



FINANCE COMMITTEE MEETING

(BOARD MEETING WITH RESPECT TO BOARD MEMBERS ON THE COMMITTEE)

**Posted
Mailed (US & E-mail)
Faxed
09-22-2006**

TUESDAY, SEPTEMBER 26, 2006
5:30 p.m. (Buffet Dinner for Committee Members & Invited Guests Only)
6:00 p.m. Meeting

PALOMAR MEDICAL CENTER
555 East Valley Parkway, Escondido, CA
Graybill Auditorium

	<u>Time</u>	<u>Page</u>	<u>Target</u>
CALL TO ORDER			6:00 p.m.
➤ Public Comments			
➤ Information Item(s)	..... 5		6:00 p.m.
1. * Approval: Minutes – August 29, 2006, Finance Committee Meeting (Addendum A) ...	.....5	..... Ag2	6:05 p.m.
2. * Approval: Physician Recruitment Agreements.....	.....5		6:10 p.m.
Allen K. Chan, M.D., Vascular Surgery (Addendum B)		....Ag3-4	
Serge Kaska, M.D., Orthopedic Physician		.....Ag 5	
3. * Approval: August 2006 & Fiscal YTD 2007 Financial Report (Addendum C) .....	..... 20	..... Ag6	6:15 p.m.
4. * Review/Approval: 2006 Revenue Bond Issuance – Status & Timeline and Request for a Special Finance Committee Meeting.....	..... 15	..Ag7-10	6:35 p.m.
FINAL ADJOURNMENT.....			6:50 p.m.

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
Paul E. Tornambe, MD
Bruce Krider, *Alternate*

Bob Hemker
Gerald Bracht
Jim Flinn

Tanya Howell, Secretary

Other packets to: Sharon Andrews, Tom Boyle, Sheila Brown, Duane Buringrud, MD, LeAnne Cooney, Dana Dawson, Kwaja Floyd, Gustavo Friederichsen, Janet Gennoe, Wallie George, Andy Hoang, Marcia Jackson, Dr. Marilyn Johnson, Christine Meaney, Jim Neal, Genevieve Nelwan, Tim Nguyen, Mary Oelman, Tina Pope, Opal Reinbold, Paul Sas, Mike Shanahan, Lorie Shoemaker, Steve Tanaka, Brenda Turner, Melanie Van Winkle, Deloitte and Touche (Drew Sutter)

Minutes
Finance Committee – August 29, 2006

TO: Board Finance Committee

MEETING DATE: Tuesday, September 26, 2006

FROM: Tanya Howell, Secretary

BY: Bob Hemker, CFO

Background: The minutes of the Finance Committee meeting held on Tuesday, August 29, 2006, are respectfully submitted for approval (*Addendum A*).

Budget Impact: N/A

Staff Recommendation: Approval of the Tuesday, August 29, 2006, Finance Committee minutes.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Physician Recruitment Agreement

TO: Board Finance Committee

MEETING DATE: Tuesday, September 26, 2006

FROM: Marcia Jackson, Chief Planning Officer

Background: The PPH community lacks an adequate number of general/vascular physicians as verified by AmeriMed, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and had allocated resources to attract an additional vascular physician to relocate to Inland North San Diego County. Allen Chan, M.D., has signed the PPH Physician Recruitment Agreement (*Addendum B*) in order to establish a practice in Escondido, CA. He intends to begin practicing in December 2006.

Budget Impact: None

Staff Recommendation: Approval of the Physician Recruitment Agreement with Dr. Allen Chan 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
	TITLE	Physician Recruitment Agreement—Vascular Surgery
	AGREEMENT DATE	
	PARTIES	1) PPH 2) Allen K. Chan, M.D.
Recitals; Article I.1	PURPOSE	Provide recruitment assistance to enable Dr. Chan to establish a vascular surgery practice in Escondido
Article I	SCOPE OF SERVICES	Dr. Chan will establish a full-time vascular surgery practice in Escondido and will participate in government-funded programs.
2.2(a); Exhibit 3.1(a).2	TERM	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	RENEWAL	None available
Article VI	TERMINATION	Contract stipulates conditions for termination by hospital, termination by physician and termination in event of governmental action
Article II; 2.2, 2.3, 2.4	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	X YES <input type="checkbox"/> NO – IMPACT: None
6.5	EXCLUSIVITY	X 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	AmeriMed, a national consulting firm who performed our Physician Manpower Study, completed a general/vascular analysis which confirmed there is a justifiable community need for this recruitment
	EXTERNAL FINANCIAL VERIFICATION	X YES <input type="checkbox"/> NO Methodology: Medical Development Specialists (MDS) developed a proforma 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	X Yes <input type="checkbox"/> No No exceptions to the standard agreement. Legal supports that agreement complies with Federal Regulations
	APPROVALS REQUIRED	X CPO X CFO X CEO X BOD Finance Committee on September 26, 2006 X BOD

Physician Recruitment Agreement

TO: Board Finance Committee

MEETING DATE: Tuesday, September 26, 2006

FROM: Marcia Jackson, Chief Planning Officer

Background: The PPH community lacks an adequate number of orthopedic physicians as verified by AmeriMed, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and had allocated resources to attract an additional orthopedic physician to relocate to Inland North San Diego County. At the time of packet preparation, PPH was very close to finalizing a contract with Serge Kaska, M.D. If that contract is signed prior to the September 26, 2006, meeting, the agreement abstract and contract will be provided to the Finance Committee with a request for approval.

Budget Impact: None

Staff Recommendation: Approval of the Physician Recruitment Agreement with Dr. Serge Kaska and recommend approval by the full Board of Directors.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

August 2006 & Fiscal YTD 2007 Financial Report

TO: Board Finance Committee
MEETING DATE: Tuesday, September 26, 2006
FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for August 2006 and Fiscal YTD 2007 are submitted for the Committee's approval (*Addendum C*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

2006 Revenue Bond Issuance Status and Timeline

TO: Board Finance Committee
MEETING DATE: Tuesday, September 26, 2006
FROM: Bob Hemker, CFO

Background: Current timeline of the 2006 Revenue Bond issuance for new monies and refunding of the Series 1993 and 1999 bonds will be discussed. The issuance date has been adjusted to December 7, 2006, with pre-pricing and marketing occurring the end of November. Additional information will be provided at the meeting.

The revised timeline of document preparation will necessitate Finance Committee action the week of November 13, 2006. The Financing Team requests a November 14, 2006, meeting, subject to Finance Committee agreement.

Budget Impact: N/A

Staff Recommendation: Addition of a special Finance Committee meeting on Tuesday, November 14, 2006, is recommended. Additional recommendations, if any, will be made at the meeting.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:



Palomar Pomerado Health
Series 2006 Revenue Bonds
Time and Responsibility Schedule
 (as of 9/1/06)

September							October							November							December						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2	1	2	3	4	5	6	7				1	2	3	4						1	2
3	4	5	6	7	8	9	8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9
10	11	12	13	14	15	16	15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16
17	18	19	20	21	22	23	22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23
24	25	26	27	28	29	30	29	30	31					26	27	28	29	30			24	25	26	27	28	29	30
																					31						

Weekly Conference Calls on Thursday, at 1:00pm PDT

Call in - (866) 445-7018
 Conference Code: 6825413

Transaction Team:

PPH: Palomar Pomerado Health	DC: Latham & Watkins LLP
BC: Orrick Herrington & Sutcliffe	County: San Diego County
UW: Citigroup Global Markets, Inc.	FA: Kaufman, Hall & Associates
UC: Squire, Sanders & Dempsey	DT: Deloitte & Touche

Month of	Event	Responsible Party(ies)
September	➤ Continue Appendix A and Document Drafting	BC, UC, DC
	➤ <i>September 4th – HOLIDAY</i>	ALL
	➤ <i>September 5th to 8th – Due Diligence @ PPH</i>	PPH, BC, UC, DC
	➤ <i>September 7th – Working Group Conference Call to Review FSA Commitment at 3:00pm PDT</i> Call in - (866) 445-7018 Conference Code: 6825413	ALL
	➤ <i>September 8th – Orrick to Circulate draft MTI to working group</i>	BC
	➤ <i>September 8th – Circulation of Swap Documents</i>	UW
	➤ <i>September 11th – Working Group Call to Review draft MTI</i>	ALL
	➤ <i>September 12th – MTI Language sent to MBIA</i>	BC
	➤ <i>September 11th to 15th - Follow-up Due Diligence @ PPH (If needed)</i>	PPH, BC, UC, DC
	➤ <i>September 11th – PPH Board Meeting</i>	PPH, UW, FA
	➤ <i>September 14th – Weekly Working Group Conference Call</i>	ALL
	➤ <i>September 18th – Circulation of COP Documents</i>	BC
	➤ <i>September 21st – Weekly Working Group Conference Call</i>	ALL
	➤ <i>September 22nd – Receive Feedback from MBIA on MTI</i>	PPH, FA, UW, BC
	➤ <i>September 25th – Lock Interest Rates</i>	PPH, FA, UW
➤ <i>September 26th – PPH Finance Committee Meeting</i>	PPH, UW, FA	
➤ <i>September 28th – Weekly Working Group Conference Call</i>	ALL	

Month of	Event	Responsible Party(ies)
October	<ul style="list-style-type: none"> ➤ <i>October 2nd – Circulation of Draft OS</i> ➤ <i>October 3rd – Circulation of Revised COP Documents</i> ➤ <i>October 5th - Weekly Working Group Conference Call</i> ➤ <i>October 9th – HOLIDAY</i> ➤ <i>October 9th – PPH Board Meeting</i> <ul style="list-style-type: none"> ○ Approve Audits ➤ <i>October 9th – Circulation of Revised Draft OS</i> ➤ <i>October 10th – Circulation of Revised COP Documents</i> ➤ <i>October 12th - Weekly Working Group Conference Call</i> ➤ <i>October 16th – Circulation of Revised Draft OS</i> ➤ <i>October 17th – Circulation of Revised COP Documents</i> ➤ <i>October 19th - Weekly Working Group Conference Call</i> ➤ <i>October 23rd – Circulation of Revised Draft OS</i> ➤ <i>October 24th – Circulation of Revised COP Documents</i> ➤ <i>October 26th - Weekly Working Group Conference Call</i> ➤ <i>October 31st – Finance Committee Meeting</i> 	UC BC DT, PPH ALL PPH, UW, FA, DT UC BC ALL UC BC ALL UC BC ALL PPH, UW, FA
November	<ul style="list-style-type: none"> ➤ <i>November 1st - Circulate Final Agreed Upon Procedures Letter</i> ➤ <i>November 2nd - Weekly Working Group Conference Call</i> ➤ <i>November 6th – Circulate Substantially Final OS and COP Documents</i> ➤ <i>November 9th - Weekly Working Group Conference Call</i> ➤ <i>November 9th – Mail Documents for Finance Committee Meeting</i> ➤ November 14th – Special Finance Committee Meeting ➤ <i>November 16th – Mail Packet for Board Meeting</i> ➤ <i>November 16th - Weekly Working Group Conference Call</i> ➤ <i>November 20th – PPH Board Meeting</i> <ul style="list-style-type: none"> ○ Approve Final Bond Documents ○ Approve Final Financing Structure ○ Approve Official Statement ➤ <i>November 21st – Meeting with JPA to Approve Financing</i> ➤ <i>November 22nd - Print and Mail Official Statement</i> ➤ <i>November 23rd - HOLIDAY</i> ➤ <i>November 23rd to November 30th- Marketing of Bonds</i> ➤ <i>November 30th - Weekly Working Group Conference Call</i> 	DT, PPH ALL BC, UC ALL PPH, UW, FA, BC PPH, FA, UW PPH, UW, FA, BC ALL PPH, UW, FA, DT PPH, BC UC, UW ALL UW ALL

Month of	Event	Responsible Party(ies)
December	<ul style="list-style-type: none"> ➤ <i>December 1st to December 5th - Marketing of Bonds</i> ➤ <i>December 6th - Price Series 2006 Revenue Bonds</i> ➤ <i>December 6th - Pre-Close Series 2006 Revenue Bonds</i> ➤ <i>December 7th - Close Series 2006 Revenue Bonds</i> 	<p>UW</p> <p>UW, FA, PPH</p> <p>ALL</p> <p>ALL</p>