>5,386</u>	<u>5,881</u>	<u>(495)</u>	<u>5,363</u>

PBS Monthly Collections in Millions



**PALOMAR
POMERADO
HEALTH**
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PBS YTD Collections in Millions

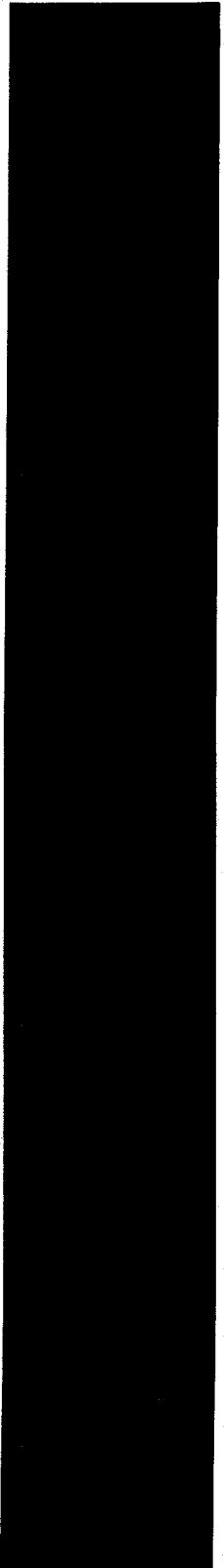


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PPH Weekly Flash Report

July 07	Jun29-Jul 5	Jul 6-12	Jul 13-19	Jul 20-26	MTD Total	MTD Budget	% Variance
ADC (Acute)	280	291	301	295	292	312	(6.47)
PMC	200	206	219	219	211	235	(10.40)
POM	80	86	82	76	81	76	5.66
PCCC	82	88	93	92	89	88	0.99
VP	120	122	119	123	121	123	(1.93)
Patient Days (Acute)	1957	2039	2106	2064	8,166	8,731	(6.47)
PMC	1400	1440	1534	1532	5,906	6,592	(10.40)
POM	557	599	572	532	2,260	2,139	5.66
PCCC	576	613	649	643	2,481	2,457	0.99
VP	840	855	832	862	3,389	3,456	(1.93)
Discharges	568	541	583	521	2,213	2,282	(3.00)
PMC	419	392	430	399	1,640	1,759	(6.79)
POM	149	149	153	122	573	522	9.76
Number of Surgeries	218	243	227	195	883	889	(0.65)
PMC	160	168	150	139	617	603	2.26
POM	58	75	77	56	266	285	(6.80)
Number of Births	106	120	103	110	439	421	4.30
PMC	78	91	77	87	333	337	(1.16)
POM	28	29	26	23	106	84	26.19

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PPH Weekly Flash Report

July 07	Jun29-Jul 5	Jul 6-12	Jul 13-19	Jul 20-26	MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)							
PMC	2199	1872	2001	1963	8,035	7,762	3.51
POM	1454	1202	1287	1299	5,242	5,125	2.28
	745	670	714	664	2,793	2,637	5.90
ER Visits							
PMC	1779	1776	1505	1713	6,773	6,697	1.13
POM	1182	1183	977	1146	4,488	4,465	0.52
	597	593	528	567	2,285	2,233	2.34
Trauma Visits							
IP	28	21	20	18	87	109	(20.40)
OP	25	19	18	16	78	92	(15.34)
	3	2	2	2	9	17	(47.56)
Gross IP Revenue	14,499,053	20,781,039	20,331,219	15,588,761	71,200,072	79,343,463	(10.26)
Gross OP Revenue	4,112,635	5,896,872	5,931,332	4,563,908	20,504,747	24,181,170	(15.20)
Cash Collection	4,900,650	7,153,276	6,227,699	6,515,269	24,796,894	29,906,720	(17.09)
Days cash on hand	102	117	117	119	119	80	
Prod Hrs (PP 1 & 2)							
PMC - North		202,245		213,808	416,053	414,044	(0.49)
POM - South		116,425		121,665	238,090	233,094	(2.14)
Others		52,495		55,210	107,705	109,914	2.01
		33,325		36,933	70,258	71,036	1.10
Prod \$ (PP 1 & 2)							
PMC - North		6,205,377		6,528,193	12,733,570	12,895,239	1.25
POM - South		3,605,299		3,741,332	7,346,631	7,348,891	0.03
Others		1,550,105		1,614,253	3,164,358	3,210,637	1.44
		1,049,973		1,172,608	2,222,581	2,335,711	4.84

Financial Statements

June 2007

Pre-Audit Close 7/30/07

PALOMAR
POMERADO
HEALTH
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Board Financial Report Table of Contents

D-29

Cover Page	
Table of Contents	D-29
Consolidated -- YTD 2007 Actual vs. Budget Analysis	D-30
Key Variance Highlights -- YTD	D-31
Consolidated -- YTD 2007 vs YTD 2006	D-32
Consolidated -- MTD 2007 Actual vs. Budget Analysis	D-33
Consolidated Balance Sheet	D-35

**PALOMAR POMERADO HEALTH
CONSOLIDATED**
Year-to-Date as of JUNE FY 2007

	Actual		Budget		Variance		Rate/Eff		Actual		Budget		Variance
					Volume								
Statistics:													
Admissions - Acute	28,969		29,683		(714)								
Admissions - SNF	1,150		1,405		(255)								
Patient Days - Acute	112,372		116,823		(4,451)								
Patient Days - SNF	76,840		77,605		(765)								
ALOS - Acute	3.85		4.00		(0.15)								
ALOS - SNF	67.23		55.00		12.23								
Weighted Pt Days	155,376		156,982		(1,606)								
Revenue:													
Gross Revenue	\$ 1,239,405,958		\$ 1,251,685,690		\$ (12,279,732)								
Deductions from Rev	(857,689,487)		(868,108,294)		10,418,807	F							
Net Patient Revenue	381,716,471		383,577,396		(1,860,925)	U							
Other Oper Revenue	12,309,684		12,091,180		218,504	F							
Total Net Revenue	394,026,155		395,668,576		(1,642,421)	U							
Expenses:													
Salaries, Wages & Contr Labor	185,593,727		187,710,344		2,116,617	F							
Benefits	45,269,254		44,808,895		(460,359)	U							
Supplies	60,722,547		64,805,425		4,082,878	F							
Prof Fees & Purch Svc	54,370,765		47,219,592		(7,151,173)	U							
Depreciation	19,482,444		18,847,656		(634,788)	U							
Other	22,742,977		23,181,322		438,345	F							
Total Expenses	388,181,714		386,573,234		(1,608,482)	U							
Net Inc Before Non-Oper Income	5,844,441		9,095,342		(3,250,903)	U							
Property Tax Revenue	12,561,796		12,649,992		(88,196)	U							
Non-Operating Income	4,400,263		876,702		3,523,561	F							
Net Income (Loss)	\$ 22,806,500		\$ 22,622,036		\$ 184,462	F							
Net Income Margin	5.5%		5.4%		0.1%								
OEBITDA Margin w/o Prop Tax	6.1%		6.7%		-0.6%								
OEBITDA Margin with Prop Tax	9.1%		9.8%		-0.7%								

F= Favorable variance
U= Unfavorable variance

Key Variance Explanations for June 2007 YTD

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Benefits:			
FICA and Other Benefits	45,269,254	44,808,895	(460,359)
Pension			(1,445,835)
Health and Dental			(1,252,802)
SUI			(596,132)
Worker's Compensation			(66,686)
			2,900,639
Professional Fees:			
Legal Fees	24,659,671	21,734,422	(2,925,249)
Pomerado ED calls			(1,390,703)
IT Consulting			(588,236)
Rehabcare Therapist fees			(516,749)
			(457,556)
Purchased Services:			
Collection fees	29,711,094	25,485,170	(4,225,924)
Gateway/Parkway contracted services			(1,632,412)
PPNC			(860,795)
Biomed			(472,169)
HIS file storage & transcription services			(266,792)
Repairs & maintenance			(259,091)
Management services			(250,971)
Laundry/linen			(242,836)
			(212,482)
Depreciation:			
Additional depreciation on closed CIP's	19,482,444	18,847,656	(634,788)
Escondido Surgery Center			(219,021)
			(415,767)

8

PALOMAR POMERADO HEALTH
CONSOLIDATED
June 2007 YTD vs. June 2006 YTD

	June 07 YTD		June 06 YTD		Variance	
					Volume	Rate/Eff
Admissions - Acute	28,969	28,364	605			
Admissions - SNF	1,150	1,226	(76)			
Patient Days - Acute	112,372	112,445	(73)			
Patient Days - SNF	76,840	75,846	994			
ALOS - Acute	3.85	3.99	(0.14)			
ALOS - SNF	67.23	61.86	5.37			
Weighted Pt Days	155,376	151,695	3,681			

	June 07 YTD		June 06 YTD		Variance		\$Wtg Pt Day	
					Volume	Rate/Eff	Actual	Budget
Revenue:								
Gross Revenue	\$ 1,239,405,958	\$ 1,113,705,639	F	\$ 125,700,319	\$ 98,675,365	\$ 7,976.82	\$ 7,341.74	\$ 635.07
Deductions from Rev	(857,689,487)	(759,422,835)	U	(98,266,652)	(79,838,652)	(5,520.09)	(5,006.25)	(513.84)
Net Patient Revenue	381,716,471	354,282,804	F	27,433,667	18,836,713	2,456.73	2,335.49	121.23
Other Oper Revenue	12,309,684	9,834,741	F	2,474,943	2,236,295	79.23	64.83	14.39
Total Net Revenue	394,026,155	364,117,545	F	29,908,610	21,073,008	2,535.95	2,400.33	135.63
Expenses:								
Salaries, Wages & Contr Labor	185,593,727	175,568,909	U	(10,024,818)	(5,764,499)	1,194.48	1,157.38	(37.10)
Benefits	45,269,254	36,441,617	U	(8,827,637)	(7,943,352)	291.35	240.23	(51.12)
Supplies	60,722,547	63,554,046	F	2,831,499	4,373,689	390.81	418.96	28.15
Prof Fees & Purch Svc	54,370,765	49,031,003	U	(5,339,762)	(4,149,986)	349.93	323.22	(26.71)
Depreciation	19,482,444	18,737,467	U	(744,977)	(290,297)	125.39	123.52	(1.87)
Other	22,742,977	20,787,293	U	(1,955,684)	(1,451,264)	146.37	137.03	(9.34)
Total Expenses	388,181,714	364,120,335	U	(24,061,380)	(15,225,710)	2,498.34	2,400.35	(97.99)
Net Inc Before Non-Oper Income	5,844,441	(2,790)	F	5,847,230	(68)	37.61	(0.02)	37.63
Property Tax Revenue	12,561,796	11,494,884	F	1,066,912	787,979	80.85	75.78	5.07
Non-Operating Income	4,400,263	66,539	F	4,333,724	4,332,109	28.32	0.44	27.88
Net Income (Loss)	\$ 22,806,500	\$ 11,558,633	F	11,247,866	\$ 10,967,387	\$ 146.78	\$ 76.20	\$ 70.59
Net Income Margin	5.5%	3.1%	2.4%					
OEBITDA Margin w/o Prop Tax	6.1%	5.0%	1.1%					
OEBITDA Margin with Prop Tax	9.1%	8.0%	1.1%					

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED**
Month-to-Date as of June FY 2007

	Month Activity		Variance		Rate/Eff		\$/Wtg Pt Day	
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,380	2,436	(56)					
Admissions - SNF	107	120	(13)					
Patient Days - Acute	9,116	9,602	(486)					
Patient Days - SNF	6,103	6,381	(278)					
ALOS - Acute	3.83	4.00	(0.17)					
ALOS - SNF	55.48	55.49	(0.01)					
Weighted Pt Days	13,021	12,907	114					
Revenue:								
Gross Revenue	\$ 99,530,811	\$ 102,778,380	\$ (3,247,569) U	\$ 907,781	\$ (4,155,350)	\$ 7,643.87	\$ 7,963.00	\$ (319.13)
Deductions from Rev	(71,699,208)	(71,309,576)	(389,632) U	(629,836)	240,204	(5,506.43)	(5,524.88)	18.45
Net Patient Revenue	27,831,603	31,468,804	(3,637,201) U	277,946	(3,915,147)	2,137.44	2,438.12	(300.68)
Other Oper Revenue	2,688,495	1,007,613	1,680,882 F	8,900	1,671,982	206.47	78.07	128.41
Total Net Revenue	30,520,098	32,476,417	(1,956,319) U	286,845	(2,243,164)	2,343.91	2,516.19	(172.27)
Expenses:								
Salaries, Wages & Contr Labor	15,654,190	15,436,517	(217,673) U	(136,342)	(81,331)	1,202.23	1,195.98	(6.25)
Benefits	1,339,288	3,705,633	2,366,345 F	(32,730)	2,399,075	102.86	287.10	184.25
Supplies	4,761,972	5,320,394	558,422 F	(46,992)	605,414	365.71	412.21	46.50
Prof Fees & Purch Svc	5,597,868	3,902,670	(1,695,198) U	(34,470)	(1,660,728)	429.91	302.37	(127.54)
Depreciation	896,267	1,573,192	676,925 F	(13,895)	690,820	68.83	121.89	53.05
Other	1,959,915	1,919,330	(40,585) U	(16,952)	(23,633)	150.52	148.70	(1.81)
Total Expenses	30,209,500	31,857,736	1,648,236 F	(281,381)	1,929,617	2,320.06	2,468.25	148.19
Net Inc Before Non-Oper Income	310,598	618,681	(308,083) U	5,464	(313,547)	23.85	47.93	(24.08)
Property Tax Revenue	965,970	1,054,166	(88,196) U	9,311	(97,507)	74.19	81.67	(7.49)
Non-Operating Income	2,518,869	73,064	2,445,805 F	645	2,445,160	193.45	5.66	187.79
Net Income (Loss)	\$ 3,795,437	\$ 1,745,911	\$ 2,049,526 F	\$ 15,421	\$ 2,034,105	\$ 291.49	\$ 135.27	\$ 156.22
Net Income Margin	11.6%	5.1%	6.5%					
OEBITDA Margin w/o Prop Tax	3.7%	6.4%	-2.7%					
OEBITDA Margin with Prop Tax	6.6%	9.5%	-2.9%					

F= Favorable variance
U= Unfavorable variance

Palomar Pomerado Health
Consolidated Balance Sheet
As of June 30, 2007

D-34

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$5,261,349	\$8,875,853	\$2,001,279
Cash Marketable Securities	125,846,582	107,100,757	110,035,151
Total Cash & Cash Equivalents	131,107,931	115,976,610	112,036,430
Patient Accounts Receivable			
Allowance on Accounts	160,552,740	191,397,664	149,045,009
Net Accounts Receivable	-75,255,899	-101,133,908	-78,078,378
	85,296,841	90,263,756	70,966,631
Inventories	7,041,272	7,012,737	6,937,645
Prepaid Expenses	2,071,008	2,280,763	2,293,992
Other	4,959,948	2,459,684	3,868,903
Total Current Assets	230,477,000	217,993,540	196,103,601
Non-Current Assets			
Restricted Assets	181,107,440	202,982,051	66,734,609
Restricted by Donor	296,184	295,342	288,265
Board Designated	-17,999,058	-14,708,670	9,267,526
Total Restricted Assets	163,404,566	188,568,723	76,290,400
Property Plant & Equipment	373,271,092	333,892,527	343,335,572
Accumulated Depreciation	-222,304,232	-223,706,708	-220,455,460
Construction in Process	121,922,826	144,024,330	85,858,842
Net Property Plant & Equipment	272,889,686	254,210,149	208,738,954
Investment in Related Companies	1,790,449	1,792,536	268,203
Deferred Financing Costs	4,877,002	4,912,998	3,354,469
Other Non-Current Assets	3,255,281	2,563,124	2,594,765
Total Non-Current Assets	446,216,984	452,047,530	291,246,791
Total Assets	\$676,693,984	\$670,041,070	\$487,350,392
Liabilities			
Current Liabilities			
Accounts Payable	\$31,565,407	\$20,108,100	\$23,154,953
Accrued Payroll	15,324,611	21,028,350	13,504,395
Accrued PTO	12,638,138	12,527,796	11,133,368
Accrued Interest Payable	1,906,574	1,326,493	2,265,274
Current Portion of Bonds	13,220,000	13,220,000	12,745,000
Est Third Party Settlements	-1,584,197	-797,989	-995,051
Other Current Liabilities	10,609,707	11,810,692	9,482,924
Total Current Liabilities	83,680,240	79,223,442	71,290,863
Long Term Liabilities			
Bonds & Contracts Payable	294,723,824	297,317,071	151,347,395
General Fund Balance			
Unrestricted	315,992,799	307,913,893	255,156,342
Restricted for Other Purpose	296,184	295,342	288,265
Board Designated	-17,999,058	-14,708,670	9,267,526
Total Fund Balance	298,289,925	293,500,565	264,712,133
Total Liabilities / Fund Balance	\$676,693,984	\$670,041,070	\$487,350,392

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

Physician Recruitment Agreement

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, July 31, 2007

MEETING DATE: Monday, August 13, 2007

BY: Marcia Jackson, Chief Planning Officer

Background: The PPH community lacks an adequate number of Family Practice physicians as verified by Medical Development Specialists, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and had allocated resources to attract additional Family Practice physicians to relocate to Inland North San Diego County. Maria Santos, M.D., and Graybill Medical Group, Inc., have signed the PPH Physician Recruitment Agreement in order for Dr. Santos to join Graybill Medical Group and begin providing Family Practice care in their San Marcos office. Dr. Santos will begin practicing in September 2007.

Budget Impact: None

Staff Recommendation: Approval of the Physician Recruitment Agreement with Dr. Santos and Graybill Medical Group and recommend approval by the full Board of Directors.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Physician Recruitment Agreement with Maria Santos, M.D., and Graybill Medical Group, Inc.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Physician Recruitment Agreement—Family Practice
	AGREEMENT DATE	
	PARTIES	1) PPH 2) Maria Camille V. Santos, M.D. 3) Graybill Medical Group, Inc.
Recitals; Article I.1	PURPOSE	Provide recruitment assistance to enable Dr. Santos to provide Family Practice services in San Marcos
Article I	SCOPE OF SERVICES	Dr. Santos will join the Graybill Medical Group in their San Marcos office and will participate in government-funded programs.
3.2(a); Exhibit 4.1(a).2	TERM	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	RENEWAL	None available
Article VII	TERMINATION	Contract stipulates conditions for termination by hospital, termination by physician and termination in event of governmental action
Article III; 3.2, 3.3, 3.4, 3.6	COMPENSATION METHODOLOGY	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: None
1.5, 6.4	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN: Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital
	PHYSICIAN MANPOWER STUDY	Medical Development Specialists, a national consulting firm who performed our Physician Manpower Study, completed an analysis which confirmed there is a justifiable community need for this recruitment
	EXTERNAL FINANCIAL VERIFICATION	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Methodology: Medical Development Specialists (MDS) developed a pro forma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee.
	LEGAL COUNSEL REVIEW	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO This contract contains no exceptions to the standard agreement provided to PPH by Legal Counsel. Legal Counsel supports that template agreement complies with Federal Regulations.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> CPO <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee on July 31, 2007 <input checked="" type="checkbox"/> BOD

PHYSICIAN RECRUITMENT AGREEMENT

by and among

PALOMAR POMERADO HEALTH (“Hospital”)

and

MARIA CAMILLE V. SANTOS, M.D. (“Physician”)

and

GRAYBILL MEDICAL GROUP, INC. (“Group”)

TABLE OF CONTENTS

PHYSICIAN RECRUITMENT AGREEMENT1

ARTICLE I. PHYSICIAN’S OBLIGATIONS.....**Error! Bookmark not defined.**

ARTICLE II. GROUP’S OBLIGATIONS.....**Error! Bookmark not defined.**

ARTICLE III. RECRUITMENT INCENTIVES.....**Error! Bookmark not defined.**

ARTICLE IV. PROMISSORY NOTE; SECURITY AGREEMENT; GROUP GUARANTEE**Error! Bookma**

ARTICLE V. INSURANCE AND INDEMNITY.....**Error! Bookmark not defined.**

ARTICLE VI. RELATIONSHIPS AMONG THE PARTIES**Error! Bookmark not defined.**

ARTICLE VII. TERM AND TERMINATION.....**Error! Bookmark not defined.**

ARTICLE VIII. GENERAL PROVISIONS.....**Error! Bookmark not defined.**

Exhibits

Exhibit 1.1(a) – Service Area..... 1.1(a)-1

Exhibit 3.2(b) – Physician Financial Report.....3.2(b)-1

Exhibit 4.1(a) – Secured Promissory Note4.1(a)-1

Exhibit 4.1(b) – Physician Security Agreement4.1(b)-1

 Attachment A – Description of Collateral4.1(b)-7

 Attachment B – Account Control Agreement.....4.1(b)-8

Exhibit 4.2 – Group Guarantee and Security Agreement 4.2-1

 Attachment A – Description of Collateral 4.2-9

Exhibit 6.3 – Code of Conduct 6.3-1

Exhibit 8.15 – Obligations under the Health Insurance Portability and
 Accountability Act of 1996 (“HIPAA”) 8.15-1

PHYSICIAN RECRUITMENT AGREEMENT

THIS PHYSICIAN RECRUITMENT AGREEMENT (this "Agreement") is entered into and effective as of September 1, 2007 (the "Execution Date"), by and among PALOMAR POMERADO HEALTH, a California district hospital ("Hospital"), MARIA CAMILLE V. SANTOS, M.D., an individual ("Physician"), and GRAYBILL MEDICAL GROUP, INC., a professional corporation ("Group"). Hospital, Physician, and Group are sometimes referred to in this Agreement, individually, as a "Party" or, collectively, as the "Parties."

RECITALS

- A. Hospital owns and operates two acute care hospital facilities located in Inland North San Diego County, which serve the communities of Escondido, San Marcos, Valley Center, Pala, Pauma Valley, Ramona, Julian, Poway, Rancho Bernardo, and Rancho Peñasquitos.
- B. Physician is duly licensed to practice medicine in the State of California (the "State") and is board eligible for the practice of medicine in the specialty of Family Practice (the "Specialty").
- C. At the time of the recruitment discussions, Physician was a resident in training.
- D. Hospital has determined that there is a community need for the services of Physician based upon the fact that:
1. The population-to-physician ratio in the community is deficient in the Specialty.
 2. There is demand in the community for medical services in the Specialty and a documented lack of availability of or long waiting periods for medical services in the Specialty.
 3. Physicians are reluctant to relocate to the community due to Hospital's high cost of living, relatively high housing costs, and traditionally low level of reimbursement for medical services.
 4. The number of physicians in the Specialty will be reduced due to the retirement or departure of physicians presently in the community within the next three-to-five year period.
 5. There is a documented lack of physicians serving indigent or Medicaid patients in the community.
- E. Physician has expressed to Hospital that Physician will not relocate to the Service Area without the financial assistance provided by Hospital pursuant to this Agreement.

Physician Recruitment Agreement

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, July 31, 2007

MEETING DATE:

BY: Marcia Jackson, Chief Planning Officer

Background: The PPH community lacks an adequate number of Family Medicine and Psychiatry physicians as verified by Medical Development Specialists, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and had allocated resources to attract additional Family Medicine physicians to relocate to Inland North San Diego County. Gabriel Rodarte, M.D., and Neighborhood Healthcare. have signed the PPH Physician Recruitment Agreement in order for Dr. Rodarte to join Neighborhood Healthcare and begin providing Family Medicine and Psychiatry care in their Escondido clinics. Dr. Rodarte will begin practicing in September 2007.

Budget Impact: None

Staff Recommendation: Approval of the Physician Recruitment Agreement with Dr. Rodarte and Neighborhood Healthcare and recommend approval by the full Board of Directors.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Physician Recruitment Agreement with Gabriel Rodarte, M.D., and Neighborhood Healthcare.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Physician Recruitment Agreement—Family Medicine and Psychiatry
	AGREEMENT DATE	
	PARTIES	1) PPH 2) Gabriel Rodarte, M.D. 3) Neighborhood Healthcare
Recitals; Article I.1	PURPOSE	Provide recruitment assistance to enable Dr. Rodarte to provide Family Medicine and Psychiatry Services through Neighborhood Healthcare clinics
Article I	SCOPE OF SERVICES	Dr. Rodarte will join Neighborhood Healthcare in Escondido and will participate in government-funded programs.
3.2(a); Exhibit 4.1(a).2	TERM	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	RENEWAL	None available
Article VII	TERMINATION	Contract stipulates conditions for termination by hospital, termination by physician and termination in event of governmental action
Article III; 3.2, 3.3, 3.4	COMPENSATION METHODOLOGY	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: None
1.5, 6.4	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN: Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital
	PHYSICIAN MANPOWER STUDY	Medical Development Specialists, a national consulting firm who performed our Physician Manpower Study, completed an analysis which confirmed there is a justifiable community need for this recruitment
	EXTERNAL FINANCIAL VERIFICATION	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Methodology: Medical Development Specialists (MDS) developed a pro forma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee.
	LEGAL COUNSEL REVIEW	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO This contract contains no exceptions to the standard agreement provided to PPH by Legal Counsel. Legal Counsel supports that template agreement complies with Federal Regulations.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> CPO <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee on July 31, 2007 <input checked="" type="checkbox"/> BOD

PHYSICIAN RECRUITMENT AGREEMENT

by and among

PALOMAR POMERADO HEALTH (“Hospital”)

and

GABRIEL RODARTE, M.D. (“Physician”)

and

NEIGHBORHOOD HEALTHCARE (“Group”)

TABLE OF CONTENTS

PHYSICIAN RECRUITMENT AGREEMENT	1
ARTICLE I. PHYSICIAN'S OBLIGATIONS.....	Error! Bookmark not defined.
ARTICLE II. GROUP'S OBLIGATIONS	Error! Bookmark not defined.
ARTICLE III. RECRUITMENT INCENTIVES.....	Error! Bookmark not defined.
ARTICLE IV. PROMISSORY NOTE; SECURITY AGREEMENT; GROUP GUARANTEE.....	Error! Bookma
ARTICLE V. INSURANCE AND INDEMNITY.....	Error! Bookmark not defined.
ARTICLE VI. RELATIONSHIPS AMONG THE PARTIES	Error! Bookmark not defined.
ARTICLE VII. TERM AND TERMINATION.....	Error! Bookmark not defined.
ARTICLE VIII. GENERAL PROVISIONS.....	Error! Bookmark not defined.

Exhibits

Exhibit 1.1(a) – Service Area.....	1.1(a)-1
Exhibit 3.2(b) – Physician Financial Report.....	3.2(b)-1
Exhibit 4.1(a) – Secured Promissory Note	4.1(a)-1
Exhibit 4.1(b) – Physician Security Agreement	4.1(b)-1
Attachment A – Description of Collateral	4.1(b)-7
Exhibit 4.2 – Group Guarantee and Security Agreement	4.2-1
Attachment A – Description of Collateral	4.2-9
Exhibit 6.3 – Code of Conduct	6.3-1
Exhibit 8.15 – Obligations under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”)	8.15-1

PHYSICIAN RECRUITMENT AGREEMENT

THIS PHYSICIAN RECRUITMENT AGREEMENT (this "Agreement") is entered into and effective as of July 25, 2007 (the "Execution Date"), by and among PALOMAR POMERADO HEALTH, a California district hospital ("Hospital"), GABRIEL RODARTE, M.D., an individual ("Physician"), and NEIGHBORHOOD, a 501 c 3 Not-for-Profit Corporation ("Group"). Hospital, Physician, and Group are sometimes referred to in this Agreement, individually, as a "Party" or, collectively, as the "Parties."

RECITALS

A. Hospital owns and operates two acute care hospital facilities located in Inland North San Diego County, which serve the communities of Escondido, San Marcos, Valley Center, Pala, Pauma Valley, Ramona, Julian, Poway, Rancho Bernardo, and Rancho Peñasquitos.

B. Physician is duly licensed to practice medicine in the State of California (the "State") and is board eligible for the practice of medicine in the specialty of Family Medicine and Psychiatry (the "Specialty").

C. At the time of the recruitment discussions, Physician was a resident in training.

D. Hospital has determined that there is a community need for the services of Physician based upon the fact that:

1. The population-to-physician ratio in the community is deficient in the Specialty.
2. There is demand in the community for medical services in the Specialty and a documented lack of availability of or long waiting periods for medical services in the Specialty.
3. Physicians are reluctant to relocate to the community due to Hospital's high cost of living, relatively high housing costs, and traditionally low level of reimbursement for medical services.
4. The number of physicians in the Specialty will be reduced due to the retirement or departure of physicians presently in the community within the next three-to-five year period.
5. There is a documented lack of physicians serving indigent or Medicaid patients in the community.

E. Physician has expressed to Hospital that Physician will not relocate to the Service Area without the financial assistance provided by Hospital pursuant to this Agreement.

MEDICAL STAFF SERVICES

July 25, 2007



TO: Board of Directors
BOARD MEETING DATE: August 13, 2007
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 (08/13/2007 – 07/31/2009)
Stephen A. Dunphy, M.D., Emergency Medicine
Brian W. Goelitz, M.D., Diagnostic Radiology
Derek A. Helton, M.D., Hematology/Oncology
John P. Liboon, M.D., Emergency Medicine
Susan S. Lim, M.D., Pathology
Samir S. Makani, M.D., Pulmonary Disease & Critical Care Medicine
Athanasios A. Mihas, M.D., Psychiatry (Includes PCCC)
Paul B. Volpp, M.D., Radiation Oncology
Casey L. Wang, M.D., Neonatology
Steven W. Zgliniec, M.D., Pulmonary Disease & Critical Care Medicine
- II. Advance from Provisional to Active Status
John C. Gill, M.D., Emergency Medicine (08/13/2007 – 03/31/2008)
- III. Change from Associate to Courtesy Status
Glenn M. Panzer, M.D., Family Practice
- IV. Change to Specialty of Administrative Medicine
Robert D. Trifunovic, M.D. (Effective 08/01/2007)
- V. Change to Retired Status
Max Savin, M.D., General Surgery (Effective 08/01/2007)
- VI. Voluntary Resignations/Withdrawals
Radharani Gattu, M.D., Family Practice (Effective 07/11/2007)
Peter Lee, M.D., Diagnostic Radiology (Effective 06/22/2007)
Cynthia D. McKinney, M.D., Family Practice (Effective 08/31/2007)
Steven M. Sorenson, M.D., Diagnostic Radiology (Effective 07/10/2007)
Charles J. Wray, M.D., Pulmonary Disease (Effective 07/13/2007)
- VII. Allied Health Professional Appointments (08/13/2007 – 07/31/2009)
Heidi Gauthreaux, P.A.-C., Physician Assistant; Sponsors: CEP
Daniel Samaniego, O.T.-C., Orthopedic Technician; Sponsors: Kaiser Orthopaedic Surgeons

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

VIII. Allied Health Professional Withdrawal

Alice C. Cresci, R.N., Registered Nurse (Effective 07/12/2007)
 Jacqueline A. Ingle, R.N., Registered Nurse (Effective 07/20/2007)
 Carrie Jaffe, Ph.D., Psychologist (Effective 07/01/2007)

IX. Reappointments Effective 09/01/2007 – 08/31/2009

Gary J. Birnbaum, M.D. (Includes PCCC)	Geriatric Medicine	Dept of Medicine	Associate
Diana M. Cantu, M.D.	OB/GYN	Dept of OB/GYN	Active
Bradley H. Chesler, M.D. (Changed from Active to Courtesy Status) (Includes PCCC)	Physical Medicine & Rehab	Dept of Ortho/Rehab	Courtesy
Larry C. Chiang, M.D. (Includes PCCC)	Internal Medicine	Dept of Medicine	Active
Kevin P. Daly, M.D.	Emergency Medicine	Dept of Emergency Med	Active
Bassem A. Georgy, M.D.	Diagnostic Radiology	Dept of Radiology	Active
Antoine A. Hallak, M.D. (Includes PCCC)	Plastic Surgery	Dept of Surgery	Active
Paul R. Keith, M.D. (Includes PCCC)	Psychiatry	Dept of Medicine	Active
Joel M. Lamon, M.D.	Hematology/Oncology	Dept of Medicine	Active
Ann P. Laux, M.D. (Changed from Active to Courtesy Status)	Pathology	Dept of Pathology	Courtesy
Dennis R. Leahy, M.D.	Cardiology	Dept of Medicine	Active
Albert L. Martinez, M.D.	Pediatrics	Dept of Pediatrics	Active
Daniel A. Miller, M.D.	Internal Medicine	Dept of Medicine	Active
Thomas J. Naegeli, M.D. (Changed from Active to Associate Status)	Family/General Practice	Dept of Family Practice	Associate
Paul Neustein, M.D. (Includes PCCC)	Urology	Dept of Surgery	Courtesy
Sabiha Pasha, M.D. (Includes PCCC)	Internal Medicine	Dept of Medicine	Active
Douglas W. Reavie, M.D.	Plastic Surgery	Dept of Surgery	Associate
Malini M. Reddy, M.D.	Anesthesiology	Dept of Anesthesia	Active
Elizabeth A. Salada, M.D. (Includes PCCC)	Internal Medicine	Dept of Medicine	Active
Roger B. Schechter, M.D. (Includes PCCC)	Emergency Medicine	Dept of Emergency Med	Active
Lewis M. Turner, Jr., M.D.	Pediatrics	Dept of Pediatrics	Active
Clifford J. Wolf, D.P.M. (Includes PCCC)	Podiatry	Dept of Ortho/Rehab	Courtesy

X. Allied Health Professional Reappointments (09/01/2007 – 08/31/2009)
 Roya Jannesari, N.P., Nurse Practitioner; Sponsors: Drs. T. Bailey and C. Varma

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
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Stephen A. Dunphy, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Emergency Medicine Not Board Certified
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ORGANIZATIONAL NAME

<i>Name</i>	California Emergency Physicians
-------------	---------------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of California, Davis FROM: 06/01/1999 TO: 06/13/2003 Doctor of Medicine Degree
<i>Internship Information</i>	Harbor/UCLA Medical Center General Surgery From: 06/24/2003 To: 06/23/2004 PGY1 in General Surgery
<i>Residency Information</i>	LAC/University of Southern Calif. Medical Center Emergency Medicine From: 07/01/2004 To: 06/30/2007
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Foundation Hospital, Panorama City

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Bridgette B. Franey, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital (Villa Pomerado)

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Family Practice – Certified 2006
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ORGANIZATIONAL NAME

<i>Name</i>	Centre For Health Care
-------------	------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Louisville, KY FROM: 08/01/1999 TO: 05/10/2003 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	University of Alabama - Birmingham Family Practice From: 07/01/2003 To: 09/30/2006
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	None

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Brian W. Goelitz, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Diagnostic Radiology - Certified 2006 Radiology, Vascular & Interventional - not board certified
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ORGANIZATIONAL NAME

<i>Name</i>	Valley Radiology
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Loyola University, Illinois - Maywood FROM: 07/01/1997 TO: 06/10/2001 Doctor of Medicine Degree
<i>Internship Information</i>	Loyola University, Illinois Internal Medicine From: 06/22/2001 To: 06/21/2002
<i>Residency Information</i>	Loyola University, Illinois Radiology, Diagnostic Imaging From: 07/01/2002 To: 06/30/2006
<i>Fellowship Information</i>	Mallinckrodt Institute of Radiology, St. Louis, MO Interventional Radiology From: 07/01/2006 To: 06/30/2007 Washington University School of Medicine
<i>Current Affiliation Information</i>	None

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Derek A. Helton, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine - Certified 2003 Oncology, Medical – Not Board Certified
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ORGANIZATIONAL NAME

<i>Name</i>	Medical Group of North County
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Loma Linda University FROM: 08/01/1996 TO: 05/28/2000 Doctor of Medicine Degree
<i>Internship Information</i>	University of California, San Diego Internal Medicine From: 06/24/2000 To: 06/27/2001
<i>Residency Information</i>	University of California, San Diego Internal Medicine From: 07/01/2001 To: 06/30/2003 University of California, San Diego Internal Medicine From: 07/01/2003 To: 06/30/2004 Chief Medical Resident
<i>Fellowship Information</i>	Olive View-UCLA Medical Center Oncology From: 07/01/2004 To: 06/30/2007
<i>Current Affiliation Information</i>	Tri-City Medical Center Olympia Medical Center, Los Angeles, CA Cedars-Sinai Medical Center San Diego Hospice Scripps Memorial Hospital, Encinitas

37

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Hanh M. Le, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

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

<i>Name</i>	Poway Women's Care
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Texas, Galveston FROM: 09/01/1989 TO: 05/22/1993 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	University of Texas Obstetrics/Gynecology From: 06/22/1993 To: 06/30/1997
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Fallbrook Hospital Medical City Dallas Hospital, TX

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	John P. Liboon, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Emergency Medicine – Certified 2001
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ORGANIZATIONAL NAME

<i>Name</i>	California Emergency Physician
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Stanford University School of Medicine, CA FROM: 09/01/1991 TO: 06/16/1996 Doctor of Medicine Degree
<i>Internship Information</i>	Highland General Hospital, Oakland, CA Transitional From: 06/25/1996 To: 06/24/1997
<i>Residency Information</i>	LAC/University of Southern CA Medical Center Emergency Medicine From: 07/01/1997 To: 06/30/2000
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Valley General Hospital, Monroe, WA Providence Everett Hospital - North Campus, Everett, WA

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Susan S. Lim, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Pathology – Not Board Certified
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ORGANIZATIONAL NAME

<i>Name</i>	Valley Pathology
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Matias H. Aznar Memorial College of Medicine, Cebu City, Phillipines FROM: 09/01/1984 TO: 04/15/1988 Southwestern University
<i>Internship Information</i>	N/A
<i>Residency Information</i>	Pitt County Memorial Hospital, Greenville, NC Pathology From: 07/01/2001 To: 06/30/2004 Anatomic & Clinical Pathology LAC/University of Southern CA Medical Center Pathology From: 07/01/2004 To: 06/30/2006 Anatomic & Clinical Pathology
<i>Fellowship Information</i>	LAC/University of Southern CA Medical Center Pathology From: 07/01/2005 To: 06/30/2006 Surgical Pathology UCLA David Geffen School of Medicine Pathology From: 07/01/2006 To: 06/30/2007 Cytology Pathology
<i>Current Affiliation Information</i>	None

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Samir S. Makani, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine Cert: 2004 Pulmonary Disease/Critical Care Medicine: Not Board Certified
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ORGANIZATIONAL NAME

<i>Name</i>	Escondido Pulmonary Medical Group
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Bharati Vidyapeeth Medical College, Pune, India FROM: 08/01/1993 TO: 12/23/1999 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	Henry Ford Hospital, Detroit, MI Internal Medicine From: 07/01/2001 To: 06/30/2005 Chief Resident from 7/1/04-6/30/05
<i>Fellowship Information</i>	University of California, San Diego Pulmonary Disease/Critical Care Medicine From: 07/01/2005 To: Present Expected Date of Completion: 06/30/2008
<i>Current Affiliation Information</i>	None

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Athanasios A. Mihas, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center (Palomar Continuing Care Center)

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Psychiatry – Certified: 2004
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ORGANIZATIONAL NAME

<i>Name</i>	PsyCare, Inc.
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Mississippi Medical Center, Jackson FROM: 08/01/1991 TO: 05/27/1995 Doctor of Medicine Degree
<i>Internship Information</i>	University of Maryland Hospital, Baltimore Psychiatry From: 07/01/1995 To: 06/30/1996
<i>Residency Information</i>	University of Maryland Hospital, Baltimore Psychiatry From: 07/01/1996 To: 06/30/1999
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Pomerado Hospital Sharp Mesa Vista Hospital Scripps Mercy Hospital, San Diego Sharp Memorial Hospital

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Nicole J. Nguyen, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Obstetrics and Gynecology – Certified 2004
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ORGANIZATIONAL NAME

<i>Name</i>	Poway Women's Care
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of California, Irvine School of Medicine FROM: 09/01/1994 TO: 06/20/1998 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	University of California, Los Angeles Obstetrics/Gynecology From: 06/24/1998 To: 06/23/2002 Cedars-Sinai Medical Center
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Pomerado Hospital Scripps Memorial Hospital, La Jolla

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	P. Brian Volpp, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Radiation Oncology – Not Board Certified
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ORGANIZATIONAL NAME

<i>Name</i>	X-Ray Medical Group, Inc.
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Nevada ,Reno FROM: 09/01/1998 TO: 05/20/2002 Doctor of Medicine Degree
<i>Internship Information</i>	Cedars-Sinai Medical Center, Los Angeles, CA Internal Medicine From: 06/24/2002 To: 06/23/2003
<i>Residency Information</i>	Kaiser Foundation Hospital, Los Angeles Radiation Oncology From: 07/01/2003 To: 06/30/2007
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	None

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**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Casey L. Wang, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Pediatrics – Certified 2004 Neonatology - Not Board Certified
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ORGANIZATIONAL NAME

<i>Name</i>	Children's Specialists of S.D.
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Nevada, Reno FROM: 09/01/1997 TO: 05/21/2001 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	University of California, San Diego Pediatrics From: 06/23/2001 To: 06/30/2004
<i>Fellowship Information</i>	University of California, San Diego Neonatology From: 07/01/2004 To: 06/30/2007
<i>Current Affiliation Information</i>	Rady Children's Hospital, San Diego Scripps Memorial Hospital, Encinitas Scripps Memorial Hospital, La Jolla

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
August, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Steven W. Zgliniec, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital (Villa Pomerado) Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine - Certified 2004 Pulmonary Disease - Certified 2006
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ORGANIZATIONAL NAME

<i>Name</i>	Escondido Pulmonary Medical Group
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Wayne State University, Detroit, MI FROM: 08/01/1997 TO: 06/07/2001 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	Rush University Medical Center, Chicago, IL Internal Medicine From: 07/01/2001 To: 06/30/2004
<i>Fellowship Information</i>	Rush University Medical Center Pulmonary/Critical Care From: 07/01/2004 To: 06/30/2007 Pulmonary/Critical Care
<i>Current Affiliation Information</i>	Rush Oak Park Hospital, Oak Park, IL

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**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
AUGUST 2007**

NAME: Heidi A. Gauthreaux, P.A.-C
SPECIALTY: Physician Assistant
SERVICES: Emergency Room Physician Assistant for California
 Emergency Physicians
TRAINING: Riverside Community College, Moreno Valley, CA
 Physician Assistant Certificate Program 09/01/02-12/18/04
PRACTICE: Physician Assistant, California Emergency Physicians
 Palomar Medical Center, Escondido, CA 07/20/07-Present
 Physician Assistant, Renuance Aesthetic Care, Brian
 Eichenberg, M.D., Riverside, CA 07/01/06-Present
 Physician Assistant, California Emergency Physicians at
 Redlands Community Hospital, Corona Regional Medical
 Center and Inland Valley Medical Center 02/01/05-Present
SPONSORS: Jaime Rivas, M.D. & California Emergency Physicians
 at Palomar Medical Center
CERTIFICATION: National Commission on Certification of Physician Assistants 2004
FACILITY: Palomar Medical Center and Pomerado Hospital

NAME: Daniel Samaniego, O.T.-C
SPECIALTY: Orthopedic Technician
SERVICES: Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at
 Palomar Medical Center and the Escondido Surgery Center
TRAINING: Grossmont College, La Mesa, CA
 Orthopaedic Technologist courses 08/20/01-10/21/02
PRACTICE: Orthopaedic Technician, Kaiser Permanente, San Diego, CA 11/14/05-Present
 Orthopaedic Technician, David Flood, M.D., San Diego, CA 08/01/00-08/01/03
 Orthopaedic Technician, Sharp Rees Stealy, San Diego, CA 08/12/91-11/03/05
SPONSORS: Kaiser Orthopaedic Surgeons at Palomar Medical Center
CERTIFICATION: National Board for Certification of Orthopaedic Technologists 2002
FACILITIES: Palomar Medical Center and the Escondido Surgery Center

MEDICAL STAFF SERVICES



July 25, 2007

TO: Board of Directors

MEETING DATE: August 13, 2007

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

SUBJECT: Medical Staff Bylaws, Rules and Regulations

The following revision to the Medical Staff Bylaws, Rules and Regulations was approved for forwarding to the Board of Directors. In accordance with Article 18.3, this is an amendment based on Federal Regulations and does not require a vote of the Active Members of the Medical Staff.

Rationale

The Medicare Conditions of Participation now require that a physical examination and medical history be done no more than thirty days prior to admission for each patient.

Modifications

Rules and Regulations:

- 3.5 If a complete history has been recorded and a physical examination performed prior to the patient's admission to the Hospital, a reasonable, durable, legible copy of these reports may be used in the patient's Hospital medical record in lieu of the admission history and report of physical examination described in Section 1.5 of these Rules and Regulations, provided the history and physical examination were performed by a Member not more than thirty (30) ~~seven (7)~~ days prior for the same medical condition. In such circumstances, an interval admission note that includes all additions to the history and any subsequent changes in physical findings must always be documented in the medical record within twenty-four (24) hours of admission. These reports may only be done 1) by an M.D. or D.O. for cases other than maxillofacial surgery or podiatric surgery, 2) for oromaxillofacial surgery the special case permits oromaxillofacial surgeons to do the H&P provided that they have proper privileges, and 3) for podiatric surgery the special case permits podiatric surgeons to do the H&P provided that they have the proper privileges.

PALOMAR MEDICAL
CENTER
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Fax 858.613.4217

ESCONDIDO
SURGERY CENTER
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Escondido, CA 92025
Tel 760.480.6606
Fax 760.480.1288

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MEDICAL STAFF SERVICES



July 25, 2007

TO: Board of Directors

BOARD MEETING DATE: August 13, 2007

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

SUBJECT: Department of OB/GYN Rules and Regulations

At the July 23, 2007 Executive Committee meeting for Palomar Medical Center, modifications were recommended to the Department of OB/GYN Rules and Regulations. Additions are underlined and deletions are ~~crossed-out~~.

Rationale

The Department of OB/GYN is recommending modification of the attendance requirements for Departmental meetings to 33%. At the present time they require 50% attendance which is significantly more stringent than the minimum requirement in the Medical Staff Bylaws of 25%.

Modifications

2.2 Responsibilities

The responsibilities of membership shall constitute:

2.2.1 participation in Department business and committees and duties assigned by the Chairman in accordance with the Medical Staff bylaws, rules and regulations and Department rules and regulations.

2.2.2 attendance at a minimum of thirty-three ~~fifty~~ percent (33% ~~50%~~) of the Department meetings.

Non-compliance with the thirty-three ~~fifty~~ percent (33% ~~50%~~) requirement for the Department meetings is subject to the sanctions outlined in the Medical Staff bylaws, rules and regulations.

ATTENDANCE POLICY

In accordance with the rules and regulations of the Department of OB/GYN, thirty-three ~~fifty~~ percent (33% ~~50%~~) of the Department meetings must be attended during a medical Staff Year (February through January).

Sanctions

Non-compliance with the thirty-three ~~fifty~~ percent (33% ~~50%~~) attendance requirement of the Department of OB/GYN is subject to the sanctions outlined in the Medical Staff bylaws, rules and regulations: Failure to satisfy meeting attendance requirements for one (1) year shall, at a minimum, double the amount of dues required from the member of the next medical staff year. If the member fails to satisfy attendance requirements a second time within three (3) years of the first violation, the Member's dues shall be tripled; if he fails to satisfy attendance requirements a third time within the following three (3) years the member's dues shall quadruple; and each subsequent violation within a three (3) year period of the most recent violation shall result in a similar increase in the amount charged following such violation.

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89

MEDICAL STAFF SERVICES



DATE: July 25, 2007
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:

Change to Retired Status

- ◆ Max Savin, M.D., General Surgery (Effective 08/01/2007)

Change to Specialty of Administrative Medicine

- ◆ Robert D. Trifunovic, M.D. (Effective 08/01/2007)

Resignations

- ◆ Cynthia D. McKinney, M.D., Family Practice (Effective 08/31/2007)

Allied Health Professional Appointments

08/13/2007 – 07/31/2009

- ◆ Daniel Samaniego, O.T.-C., Orthopaedic Technician; Sponsors: Kaiser Orthopaedic Surgeons

Reappointment:

09/01/2007 – 08/31/2009

- ◆ Antoine a. Hallak, M.D., Plastic Surgery
- ◆ Thomas J. Naegeli, M.D., Family/General Practice
- ◆ Paul Neustein, M.D., Urology
- ◆ Douglas W. Reavie, M.D., Plastic Surgery
- ◆ Malini M. Reddy, M.D., Anesthesiology
- ◆ Clifford J. Wolf, D.P.M., Podiatry

Certification by and Recommendation of Escondido Surgery Center Medical Director:

As Medical Director of Escondido Surgery Center, I certify that the procedures described in the Escondido Surgery Center Bylaws for appointment, reappointment or the granting of privileges and that the policy of the Palomar Pomerado Health Board of Directors regarding such practices have been properly followed. I recommend that the action requested in each case be taken by the Board of Directors.

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PALOMAR
POMERADO
HEALTH

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

DATE: July 31, 2007
TO: Board of Directors - August 13, 2007
FROM: Benjamin Kanter, M.D., Chief of Staff, Pomerado Hospital Medical Staff
SUBJECT: Medical Staff Credentials Recommendations – July 2007:

Provisional Appointments: (08/13/2007 – 07/31/2009)

Stephen A. Dunphy, M.D. – Emergency Medicine
Bridgette B. Franey, M.D. – Family Practice (includes Villa)
Brian W. Goelitz, M.D. – Radiology
Hanh M. Le, M.D. – OB/GYN
John B. Liboon, M.D. – Emergency Medicine
Susan S. Lim, M.D. – Pathology
Samir S. Makani, M.D. – Pulmonary/Critical Care (includes Villa & Subacute)
Nicole J. Nguyen, M.D. – OB/GYN
Casey L. Wang, M.D. - Neonatology
Steven W. Zgliniec, M.D. – Pulmonary/Critical Care (includes Villa & Subacute)

Advancements:

Rosalyn P. Baxter-Jones, M.D. – Courtesy Category 9/13/2007 – 02/28/2009
Daniel C. Harrison, M.D. – Active Category 9/13/2007- 11/30/2008
Kevin B. Merkes, M.D. – Affiliate Category 9/13/2007 – 11/30/2007
Richard C. Smith, M.D. – Active Category 9/13/2007 – 11/30/2008

Biennial Reappointments: (09/01/2007 – 08/31/2009)

Gary J. Birnbaum, M.D. – Medicine – Associate (includes Villa)
Bradley H. Chesler, M.D. – Medicine – Affiliate
Larry C. Chiang, M.D. – Medicine – Consulting (includes Villa)
Kevin P. Daly, M.D. – Emergency Medicine- Active
Bassem A. Georgy, M.D. – Radiology – Active
Antoine A. Hallak, M.D. – Surgery – Active (includes Villa)
Paul R. Keith, M.D.- Medicine - Courtesy
Hyun Sil Kim, M.D.- Medicine - Active
Joel M. Lamon, M.D. – Medicine – Active
Ann P. Laux, M.D. – Pathology – Courtesy
Dennis R. Leahy, M.D. – Medicine - Courtesy
Albert L. Martinez, M.D. – Pediatrics Courtesy
Paul Neustein, M.D. – Surgery – Active (includes Villa)
Maria C. Padilla, M.D. – Pediatrics - Active
Sabiha Pasha, M.D. – Medicine – Active (includes Villa)
Douglas W. Reavie, M.D. – Surgery – Affiliate
Malini M. Reddy, M.D. – Anesthesia - Active
Roger B. Schechter, Emergency Medicine – Active (includes Villa)
Bindu Singhal, M.D. – Medicine - Affiliate
Clifford J. Wolf, D.P.M. – Surgery – Active (includes Villa)

Additional Privileges:

Mikhail R. Malek, M.D. – Catheter-Based Peripheral Vascular Interventions

Resignations/Withdrawal of Membership:

Rae D. Felthouse, M.D.

Peter Lee, M.D.

Neil Levine, M.D.

Charles J. Wray, M.D.

Allied Health Appointments: 08/13/2007 – 07/31/2009

Heidi A. Gauthreaux, P.A.-C – Sponsors – CEP Physicians

Allied Health Professionals Reappointment (09/01/2007 – 08/31/2009)

Roya Jannesari, N.P. – Sponsors Dr. Bailey, Dr. Varma

AHP Withdrawal of Membership:

Alice C. Cresci, R.N.

David L. Dubnicka, Ortho Tech

Paul S. Heath, Ortho Tech

Jacqueline Ingle, R.N.

Diane G. Lewis, R.N., N.P.

Kristin M. Tyner, Ortho Tech

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

**AMENDED RESOLUTION ESTABLISHING
DATES OF REGULAR BOARD MEETINGS**

TO: Board of Directors

DATE: August 13, 2007

FROM: Christine Meaney for Marcelo R. Rivera, M.D., Board Chair

SUBJECT: Amending Resolution to Change Date of September Board Meeting

BACKGROUND:

Consistent with the California Government Code and PPH Bylaws, dates of regular meetings of the Board of Directors must be established by resolution in the year before the pertinent calendar year. The dates for the current calendar year were established at the Annual Meeting last December. The attached resolution has been drawn following Board member request, to change the date of the September Board Meeting from Monday, September 10 to Monday, September 17 due to the ACHD Annual Meeting from September 11 – 13, 2007. This item is submitted for discussion and possible action. The Pomerado location is available September 10, and could be available September 17.

STAFF RECOMMENDATION:

Adoption of attached resolution amending established dates of Regular Board Meetings for Calendar Year 2007 to change the September meeting date, pending Board discussion as to whether this may change or not.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
PALOMAR POMERADO HEALTH
ESTABLISHING REGULAR BOARD MEETINGS
FOR CALENDAR YEAR 2007**

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;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Palomar Pomerado Health that the following schedule of regular meetings will apply for calendar year 2007:

2007 BOARD MEETING SCHEDULE

January 8	Pomerado	July 9	Pomerado
February 12	PMC	August 13	PMC
March 12	Pomerado	September 17	Pomerado
April 16	PMC	October 8	PMC
May 15	Pomerado	November 12	Pomerado
June 11	PMC	December 10	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 August 13, 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

DATED: August 13, 2007

APPROVED:

ATTESTED:

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

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

Informational: Quarterly Hiring, Turnover and Recruitment Report

TO: PPH Board of Directors
MEETING DATE: August 13, 2007
FROM: Human Resources Committee, July 17, 2007
BY: Wallie George, Chief Human Resources Officer

BACKGROUND: The HR Committee is provided with current PPH hiring, turnover, and recruitment information on a quarterly basis.

1. W. George reviewed the electronic Balanced Scorecard information relating to PPH Hiring, Turnover and Recruitment over the last quarter. He noted that PPH is using the California Hospital Association data as our benchmark.
2. Discussion ensued relating to employee turnover and the timeliness of various phases of the employment process.
3. L. Shoemaker shared that nursing's greatest challenge is the turnover rate in 0-2 year employees. No trends have been identified other than relocating to another area.
 - a. B. Turner announced that Work Institute would shortly initiate a survey of PPH RNs with 0-2 years of service. Each PPH RN will be interviewed by telephone for information relating to employee satisfaction in an effort to understand why so many 0-2 year RNs leave PPH.
4. B. Turner also reported that PPH wages for 0-2 year RNs are low as compared to area facilities.
 - a. On July 24, 2007, there is a meet and confer with CNA to discuss wage increases at the bottom end of the wage scale.
5. Changes in wages at the lower end of the wage scale were included into the FY '08 budget.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Smoke Free Environment

TO: PPH Board of Directors
MEETING DATE: August 13, 2007
FROM: Human Resources Committee, July 17, 2007
BY: Wallie George, Chief Human Resources Officer

BACKGROUND: HR Committee discussed the possible creation of a PPH Campus Non-Smoking Policy as requested by L. Greer. At the July 9, 2007, Board meeting the proposed Smoke Free Environment Policy was approved and forwarded to the Governance Committee.

1. W. George announced that Paul Demuro's office is researching the impact of a smoke free environment on the SNFs and Behavioral Health areas.
2. W. George is in the process of gathering names for the PPH Task Force that will develop the implementation plan for the Smoke Free Environment Policy.
3. There is a possibility that several subcommittees will be created in areas perceived to be most impacted by the policy change.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

X

Required Time:

Informational: Long Term Disability and Life Insurance

TO: PPH Board of Directors
MEETING DATE: August 13, 2007
FROM: Human Resources Committee, July 17, 2007
BY: Wallie George, Chief Human Resources Officer

BACKGROUND: The HR Committee was provided with current information on PPH Long Term Disability and Life Insurance plans.

1. B. Turner announced that negotiations with Aetna have resulted in reduced premiums for Long and Short Term Disability as well as Life Insurance.
2. The new premiums went into effect July 1, 2007. Employees will be seeing a reduction in their premium in the current pay period's paycheck. Roll over to the new program is automatic and seamless to employees.
3. Additionally, W. George, B. Turner and M. Covert provided HR Committee members with information on the Retirement Summit that occurred on July 14, 2007.
 - a. 55 people attended the event, with 27 people signing up for individual consults with a Fidelity Representative.
 - b. Evaluations of the event were very positive, and questions asked during the event were meaningful.
4. Committee members also discussed the frequency events.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Annual Review of the PPH Bylaws Relating to the Board Quality Review Committee

TO: PPH Board of Directors

MEETING DATE: August 13, 2007

FROM: Board Quality Review Committee: June 19, 2007

BACKGROUND: Each year, each standing committee is to review its relevant section of the bylaws, as provided below, to provide an opportunity to amend as needed and provide feedback to the Board of Directors via the Governance Committee. Board Quality Review Committee met on Tuesday, June 19, 2007 to review section 6.2 that relates to the BQRC.

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION:

The Governance Committee will be requested to review the following recommended changes to the Board Quality Review Committee Bylaws amendment to 6.2.5, (c), (i):

- (c) Duties. The duties of the Committee shall include but are not limited to:
 - (i) Pursuant to the Palomar Pomerado Health Performance Improvement/Patient Safety Plan oversees the performance improvement, patient safety and risk management activities of the Hospitals and other Facilities, if applicable, and shall periodically report its conclusions and recommendations to the Board; and

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:	
Motion:	
Individual Action:	
Information:	X
Required Time:	

Orthopedic Strategic Plan

TO: PPH Board of Directors
DATE: August 13, 2007
FROM: Strategic Planning Committee on July 24, 2007
BY: Marcia Jackson, Chief Planning Officer

BACKGROUND: Orthopedics is one of the service lines prioritized by the PPH Board of Directors several years ago, and was brought up at the January 2007 Retreat again. The Orthopedic Strategic Plan was presented by Marcia Jackson, Chief Planning Officer.

The demographics indicate a strong need in the age group of 55 years and up. The PPH market share is approximately 56%, not our strongest service line. Dr. Larson asked if this data was based on our district, and it was answered that it was. Michael Covert emphasized that our primary marketplace is our district, that our secondary marketplace is our trauma catchment area, and that our third marketplace are the surrounding communities.

Michael Covert mentioned that one of our potential weaknesses could be our sub-specialty physicians, and asked what we might need, such as hand, ankle, and foot doctors. Marcia responded that these gaps were noted in the analysis and contributed to these areas not being prioritized. Bruce Krider asked about podiatrist turf wars, and Marcia Jackson responded that we didn't look into them at this time, as foot orthopedics was not in the initial priorities.

Dr. McKinley mentioned that 7 orthopedists in Seattle began a practice that eventually grew into a practice of 50, all orthopedists. He was confident that PPH would be able to incorporate some of their attributes and combine a group of orthopedists that would continue to grow into a large practice.

Nancy Bassett mentioned that Pain Management was a good idea, especially with our aging population in this area. Bruce Krider added that he totally supports this.

Dr. Larson mentioned the shortage of foot, ankle, and podiatrists, and added that we should look at the community needs, and that as the only trauma center in North County; we have an obligation to care for Oceanside, Vista, etc., due to our designation. He also asked if we have an opportunity to partner with Kaiser, since they do total joints, and Michael Covert and Kim Dodson responded that we do, and we are already beginning to have Kaiser orthopedic cases at PMC.

Orthopedic Strategic Plan

There was consensus support for the Orthopedic Strategic Plan.

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION: For information and discussion purposes.

COMMITTEE RECOMMENDATION:

Information: X

Strategic Planning Policy

TO: PPH Board of Directors
DATE: August 13, 2007
FROM: Strategic Planning Committee on July 24, 2007
BY: Marcia Jackson, Chief Planning Officer

BACKGROUND: This agenda item was carried over from the June 12 Committee meeting due to time constraints. The Strategic Planning Committee provided input to finalize the Policy with the following additions:

The strategic plan will be specific and measurable. The strategic planning process will incorporate the following components:

- Review, and revise as necessary, the organization's mission, vision and values, *and balanced scorecard domains*

The annual planning process will take place January-March each year, prior to the budgeting process to ensure the budget aligns with the organizations' s strategic priorities. *The Board will approve the annual plan.*

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION: Information item, to be presented for approval at the August 17 Governance Committee Meeting.

COMMITTEE RECOMMENDATION:

Information: X

Status of the Internal Audit Committee

TO: Board of Directors

DATE: August 13, 2007

FROM: Internal Audit Committee
July 19, 2007

BY: Thomas Boyle, Director Internal Audit Services

BACKGROUND: Information only.
In attendance were: Directors Rivera, Greer, and Powers.
Dr. Trifunovic also attended.

- **Approved Internal Audit Committee minutes of April 19, 2007**
- **Reviewed Internal Audit Committee Quarterly Report**

BUDGET IMPACT: None

STAFF RECOMMENDATION: Information

COMMITTEE QUESTIONS: None

NEXT MEETING: November 8, 2007 at PPH/Innovation A

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Patient Loyalty – FY'08 Target

TO: PPH Board of Directors
DATE: August 13, 2007
FROM: Strategic Planning Committee on July 24, 2007
BY: Sheila Brown, Chief Clinical Outreach Officer

BACKGROUND: At the June 12 Committee meeting, it was agreed that Management would bring a proposed target for the FY'08 Patient Loyalty metric to the Strategic Planning Committee at the July meeting when they would have a year's worth of data to base it upon, and Sheila Brown, Chief Clinical Outreach Officer, presented this data to the Committee.

Management provided a recommendation of a target for FY'08 Patient Loyalty score based on Press Ganey's experience of the level of improvement that can be achieved with substantial focus. The Committee requested the data be reported in both a numerical format and as a percentile. Management will provide the percentile ranking of where this target score would fall in the most current quarter. However, the percentile will change with all hospitals in the database, so the key target will be the mean score.

BUDGET IMPACT: Included in the FY'08 budget

COMMITTEE RECOMMENDATION: Board approval of the Patient Loyalty FY'08 Proposed Target

COMMITTEE RECOMMENDATION:

Approval: X

FY 08 Initiative Planning

FY 09 Goals	Objectives	Outcome Measures	FY 08 Initiatives	FY 07 Target	FY 08 Threshold	FY 08 Target	FY 08 Maximum
Financial Strength	1.1 Achieve profitability	OEBITDA Margin % with Property Tax	Develop, implement and operationalize a patient focused revenue cycle plan, inclusive of all business and clinical aspects. (HealthWORx)	10.25%	9.80%	10.60%	10.75%
	1.2 Demonstrate business growth	Increase in Weighted P1 Days	Develop and implement aspects of the primary care growth strategy Finalize strategic and business plans for neurosciences and orthopedics/ spine and implement components of business plans for women's and cardiovascular services Develop and implement an Outpatient Services Plan Facilitate development of collaborative opportunities	Increase by 5%	Increase by 1%	Increase by 1.25%	Increase by 1.5%
Customer Service	2.1 Develop loyal patients	Patient Loyalty Scores	Systematically implement best practices in patient loyalty	50th Percentile	83.1 29th Percentile	83.6 38th Percentile	84.1 50th Percentile
	2.2 Develop loyal physicians	Physician Loyalty Scores or surrogate	Define, prioritize and resolve physicians' issues to improve physician confidence in administration and nursing and regularly communicate progress to improve communication	80th Percentile	80th Percentile	85th Percentile	90th Percentile
	2.3 Strengthen community relationships and outreach	Community and Partnership Survey	Develop a comprehensive outreach plan designed to launch, implement and measure community outreach and strategic relationships	80th Percentile	Community survey launched	1000 surveys; 5% response	7% response rate with correlating strategies
Quality	3.1 Demonstrate high quality, safe patient care	Core measures	Systematically implement best practices to achieve reliable delivery of evidenced-based care Integrate the Joint Commission preparation process into our daily work activities Complete all steps for Magnet site visit	PMIC: 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 Minimum of 2 applicable NPSGs at 95% compliance or above	PMIC: 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	PMIC: 4/4 Core Measure Sets composite scores will be in the top 2 deciles POM: 3/3 Core Measure Sets composite scores will be in the top 2 deciles	PMIC: 2/4 Core Measure Sets composite scores will be in the top decile POM: 1/3 Core Measure Sets composite scores will be in the top decile
	3.2 Optimize process efficiency and effectiveness	% of time service standards are met	Systematically identify and improve key processes to increase reliable delivery of services Strengthen systems using Baldrige model	Receive CAPE Bronze award 75% of measures underperforming as of Q2 improve to next higher level by end of year. (Red to yellow or yellow to green)	50% of time	60% of time	70% of time
Workforce Development	4.1 Attract, acquire and retain a high quality workforce	Employee engagement	Extend educational partnerships to selected additional disciplines to prepare for increased demand for diverse staff reflecting the community Implement behavioral and skills assessment recruitment tools	80th Percentile	80th Percentile	85th Percentile	90th Percentile
	4.2 Create an environment of innovation, learning and professional commitment	Management composite score on Gallup question about opportunities at work to learn and grow	Implement a systematic approach for management talent identification and succession planning Implement a comprehensive management orientation and leadership development program Optimize Phase 1 Center system including implementation of inpatient documentation	80th Percentile	80th Percentile	85th Percentile	90th Percentile
Workplace Development	5.1 Provide the tools and equipment for optimal performance	Score on Gallup question about tools and equipment to do job	Implement Information and Technology decision making structure in order to more effectively prioritize resources	80th Percentile	80th Percentile	85th Percentile	90th Percentile
	5.2 Provide facilities for optimal delivery and receiving of services	Master facilities plan	Develop and initiate pilot projects and innovations linked to future facility development Plan and commission successful opening of new facilities Initiate philanthropic Capital Campaign	Complete Design Development by 9/30/06	Open Outpatient Imaging and Women's Centers in Jan 2008	Open Outpatient Imaging and Women's Centers in Dec 2007	Open Outpatient Imaging and Women's Centers in Nov 2007

108

Integrative Medicine

TO: PPH Board of Directors
DATE: July 9, 2007 (*Deferred to August 13 Board Meeting*)
FROM: Strategic Planning Committee on June 12, 2007
BY: Bruce Krider, Board Member

BACKGROUND: On a few occasions, the Strategic Planning Committee has discussed the growing trend by consumers in utilizing Integrative Medicine modalities. Bruce Krider and Marcia Jackson had an opportunity to attend a recent conference on Integrative Medicine held locally. Bruce Krider provided a summary of that conference and recommended that a Task Force be formed to study Integrative Medicine options for PPH and to make a recommendation. He stated that it is long past time for PPH to seriously look at the various modalities termed "Integrative Medicine" to grow customer satisfaction. He also commented that often hospitals and physicians are resistant to change and innovation, but "baby steps" are in order.

Ted Kleiter expressed concern for the time and money it would take for the Task Force and program development. He added that the PPH staff is heavily involved in existing initiatives & planning of new facilities. He suggested that we let the Women's Center be the pilot.

Dr. Rivera stated that he shared Ted's concerns. He was encouraged that the Women's Center has some Complementary Medicine aspects. He is worried about money; he is also concerned that if we're not serious about implementing integrative medicine right now, it can be demoralizing for people who serve on the Task Force. He suggested that we table the issue for now. He reminded the Committee that at the January Strategic Planning Retreat this was not agreed to as a priority. His suggestion was also that we let the Women's Center try this, and then check back with the Committee after a few months of operation.

Dr. Larson stated that Bruce Krider is just suggesting that we look into Integrative Medicine, and that we seem to have funds for education, etc.; he just wants PPH to take a look at what's available. Dr. Larson added that the Task Force was simply an advisory group that will report back to the Strategic Planning Committee and ultimately the Board about elements of Integrative Medicine that might be culturally applicable for PPH at this juncture in time, and that the Board can ultimately decide to accept any or all of them and has no obligation to accept any. Dr. Larson asked Michael Covert if Diane Key or other staff members have time in their agendas to investigate aspects of Integrative Medicine, and Michael Covert replied that they did not, not in the near future.

Dr. Rivera countered that this is making the staff spin their wheels, and that there are other projects that have been on the books for years, such as neurosciences and orthopedics – projects we have already committed to. Creating this Task Force would take staff time and resources away from other

Integrative Medicine

priorities.

Dr. Cynthia Robertson said that she was at the January meeting, and that there are a number of physicians who are interested in Integrative Medicine, and that she understood that this issue was coming to Strategic Planning; she said that there is no absence of Physician Champions; they just need to know what the next indicated step is.

Dr. Kanter commented that our budget situation is quite serious - we don't even have the money for an operating microscope, nor do we have the necessary money for the bar coding for medication; this agenda item is just 5 years too soon.

Dr. Rivera motioned to deny the creation of an Integrative Medicine Task Force, and Ted Kleiter seconded the motion. The Yes votes were Dr. Rivera, Ted Kleiter, and Dr. Kanter; the No votes were Dr. Larson, Bruce Krider, and Dr. Trifunovic. Michael Covert abstained.

Then another motion was made by Dr. Larson to have a task force comprised of physician volunteers and staff to explore Integrative Medicine, and Dr. Trifunovic seconded the motion. Dr. Larson withdrew the motion before a formal vote was held.

Dr. Kanter suggested that we have Diane Key come back to the Committee in 6 - 8 months and report on the Women's Center medi-spa component as an initial pilot; then the Committee could re-visit the formal establishment of a task force at a later date.

No formal agreement was reached.

BUDGET IMPACT: Unknown at this time.

COMMITTEE RECOMMENDATION: Information.

COMMITTEE RECOMMENDATION:

Information: X

**Purchase of Property and Buildings at
127-133 Valley Boulevard, Escondido, CA**

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, July 31, 2007
MEETING DATE: Monday, August 13, 2007
BY: Bob Hemker, CFO

Background: Utilizing the services of a Real Estate broker and a licensed appraiser, the property and buildings located at 127-133 Valley Boulevard, Escondido, CA, was evaluated for suitability and appraisal of value. The property is an approximately 2,744 sq ft single-story residential four-plex on an approximately 10,500 sq ft parcel of land, flanked by the recently purchased Grandesco Building and its included appurtenant lot. Additionally, the property is a part of the "West Properties" referenced in the MOU with the City of Escondido, approved February 23, 2006, by Board resolution.

After having the value of the property determined by Third Party appraisal, Management entered into negotiations via a Letter of Intent to Purchase, conditioned upon Board of Director approval and certain due diligence. A negotiated purchase price of \$695,000 for the 2,744 sq ft single-story residential four-plex on an approximately 10,500 sq ft parcel of land resulted, with PPH to pay buyer's standard closing costs, as well as the brokerage fee. The escrow process was begun on June 25, 2007, with closing of the transaction anticipated on or about August 31, 2007 (*See attached*).

Board of Director approval is requested, authorizing Management to finalize the purchase, subject to the satisfactory completion of due diligence.

Budget Impact: \$695,000 plus estimated closing & brokerage costs of \$22,150, to be paid from Facility Master Plan Capital Funds for the purchase of the property and buildings located at 127-133 Valley Boulevard, Escondido, CA.

Staff Recommendation: Staff recommends that Management be instructed to complete the acquisition of the property and buildings located at 127-133 Valley Boulevard, Escondido, CA, at the negotiated price, subject to completion of due diligence; that authorization be afforded the CEO and/or CFO to execute the final Purchase Agreement, with closing of the transaction to be on or about August 31, 2007; and recommends approval of the associated Board Resolution.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends that Management be instructed to complete the acquisition of the property and buildings located at 127-133 Valley Boulevard, Escondido, CA, subject to completion of due diligence; that authorization be afforded the CEO and/or CFO to execute the final Purchase Agreement, with closing of the transaction to be on or about August 31, 2007; and recommends approval of the associated Board Resolution.

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

June 25, 2007

(Date for Reference Purposes)

1. Buyer.

1.1 Palomar Pomerado Health, 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") (collectively, the "Parties" or individually, a "Party") through an escrow ("Escrow") to close ~~on or~~ on or before August 31, 2007 days after the waiver or expiration of the Buyer's Contingencies, ("Expected Closing Date") to be held by Chicago Title Company (Kathy Robinson/Della Michalicon) ("Escrow Holder") whose address is 2365 Northside Drive, Suite 600, San Diego, CA 92108, Phone No. 619.521.3400, Facsimile No. 619.640.4635

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 release Buyer of Buyer's obligations hereunder 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) an approximately 2,744 square foot single-story residential fourplex on an approximately 10,500 square foot parcel of land is located in the City of Escondido, County of San Diego State of California, is commonly known by the street address of 127-133 Valley Blvd.

and is legally described as: To be addressed in escrow

(APN: 229-442-04-00)

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 Chicago Title Company (Mark Brady) ("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 panels, 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; wall coverings; and~~

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 a new lease 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 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 \$695,000.00, 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): \$695,000.00

(Strike if not applicable)

(b) Amount of "New Loan" as defined in paragraph 6.1, if any: \$

(c) Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("Existing Deed(s) of Trust") assuming the following existing promissory note(s) ("Existing Note(s)"):

(i) An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately: per month, Said First Note is payable at \$ including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on).

(Strike if not applicable)

(ii) An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately: per month, Said Second Note is payable at \$ including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on).

(Strike if not applicable)

(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 6.1.

INITIALS

108

(Purchase Money Note) in the amount of
Total Purchase Price: \$695,000.00

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, or Buyer shall deliver to Escrow Holder a check in the sum of \$25,000.00 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 not 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 6.1 (a) through (f) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of \$ _____ 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: 95-6003843. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

5. Financing Contingency (Strike if not 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 Mr. 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 Mr. 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 commission fees and costs, which Buyer shall pay.

6. Seller Financing (Purchase Money Note) (Strike if not 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 4.0.2 (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 5% shall be payable with respect to any payment of principal, interest, or other charges, not made within 40 days after it is due.

(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/or sale with regard to each 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 FORFEIT LOSS 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 box):

- _____ represents Seller exclusively ("Seller's Broker");
- Grubb & Ellis (BRE 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.

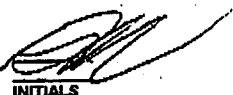
8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. 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.

INITIALS


INITIALS

109

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), (h), (i), (j), (k), (l), (m), and (n), and (o), 9.4, 8.5, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement 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, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by 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 disclosure 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 30 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 changes 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.

INITIALS

INITIALS

110

(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.

(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 otherwise 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 not to be Seller's Election 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.

In addition, Seller shall provide a Termination Notice and Release of Rights upon closing of escrow.

All additional items not belonging to Buyer shall be removed from the Premises by the close of escrow.

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 10662 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 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 consented by Buyer.

(d) Assumptions duly executed by Buyer of the obligations of Seller that accrue 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

INITIALS

111

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 Brokers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 3 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. 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, nor 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 unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement to 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 nor 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 made 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 herein.

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. Property must be delivered 100% vacant at close with no adverse holdover.

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 reconnection 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 the 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 defense. 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 herein 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.

INITIALS


INITIALS

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of Escondido, CA on the date of June 28, 2007, 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 Initialed by both Parties.) THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT NOT TO EXCEED \$8,100.00 (AS CONSIDERATION FOR 3 MONTHS OF DOWNTIME TO RELEASE UNITS) OF UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

Buyer Initials

Seller Initials

22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if Initialed by both Parties.)

22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. ANY SUCH CONTROVERSY SHALL BE ARBITRATED BY 3 ARBITRATORS WHO SHALL BE IMPARTIAL REAL ESTATE BROKERS WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THEY SHALL BE APPOINTED UNDER THE COMMERCIAL RULES. THE ARBITRATORS SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 2 OF THE 3 ARBITRATORS, BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.

22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.

22.3 NOTICE: BY INITIALIZING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALIZING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Buyer Initials

Seller Initials

23. Miscellaneous.

23.1 Binding Effect. This Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed.

23.2 Applicable Law. This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located.

23.3 Time of Essence. Time is of the essence of this Agreement.

23.4 Counterparts. This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

23.5 Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

23.6 Conflict. Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

23.7 1031 Exchange. Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange.

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) Seller's Agent. A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) To the Seller: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) To the Buyer and the Seller: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from

the other Party which does not involve the affirmative duties set forth above.

(b) Buyer's Agent. A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations: (1) To the Buyer: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) To the Buyer and the Seller: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) Agent Representing Both Seller and Buyer. A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a 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 ensure 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 follow: or are attached hereto by an addendum consisting of paragraphs 28 through 31 (if there are no additional provisions write "NONE")

[Handwritten signature and crossed-out lines]

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 | BRE Commercial
Attn: Rick Reeder / Amber Ragghanti
Title:
Address: 1000 Aviara Parkway, Suite 100
Carlebad, CA 92011
Telephone: (760) 431-4200
Facsimile: (760) 454-3869
Email:
Federal ID No.

BUYER:

Palomar Pomerado Health, a California local
healthcare district organized pursuant to
Division 23, Section 32,000 of California
Health & Safety Code

By:
Date:
Name Printed: Michael Covert
Title: Chief Executive Officer
Telephone:
Facsimile:

By:
Date:
Name Printed: Bob Hemker
Title: Chief Financial Officer
Address: 15255 Innovation Drive

114

San Diego, CA 92128
Telephone: (658) 675-5567
Facsimile: _____
Email: rsh4@pph.org
Federal ID No. _____

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 and Buyer acknowledges that 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 Brokers, Seller Buyer agrees to pay Brokers a real estate Brokerage Fee in a sum equal to 3 % 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.

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

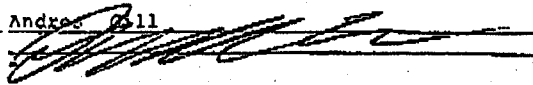
NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

BROKER:

SELLER:

All: _____
Title: _____
Address: _____

Telephone: () _____
Facsimile: () _____
Email: _____
Federal ID No. _____

Andres Gill

By: _____
Date: 5/11/07
Name Printed: Andres Gill
Title: _____
Telephone: (760) 687-3231
Facsimile: () _____
By: _____
Date: _____
Name Printed: _____
Title: _____
Address: 127 Valley Blvd.
Escondido, CA 92029
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 800, Los Angeles, CA 90017. (213) 687-8777.

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Revised 02-15-04 by PPH-FRE

INITIALS


INITIALS

115

ADDENDUM TO STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE, FOR THAT CERTAIN PROPERTY LOCATED AT 127-133 VALLEY BLVD., ESCONDIDO, CALIFORNIA, BY AND BETWEEN ANDROS GILL "SELLER", AND PALOMAR POMERADO HEALTH, A CALIFORNIA LOCAL HEALTHCARE DISTRICT, ORGANIZED PURSUANT TO DIVISION 23, SECTION 32,000 OF CALIFORNIA HEALTH & SAFETY CODE, AS "BUYER" DATED JUNE 25, 2007.

28. REPRESENTATIONS AND WARRANTIES:

This property is being sold on an "As Is" basis.

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
- 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
- c. The usual Buyer's document drafting and recording charges

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

30. 1031 EXCHANGE:

Buyer shall cooperate with Seller's 1031 tax deferred exchange (should Seller elect to do so) at no cost to Buyer.

31. CONTINGENCY:

Subject to Palomar Pomerado Health Board of Directors review and approval at its July 31, 2007, Finance Committee Meeting and its August 13, 2007, Board of Directors Meeting.

"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 estate 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:

~~Andros Gill~~
ANDRES

BUYER:

Palomar Pomerado Health, A California
Local Healthcare District, Organized
Pursuant To Division 23, Section 32,000 Of
California Health & Safety Code

By: 

By: _____

Name: ~~Andros Gill~~
ANDRES

Name: Bob Hemker

By: _____

By: _____

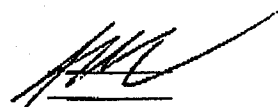
Name: _____

Name: _____

Date: 7/11/07

Date: _____

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RESOLUTION NO. 08.13.07 (02) – 08

RESOLUTION OF THE BOARD OF DIRECTORS OF PALOMAR POMERADO HEALTH, AUTHORIZING THE ACQUISITION OF THE PROPERTY AND BUILDINGS LOCATED AT 127-133 VALLEY BOULEVARD, ESCONDIDO, CA, SUBJECT TO THE FINAL ACCEPTANCE OF THE STANDARD OFFER AND AGREEMENT AND COMPLETION OF DUE DILIGENCE

WHEREAS, in July 2004 the Palomar Pomerado Health Board of Directors approved the Facility Master Plan for new, replacement and expanded facilities, inclusive of support service buildings; and

WHEREAS, on February 8, 2006, the City of Escondido approved a Memorandum of Understanding between Palomar Pomerado Health and the City of Escondido concerning the potential future activities at the Downtown Medical Campus and the parties' cooperation in the development of new facilities; and

WHEREAS, the Palomar Pomerado Health Board of Directors approved said Memorandum of Understanding between Palomar Pomerado Health and the City of Escondido on February 23, 2006, by Resolution No. 02.23.06 (02) – 03; and

WHEREAS, on April 25, 2006, the Memorandum of Understanding Between the City of Escondido and Palomar Pomerado Health Concerning the Preservation of Downtown Escondido and the Redevelopment of Palomar Medical Center went into effect; and

WHEREAS, the Palomar Pomerado Health Board of Directors has determined that acquisition of the property and buildings located at 127-133 Valley Boulevard, Escondido, CA, is in the best interest of the district and consistent with the intent of both the Facility Master Plan and the Memorandum of Understanding;

NOW, THEREFORE, BE IT RESOLVED THAT:

A. DETERMINATIONS AND FINDINGS

The Board hereby determines and finds that:

(1) The acquisition of the property and buildings located at 127-133 Valley Boulevard, Escondido, CA, is consistent with Section V.B. Acquisition of West Properties in the Memorandum of Understanding; and

(2) PPH has obtained a Third Party appraisal and determined that the negotiated purchase price is at or below the market value range of appraisal; and

(3) The closing on the purchase of the property and buildings located at 127-133 Valley Boulevard, Escondido, CA, is in the best interest of the District in order to develop and implement the District's Facility Master Plan.

B. RESOLUTIONS

The Board hereby authorizes the acquisition of the property and buildings located at 127-133 Valley Boulevard, Escondido, CA, by PPH's Chief Executive Officer and/or Chief Financial Officer, and the execution of documents necessary to consummate the acquisition of the property.

The Board hereby authorizes the use of Facility Master Plan funds for the purchase of the property.

All acts and things previously done and performed (or caused to be done and performed) in the name and on behalf of PPH prior to the date of these resolutions in furtherance of any of the foregoing resolutions and the transactions contemplated therein be, and the same hereby are, ratified, confirmed and approved.

PASSED AND ADOPTED at a meeting of the Board of Directors of Palomar Pomerado Health held on August 13, 2007, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

Dated: August 13, 2007

BY: _____
Marcelo Rivera, M.D.
Chair, Board of Directors
Palomar Pomerado Health

ATTESTED:

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

Establishment of Appropriations Limit for Fiscal Year 2008

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, July 31, 2007

MEETING DATE: Monday, August 13, 2007

BY: Robert A. Hemker, CFO

BACKGROUND: The Board of Directors of Palomar Pomerado Health annually adopts the Appropriations Limit for the District, pursuant to Article XIIB of the California Constitution. This action requests approval of the County's Appropriations Limit for Fiscal Year 2008 (*See Attached*). This limit applies only to unrestricted appropriations and is not related to any appropriations that are restricted for the General Obligation Bonds.

The Appropriations Limit is calculated to be \$46,267,934 for Fiscal Year 2008. The District is substantially under that limit and is expected to receive approximately \$13,500,000 in unrestricted property tax revenues in Fiscal Year 2008.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Approval of the Appropriations Limit for Palomar Pomerado Health for Fiscal Year 2008.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Appropriations Limit for Palomar Pomerado Health for Fiscal Year 2008, along with the accompanying resolution.

Motion:

Individual Action: X

Information:

PUBLIC NOTICE

The Board of Directors of Palomar Pomerado Health will establish its Appropriations Limit for the 2007/2008 fiscal year at its regularly scheduled meeting to be held at 6:30 P.M. on August 13, 2007, in the Graybill Auditorium of Palomar Medical Center, 555 East Valley Parkway, Escondido, California 92025. This Appropriations Limit is for the unrestricted appropriations and is in no way related to the appropriations for the 2005 General Obligation Bonds. The documentation used in the determination of the Appropriations Limit is available to the public at the office of the President and Chief Executive Officer, 15255 Innovation Drive, San Diego, California 92128.

DATED: _____

7/25/07

PALOMAR POMERADO HEALTH
A California Health Care District

BY: _____

Michael H. Covert

MICHAEL H. COVERT, FACHE
PRESIDENT & CEO

NARRATIVE ON THE RECENT HISTORY OF TAXATION

Palomar Pomerado Health has two types of property taxes available as follows:

SPECIAL ASSESSMENT FOR GENERAL OBLIGATION BONDS

The taxes necessary to pay the interest and principal for the 1966 Series A and 1966 Series B Palomar Memorial Hospital General Obligation Bonds that were approved by a two thirds majority of the voters prior to 1978. These tax revenues were exempt from the provisions of Proposition No. 13 and they were restricted for this specific purpose. The final payment on these bonds was made on May 1, 1998.

The taxes necessary to pay the interest and principal for Election of 2004, Series 2005A Palomar Pomerado Health General Obligation Bonds that were approved by a two thirds majority of the voters in November, 2004. These tax revenues are restricted for the specific purpose of the election campaign of 2004.

OTHER PROPERTY TAXES

A tax equal to 1% of the full cash value of property is levied each fiscal year by the county and distributed to governmental agencies within the county according to a formula mandated by the state legislature. (California Constitution Article XIII(A); Revenue and Taxation Code Section 97). The state legislature and the county place no restrictions on the tax monies granted to local government agencies, such as Palomar Pomerado Health. (Part 0.5, Division 1 of the Revenue and Taxation Code.) Since these tax revenues are unrestricted, it is not necessary to inform the public regarding the intended use of the funds.

The following is a schedule reflecting our total tax revenues by fiscal year for the past thirty years.

Fiscal Year	Total Received Cash Basis	Restricted for Bond Interest & Principal	Unrestricted	From Prior Year (Unrestricted)	
				Increase \$	(Decrease) %
1977/78	\$2,460,384	\$445,211	\$2,015,173	-----	-----
1978/79	1,513,554	518,736	994,818	(1,020,355)	-50.63%
1979/80	1,621,350	428,585	1,192,765	\$197,947	19.90%
1980/81	1,914,882	458,941	1,455,941	263,176	22.06%
1981/82	2,157,298	425,948	1,731,350	275,409	18.92%
1982/83	2,245,799	431,669	1,814,130	82,780	4.78%
1983/84	2,453,236	454,544	1,998,692	184,562	10.17%
1984/85	2,618,899	429,139	2,189,760	191,068	9.56%
1985/86	2,922,025	400,336	2,521,689	331,929	15.16%
1986/87	3,325,080	476,027	2,849,053	327,364	12.98%
1987/88	3,590,335	415,348	3,174,987	325,934	11.44%
1988/89	4,009,992	389,724	3,620,268	445,281	14.02%
1989/90	4,644,106	451,969	4,192,137	571,869	15.80%
1990/91	4,898,609	404,912	4,493,697	301,560	7.19%
1991/92	5,305,810	435,226	4,870,584	376,887	8.39%
1992/93	5,230,679	455,415	4,775,264	(95,320)	-1.96%
1993/94	5,405,901	429,917	4,975,984	200,720	4.20%
1994/95	5,589,446	422,427	5,167,019	191,035	3.84%
1995/96	5,604,306	452,813	5,151,493	(15,526)	-0.30%
1996/97	5,641,183	473,160	5,168,023	16,530	0.32%
1997/98	5,862,721	358,706	5,504,015	335,992	6.50%
1998/99	5,915,399	0	5,915,399	411,384	7.47%
1999/00	6,432,482	0	6,432,482	517,083	8.74%
2000/01	7,061,136	0	7,061,136	628,654	9.77%
2001/02	7,693,200	0	7,693,200	632,064	8.95%
2002/03	8,391,961	0	8,391,961	698,761	9.08%
2003/04	9,077,863	0	9,077,863	685,902	8.17%
2004/05	10,180,831	0	10,180,831	1,102,968	12.15%
2005/06	20,853,221	9,303,843	11,549,378	1,368,547	13.44%
2006/07	22,604,028	11,040,727	11,563,301	1,014,923	8.79%

RESOLUTION NO. 08.13.07 (03) - 09

RESOLUTION OF THE BOARD OF DIRECTORS OF
PALOMAR POMERADO HEALTH
ESTABLISHING APPROPRIATIONS LIMIT OF THE DISTRICT
FOR THE FISCAL YEAR JULY 1, 2007 - JUNE 30, 2008
PURSUANT TO ARTICLE XIII(B) OF THE CALIFORNIA CONSTITUTION

WHEREAS, Government Code Section 7910 requires that each year the Board of Directors of this District shall, by resolution, establish the District's appropriations limit for the following fiscal year pursuant to Article XIII (B) of the California Constitution; and

WHEREAS, for not less than fifteen (15) days prior to this meeting the documentation attached hereto as Exhibit "A" used in the determination of the appropriations limit has been available to the public in accordance with Government Code Section 7910.

NOW THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors as follows:

Section 1. The appropriations limit of Palomar Pomerado Health for fiscal year July 1, 2007 - June 30, 2008, pursuant to Article XIII(B) of the California Constitution is hereby established at \$46,267,934.

Section 2. This resolution is effective immediately upon its adoption by the Board of Directors.

PASSED AND ADOPTED at the meeting of the Board of Directors of Palomar Pomerado Health, held August 13, 2007, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAINING:

ATTEST:

Chairperson

Secretary

EXHIBIT "A"

PALOMAR POMERADO HEALTH
APPROPRIATIONS LIMIT
2007/2008

2006/2007 APPROPRIATIONS LIMIT			<u>\$43,610,897</u>
PRICE FACTOR	4.42%		
-- OR --			
CHANGE IN LOCAL ASSESSMENT ROLL DUE TO NON-RESIDENTIAL CONSTRUCTION	3.05%	=	<u>1.0442</u>
-- AND --			
POPULATION FACTOR	1.60%	=	<u>1.0160</u>
CALCULATION OF FACTOR FOR FY 2007/08	1.0442 x 1.0160	=	1.0609
	\$43,610,897 x 1.0609	=	<u>\$46,267,934</u>
2007/2008 APPROPRIATIONS LIMIT			<u><u>\$46,267,934</u></u>

General Obligation Bonds – Tax Levy 2007-2008

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, July 31, 2007
DATE: Monday, August 13, 2007
BY: Bob Hemker, CFO

Background: In July 2005, the first tranche of GO Bonds was issued. The Series was priced in a negotiated sale on June 22, 2005. Favorable rates were obtained, ranging from 2.55% to 4.55% interest yield, depending upon maturity. Maturities ranged from 2006 through 2034. As a result, Bob Hemker executed the Bond Purchase Agreement on June 22, 2005. The Bond transaction closed on July 7, 2005.

PPH requested that the County of San Diego levy and collect the taxes necessary to pay the debt service on the Bonds. The request is made on an annual basis. PPH calculated the tax amount to levy based upon the debt service amortization and the assessed value of the District. The assessed value is provided by the County. The County then puts the required tax onto the tax roll, collects the taxes, and remits the collected amounts to the Paying Agent, Wells Fargo, on a monthly basis. The Paying Agent makes the required principal and interest payments on a semi-annual basis.

The attached resolution will authorize the County of San Diego to levy and collect the required *ad valorem* taxes for the 2007-2008 tax roll.

Budget Impact: N/A

Staff Recommendation: Management recommends that the Board approve the resolution and instruct management to take the appropriate action necessary to calculate the tax levy and request the County to collect said tax levy.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends that the Board approve the resolution and instruct management to take the appropriate action necessary to calculate the tax levy and request the County to collect said tax levy

Motion:

Individual Action: X

Information:

Required Time:

PALOMAR POMERADO HEALTH

RESOLUTION NO. 08.13.07 (04) - 10

RESOLUTION OF THE BOARD OF DIRECTORS OF PALOMAR POMERADO HEALTH CONCERNING THE LEVY AND COLLECTION OF TAXES BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO FOR FISCAL YEAR 2007-2008 TO PAY PRINCIPAL AND INTEREST ON GENERAL OBLIGATION BONDS AND AUTHORIZING THE TAKING OF ALL ACTIONS NECESSARY IN CONNECTION THEREWITH.

WHEREAS, as authorized by a ballot measure ("Measure BB"), approved by more than two-thirds of the votes cast on such ballot measure at an election held in Palomar Pomerado Health (the "District") on November 2, 2004, the Board of Directors of the District (the "Board of Directors") is authorized to issue \$496,000,000 aggregate principal amount of general obligation bonds for the purpose of financing a portion of the hospital and health care facilities projects as referenced and described in Measure BB;

WHEREAS, in accordance with the provisions of The Local Health Care District Law of the State of California (constituting Division 23 of the California Health and Safety Code) (the "Local Health Care District Law"), the District issued \$80,000,000 aggregate principal amount of such general obligation bonds, designated as "Palomar Pomerado Health General Obligation Bonds, Election of 2004, Series 2005A" (the "Series 2005A Bonds") on July 7, 2005;

WHEREAS, as provided by the Local Health Care District Law, principal and interest on the Series 2005A Bonds as the same becomes due are payable from the levy and collection of ad valorem taxes within the District;

WHEREAS, pursuant to Section 32312 of the Local Health Care District Law, the Board of Supervisors of the County of San Diego (the "Board of Supervisors of the County") is required to levy and collect annually each year until the Series 2005A Bonds are paid a tax sufficient to pay the principal of and interest on such Series 2005A Bonds as the same becomes due and payable;

WHEREAS, in order to facilitate the levy and collection of such ad valorem taxes by the Board of Supervisors of the County as provided in Section 32312 of the Local Health Care District Law, the Board of Directors hereby notifies the Board of Supervisors of the County that principal and interest on the Bonds in the amount of \$8,837,325 will become due and payable during the fiscal year commencing July 1, 2007, and ending June 30, 2008;

WHEREAS, the Board of Directors has been advised that the total net secured assessed valuation of the District is now estimated at \$61,566,757,202 full value; and

WHEREAS, also in order to facilitate the levy and collection of such ad valorem taxes by the Board of Supervisors of the County as provided in Section 32312 of the Local

Health Care District Law, a rate of taxation of .01775 on each one hundred dollars' valuation of taxable property (full value) within the District for fiscal year commencing July 1, 2007, and ending June 30, 2008, is hereby established;

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. Recitals. The foregoing recitals are true and correct, and this Board of Directors so finds and determines.

Section 2. Further Authorization; Ratification of Actions. The Chair of the Board of Directors, any member of the Board of Directors, the President and Chief Executive Officer of the District or any designee of the President and Chief Executive Officer of the District or the Chief Financial Officer of the District or any designee of the Chief Financial Officer of the District (each, an "Authorized District Representative") is hereby authorized and directed, for and in the name of and on behalf of the District, to do any and all things and to execute and deliver any and all documents, instruments and certificates, and to enter into any and all agreements, which such Authorized District Representative may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution. All such actions heretofore taken by any such Authorized District Representative are hereby ratified, confirmed and approved.

Section 3. Effective Date. This Resolution shall take effect from the date of adoption hereof.

PASSED AND ADOPTED by the Board of Directors of Palomar Pomerado Health on the 13th day of August, 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

DATED: August 13, 2007

BY:

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

ATTESTED:

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

STATE OF CALIFORNIA)
)ss
COUNTY OF SAN DIEGO)

I, Linda Greer, R.N., the Secretary of Palomar Pomerado Health (the "District"), do hereby certify that the foregoing is a true copy of a resolution adopted by the District on August 13, 2007, at the time and by the vote stated above, which resolution is on file in the office of the District.

DATED: August 13, 2007

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

