

**FINANCE COMMITTEE MEETING**

**(BOARD MEETING WITH RESPECT TO BOARD MEMBERS ON THE COMMITTEE) July 27, 2007**

**Posted  
Mailed (US & E-mail)  
Faxed  
July 27, 2007**

Tuesday, July 31, 2007  
5:30 p.m. (Dinner via Cafeteria Line)  
6:00 p.m. Meeting

Pomerado Hospital  
15615 Pomerado Road, Poway, CA  
Meeting Room E

	<u>Time</u>	<u>Page</u>	<u>Target</u>
❖ <b>CALL TO ORDER</b> .....	.....	.....	<b>6:00 p.m.</b>
➤ Public Comments.....	..... 5	.....	6:05 p.m.
❖ <b>ADJOURNMENT TO CLOSED SESSION</b> .....	.....	.....	<b>6:05 p.m.</b>
<b>~ pursuant to California Government Code §54956.8</b>			
<b>CONFERENCE W/REAL PROPERTY NEGOTIATORS</b>			
<i>Property:</i>	<i>127-133 Valley Boulevard, Escondido, CA</i>		
	<i>An approximately 2,744 sq ft single-story residential four-plex on</i>		
	<i>an approximately 10,500 sq ft parcel of land</i>		
<i>Agency Negotiator:</i>	<i>Robert Hemker, CFO, PPH</i>		
<i>Negotiating Parties:</i>	<i>Andres Gill and Robert Hemker</i>		
<i>Under Negotiation:</i>	<i>Instruction to Negotiator will concern Agency's interest in land, building,</i>		
	<i>price and terms of payment</i>		
<i>Estimated date of public disclosure:</i>	<i>July 2007</i>		
<b>~ Anticipated Action</b>			
❖ <b>RESUMPTION OF OPEN SESSION</b> .....	.....	.....	<b>6:25 p.m.</b>
➤ Action Resulting from Closed Session Discussion, <i>if any</i>	..... 5	.....	6:30 p.m.
➤ Information Item(s)			
• Escondido Surgery Center	..... 10	.....	6:40 p.m.
• New Vision Program			
1. * Approval: Minutes – Tuesday, June 26, 2007 ( <i>Addendum A</i> ) .....	..... 5	Ag2	6:45 p.m.
2. * Review/Approval: Physician Recruitment Agreements .....	..... 10		6:55 p.m.
• Maria Camille V. Santos, MD, and Graybill Medical Group, Inc. – Family Practice		Ag3-6	
• Gabriel Rodarte, MD, and Neighborhood Healthcare – Family Medicine and Psychiatry		Ag7-10	
3. *Review/Approval: General Obligation Bonds – Tax Levy 2007-2008 ( <i>Addendum B</i> ) .....	..... 5	Ag11	7:00 p.m.
4. *Review/Approval: Establishment of Appropriations Limit for Fiscal Year 2008 ( <i>Addendum C</i> ) .....	..... 5	Ag12	7:05 p.m.
5. * Review/Approval: Financial Reports .....	..... 20	Ag13	7:25 p.m.
• June 2007 & YTD FY 2007 Financial Report ( <i>Addendum D</i> )			
• Financial Briefing Book Scorecard – June 2007			
<b>FINAL ADJOURNMENT</b> .....	.....	.....	<b>7:25 p.m.</b>

**NOTE: If you have a disability, please notify us 72 hours prior to the event so that we may provide reasonable accommodations.**

Distribution:

Ted Kleiter, Chairperson  
Nancy Bassett, RN  
Linda Greer, RN  
Marcelo Rivera, MD

Michael Covert, FACHE  
Robert Trifunovic, MD  
Benjamin Kanter, MD  
Bruce Krider, *Alternate*

Bob Hemker  
Gerald Bracht  
Steve Gold  
Tanya Howell, Secretary

**Minutes**  
**Finance Committee – June 26, 2007**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, July 31, 2007

**FROM:** Tanya Howell, Secretary

**BY:** Bob Hemker, CFO

**Background:** The minutes of the Board Finance Committee meeting held on Tuesday, June 26, 2007, are respectfully submitted for approval (*Addendum A*).

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval of the Tuesday, June 26, 2007, Board Finance Committee minutes.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## Physician Recruitment Agreement

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, July 31, 2007

**FROM:** 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:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Physician Recruitment Agreement—Family Practice
	<b>AGREEMENT DATE</b>	
	<b>PARTIES</b>	1) PPH 2) Maria Camille V. Santos, M.D. 3) Graybill Medical Group, Inc.
Recitals; Article I.1	<b>PURPOSE</b>	Provide recruitment assistance to enable Dr. Santos to provide Family Practice services in San Marcos
Article I	<b>SCOPE OF SERVICES</b>	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	<b>TERM</b>	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	<b>RENEWAL</b>	None available
Article VII	<b>TERMINATION</b>	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	<b>COMPENSATION METHODOLOGY</b>	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	<b>BUDGETED</b>	X <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b> None
1.5, 6.4	<b>EXCLUSIVITY</b>	X <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b> Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital
	<b>PHYSICIAN MANPOWER STUDY</b>	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
	<b>EXTERNAL FINANCIAL VERIFICATION</b>	X <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>Methodology:</b> 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.
	<b>LEGAL COUNSEL REVIEW</b>	<b>Yes</b> X <b>No</b> 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.
	<b>APPROVALS REQUIRED</b>	X CPO X CFO X CEO X BOD Finance Committee on July 31, 2007 X 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”)**

## 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 Finance Committee

**MEETING DATE:** Tuesday, July 31, 2007

**FROM:** 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:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Physician Recruitment Agreement—Family Medicine and Psychiatry
	<b>AGREEMENT DATE</b>	
	<b>PARTIES</b>	1) PPH 2) Gabriel Rodarte, M.D. 3) Neighborhood Healthcare
Recitals; Article I.1	<b>PURPOSE</b>	Provide recruitment assistance to enable Dr. Rodarte to provide Family Medicine and Psychiatry Services through Neighborhood Healthcare clinics
Article I	<b>SCOPE OF SERVICES</b>	Dr. Rodarte will join Neighborhood Healthcare in Escondido and will participate in government-funded programs.
3.2(a); Exhibit 4.1(a).2	<b>TERM</b>	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	<b>RENEWAL</b>	None available
Article VII	<b>TERMINATION</b>	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	<b>COMPENSATION METHODOLOGY</b>	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b> None
1.5, 6.4	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b> Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital
	<b>PHYSICIAN MANPOWER STUDY</b>	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
	<b>EXTERNAL FINANCIAL VERIFICATION</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>Methodology:</b> 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.
	<b>LEGAL COUNSEL REVIEW</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> 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.
	<b>APPROVALS REQUIRED</b>	<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”)**

## 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.

## General Obligation Bonds – Tax Levy 2007-2008

**TO:** Board Finance Committee

**DATE:** Tuesday, July 31, 2007

**FROM:** 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 resolution included in Addendum B 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:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**Establishment of Appropriations Limit for Fiscal Year 2008**

**TO:** Board Finance Committee  
**MEETING DATE:** Tuesday, July 31, 2007  
**FROM:** 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 Addendum C*). 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.

**COMMITTEE QUESTIONS:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## June 2007 & YTD FY2007 Financial Report

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, July 31, 2007

**FROM:** Robert Hemker, CFO

**Background:** As the June 2007 financial close has been extended to assure all FY2007 business transactions are recorded in the pre-audit financial statements, a preliminary draft of the Board Financial Reports (unaudited) for June 2007 and YTD FY2007 is being submitted for the Finance Committee's approval (*Addendum D*). Any updates made to the attached draft prior to the meeting on July 31<sup>st</sup> will be distributed electronically.

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**