

Tuesday, March 31, 2009  
5:30 p.m. (Buffet Dinner for Committee Members & Invited Guests Only)  
6:00 p.m. Meeting

456 E. Grand Avenue, Escondido, CA  
1<sup>st</sup> Floor Conference Room

	<u>Time</u>	<u>Page</u>	<u>Target</u>
<b>CALL TO ORDER.....</b>			<b>6:00 p.m.</b>
➤ Public Comments <i>5 minutes allowed per speaker with a cumulative total of 15 minutes per group. For further details &amp; policy, see Request for Public Comment notices available in meeting room.</i>	5		6:05 p.m.
➤ Information Item(s)			
• RAC Litigation	15		6:20 p.m.
• PPH General Obligation Bonds, Election of 2004, Series 2009A			
1. * Approval: Minutes – Tuesday, February 24, 2009 ( <i>Addendum A</i> )	5	Ag2	6:25 p.m.
2. * Approval: DPR Contract ( <i>Addendum B</i> )	20	Ag3	6:45 p.m.
3. * Review/Approval: Update on Independent Citizens' Oversight Committee	15	Ag4	7:00 p.m.
4. * Approval: Psychiatric Clinical Director Agreement.....	5	Ag5-7	7:05 p.m.
• Irinel Chiriac, M.D. – Inpatient Behavioral Health Program – PMC			
5. * Approval: Physician Independent Contractor Agreements – Cerner Physician Advisory Council (CPAC).....	10	Ag8-17	7:15 p.m.
• Greg Hirsch, M.D. – Critical Care, Internal Medicine, Pulmonary – PMC and POM			
• Frank Martin, M.D. – General Surgery – POM and PMC			
• John Steele, M.D. – General Surgery, Trauma – PMC			
• Robert Reichman, M.D. – Cardiothoracic Surgery – PMC			
• Mikhail Malek, M.D. – Cardiology – PMC and POM			
• Nabil Fatayerji, M.D. – Neonatology – POM and PMC			
• Jaime Rivas, M.D. – Emergency Services – PMC and POM			
• George Moore, M.D. – Internal Medicine, Kaiser - PMC			
6. * Approval: Emergency On-Call Agreements.....	10		7:25 p.m.
• Lillian Lee, M.D. – Ophthalmology Services at POM		Ag18-20	
• Brian Le, M.D. – Ophthalmology Services at POM		Ag21-23	
• Daniel Y. Lee, M.D. – Gastroenterology Services at POM			
• Alan Larson, M.D. – Gastroenterology Services at POM			
• Richard Snyder, M.D. – Gastroenterology Services at POM		Ag24-30	
• Ted W. Schafer, M.D. – Gastroenterology Services at POM			
• Hyun Sil Kim, M.D. – Gastroenterology Services at POM			
7. * Approval: February 2009 & YTD FY2009 Financial Report ( <i>Addendum C</i> )	15	Ag31	7:40 p.m.
<b>FINAL ADJOURNMENT.....</b>			<b>7:40 p.m.</b>

***NOTE: If you have a disability, please notify us 72 hours prior to the event by calling 760-740-6383 so that we may provide reasonable accommodations***

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

**Minutes**  
**Finance Committee – Tuesday, February 24, 2009**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, March 31, 2009

**FROM:** Tanya Howell, Secretary

**BY:** Bob Hemker, CFO

**Background:** The minutes of the Board Finance Committee meeting held on Tuesday, February 24, 2009, are respectfully submitted for approval (*Addendum A*).

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval of the Tuesday, February 24, 2009, Board Finance Committee minutes.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## Contract Agreement for Construction Management Services

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, March 31, 2009

**FROM:** David Tam, M.D., Chief Administrative Officer – POM  
Michael Shanahan, Director Facilities Planning & Development

**Background:** A part of the recommendations derived from the Board Facilities & Grounds Committee this past year was the important decision to redeploy and integrate Construction Management Services in direct support of the realization of Palomar Medical Center-West. A follow up to these recommendations was the formalization of a new Construction Management Services Agreement in support of an *integrated* project delivery process. This Agreement formalizes the deployment of DPR Construction, Inc., to administer *LEAN* construction practices and methodologies towards providing project oversight, management and resourcing of the construction process.

**Budget Impact:** Embedded in overall project budget.

**Staff Recommendation:** Staff recommends the approval of the Construction Management Services Agreement.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**Palomar Pomerado Health Hospital, Emergency Care, Trauma Center  
Improvement and Repair Measure Bonds  
Independent Citizens' Oversight Committee (ICOC)**

TO: Board Finance Committee  
MEETING DATE: Tuesday, March 31, 2009  
FROM: Bob Hemker, CFO

**Background:**

- 1) I have been conducting ongoing discussions with the members of the ICOC regarding the process in place for the review of GO Bond expenditures by that body. I will update the Finance Committee on those discussions and make a recommendation for going forward.
- 2) When the members of the ICOC were first seated, members were divided into three classes with initial term lengths of one, two or three years. All terms commenced on June 30, 2005, with expiration dates on June 30<sup>th</sup> of the Class years 2006, 2007 and 2008, respectively. Subsequent to their initial term, the members of each Class were then to serve a second term of two years, with no member allowed to serve more than two consecutive terms.

On June 30, 2009, the members of the Class of 2007—Chair Bob Wells and Past Chair Steve Yerxa—will each have completed their second and final terms of office. The pending term expirations will in effect create two types of vacancy: A vacancy in number, as it will reduce the membership to seven (7), and §5.1 of the Procedures, Policies & Guidelines (PP&G) of the ICOC states that the Committee shall consist of not less than nine (9) members; and a vacancy at the Required Member seat of a Taxpayers' Organization representative, currently held by Mr. Wells.

Pursuant to §5.4 of the PP&G, the District Board shall appoint members to the ICOC utilizing the following process:

- The District Board shall post notice of vacancies and solicit applications from the general public
- The District Board designee [the Board Finance Committee] shall review and process applications and make recommendations to the District Board for applicants to fill the vacant position(s)

**Budget Impact:** N/A

**Staff Recommendation:**

- 1) Recommendation will be provided at the meeting
- 2) Staff recommends the following actions:
  - Posting of the two (2) vacancies created by the pending term expirations of Bob Wells and Steve Yerxa
  - Establishment of a deadline for receipt of applications (*posting on April 14, 2009, with a deadline of May 15, 2009, would accommodate review of applications at the May Board Finance and June Board meetings, respectively*)
  - Consistent with previous methodology, it is also recommended that the full Finance Committee evaluate all applicants (conducting phone and/or face-to-face interviews with the finalists as warranted) prior to recommending to the Board the proposed finalists for the vacant seats on the ICOC

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

Motion:  
Individual Action:  
Information:  
Required Time:

**PALOMAR MEDICAL CENTER  
PSYCHIATRIC CLINICAL DIRECTOR  
INPATIENT BEHAVIORAL HEALTH PROGRAM**

**TO:** Board Finance Committee

**DATE:** Tuesday, March 31, 2009

**FROM:** Sheila Brown, R.N., M.B.A., Chief Clinical Outreach Officer  
Susan Linback, R.N., M.B.A., Director, Behavioral Health

**BACKGROUND:** This is a request to approve the Psychiatric Clinical Director Agreement with Irinel Chiriac, M.D. Dr. Chiriac will provide Clinical Director coverage and medical leadership for the Palomar Medical Center Inpatient Behavioral Health Program. This treatment program provides needed services to acutely ill patients who suffer from severe mental health disorders, both the adult and Senior population. This position has become available due to the retirement of Paul R. Keith, M.D.

**BUDGET IMPACT:** No Budget Impact

**STAFF RECOMMENDATION:** Approval

**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>	Clinical Director Agreement – Palomar Pomerado Health Irinel Chiriac, M.D.
	<b>AGREEMENT DATE</b>	May 1, 2009
	<b>PARTIES</b>	1) PPH 2) Irinel Chiriac, M.D.
Recitals E	<b>PURPOSE</b>	To provide Psychiatric Clinical Director oversight for the Inpatient Behavioral Health Program at Palomar Medical Center in Escondido
Exhibit A	<b>SCOPE OF SERVICES</b>	Irinel Chiriac, M.D. will provide Clinical Director coverage for Palomar Medical Center's Inpatient Behavioral Health Program. This inpatient treatment program provides needed services to acutely ill patients who suffer from severe mental health disorders, both the adult and Senior populations. This position has become available due to the retirement of Paul R. Keith, M.D.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request for Proposal <input checked="" type="checkbox"/> Discretionary
5.1	<b>TERM</b>	May 1, 2009 through December 31, 2011
	<b>RENEWAL</b>	N/A
5.2 5.3	<b>TERMINATION</b>	a. Immediately for cause b. Not less than 30 days of written notice without cause
2.1 Exhibit 4	<b>COMPENSATION METHODOLOGY</b>	Monthly payment within five (5) business days after Practitioner's submission of the monthly time report.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO - IMPACT: None.
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	In order to remain compliant with CMS requirements for Inpatient Behavioral Health Services, medical oversight is required.
	<b>POSITION NOTICED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <b>METHODOLOGY &amp; RESPONSE:</b> Posted in Medical Staff Offices for 30 days
	<b>ALTERNATIVES/IMPACT</b>	Proceeding without this arrangement would cause the services to be out of compliance with CMS requirements and jeopardize ongoing mental health to a vulnerable population.
Exhibit B	<b>DUTIES</b>	<input checked="" type="checkbox"/> PROVISION FOR STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR MEDICAL STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR PARTICIPATION IN QUALITY IMPROVEMENT
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> Officer <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <input checked="" type="checkbox"/> BOD

## CLINICAL DIRECTOR AGREEMENT

THIS CLINICAL DIRECTOR AGREEMENT (this “**Agreement**”) is entered into as of May 1, 2009, by and between Palomar Pomerado Health, a local health care district organized under Division 23 of the California Health and Safety Code (“**Hospital**”), and Irinel Chiriac, M.D., an individual (“**Practitioner**”). Hospital and Practitioner are sometimes referred to in this Agreement individually as a “**Party**” or, collectively, as the “**Parties.**”

### RECITALS

A. Hospital owns and operates an acute care hospital facility located in Escondido, California, in which it operates a Mental Health Unit (the Department) under its acute care license.

B. Practitioner is licensed to practice medicine in the State of California, board certified for the practice of medicine in the specialty of Psychiatry and Neurology (the “**Specialty**”) and a member in good standing of Hospital’s medical staff (the “**Medical Staff**”).

C. Hospital desires to engage Practitioner as an independent contractor to provide medical and administrative oversight with respect to the Department. ,

D. Practitioner has the following qualifications and expertise to provide the services described in this Agreement: Licensed M.D. in California, Psychiatric Inpatient Treatment attending psychiatrist experience, Psychiatric Medical Director experience (current), Diplomat in the The American Board of Psychiatry and Neurology, certified by the DEA and SAMHSA to prescribe treatment of opioid dependence with Buprenorphine under Drug Addiction Treatment Act (DATA 2000), researcher, publisher, and lecturer.

E. It is the intent of both Hospital and Clinical Director that the terms and conditions of this Agreement, and the manner in which services are to be performed hereunder, fulfill and comply with all applicable requirements of any applicable “safe harbor” or exception to the Stark laws including, but in no way limited to, the applicable requirements set forth in regulations promulgated by the Department of Health and Human Services, Office of Inspector General, and in the Ethics in Patient Referral Act.

F. Hospital has considered the following factors in determining the necessity and amount of compensation payable to Practitioner pursuant to this Agreement:

1. The nature of Practitioner’s duties as contemplated by this Agreement.
2. Practitioner’s qualifications.
3. The difficulty in obtaining a qualified physician to provide the services described in this Agreement.
4. The benefits to Hospital and Hospital’s community resulting from Practitioner’s performance of the services described in this Agreement.

**PALOMAR POMERADO HEALTH  
PHYSICIAN INDEPENDENT CONTRACTOR AGREEMENT  
CERNER OPTIMIZATION**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, March 31, 2009

**FROM:** Ben Kanter MD, CMIO

**BACKGROUND:** Palomar Pomerado Health (PPH) requires the active participation of physicians in the design and implementation of the Cerner Optimization project. This team, known as the Cerner Physician Advisory Council (CPAC), is broad based and provides design review work and consultative oversight for the physician components of the Cerner Optimization project. Through its representative on the Cerner Optimization Steering Committee, CPAC has a defined role within the overall project.

The CPAC team is currently composed of the following physicians who would be covered under these contracts:

Greg Hirsch – Critical Care, Internal Medicine, Pulmonary – PMC and POM  
Frank Martin – General Surgery – POM and PMC  
John Steele – General Surgery, Trauma – PMC  
Robert Reichman – Cardiothoracic Surgery – PMC  
Mikhail Malek – Cardiology – PMC and POM  
Nabil Fatayerji – Neonatology – POM and PMC  
Jaime Rivas – Emergency Services – PMC and POM  
George Moore – Internal Medicine, Kaiser – PMC

It is probable that this list will expand and contract over the next 24 months.

**BUDGET IMPACT:** It is standard practice to reimburse physicians for their time spent on such projects. After discussion with many different sites across the U.S., a fair market value was established for the mean value hourly reimbursement for such work. We have contracted for 20 hours of work/month – aggregate for all physicians’ services. No budget impact – amount has been budgeted within the Cerner Optimization project.

**STAFF RECOMMENDATION:** Approval.

**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>	Independent Contractor Agreement – Physician
9.1	<b>AGREEMENT DATE</b>	May 3, 2009
	<b>PARTIES</b>	PPH and Drs. Greg Hirsch, Frank Martin, John Steele, Robert Reichman, Mikhail Malek, Nabil Fatayerji, Jaime Rivas & George Moore
Sec.1	<b>PURPOSE</b>	To assist the CMIO in the development and maintenance of the electronic medical record
1.1	<b>SCOPE OF SERVICES</b>	Not to exceed 6 hours/month
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input type="checkbox"/> Discretionary
9.1	<b>TERM</b>	1 year
9.1	<b>RENEWAL</b>	No automatic renewal
9.2	<b>TERMINATION</b>	14 day notice by either party without cause
2.1	<b>COMPENSATION METHODOLOGY</b>	Hourly rate - itemized
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES – IMPACT: None
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> No
	<b>JUSTIFICATION</b>	Medical subject matter experts required to assist in the planning and design of the electronic record. Fee is standard for this process and is based upon analysis from similar projects across the U.S.
	<b>AGREEMENT NOTICED</b>	<input checked="" type="checkbox"/> No <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	n/a
	<b>Duties</b>	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development
	<b>COMMENTS</b>	Renewal of contract backdated to reflect expiration of contract from prior year.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <input checked="" type="checkbox"/> BOD

## **INDEPENDENT CONTRACTOR AGREEMENT**

This Independent Contractor Agreement ("Agreement") is entered into by and between Greg Hirsch, MD ("Contractor"), with a principal place of business at 488 East Valley Parkway, Suite 314 Escondido, CA 92025 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

### **1. DUTIES OF CONTRACTOR**

#### **1.1 Scope of Services:**

1.1.1 Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities. Contractor will assist the CMIO in the development and maintenance of the electronic medical record. Contractor's expertise is required to assist in the planning and design of the electronic record. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this Agreement to six (6) hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

**1.2 Local, State and Federal Taxes:** If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this

## **INDEPENDENT CONTRACTOR AGREEMENT**

This Independent Contractor Agreement ("Agreement") is entered into by and between Frank Martin, MD ("Contractor"), with a principal place of business at 488 East Valley Parkway, Suite 211, Escondido, CA 92025 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

### **1. DUTIES OF CONTRACTOR**

#### **1.1 Scope of Services:**

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1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

**1.2 Local, State and Federal Taxes:** If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this

## **INDEPENDENT CONTRACTOR AGREEMENT**

This Independent Contractor Agreement ("Agreement") is entered into by and between John T. Steele, MD ("Contractor"), with a principal place of business at 215 South Hickory Street, Suite 112, Escondido, CA 92025 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

### **1. DUTIES OF CONTRACTOR**

#### **1.1 Scope of Services:**

1.1.1 Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities. Contractor will assist the CMIO in the development and maintenance of the electronic medical record. Contractor's expertise is required to assist in the planning and design of the electronic record. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this Agreement to six (6) hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

**1.2 Local, State and Federal Taxes:** If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this

## **INDEPENDENT CONTRACTOR AGREEMENT**

This Independent Contractor Agreement ("Agreement") is entered into by and between Robert T. Reichman, MD ("Contractor"), with a principal place of business at 488 East Valley Parkway, Suite 211, Escondido, CA 92025 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

### **1. DUTIES OF CONTRACTOR**

#### **1.1 Scope of Services:**

1.1.1 Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities. Contractor will assist the CMIO in the development and maintenance of the electronic medical record. Contractor's expertise is required to assist in the planning and design of the electronic record. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this Agreement to six (6) hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

**1.2 Local, State and Federal Taxes:** If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this

## **INDEPENDENT CONTRACTOR AGREEMENT**

This Independent Contractor Agreement ("Agreement") is entered into by and between Mikhail Malek, MD ("Contractor"), with a principal place of business at 488 East Valley Parkway, Escondido, CA 92025 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

### **1. DUTIES OF CONTRACTOR**

#### **1.1 Scope of Services:**

1.1.1 Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities. Contractor will assist the CMIO in the development and maintenance of the electronic medical record. Contractor's expertise is required to assist in the planning and design of the electronic record. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this Agreement to six (6) hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

**1.2 Local, State and Federal Taxes:** If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this

## **INDEPENDENT CONTRACTOR AGREEMENT**

This Independent Contractor Agreement ("Agreement") is entered into by and between Nabil Fatayerji, MD ("Contractor"), with a principal place of business at 3030 Children's Way, San Diego, CA 92123 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

### **1. DUTIES OF CONTRACTOR**

#### **1.1 Scope of Services:**

1.1.1 Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities. Contractor will assist the CMIO in the development and maintenance of the electronic medical record. Contractor's expertise is required to assist in the planning and design of the electronic record. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this Agreement to six (6) hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

**1.2 Local, State and Federal Taxes:** If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this

## **INDEPENDENT CONTRACTOR AGREEMENT**

This Independent Contractor Agreement ("Agreement") is entered into by and between Jaime B. Rivas, MD ("Contractor"), with a principal place of business at 555 East Valley Parkway, 4<sup>th</sup> floor, Escondido, CA 92025 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

### **1. DUTIES OF CONTRACTOR**

#### **1.1 Scope of Services:**

1.1.1 Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities. Contractor will assist the CMIO in the development and maintenance of the electronic medical record. Contractor's expertise is required to assist in the planning and design of the electronic record. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this Agreement to six (6) hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

**1.2 Local, State and Federal Taxes:** If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this



## **INDEPENDENT CONTRACTOR AGREEMENT**

This Independent Contractor Agreement ("Agreement") is entered into by and between George T. Moore, MD ("Contractor"), with a principal place of business at 555 East Valley Parkway, 4<sup>th</sup> floor, Escondido, CA 92025 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

### **1. DUTIES OF CONTRACTOR**

#### **1.1 Scope of Services:**

1.1.1 Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities. Contractor will assist the CMIO in the development and maintenance of the electronic medical record. Contractor's expertise is required to assist in the planning and design of the electronic record. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this Agreement to six (6) hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

**1.2 Local, State and Federal Taxes:** If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this

**POMERADO HOSPITAL  
EMERGENCY ON-CALL AGREEMENT  
OPHTHALMOLOGY**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, March 31, 2009

**FROM:** David Tam, M.D., Chief Administrative Officer, Pomerado Hospital

**BACKGROUND:** This is a request to approve the Emergency On-Call Agreement with Lillian Lee, M.D. Physician shall serve as a member of the On-Call Panel on a rotating basis and provide On-Call Coverage for the specialty of Ophthalmology in accordance with the Hospital bylaws, rules and regulations, policies and procedures of PPH.

**BUDGET IMPACT:** None – replacement of budgeted coverage

**STAFF RECOMMENDATION:** Approval

**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>	Emergency On-Call Agreement - Ophthalmology
	<b>AGREEMENT DATE</b>	February 1, 2009
	<b>PARTIES</b>	1) Pomerado Hospital 2) Lillian Lee, M.D.
Recitals E	<b>PURPOSE</b>	To serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of Pomerado Hospital.
Exhibit A	<b>SCOPE OF SERVICES</b>	To provide On-Call coverage pursuant to the On-Call Agreement for the specialty of Ophthalmology at Pomerado Hospital.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
5	<b>TERM</b>	The term of this agreement shall commence effective as of February 1, 2009 through January 31, 2010.
N/A	<b>RENEWAL</b>	None
6	<b>TERMINATION</b>	1. Immediate for cause 2. Not less than 90 days of written notice without cause
2	<b>COMPENSATION METHODOLOGY</b>	Monthly payment on or before the 15 <sup>th</sup> of the month with supporting documentation.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Replacement of retired physician leaving the call pool. Need for continued Ophthalmology consultation call coverage for the Emergency Department.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
1	<b>Duties</b>	Physician shall provide On-Call Panel Coverage and professional services in accordance with the Hospital's bylaws, rules and regulations, policies and procedures.
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> Officers <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee <input checked="" type="checkbox"/> Finance <input checked="" type="checkbox"/> BOD

## **EMERGENCY ON-CALL AGREEMENT**

THIS EMERGENCY ON-CALL AGREEMENT (“Agreement”) is made and entered into effective as of the first day of February 1, 2009 by and between Palomar Pomerado Health, a California local health care district created under Division 23 of the California Health and Safety Code (“PPH”), and Lillian Lee, M.D. (“Physician”).

### **RECITALS**

A. PPH owns and operates two general acute care hospitals: Palomar Medical Center and Pomerado Hospital (collectively, the “Hospitals”), and provides emergency services to patients who present themselves for evaluation and treatment through the emergency and various other departments of the Hospitals, including, but not limited to, the intensive care unit and other inpatient departments of the Hospitals (collectively, the “Departments”).

B. Pursuant to state and federal law, the Hospitals have established “on-call” panels of physicians (“On-Call Panel”) in order to assure the availability of adequate physician coverage for the Departments.

C. Physician is licensed to practice medicine in the State of California, is Board certified or eligible for certification in his or her appropriate specialty, is a member of the medical staff of one or both Hospitals, and is approved by one or both of the Hospital medical staffs to serve on the On-Call Panel.

D. PPH and Physician each recognize that the On-Call Panel performs a necessary patient care function at PPH and Physician agrees to render coverage and services as a member of said On-Call Panel in assuring prompt and continuous availability of services to PPH’s patients.

E. Physician acknowledges his or her responsibility to serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of the applicable Hospital(s).

NOW, THEREFORE, in consideration of the recitals, covenants, conditions and promises herein contained, the parties hereby agree as follows:

#### **1. Physician’s On-Call Panel Coverage Services.**

1.1 Physician shall serve as a member of the On-Call Panel on a rotating basis, at such times as shall be determined by the appropriate PPH Department in accordance with Section 1.2 below, to provide On-Call Panel Coverage and professional services, regardless of payor class, to: (1) patients who are not currently assigned to any particular physician at the time coverage and services are provided, and (2) patients, including inpatients, who may be assigned to a particular physician, but who require consultation or other physician services from an On-Call Panel physician during the physician’s scheduled On-Call Panel period (collectively, “Coverage Patients”). Specifically, Physician shall provide those services set forth on Exhibit A, attached

**POMERADO HOSPITAL  
EMERGENCY ON-CALL AGREEMENT  
OPHTHALMOLOGY**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, March 31, 2009

**FROM:** David Tam, M.D., Chief Administrative Officer, Pomerado Hospital

**BACKGROUND:** This is a request to approve the Emergency On-Call Agreement with Brian Le, M.D. Physician shall serve as a member of the On-Call Panel on a rotating basis and provide On-Call Coverage for the specialty of Ophthalmology in accordance with the Hospital bylaws, rules and regulations, policies and procedures of PPH

**BUDGET IMPACT:** None – replacement of budgeted coverage

**STAFF RECOMMENDATION:** Approval

**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>	Emergency On-Call Agreement
	<b>AGREEMENT DATE</b>	January 1, 2009
	<b>PARTIES</b>	1) Pomerado Hospital 2) Brian Le, M.D.
Recitals E	<b>PURPOSE</b>	To serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of Pomerado Hospital.
Exhibit A	<b>SCOPE OF SERVICES</b>	To provide On-Call coverage pursuant to the On-Call Agreement for the specialty of Ophthalmology at Pomerado Hospital.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
5	<b>TERM</b>	The term of this agreement shall commence effective as of January 1, 2009 through December 31, 2009.
N/A	<b>RENEWAL</b>	None
6	<b>TERMINATION</b>	1. Immediate for cause 2. Not less than 90 days of written notice without cause
2	<b>COMPENSATION METHODOLOGY</b>	Monthly payment on or before the 15 <sup>th</sup> of the month with supporting documentation.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	<b>JUSTIFICATION</b>	Replacement of retired physician leaving the call pool. Need for continued Ophthalmology consultation call coverage for the Emergency Department.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	N/A
1	<b>Duties</b>	Physician shall provide On-Call Panel Coverage and professional services in accordance with the Hospital's bylaws, rules and regulations, policies and procedures.
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> Officers <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee <input checked="" type="checkbox"/> Finance <input checked="" type="checkbox"/> BOD

## **EMERGENCY ON-CALL AGREEMENT**

THIS EMERGENCY ON-CALL AGREEMENT (“Agreement”) is made and entered into effective as of the first day of January 1, 2009 by and between Palomar Pomerado Health, a California local health care district created under Division 23 of the California Health and Safety Code (“PPH”), and Brian Le, M.D. (“Physician”).

### **RECITALS**

A. PPH owns and operates two general acute care hospitals: Palomar Medical Center and Pomerado Hospital (collectively, the “Hospitals”), and provides emergency services to patients who present themselves for evaluation and treatment through the emergency and various other departments of the Hospitals, including, but not limited to, the intensive care unit and other inpatient departments of the Hospitals (collectively, the “Departments”).

B. Pursuant to state and federal law, the Hospitals have established “on-call” panels of physicians (“On-Call Panel”) in order to assure the availability of adequate physician coverage for the Departments.

C. Physician is licensed to practice medicine in the State of California, is Board certified or eligible for certification in his or her appropriate specialty, is a member of the medical staff of one or both Hospitals, and is approved by one or both of the Hospital medical staffs to serve on the On-Call Panel.

D. PPH and Physician each recognize that the On-Call Panel performs a necessary patient care function at PPH and Physician agrees to render coverage and services as a member of said On-Call Panel in assuring prompt and continuous availability of services to PPH’s patients.

E. Physician acknowledges his or her responsibility to serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of the applicable Hospital(s).

NOW, THEREFORE, in consideration of the recitals, covenants, conditions and promises herein contained, the parties hereby agree as follows:

#### **1. Physician’s On-Call Panel Coverage Services.**

1.1 Physician shall serve as a member of the On-Call Panel on a rotating basis, at such times as shall be determined by the appropriate PPH Department in accordance with Section 1.2 below, to provide On-Call Panel Coverage and professional services, regardless of payor class, to: (1) patients who are not currently assigned to any particular physician at the time coverage and services are provided, and (2) patients, including inpatients, who may be assigned to a particular physician, but who require consultation or other physician services from an On-Call Panel physician during the physician’s scheduled On-Call Panel period (collectively, “Coverage Patients”). Specifically, Physician shall provide those services set forth on Exhibit A, attached

**POMERADO HOSPITAL  
EMERGENCY ON-CALL AGREEMENTS  
GASTROENTEROLOGY**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, March 31, 2009

**FROM:** David Tam, M.D., Chief Administrative Officer, Pomerado Hospital

**BACKGROUND:** This is a request to approve the Emergency On-Call Agreements for Gastroenterology. The Physicians shall serve as members of the On-Call Panel on a rotating basis and provide On-Call Coverage for the specialty of Gastroenterology in accordance with the Hospital bylaws, rules and regulations, policies and procedures of PPH.

There are five Agreements for implementation at Pomerado Hospital:

- Daniel Y. Lee, M.D.
- Alan Larson, M.D.
- Richard Snyder, M.D.
- Ted W. Schafer, M.D.
- Hyun Sil Kim, M.D.

**BUDGET IMPACT:** Based on current usage related to non-assigned patients seen by gastroenterologists at Pomerado Hospital, the estimated budget impact would be approximately \$120,000 annually

**STAFF RECOMMENDATION:** Approval

**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>	Emergency On-Call Agreements - Gastroenterology
	<b>AGREEMENT DATE</b>	April 1, 2009
	<b>PARTIES</b>	1) Pomerado Hospital 2) Daniel Y. Lee, M.D. 3) Alan Larson, M.D. 4) Richard Snyder, M.D. 5) Ted W. Schafer, M.D. 6) Hyun Sil Kim, M.D.
Recitals E	<b>PURPOSE</b>	To serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of Pomerado Hospital.
Exhibit A	<b>SCOPE OF SERVICES</b>	To provide On-Call coverage pursuant to the On-Call Agreement for the specialty of Ophthalmology at Pomerado Hospital.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
5	<b>TERM</b>	The term of this agreement shall commence effective as of April 1, 2009 through March 31, 2010.
N/A	<b>RENEWAL</b>	None
6	<b>TERMINATION</b>	1. Immediate for cause 2. Not less than 90 days of written notice without cause
2	<b>COMPENSATION METHODOLOGY</b>	Monthly payment on or before the 15 <sup>th</sup> of the month with supporting documentation.
	<b>BUDGETED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO – <b>IMPACT:</b> Based on current usage related to non-assigned patients seen by gastroenterologists at Pomerado Hospital, the estimated budget impact would be approximately \$120,000 annually.
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – <b>EXPLAIN:</b>
	<b>JUSTIFICATION</b>	Currently, gastroenterologists on the Medical Staff at Pomerado Hospital are also covering other hospitals in the area, including Sharp Memorial. These other facilities provide on-call reimbursements, placing Pomerado Hospital in a precarious situation with respect to maintaining an emergency on-call pool for Pomerado Hospital.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	The physicians requesting reimbursement under this agreement have expressed the possibility that they may need to reduce emergency on-call coverage at Pomerado Hospital as a result of decreased staffing, and the increase in reimbursed workload at other facilities. The alternative to funding this agreement would be to NOT reimburse, resulting in a possibility that there would not be adequate gastroenterology coverage at Pomerado Hospital.
1	<b>Duties</b>	Physician shall provide On-Call Panel Coverage and professional services in accordance with the Hospital's bylaws, rules and regulations, policies and procedures.
	<b>COMMENTS</b>	This has been discussed with the District Director, Emergency and Trauma Services, as well as the Medical Director of the Emergency Department, and the Chief Administrative Officer of Palomar Medical Center. There is a consensus that gastroenterology on-call coverage for the Emergency Department is needed to maintain current level of services and avoid problems with patient throughput.
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> Officers <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee <input type="checkbox"/> Finance <input checked="" type="checkbox"/> BOD

## **EMERGENCY ON-CALL AGREEMENT**

THIS EMERGENCY ON-CALL AGREEMENT (“Agreement”) is made and entered into effective as of the first day of April 1, 2009 by and between Palomar Pomerado Health, a California local health care district created under Division 23 of the California Health and Safety Code (“PPH”), and Daniel Y. Lee, M.D. (“Physician”).

### **RECITALS**

A. PPH owns and operates two general acute care hospitals: Palomar Medical Center and Pomerado Hospital (collectively, the “Hospitals”), and provides emergency services to patients who present themselves for evaluation and treatment through the emergency and various other departments of the Hospitals, including, but not limited to, the intensive care unit and other inpatient departments of the Hospitals (collectively, the “Departments”).

B. Pursuant to state and federal law, the Hospitals have established “on-call” panels of physicians (“On-Call Panel”) in order to assure the availability of adequate physician coverage for the Departments.

C. Physician is licensed to practice medicine in the State of California, is Board certified or eligible for certification in his or her appropriate specialty, is a member of the medical staff of one or both Hospitals, and is approved by one or both of the Hospital medical staffs to serve on the On-Call Panel.

D. PPH and Physician each recognize that the On-Call Panel performs a necessary patient care function at PPH and Physician agrees to render coverage and services as a member of said On-Call Panel in assuring prompt and continuous availability of services to PPH’s patients.

E. Physician acknowledges his or her responsibility to serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of the applicable Hospital(s).

NOW, THEREFORE, in consideration of the recitals, covenants, conditions and promises herein contained, the parties hereby agree as follows:

#### **1. Physician’s On-Call Panel Coverage Services.**

1.1 Physician shall serve as a member of the On-Call Panel on a rotating basis, at such times as shall be determined by the appropriate PPH Department in accordance with Section 1.2 below, to provide On-Call Panel Coverage and professional services, regardless of payor class, to: (1) patients who are not currently assigned to any particular physician at the time coverage and services are provided, and (2) patients, including inpatients, who may be assigned to a particular physician, but who require consultation or other physician services from an On-Call Panel physician during the physician’s scheduled On-Call Panel period (collectively, “Coverage Patients”). Specifically, Physician shall provide those services set forth on Exhibit A, attached

## **EMERGENCY ON-CALL AGREEMENT**

THIS EMERGENCY ON-CALL AGREEMENT (“Agreement”) is made and entered into effective as of the first day of April 1, 2009 by and between Palomar Pomerado Health, a California local health care district created under Division 23 of the California Health and Safety Code (“PPH”), and Alan Larson, M.D. (“Physician”).

### **RECITALS**

A. PPH owns and operates two general acute care hospitals: Palomar Medical Center and Pomerado Hospital (collectively, the “Hospitals”), and provides emergency services to patients who present themselves for evaluation and treatment through the emergency and various other departments of the Hospitals, including, but not limited to, the intensive care unit and other inpatient departments of the Hospitals (collectively, the “Departments”).

B. Pursuant to state and federal law, the Hospitals have established “on-call” panels of physicians (“On-Call Panel”) in order to assure the availability of adequate physician coverage for the Departments.

C. Physician is licensed to practice medicine in the State of California, is Board certified or eligible for certification in his or her appropriate specialty, is a member of the medical staff of one or both Hospitals, and is approved by one or both of the Hospital medical staffs to serve on the On-Call Panel.

D. PPH and Physician each recognize that the On-Call Panel performs a necessary patient care function at PPH and Physician agrees to render coverage and services as a member of said On-Call Panel in assuring prompt and continuous availability of services to PPH’s patients.

E. Physician acknowledges his or her responsibility to serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of the applicable Hospital(s).

NOW, THEREFORE, in consideration of the recitals, covenants, conditions and promises herein contained, the parties hereby agree as follows:

#### **1. Physician’s On-Call Panel Coverage Services.**

1.1 Physician shall serve as a member of the On-Call Panel on a rotating basis, at such times as shall be determined by the appropriate PPH Department in accordance with Section 1.2 below, to provide On-Call Panel Coverage and professional services, regardless of payor class, to: (1) patients who are not currently assigned to any particular physician at the time coverage and services are provided, and (2) patients, including inpatients, who may be assigned to a particular physician, but who require consultation or other physician services from an On-Call Panel physician during the physician’s scheduled On-Call Panel period (collectively, “Coverage Patients”). Specifically, Physician shall provide those services set forth on Exhibit A, attached

## **EMERGENCY ON-CALL AGREEMENT**

THIS EMERGENCY ON-CALL AGREEMENT (“Agreement”) is made and entered into effective as of the first day of April 1, 2009 by and between Palomar Pomerado Health, a California local health care district created under Division 23 of the California Health and Safety Code (“PPH”), and Richard Snyder, M.D. (“Physician”).

### **RECITALS**

A. PPH owns and operates two general acute care hospitals: Palomar Medical Center and Pomerado Hospital (collectively, the “Hospitals”), and provides emergency services to patients who present themselves for evaluation and treatment through the emergency and various other departments of the Hospitals, including, but not limited to, the intensive care unit and other inpatient departments of the Hospitals (collectively, the “Departments”).

B. Pursuant to state and federal law, the Hospitals have established “on-call” panels of physicians (“On-Call Panel”) in order to assure the availability of adequate physician coverage for the Departments.

C. Physician is licensed to practice medicine in the State of California, is Board certified or eligible for certification in his or her appropriate specialty, is a member of the medical staff of one or both Hospitals, and is approved by one or both of the Hospital medical staffs to serve on the On-Call Panel.

D. PPH and Physician each recognize that the On-Call Panel performs a necessary patient care function at PPH and Physician agrees to render coverage and services as a member of said On-Call Panel in assuring prompt and continuous availability of services to PPH’s patients.

E. Physician acknowledges his or her responsibility to serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of the applicable Hospital(s).

NOW, THEREFORE, in consideration of the recitals, covenants, conditions and promises herein contained, the parties hereby agree as follows:

#### **1. Physician’s On-Call Panel Coverage Services.**

1.1 Physician shall serve as a member of the On-Call Panel on a rotating basis, at such times as shall be determined by the appropriate PPH Department in accordance with Section 1.2 below, to provide On-Call Panel Coverage and professional services, regardless of payor class, to: (1) patients who are not currently assigned to any particular physician at the time coverage and services are provided, and (2) patients, including inpatients, who may be assigned to a particular physician, but who require consultation or other physician services from an On-Call Panel physician during the physician’s scheduled On-Call Panel period (collectively, “Coverage Patients”). Specifically, Physician shall provide those services set forth on Exhibit A, attached

## **EMERGENCY ON-CALL AGREEMENT**

THIS EMERGENCY ON-CALL AGREEMENT (“Agreement”) is made and entered into effective as of the first day of April 1, 2009 by and between Palomar Pomerado Health, a California local health care district created under Division 23 of the California Health and Safety Code (“PPH”), and Ted Schafer, M.D. (“Physician”).

### **RECITALS**

A. PPH owns and operates two general acute care hospitals: Palomar Medical Center and Pomerado Hospital (collectively, the “Hospitals”), and provides emergency services to patients who present themselves for evaluation and treatment through the emergency and various other departments of the Hospitals, including, but not limited to, the intensive care unit and other inpatient departments of the Hospitals (collectively, the “Departments”).

B. Pursuant to state and federal law, the Hospitals have established “on-call” panels of physicians (“On-Call Panel”) in order to assure the availability of adequate physician coverage for the Departments.

C. Physician is licensed to practice medicine in the State of California, is Board certified or eligible for certification in his or her appropriate specialty, is a member of the medical staff of one or both Hospitals, and is approved by one or both of the Hospital medical staffs to serve on the On-Call Panel.

D. PPH and Physician each recognize that the On-Call Panel performs a necessary patient care function at PPH and Physician agrees to render coverage and services as a member of said On-Call Panel in assuring prompt and continuous availability of services to PPH’s patients.

E. Physician acknowledges his or her responsibility to serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of the applicable Hospital(s).

NOW, THEREFORE, in consideration of the recitals, covenants, conditions and promises herein contained, the parties hereby agree as follows:

#### **1. Physician’s On-Call Panel Coverage Services.**

1.1 Physician shall serve as a member of the On-Call Panel on a rotating basis, at such times as shall be determined by the appropriate PPH Department in accordance with Section 1.2 below, to provide On-Call Panel Coverage and professional services, regardless of payor class, to: (1) patients who are not currently assigned to any particular physician at the time coverage and services are provided, and (2) patients, including inpatients, who may be assigned to a particular physician, but who require consultation or other physician services from an On-Call Panel physician during the physician’s scheduled On-Call Panel period (collectively, “Coverage Patients”). Specifically, Physician shall provide those services set forth on Exhibit A, attached

## **EMERGENCY ON-CALL AGREEMENT**

THIS EMERGENCY ON-CALL AGREEMENT (“Agreement”) is made and entered into effective as of the first day of April 1, 2009 by and between Palomar Pomerado Health, a California local health care district created under Division 23 of the California Health and Safety Code (“PPH”), and Hyun Sil Kim, M.D. (“Physician”).

### **RECITALS**

A. PPH owns and operates two general acute care hospitals: Palomar Medical Center and Pomerado Hospital (collectively, the “Hospitals”), and provides emergency services to patients who present themselves for evaluation and treatment through the emergency and various other departments of the Hospitals, including, but not limited to, the intensive care unit and other inpatient departments of the Hospitals (collectively, the “Departments”).

B. Pursuant to state and federal law, the Hospitals have established “on-call” panels of physicians (“On-Call Panel”) in order to assure the availability of adequate physician coverage for the Departments.

C. Physician is licensed to practice medicine in the State of California, is Board certified or eligible for certification in his or her appropriate specialty, is a member of the medical staff of one or both Hospitals, and is approved by one or both of the Hospital medical staffs to serve on the On-Call Panel.

D. PPH and Physician each recognize that the On-Call Panel performs a necessary patient care function at PPH and Physician agrees to render coverage and services as a member of said On-Call Panel in assuring prompt and continuous availability of services to PPH’s patients.

E. Physician acknowledges his or her responsibility to serve on the On-Call Panel as required by the medical staff bylaws, and rules and regulations, of the applicable Hospital(s).

NOW, THEREFORE, in consideration of the recitals, covenants, conditions and promises herein contained, the parties hereby agree as follows:

#### **1. Physician’s On-Call Panel Coverage Services.**

1.1 Physician shall serve as a member of the On-Call Panel on a rotating basis, at such times as shall be determined by the appropriate PPH Department in accordance with Section 1.2 below, to provide On-Call Panel Coverage and professional services, regardless of payor class, to: (1) patients who are not currently assigned to any particular physician at the time coverage and services are provided, and (2) patients, including inpatients, who may be assigned to a particular physician, but who require consultation or other physician services from an On-Call Panel physician during the physician’s scheduled On-Call Panel period (collectively, “Coverage Patients”). Specifically, Physician shall provide those services set forth on Exhibit A, attached

## February 2009 & YTD FY2009 Financial Report

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, March 31, 2009

**FROM:** Robert Hemker, CFO

**Background:** The Board Financial Reports (unaudited) for February 2009 and YTD FY2009 are submitted for the Finance Committee's approval (*Addendum C*).

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

# ADDENDUM A



**BOARD FINANCE COMMITTEE MEETING  
ATTENDANCE ROSTER & MEETING MINUTES  
CALENDAR YEAR 2009**

	MEETING DATES:										
	1/27/09	2/24/09	3/31/09	4/28/09	5/26/09	6/30/09	7/28/09	8/25/09	9/29/09	10/27/09	12/8/09
<b>MEMBERS</b>											
NANCY BASSETT, R.N.	P	P									
TED KLEITER – CHAIR	P	P									
MARCELO RIVERA, M.D.	P	E									
MICHAEL COVERT, FACHE	P	P									
FRANK MARTIN, M.D.	P	P									
JOHN LILLEY, M.D.	P	P									
<i>BRUCE KRIDER – ALTERNATE</i>		P									
<i>– 2<sup>ND</sup> ALTERNATE</i>											
<i>– 3<sup>RD</sup> ALTERNATE</i>											
<i>– 4<sup>TH</sup> ALTERNATE</i>											
<b>STAFF ATTENDEES</b>											
BOB HEMKER	P	P									
GERALD BRACHT	P	P									
DAVID TAM	P	P									
TANYA HOWELL – SECRETARY	P	P									
<b>INVITED GUESTS</b>	<b>SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS</b>										

**BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, FEBRUARY 24, 2009**

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<b>MEETING LOCATION</b>	Conference Room, 1 <sup>st</sup> Floor, 456 E. Grand Avenue, Escondido, CA			
<b>MEETING CALLED TO ORDER</b>	6:04 by Chair Ted Kleiter.			
<b>ESTABLISHMENT OF QUORUM</b>	See roster			
<b>PUBLIC COMMENTS</b>	There were no public comments			
<b>INFORMATION ITEM(S)</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>			
<b>MINUTES – JANUARY 27, 2009</b>	<p>Bob Hemker stated that the distributed with the packet incorrectly stated that Director Greer had made/seconded motions when she did not. The minutes have been corrected to reflect the actual member who made or seconded those motions.</p>	<p><b>MOTION:</b> By Director Bassett seconded by Director Kleiter and carried to approve the minutes of the January 27, 2009, Board Finance Committee meeting with the corrections as noted. All in favor. None opposed.</p>		
<b>DEPARTMENT CHAIR SERVICES AGREEMENTS</b>				
<b>DR. KATHLEEN M. FLORES-DAHMS</b>	<ul style="list-style-type: none"> <li>• Department Chair, Department of Radiology – Pomerado Hospital</li> <li>• Annual renewal of stipend agreement</li> <li>• Standard agreement</li> </ul>	<p><b>MOTION:</b> By Director Bassett seconded by Michael Covert and carried to recommend approval of the one-year <b>[January 1, 2009 to December 31, 2009]</b> Department Chair Service Agreements with Kathleen M. Flores-Dahms, M.D., as Department Chair for the Department of Radiology at POM; and with Donald J. Ponec, M.D., as Department Chair for the Department of Radiology at PMC. All in favor. None opposed.</p>	<p>Forwarded to the March 9, 2009, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">Y</p>
<b>DR. DONALD J. PONEC</b>	<ul style="list-style-type: none"> <li>• Department Chair, Department of Radiology – Palomar Medical Center</li> <li>• Annual renewal of stipend agreement</li> <li>• Standard agreement</li> </ul>			
<b>ISSUANCE OF GO BONDS, ELECTION OF 2004, SERIES 2009A</b>	<p>Bob Hemker stated that, based on advice of bond counsel, there are no further actionable items with regard to the current bond issue. He made a presentation regarding where we stand in going to market with the bonds (<i>Attachment 1</i>).</p> <ul style="list-style-type: none"> <li>• We will be issuing \$110M in GO Bonds at a fixed interest rate, which is the traditional approach             <ul style="list-style-type: none"> <li>o In October 2008, a decision was made to pull back from taking the GO Bonds to market in 2008</li> <li>o Authority to issue has already been given, under the same constraints as given in the past</li> <li>o Amount will allow us to maintain the targeted tax levy of \$17.75/\$100K of assessed value                 <ul style="list-style-type: none"> <li>■ County assessed value still appears to be holding</li> <li>■ Continue to monitor assessed value growth, which holds</li> </ul> </li> </ul> </li> </ul>	<p><b>Information only</b></p>	<p>Forwarded to the March 9, 2009, Board of Directors meeting as information</p>	<p align="center">Y</p>

**BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, FEBRUARY 24, 2009**

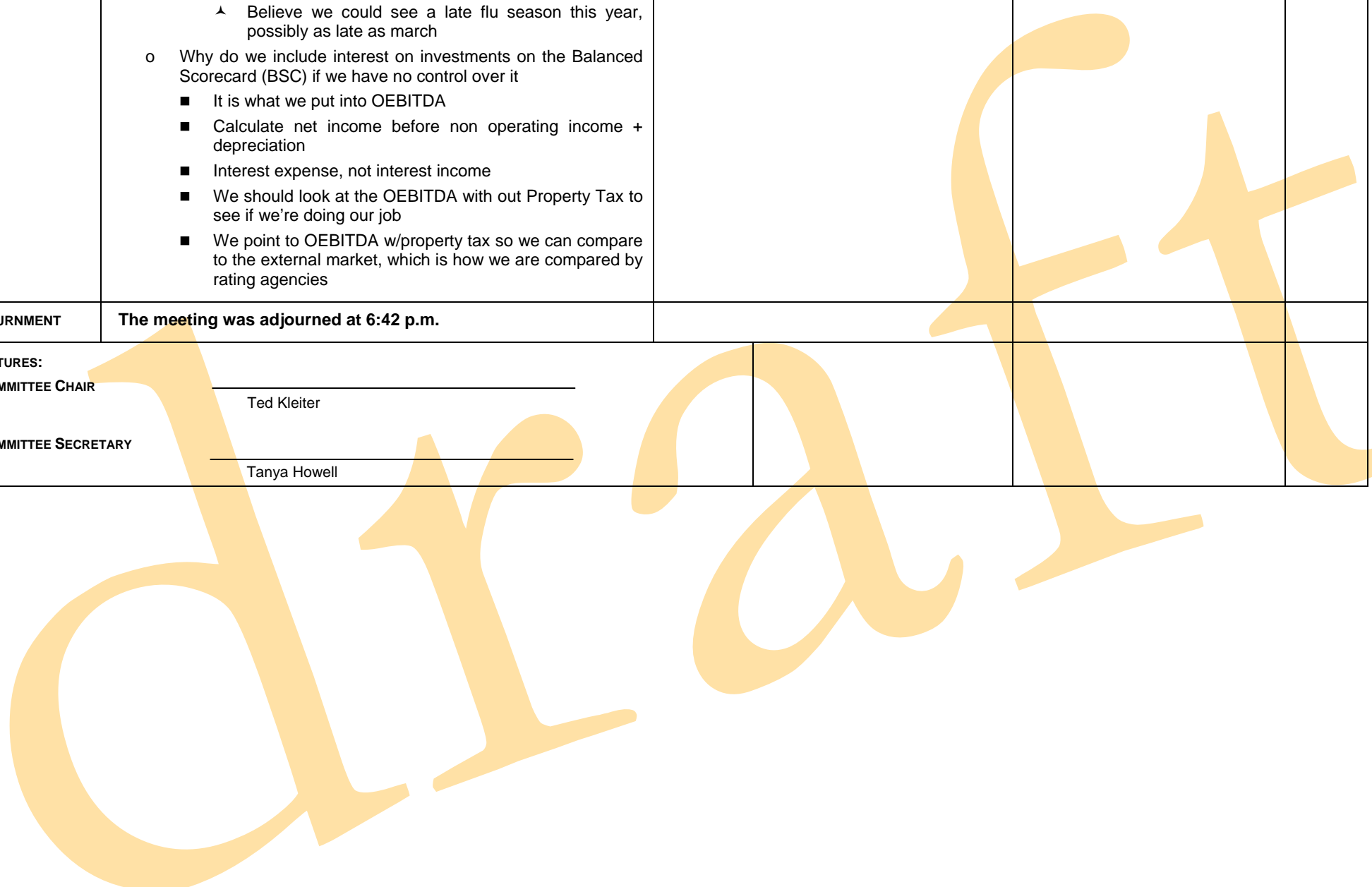
AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<ul style="list-style-type: none"> <li>us on levy</li> <li>o We may be able to insure the bonds                             <ul style="list-style-type: none"> <li>■ Assured &amp; Brookshire Hathaway are both AAA-rated bond insurers                                     <ul style="list-style-type: none"> <li>▲ We have had direct conversations with Assured</li> <li>▲ Brookshire Hathaway has not traditionally taken part in the hospital bond market</li> </ul> </li> <li>■ Costs and interest rate savings are the drivers on insurance decisions</li> <li>■ Will test the market to see if insurance makes sense</li> </ul> </li> <li>o Pricing now looks like it will be in the 6% range                             <ul style="list-style-type: none"> <li>■ If bonds went out uninsured, would be at about 7%</li> </ul> </li> <li>o The Preliminary Offering Statement (POS) will go out either tomorrow or Thursday                             <ul style="list-style-type: none"> <li>■ Held pending rating agency outcomes</li> </ul> </li> <li>o Two types of bonds could be used                             <ul style="list-style-type: none"> <li>■ Current interest bonds pay every 6 months</li> <li>■ Capital Appreciation Bonds (CABS) don't pay out until a specified date in the future                                     <ul style="list-style-type: none"> <li>▲ Similar to balloon payments</li> <li>▲ Allows management of cash levy and payments</li> </ul> </li> <li>■ Intent is to use CABS</li> </ul> </li> <li>o Co-manager Merrill Lynch will be used only for this issue, as previously approved by the Board</li> <li>• Citi is our conduit to get paper out into the market, so an update on their liquidity status was included in the presentation</li> <li>• Question and answer                             <ul style="list-style-type: none"> <li>o Wasn't there something in the stimulus package for government bonds?                                     <ul style="list-style-type: none"> <li>■ Moody's today put out a release on the stimulus package and how it would affect districts</li> <li>■ Mr. Hemker will distribute the information to the Committee and the Board after he has had an opportunity to review it</li> </ul> </li> <li>o After this issue, there will be about \$65M left in GO Bonds</li> <li>o Muni market has improved                                     <ul style="list-style-type: none"> <li>■ There has been some leveling of buyers from institutional back to retail</li> </ul> </li> <li>o Auction Rate Securities (ARS) are still very favorable for us                                     <ul style="list-style-type: none"> <li>■ Have been holding firm with the same numbers as the past several weeks</li> </ul> </li> </ul> </li> </ul>			

**BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, FEBRUARY 24, 2009**

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<ul style="list-style-type: none"> <li>▲ FSA insurance helps on that</li> <li>■ Effective cost of capital for the last 1.5 years is under 4.6%</li> <li>■ Up about 160 basis points from pre-collapse days</li> </ul>			
<p><b>JANUARY 2009 AND YTD FY2009 FINANCIAL REPORT</b></p>	<p>Utilizing the presentation contained in the agenda packet, Bob Hemker briefly reviewed the financials, stating that he was just going to be drawing attention to certain pages</p> <ul style="list-style-type: none"> <li>• Admissions are up about 1.5% year on year (YoY)</li> <li>• Up almost 5% on outpatient registrations</li> <li>• Case mix index is up significantly YoY</li> <li>• Hitting targeted budget</li> <li>• Bottom bottom mark-to-market unrealized paper loss on investment income</li> <li>• OEBITDA is holding at 10.3%</li> <li>• Net income margin is on budget</li> <li>• Pg 9 – YTD Contract Labor and SWB are right on target                             <ul style="list-style-type: none"> <li>o We are absorbing the inflationary side of SWB</li> </ul> </li> <li>• Pg 12 – Negative variance in YTD investment income is the result of January activity</li> <li>• Pg 14 – Supplies                             <ul style="list-style-type: none"> <li>o Negative variance can be attributed to outpatient cardiology</li> <li>o Benefit in Pharmaceutical, which have a positive variance of \$175K</li> </ul> </li> <li>• Pg 17 – Operations show continued stability                             <ul style="list-style-type: none"> <li>o No radical month-to-month changes</li> <li>o Constancy of OEBITDA margin</li> </ul> </li> <li>• Pg 18 – Volume stats are off a little                             <ul style="list-style-type: none"> <li>■ Holding revenue</li> </ul> </li> <li>• Pg 20 – \$10M change in net income                             <ul style="list-style-type: none"> <li>o Revenue strength is also up</li> </ul> </li> <li>• Pgs 45-47                             <ul style="list-style-type: none"> <li>o Case Mix Index shows continued steady growth with change year-on-year</li> <li>o DRGs are on the medicine side (e.g., orthopedics, trauma, trachs, head injuries)</li> <li>o More volatility in the Case Mix Index for Medicare</li> </ul> </li> <li>• Question and answer                             <ul style="list-style-type: none"> <li>o Are we seeing flu season?                                     <ul style="list-style-type: none"> <li>■ According to CDC, there are over 20 states that have</li> </ul> </li> </ul> </li> </ul>	<p><b>MOTION:</b> By Director Bassett seconded by Director Krider and carried to recommend approval of the Financial Report for January 2009 and YTD FY2009. All in favor. None opposed.</p>	<p>Forwarded to the March 9, 2009, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">Y</p>

**BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, FEBRUARY 24, 2009**

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<p>now reported flu epidemics</p> <ul style="list-style-type: none"> <li>▲ Believe we could see a late flu season this year, possibly as late as march</li> <li>○ Why do we include interest on investments on the Balanced Scorecard (BSC) if we have no control over it                             <ul style="list-style-type: none"> <li>■ It is what we put into OEBITDA</li> <li>■ Calculate net income before non operating income + depreciation</li> <li>■ Interest expense, not interest income</li> <li>■ We should look at the OEBITDA with out Property Tax to see if we're doing our job</li> <li>■ We point to OEBITDA w/property tax so we can compare to the external market, which is how we are compared by rating agencies</li> </ul> </li> </ul>			
<b>ADJOURNMENT</b>	<b>The meeting was adjourned at 6:42 p.m.</b>			
<p><b>SIGNATURES:</b></p> <ul style="list-style-type: none"> <li>• <b>COMMITTEE CHAIR</b> _____ Ted Kleiter</li> <li>• <b>COMMITTEE SECRETARY</b> _____ Tanya Howell</li> </ul>				



**PALOMAR POMERADO HEALTH**  
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Issuance of GO Bonds Series 2009A


February 24, 2009




Presentation Contents

- Plan of Finance for 2009 G.O. Bonds
- Market Update
- Update on Citi

2



Plan of Finance for 2009 G.O. Bonds




Series 2009A General Obligation Bonds

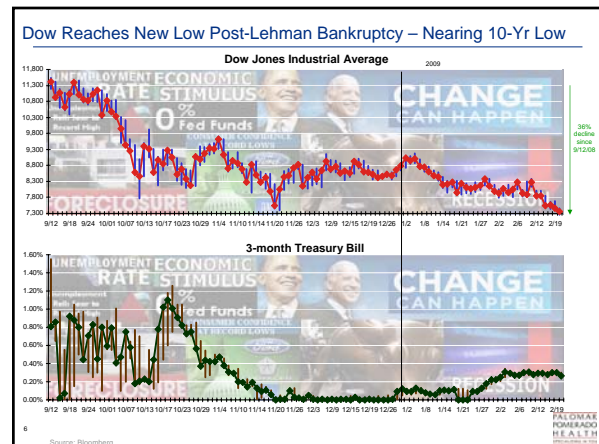
Up to \$110 million of Series 2009A General Obligation Bonds will be issued as traditional fixed rate bonds

- Insurance will be utilized if economical
- Bonds will be structured to minimize the impact on the tax payers
- Current bond structure anticipates use of Capital Appreciation Bonds
- Cost of Issuance expenses will be incurred and funded as part of issuance proceeds
- Co-Manager: Merrill Lynch
  - 15% of the total book
  - Each firm will conduct marketing outreach to their respective bond distribution salesforce for retail and institutional customers
    - Market conditions and the structure of the issue will impact bond sales results
- Preliminary Schedule:
  - Post POS: 2/25 or 2/26
  - Marketing: Week of March 2<sup>nd</sup>
  - Pricing: 3/10 – 3/11
  - Closing: 3/18

4



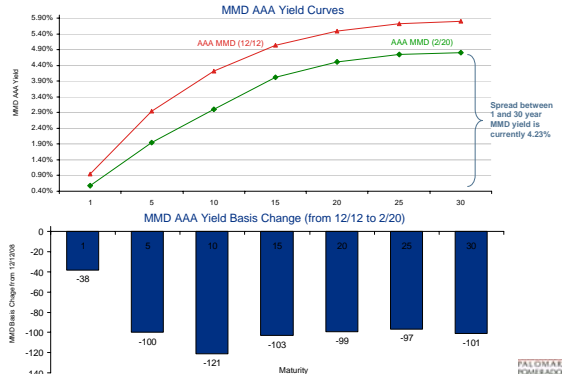
Market Update

## The Municipal Bond Market Has Improved since December

- Fixed Rate Market Observations
  - Market has significantly improved since December driven by continued demand from retail buyers and a resurgence of demand from municipal bond fund.
  - Over the past 7 weeks, municipal bond funds have experienced \$3.7 billion in inflows after 15 weeks of outflows exceeding \$10.5 billion
  - Retail buyers have consistently participated in primary and secondary market sales since the Lehman bankruptcy
- The municipal yield curve is steep but yields have rebounded from December highs
- Despite the rally in interest rates, investors are increasingly focused on credit and there is a large disparity in credit spreads and market access for lower rated entities
  - Over 78% of municipal issuance volume in 2009 has been for issuers rated Aa3 or above.
- Credit matters now more than ever
  - Cash and liquidity are critical
  - Organizations with projects on the horizon are revisiting feasibility of complex strategies
  - Back to business basics

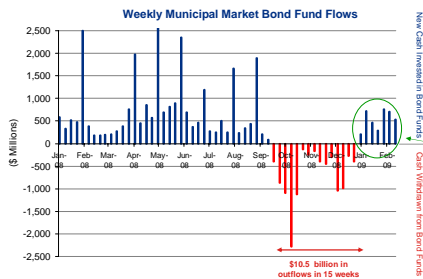
## Muni Yield Curve is Steep but has Rebounded from December Highs



For illustration purposes only. Past performance may not indicate future results. Rates as of 2/20/09. Source: Thompson Municipal Market Pulse.

## Net Inflows into Municipal Bond Funds Bolstering Demand

- Funds experienced net outflows of \$10.5 billion Wednesday, October 1<sup>st</sup> through Wednesday, December 30<sup>th</sup>.
- Starting in 2009, funds had inflows of \$208 million on January 7<sup>th</sup>, \$727 million on January 14<sup>th</sup>, \$470 million on January 21<sup>st</sup>, \$289 million on January 28<sup>th</sup>, \$758 million on February 4<sup>th</sup>, \$711 million on February 11<sup>th</sup>, and \$539 million on February 18<sup>th</sup>.



Source: AMG Data Services

## Selected Recent Tax-Exempt Health Care Offerings

System	Par Size (\$MM)	Final Pricing Date	Final Maturity	Final Yield	Spread to MMD	
<b>Assured Guaranty</b>						
Eastern Health	MN	\$22.24	11/15/2008	2038	6.85%	1.50%
Columbia Regional	CA	110.23	11/19/2008	2038	7.00%	1.62%
CHRISTUS (TX)	TX	192.80	11/19/2008	2037	7.05%	2.02%
CHRISTUS (LA)	LA	48.35	11/19/2008	2030	6.90%	2.04%
CHRISTUS (NC)	NC	169.75	1/28/2009	2038	5.98%	0.94%
<b>AAA/Aaa/A</b>						
Providence	CA	289.00	10/22/2008	2038	6.70%	1.25%
Torrey Hill	MI	192.80	10/28/2008	2033	6.60%	1.48%
Torrey (ID)	ID	178.31	10/28/2008	2033	6.50%	1.28%
Catholic Health Initiatives	WA	177.11	11/9/2008	2038	6.84%	1.42%
Baylor Health	TX	213.81	1/22/2009	2039	6.38%	1.74%
<b>AA-/Aa1/AA-</b>						
Wellspan	PA	148.77	10/28/2008	2029	6.50%	1.48%
Udall Basin Health	TX	201.23	11/4/2008	2032	6.30%	1.48%
Advocate Health	L	180.00	11/9/2008	2038	6.75%	1.52%
Providence	MI	192.39	11/13/2008	2032	6.62%	1.58%
UHSEC	NC	119.72	11/19/2008	2033	6.75%	1.66%
Bayport	KY	215.00	2/4/2009	2027	5.80%	1.42%
<b>AA-/A1/AA</b>						
CHRISTUS (TX)	TX	3.70	11/19/2008	2010	4.50%	2.43%
<b>A1/A2/A</b>						
Palmer Health	MI	\$22.24	11/9/2008	2032	7.00%	1.92%
Marion Hillman	TX	227.00	11/9/2008	2035	7.38%	2.12%
St. Luke's Regional	ID	130.00	11/13/2008	2038	7.02%	1.88%
William Beaumont Hospital	MI	303.00	11/15/2008	2039	6.65%	3.95%
Fred Hutchinson Cancer Center	WA	90.00	1/22/2009	2038	7.63%	2.59%
<b>A3/A</b>						
Baylor Hospital	MI	48.07	11/23/2008	2035	6.90%	1.34%
Anne Arundel Health System	MD	125.00	1/22/2009	2039	7.15%	2.10%
Rush University Medical Center	L	176.27	1/28/2009	2038	7.80%	2.56%

Note: Transaction information not adjusted for state or special; issuer trading differentials. Revenue bond issues only, no healthcare G.D. bonds recently in the market.

## Update on Citi

## Citi's Capital Position and Liquidity Are Strong

Citi is one of the strongest banks in the world. Our senior management has taken necessary steps to assure our continued market leadership.

- Over the past 15 months, Citigroup Inc. has added over \$115 billion in new capital: \$50 billion through public and private offerings and \$65 billion from the U.S. government's various guarantee programs.
- As of December 31, 2008, Citigroup Inc. had a deposit base of approximately \$774 billion that was diversified across products and regions, with almost two thirds of it outside the U.S.
- Citigroup Inc.'s Tier 1 capital ratio as of December 31, 2008 is expected to be approximately 11.8%, nearly 2 times the recommended ratio for a well-capitalized company (6%).
- Citigroup Inc. has significantly reduced its risky, legacy assets by over \$100 billion, or more than 20%, while putting the company in a very strong capital position. Citigroup Inc. has almost doubled its loan loss reserves in the last 12 months to over \$29 billion.

RATINGS				Key Financial Positions <sup>(1)</sup>	
	Fitch	Moody's	S&P	Total Capital	\$16.4 Billion
Citibank NA	A+	Aa3	A+	Equity Capital	\$6.3 Billion
Citigroup Inc.	A+	A2	A	Net Capital	\$2.5 Billion
				Excess Net Capital	\$1.6 Billion

12 <sup>(1)</sup> As of 12/31/2008

## Smith Barney Joint Venture with Morgan Stanley

Morgan Stanley Smith Barney joint venture creates the largest global wealth management firm by financial advisors and top 3 firm by client assets.

- Morgan Stanley and Citi combining retail brokerage forces to create an industry-leading global wealth manager
  - Morgan Stanley will own 51% and Citi will own 49% of the Joint Venture
  - In addition to 49% of the Joint Venture, Citi to receive cash consideration of \$2.7 billion
- The combination creates an industry-leading global wealth manager with over 1,000 branches in the United States and over 20,000 financial advisors

	Morgan Stanley Global Wealth Management	Citi Smith Barney	Combined Pro-forma
Net Revenues	\$6.4 billion	\$8.5 billion	\$14.9 billion
Pre-tax Profit	\$1.1 billion	\$1.7 billion	\$2.8 billion
Client Assets	\$707 billion	\$1,034 billion	\$1,741 billion
Financial Advisors	8,426	~ 11,960	~ 20,390
Offices	465	541	1,006
Headquarters	New York	New York	New York

13 Source: Citi Presentation to Investors, January 13, 2009.





# ADDENDUM B

# CONSTRUCTION MANAGEMENT AGREEMENT

## Between Owner and Construction Manager

**THIS AGREEMENT ("Agreement")** is made as of the 7th day of July, 2008 ("**Effective Date**")

Between the Owner ("**Owner**"):

Palomar Pomerado Health District  
15255 Innovation Drive  
San Diego, CA 92128

and the Construction Manager ("**Construction Manager**"):

DPR Construction, Inc.  
6333 Greenwich Drive, Suite 170  
San Diego, CA 92122

The Project ("**Project**") is:

Palomar Medical Center West  
2195 West Citracado Parkway  
Escondido, CA 92029

The Architect ("**Architect**") is:

CO Architects  
5055 Wilshire Boulevard  
Los Angeles, CA 90036-4306

The Owner and Construction Manager agree as set forth below.

### ARTICLE 1

#### PROJECT DESCRIPTION AND RELATIONSHIP OF PARTIES

##### 1.1 PROJECT AND METHOD OF DELIVERY

**1.1.1 Project.** The Project Consists of a hospital, central plant and related site development.

**1.1.2 Project Delivery Method.** The Project is being delivered using a multi-prime delivery method for construction of the Project. The Owner will be in direct contract with the various Trade Contractors ("**Trade Contractors**") performing construction work ("**Work**") on the Project. The Owner, through amendment, will endeavor to include the Construction Manager as an indemnified party and a third party beneficiary to each of the Trade Contractors' written construction agreements ("**Trade Contracts**").

**1.1.3 Former Construction Manager.** On April 25<sup>th</sup>, 2005, the Owner entered into a Construction Management Agreement with Rudolph and Sletten, Inc. ("**Former CM**") to perform construction management services in connection with the Project described in the April 25<sup>th</sup>, 2005 agreement. The Owner terminated its agreement with the Former CM on July 6, 2008 and retained the Construction Manager to perform construction management services for the duration of the Project in accordance with the terms and conditions of this Agreement.

## **1.2 RELATIONSHIP OF THE PARTIES**

**1.2.1 Relationship.** The Construction Manager's relationship with the Owner is that of an independent contractor whose involvement in the Project is to act in the capacity of a construction manager and not as an agent, fiduciary, partner, member of, subsidiary of, or otherwise affiliated with the Owner. The Construction Manager will collaborate with the Architect, Owner and its Trade Contractors to achieve completion of the Project in the most efficient, economical and timely manner. The Construction Manager will furnish efficient business administration and supervision of the Trade Contractors at all times, will collaborate with Owner and Architect in the performance of their respective tasks, and carry out Construction Manager's Services in a manner consistent with the Owner's best interests. The Owner will timely furnish and approve all information required by the Construction Manager, Architect and Trade Contractors under their respective agreements with the Owner, and to make timely decisions, so as not to hinder or delay the progress of the Project.

**1.2.2 Duty of Care.** The Construction Manager is a California licensed general contractor and will exercise the same degree of professional skill and judgment prevailing in the construction management industry in California while carrying out its Services.

**1.2.3 Services.** The Construction Manager's Services ("**Services**") consist of those described in Sections 2.2, 2.3 and 2.4 and will commence as of the Effective Date of this Agreement.

## **ARTICLE 2**

### **SCOPE OF CONSTRUCTION MANAGER'S SERVICES**

#### **2.1 DEFINITIONS**

**2.1.1 Definitions.** All defined terms will be capitalized throughout the Agreement. The definitions for this Agreement appear in alphabetical order in **Exhibit A** and may also be set forth in quotations the first time the term is used for convenience.

#### **2.2 LEAN CONSTRUCTION**

**2.2.1 Lean Construction and Communications Plan.** The Construction Manager will develop, oversee and facilitate a lean construction management and communications plan in accordance with the techniques developed by the Lean Construction Institute. These principles and techniques will be referred to in this Section as "**Lean Construction**", "**Lean Design**" or "**Lean.**" The Construction Manager represents that it understands and can apply Lean Construction to the Trade Contractors' Work on the Project, the Architect's remaining services as well as its Services, and will direct the Work and services using Lean principles. The use of Lean is intended to increase Project efficiency resulting in

greater value for the effort and expense incurred. The lean construction management and communications plan will, at a minimum, include the following key Lean principles:

**2.2.1.1 Open Communications.** Communications in Lean are open, clear and direct. It is important that all “**Project Team Members**” be apprised of information that affects their performance. Whenever possible, communication should be directly between the immediate participants through the most expeditious manner. All information or decisions will be documented in writing and available to the Owner, Architect, Trade Contractors and Construction Manager as appropriate. The goal of communication in Lean is to ensure that all participants have a common understanding of all significant aspects of the Project.

**2.2.1.2 Collaboration.** The Construction Manager, Architect, Owner and Trade Contractors will freely share concepts and ideas to improve the Project. Within the limits of licensing or professional registration, the Construction Manager will review the Trade Contractors' Work and the services of the Architect and other design consultants and recommend improvements. Nothing in this paragraph requires the Construction Manager to assume the responsibility for Trade Contractors' Work or the services of the Architect or other design professionals that would require licensure beyond that of the Construction Manager.

**2.2.1.3 Reliable Promising.** Effective Project planning requires that each participant clearly communicate its needs and predictable performance by other members to provide the needed information or resources. The Construction Manager must clearly and unambiguously express its planning needs to the Owner, Trade Contractors, and the Architect, and provide reliable promises to other Project Team Members with regard to its own performance. If the Construction Manager discovers that it will not achieve a promise, it must immediately inform the Owner, Architect and affected Trade Contractors and identify when it can perform, as well as any impediments to its performance.

**2.2.1.4 Need Based (Pull) Scheduling.** Overall scheduling will be based on conventional critical path or network precedence methodologies as set forth in Sections 2.2.4, 2.4.4 and 2.4.12. Work flow, however, will be scheduled based on providing information, material and resources as required by the user of the information, material or resources optimizing the flow of Work through the Project reducing bottlenecks and activity that will not advance the “**Final Project Schedule.**”

**2.2.1.5 Quality and Reduction in Rework.** Quality is created through careful Work, not by inspection and rejection. The Construction Manager will supervise and direct all Work in a manner that discourages rework and allows Work to be accurately completed in an efficient and economical manner. The Construction Manager, in conjunction with the Architect, Architect's design consultants, and Inspector of Record (“**IOR**”), will identify Work that does not meet the requirements of the Construction Documents so that necessary corrections can be immediately identified, and executed at the time the Work is being performed. The Construction Manager will supervise and direct Work in coordination with the Project Team Members in an effort to create a “**Zero Defect Project.**”

**2.2.1.6 Best Person.** The Construction Manager will direct and supervise the Work so that it is being performed, to the greatest extent possible, and where allowed by Public Contract Code procurement practices, by the Trade Contractor who is most capable.

**2.2.1.7 Utility of Ideas.** The Construction Manager will establish an open communication policy that encourages collaboration among the Owner, Construction Manager, Architect and Trade Contractors encouraging development of new ideas and concepts that will facilitate delivering the Project in the most economical and efficient method.

**2.2.1.8 Continuous Improvement.** The Construction Manager will generate and update a "**Lessons Learned**", report to guide and continuously improve the design and construction processes during the Project.

**2.2.2 Lean Facilitator/Manager.** The Construction Manager will act as the Lean facilitator and will be responsible for adapting Lean principles and techniques for this Project and developing protocols and procedures for implementing Lean as set forth below. The Owner reserves the right to hire a separate Lean consultant for this purpose.

**2.2.2.1** The Construction Manager will assess the Project using Lean Principles and will, as deemed necessary, schedule training sessions and/or workshops to enable Project Team Members to work more effectively using Lean Principles.

**2.2.2.2** The Construction Manager will review Owner, Architect and Trade Contractor performance and make recommendations for improving communications between Project Team Members.

**2.2.3 Project Team Coordination.** The Construction Manager will meet weekly with other Project Team Members to collaborate, communicate, schedule and coordinate the Trade Contractors' Work with the Architect and other design professionals and the Owner's requirements in an effort to reduce the "**Project Cost**" and/or the "**Contract Time**" established in the "**Final Project Schedule.**"

**2.2.4 Project Scheduling.** The Construction Manager will coordinate and direct the Work between Trade Contractors to avoid impeding progress of the Work and to meet the milestone deadlines established in the Final Project Schedule. The Construction Manager will lead scheduling sessions as required and in accordance with Sections 2.4.4 and 2.4.12.

## **2.3 TRANSITION PHASE**

**2.3.1 Project Requirements.** The Construction Manager will visit the Project site and review the Construction Documents, and all Project documentation turned over to the Owner by the Former CM and all other information provided by the Project Team Members to ascertain the requirements of the Project.

**2.3.2 Preliminary Project Cost and Schedule.** The Construction Manager will provide a preliminary evaluation of the Owner's Project requirements, the Construction Documents, Project documentation provided by the Former CM, the Owner's schedule and construction budget, and provide a preliminary project cost and preliminary project schedule by October 10, 2008.

**2.3.3 Safety.** The Construction Manager will review the "**District's Environmental Health and Safety Program**" and the Trade Contractors' procedures for compliance, and provide recommendations regarding those procedures and responsibilities of the Trade Contractors for overall health and safety legal compliance requirements.

**2.3.4 Trade Contracts.** The Construction Manager will review the terms and conditions of the existing Trade Contracts for completeness in each Trade Contractor's scope of Work and/or gaps in the scope of Work and will advise the Owner. Costs associated with any gaps in the Trade Contractors' scope of Work that were procured through the Former CM will be included, to the best of Construction Manager's ability, in the Project Cost.

**2.3.5 Construction Manager's Representative.** The Construction Manager's representative for this Project is Gerry DeWulf.

## **2.4 CONSTRUCTION ADMINISTRATION PHASE**

**2.4.1 Term.** The construction administration phase will end 30 days after final payment to all Trade Contractors is due.

**2.4.2 Trade Contract Bids.** The Construction Manager will develop procedures for procuring the remaining Trade Contracts in accordance with the applicable public contracting requirements, including those in the Public Contract Code, Civil Code (payment bond), Health and Safety Code, and Government Code. At a minimum, the Construction Manager will:

**2.4.2.1** Develop bidders' interest in the Project and establish bidding schedules;

**2.4.2.2** Assist the Owner with public notice and advertising for solicitation of bids;

**2.4.2.3** Develop Trade Contractor scopes of Work and package and issue bidding documents to qualified, interested bidders;

**2.4.2.4** Evaluate bidder prequalification and analysis of bids to determine the lowest responsive, responsible bidder; and

**2.4.2.5** Make recommendations for modifications to the Trade Contractors' terms and conditions.

**2.4.3 Project Cost.** The Project Cost prepared by the Construction Manager and approved the Owner is \$957,000,000.

**2.4.4 Final Project Schedule.** On or before July 1, 2009, the Construction Manager will create a Final Project Schedule and submit it to the Owner and Architect for review and Owner approval. The Final Project Schedule will coordinate and integrate the Construction Manager's and Architect's services, Office of Statewide Health, Planning and Development ("OSHPD") incremental deadlines set forth in **Exhibit B**, and construction schedules developed by the Trade Contractors for the performance of their respective Work. The Final Project Schedule will include all major components of the Work and the Owner's occupancy requirements projecting a milestone "**Substantial Completion Date**" and "**Final Completion Date**." The Final Project Schedule will be prepared in Primavera P6 and will be broken down by activity and duration highlighting the critical path, and will include any long lead items (including Owner's "**FF&E**"). The Final Project Schedule will establish the Contract Time for substantially completing all Work, as may be adjusted through "**Contract Modification**" under Article 6.

**2.4.5 Constructability and Efficiency.** Throughout the construction process, the Construction Manager will analyze the "**Construction Documents**" and make recommendations to the Owner and Architect whenever opportunities exist to improve the Contract Time, labor efficiency or Project Cost and to alert the Owner and Architect if the design details adversely affect constructability, the Project Cost or the Contract Time. The Construction Manager, Architect, and Trade Contractors will continually collaborate to reduce the Project Cost and Contract Time through maximizing Trade Contractor performance, minimizing the number of "**Change Orders**," and incorporating approved value engineering ideas.

**2.4.6 Long Lead Items.** The Construction Manager will establish a program to expedite ordering and delivery of materials requiring long lead time including Owner's FF&E.

**2.4.7 Consultants and Laboratories.** The Construction Manager will make recommendations to the Owner regarding selecting, retaining and coordinating any additional professional services, special consultants and testing laboratories required for the Project.

**2.4.8 Permits, Fees, and Approvals.** The Construction Manager will make recommendations to the Owner regarding obtaining building permits and special permits for permanent improvements, as well as permits required to be obtained directly by the various Trade Contractors. The Construction Manager will verify that the Owner has paid applicable fees and assessments. The Construction Manager will assist the Owner and Architect in connection with the Owner's responsibility for filing documents required for the approvals of OSHPD and other governmental authorities having jurisdiction over the Project, including Change Orders and Project completion filings.

**2.4.9 Construction Manager's Inspection of the Work.** The Construction Manager will provide on-site personnel during construction in accordance with **Exhibit D**. Construction Manager will inspect the progress and quality of the Work completed and determine, in conjunction with the IOR, if the Work is being completed in accordance with the Construction Documents.

**2.4.10 Coordination.** The Construction Manager will lead meetings with the Trade Contractors to coordinate and manage scheduled activities and responsibilities of the Trade Contractors with each other and with those of the Construction Manager, the Owner and the Architect to facilitate proper supervision of construction and management of the Project in accordance with the Project Cost, the Final Project Schedule and the Construction Documents.

**2.4.11 Weekly Project Meetings and Minutes.** The Construction Manager will schedule and lead weekly Project meetings to discuss procedures, progress, and scheduling, and to resolve any pending design or construction issues. The Construction Manager will record and promptly distribute weekly Project meeting minutes to the Owner, Architect, Trade Contractors, and other appropriate parties.

**2.4.12 Interim Schedule Updates.** The Construction Manager will create monthly Project schedule updates incorporating the activities and schedule updates of the Trade Contractors on the Project as necessary to reflect the status of construction and projected milestone dates for Substantial and Final Completion. The Construction Manager will advise the Owner of actions or issues that may arise and might adversely impact the Final Project Schedule or Project Cost. If an update indicates that the Contract Time established in the Final Project Schedule may not be met, the Construction Manager will immediately notify the Owner

and responsible Trade Contractors. The Construction Manager, in coordination with the responsible Trade Contractors, will develop a recovery plan for review and Owner approval. In addition to the monthly Project schedule updates, the Construction Manager will prepare interim schedules that provide a 3 week look ahead for the performance of upcoming Work and document Work performed during the prior 3 week period. The interim schedules will be shared with the Owner and Trade Contractors and are to be used as a working tool to evaluate any schedule slippages and collaborate on methods for labor efficiency.

**2.4.13 Trade Contractor Meetings.** Consistent with the Construction Documents, Project schedule, and Trade Contracts, the Construction Manager will conduct meetings regarding the sequence of construction and assignment of space and direct and supervise the Trade Contractors in the performance of their Work.

**2.4.14 Performance of Trade Contractors.** The Construction Manager will make a concerted effort to obtain satisfactory performance and labor efficiency from each of the Trade Contractors. The Construction Manager will meet with Trade Contractor(s) and recommend courses of action and develop plans for Owner approval when requirements of Trade Contracts are not being met.

**2.4.15 Monthly Budget Review.** The Construction Manager will monitor the approved Project Cost and will develop a recovery plan with the Owner and Architect if it appears that the cost of construction will exceed the Project Cost. The Construction Manager will show actual costs for activities in progress, Change Orders, allowance items, and estimates for uncompleted tasks by way of comparison between the monthly budget review and the Project Cost.

**2.4.16 Records for Work.** The Construction Manager will maintain accounting records and review and approve authorized Work performed under unit costs, additional Work performed on a time and material basis, and other Work requiring accounting records.

**2.4.17 Progress Payments and Construction Manager's Review.** The Construction Manager will review and process all Trade Contractor applications for progress payments and final payments and make recommendations to the Architect and Owner for payment to Trade Contractors in accordance with the established Project procedures.

**2.4.17.1 Construction Manager's Evaluations.** Prior to submission of Trade Contractor applications for payment to the Architect for certification, the Construction Manager will review and make recommendations for payment based on the approved Trade Contractors' schedule of values and the Construction Manager's determinations at the site as provided in Section 2.4.19, the IOR's observations and evaluation of the Work, and on the data and documentation substantiating the Trade Contractors' applications for payment. The Construction Manager's recommendation constitutes a representation to the Architect and Owner, that, to the best of the Construction Manager's knowledge, information and belief, the Work has progressed to the point indicated in the application for payment and the quality of the Work is in accordance with the Trade Contractors' Contract Documents as defined in the Trade Contract. The foregoing representations are subject to an evaluation of the Work for conformance with the Construction Documents upon Substantial Completion, to results of subsequent tests and inspections, and to minor deviations from the Construction Documents correctable prior to Final Completion.



**2.4.17.2 Limitations to Review.** A recommendation for payment by the Construction Manager will not be a representation that the Construction Manager has ascertained how or for what purpose the Trade Contractor has used money previously paid.

**2.4.18 District's Environmental Health and Safety Program.** The Construction Manager is responsible for overseeing and managing the District's Environmental Health and Safety Program. The Construction Manager will hold weekly meetings with the Trade Contractors to review Trade Contractor compliance with the District's Environmental Health and Safety Program, maintain the hazardous communications program, and ensure overall compliance with the District's Environmental Health and Safety Program. The Construction Manager will also conduct daily jobsite inspections to verify that the Work is being performed in a safe and workmanlike manner and in accordance with the District's Environmental Health and Safety Program. The Construction Manager's responsibilities for management and coordination of the District's Environmental Health and Safety Program will not extend to direct control over or charge of the acts or omissions of the Trade Contractors, its subcontractors, agents or employees or any other persons performing portions of the Work and not directly employed by the Construction Manager.

**2.4.19 Evaluation and Oversight of Work.** The Construction Manager will determine, in general, that the Work of each Trade Contractor is being performed in accordance with the requirements of the Trade Contractors' respective Contract Documents (as defined in the Trade Contract) and endeavor to guard the Owner against defects and deficiencies in the Work. As appropriate, the Construction Manager will require additional inspection or testing of the Work in accordance with the provisions of the Construction Documents, whether or not the Work is fabricated, installed or completed. The Construction Manager may reject Work that does not conform to the requirements of the Construction Documents.

**2.4.20 Site Logistics.** The Construction Manager will develop a site logistics plan and will schedule and coordinate the sequence of construction among the Trade Contractors in accordance with the site logistics plan, the Construction Documents and the latest interim Project schedule.

**2.4.21 Means and Methods.** With respect to each Trade Contractor's own Work, and subject to Sections 2.4.10, 2.4.13, 2.4.14, and 2.4.18 through 2.4.20, the Construction Manager will not directly control the Trade Contractors' construction means, methods, techniques, sequences or procedures, or the safety precautions and programs in connection with the Work because these are solely the Trade Contractors' responsibility under the Trade Contracts and the Construction Documents. The Construction Manager will not have control over or charge of acts or omissions of the Trade Contractors, or their subcontractors, agents or employees, or any other persons performing portions of the Work not directly employed by the Construction Manager. Notwithstanding the above, the Construction Manager acknowledges and agrees that the Owner has retained Construction Manager's Services and is relying on the Construction Manager to supervise, oversee, direct, manage, schedule, coordinate, and administrate the Work as provided in Article 2.

**2.4.22 Clarification of Construction Documents.** The Construction Manager will transmit to the Architect all Trade Contractor requests for clarification or interpretations of the meaning and intent of the Construction Documents, and assist in the resolution of questions that may arise. Construction Manager will maintain a detailed written log of all requests for information and corresponding replies.

**2.4.23 Change Orders and Claims.** The Construction Manager will review Trade Contractor requests for changes or “**Claims**” and negotiate Trade Contractors' proposals, submit recommendations to the Architect and Owner, and, if they are accepted by the Owner, prepare Change Orders. The Change Order will incorporate any Architect's modifications into the Construction Documents and modify the affected Trade Contracts in accordance with the terms and conditions of the Change Order. The Construction Manager will maintain a detailed, written log of all proposed and approved Change Orders. If a Trade Contractor's request for change does not result in an approved Change Order, it may pursue a Claim under the Dispute Resolution process set forth in the Trade Contract.

**2.4.24 "Submittals."** In collaboration with the Architect, the Construction Manager will establish and implement procedures for expediting the processing and approval of "**Shop Drawings**," "**Product Data**," "**Samples**" and other submittals. The Construction Manager will review all Shop Drawings, Product Data, Samples and other submittals received from the Trade Contractors and will coordinate Submittals with existing field conditions, other Trade Contractor Submittals, and information contained in the Construction Documents. The Construction Manager will transmit to the Architect those Submittals that have been reviewed by the Trade Contractor and Construction Manager. The Construction Manager's actions will be taken with reasonable promptness as to cause no delay in the Work or in the activities of the Owner or Trade Contractors. The Construction Manager will maintain a detailed Submittal log that tracks all Submittals received by Trade Contractors and transmitted to the Architect for review and whether the Submittal is approved, approved as noted, or rejected.

**2.4.25 Progress Reports.** The Construction Manager will record the progress of the Project. The Construction Manager will submit Monthly written progress reports to the Owner and Architect including information on each Trade Contractor and each Trade Contractor's Work, as well as the entire Project showing percentages of completion. The Construction Manager will keep a daily log containing a record of weather, each Trade Contractor's Work on the site, the number of workers per trade, identification of equipment, Work accomplished, problems encountered, and other similar relevant data.

**2.4.26 Maintenance of Records.** The Construction Manager will maintain at the Project site for the Owner one record copy of all Trade Contracts, Construction Documents, addenda, approved Submittals, Change Orders and other modifications and requests for clarification or information in good order and marked currently to record changes and selections made during construction. The Construction Manager will maintain records, in duplicate, of principal building layout lines, elevations of the bottom of footings, floor levels and key site elevations certified by a qualified surveyor or professional engineer. All records will be available in the Construction Manager's jobsite office and will be delivered with the as-built drawing operation and maintenance manuals, and other required close-out documents to the Owner upon Final Completion.

**2.4.27 Building Commissioning.** With the Architect, IOR, the Owner's third party commissioning agent, and the Owner's maintenance personnel, the Construction Manager will schedule and oversee the Trade Contractors' final testing and start-up of utilities, operational systems and equipment and assist the Owner with the building commissioning. All inspections and testing will be conducted by the Owner, the commissioning agent, IOR, or by other governing authorities. During commissioning and before Final Completion, the Construction Manager will oversee Trade Contractors' operation, adjustment and balancing of all equipment, and training of Owner's employees in the correct operation and maintenance of equipment.

**2.4.28 Punch List.** When the Construction Manager considers each Trade Contractor's Work, or a designated portion thereof, substantially complete, the Construction Manager in conjunction with the Architect, the IOR, and Trade Contractor, will prepare a list of incomplete or unsatisfactory items and a schedule for their completion. The Construction Manager will schedule and monitor the progress of all punchlist Work and conduct inspections with the Owner, Architect, and IOR to determine whether the Work, or designated portion of Work, is substantially complete.

**2.4.29 Tests and Inspections.** Tests, inspections and approvals of portions of the Work required by the Trade Contracts, the Construction Documents, or by laws, ordinances, rules, regulations, or orders of the IOR and public authorities having jurisdiction over the Project, will be coordinated by the Construction Manager with the Trade Contractors and IOR. When portions of the Work are ready for inspection, the Trade Contractor will make arrangements for tests, inspections and approvals with an independent testing laboratory or entity acceptable to the Owner, the IOR, or with the appropriate public authority. The Trade Contractor will give the Construction Manager, Owner, Architect and IOR timely notice of when and where tests and inspections are to be made so that the appropriate parties may be present for the procedures.

**2.4.29.1 Final Inspections.** The Construction Manager will coordinate the correction and completion of the Work. Following issuance of a "**Certificate of Substantial Completion**" of the Work, or a designated portion of Work, the Construction Manager will evaluate the completion of the Work with the Trade Contractors and make recommendations to the Owner and Architect when Work is ready for final inspection. The Construction Manager will conduct final inspections with the IOR, Owner, Trade Contractor, and Architect.

**2.4.30 Close-Out.** The Construction Manager will review all as-built drawings, operation and maintenance manuals, references, warranties, attic stock, keying schedule, etc., submitted by Trade Contractors to ensure that Trade Contractors have complied with the requirements set forth in their respective Trade Contracts and the Construction Documents. Upon completion of review, the Construction Manager will transmit to the Owner all close-out documents required by the Construction Documents. The record as-built drawings and specification information, including medical equipment fit-up drawings, telecom and "IT" distribution requirements, and operation and maintenance manuals will be provided as purchased in the Trade Contracts unless otherwise agreed by the parties.

**2.4.31 Final Payment Applications.** As each Trade Contractor completes its respective portion of the Work, the Construction Manager will prepare a final application for payment based on the Trade Contractor's information and collect all releases and other required close-out documentation for final payment to the Trade Contractor and forward the final application for payment to the Architect for certification. Upon certification, the Trade Contractor's final application for payment will be transmitted to Owner for final payment to Trade Contractor.

## ARTICLE 3

### OWNER'S RESPONSIBILITIES

**3.1 Information and Documents.** The Owner will provide full information regarding requirements for the Project, including 90 percent Construction Documents and available OSHPD permit sets, surveys and other information describing the Project site including any geotechnical and environmental impact reports, schedule requirements, budget constraints and

other criteria, and procurement schedules and other information regarding Owner's medical FF&E.

**3.2 Permits and Fees.** The Owner will secure and pay for all permits, approval, easements, assessments and fees required for the development, construction, use or occupancy of the Project.

**3.3 Owner's Representative.** The Owner's designated representatives are David Tam and Michael Shanahan. Michael Shanahan is authorized to act on the Owner's behalf with respect to the daily operations of the Project but does not have the authority to authorize changes in the Work or Project schedule that impact the Project Cost or Contract Time. David Tam is authorized to approve changes in the Work that impact the Project Cost and/or affect the Contract Time established in the Final Project Schedule up to an amount of \$1,000,000 per occurrence with a total cumulative amount of \$40,000,000. Any request exceeding a cumulative amount of \$40,000,000 will require hospital board approval and must be timely submitted to the Owner by the Construction Manager in order to allow proper consideration during the board's regularly scheduled meetings. The Owner's representatives will render decisions in a timely manner pertaining to documents submitted by the Construction Manager in order to avoid unreasonable delay in the progress of the Construction Manager's Services and the Trade Contractors' Work.

**3.4 Architect.** The Owner has retained CO Architects for the complete Project design. The Architect's representative for this Project is Eyal Perchik. The Architect directly retained other design services from mechanical, electrical and structural engineering consultants. The terms and conditions of the agreement between the Owner and Architect, as amended, will be furnished to the Construction Manager upon request and will not be modified without written consent of the Construction Manager, which consent will not be unreasonably withheld. The Construction Manager will not be responsible for acts or omissions by the Architect or other design consultants working directly for the Architect.

**3.5 Test and Inspections.** The Owner will pay for all testing and inspection including the IOR, structural, mechanical, chemical, air and water pollution tests, tests for hazardous materials, and other laboratory and environmental tests, inspections and reports required by law or the Construction Documents.

**3.6 Legal Accounting and Insurance Services.** The Owner will furnish all legal, accounting and insurance counseling services as may be necessary at any time for the Project, including auditing services the Owner may require to verify the Trade Contractors' applications for payment or to ascertain how or for what purposes the Trade Contractors have used the money paid by or on behalf of the Owner.

**3.7 Construction Documents.** The Owner will furnish the Construction Manager with a sufficient quantity of Construction Documents.

**3.8 Stop Notice.** The Owner will provide the Construction Manager with the necessary information to record a stop notice for non-payment in accordance with California law governing public work projects.

**3.9 Notice of Deficiencies.** The Owner will notify the Construction Manager if it becomes aware of any fault or defect in the Project or any Trade Contractor nonconformance.

**3.10 Separate Contracts.** The Owner reserves the right to perform construction and operations related to the Project with the Owner's own forces, and to award contracts in connection with the Project that are not part of the Construction Manager's responsibilities under this Agreement. The Construction Manager will notify the Owner if any such independent action will interfere with the Construction Manager's ability to perform the Construction Manager's Services under this Agreement. When performing construction or operations related to the Project, the Owner agrees to be subject to the same obligations and to have the same rights as the Trade Contractors.

**3.11 Timeliness.** Information or services under the Owner's control will be timely furnished by the Owner to avoid delay in design and the orderly progress of the Construction Manager's Services and the progress of the Work in accordance with the Final Project Schedule.

**3.12 Commissioning Agent.** The Owner will hire an independent commissioning agent, who will conduct all building commissioning activities. The commission agent, in conjunction with the Construction Manager, will oversee all equipment operations, tests, adjustments and balancing of systems that occur during Project close-out.

**3.13 Owner's FF&E.** The Owner will timely procure all medical fixtures, furnishings and equipment in a manner consistent with the deadlines and requirements established in the Final Project Schedule.

## ARTICLE 4

### CONSTRUCTION COST

#### 4.1 DEFINITION

**4.1.1 Project Cost.** The Project Cost of \$957,000,000 includes Direct Costs and certain Owner Costs. The Direct Costs were prepared by the Construction Manager and approved by the Owner. The Owner Costs were provided by the Owner to the Construction Manager for incorporation into the Project Cost. The Owner will provide a "**Project Target Cost**" establishing the Owner's financial goal for completing all Work and services performed in connection with the Project on or before July 1, 2009. The Project Cost and Project Target Cost will be used for determining the level of savings participation as further defined under Compensation in Article 5.

**4.1.1.1 Direct Costs.** The Direct Costs are described in **Exhibit E** and include an estimate of all construction costs that are not excluded under Section 4.1.1.2 and will include the following: (i) direct cost of construction based on all labor, materials, equipment and appurtenances required for proper Trade Contractor procurement and proper performance of all Work described on the Architect's 90 percent Construction Documents and available permit sets received from OSHPD; (ii) costs for bonding of Trade Contractors; (iii) all costs associated with material and labor escalation; (iv) a "**Design and Construction Contingency**;" and (v) gross receipts tax and insurance.

**4.1.1.2 Exclusions of Certain Owner Costs.** The Direct Costs will not include other Project budgets such as: (i) Owner's Integrated Technology ("**IT**") and Fixtures, Furnishings and Equipment ("**FF&E**"); (ii) "**Owner's Project Contingency**;" (iii) fees associated with land development; (iv) costs associated with permits and inspections; (v) costs

associated with move in; or (vi) compensation of the Construction Manager, Architect and Architect's consultants, or other Owner consultants. These exclusions are the responsibility of the Owner as provided in Article 4.

## **4.2 RESPONSIBILITY FOR PROJECT COST**

**4.2.1 Responsibility.** Evaluations of the Owner's Project budget, the preliminary project cost estimate and Project Cost prepared by the Construction Manager represents the Construction Manager's best professional judgment as an entity familiar with the construction industry and California hospital construction. It is recognized, however, that neither the Construction Manager nor the Owner has control over the actual cost of labor, materials or equipment, over Trade Contractors' methods of determining bid prices, or over competitive bidding, market or negotiating conditions. Accordingly, the Construction Manager cannot and does not warrant or represent that bids or negotiated prices will not vary from the Project Cost approved by the Owner.

**4.2.2 Exceeding the Project Cost.** If the Project Cost is exceeded, the Construction Manager will not receive any additional Fee or General Conditions for completing its Services under the terms and conditions of this Agreement unless a Contract Modification is executed under Section 6.1. The Owner, Architect, and Trade Contractors will collaborate and cooperate with the Construction Manager as necessary to bring the actual Direct Costs, as defined under Section 4.1.1.1, within or below the Project Cost.

## **ARTICLE 5**

### **COMPENSATION AND INCENTIVE**

**5.1 Transition Compensation.** The Construction Manager's compensation during the transition period from June 2, 2008 through September 12, 2008 will not exceed \$500,000 without Owner approval. The \$500,000 amount will cover all Services in Section 2.3 above and is in addition to the base compensation in Section 5.2.

**5.2 Base Compensation.** The Construction Manager's compensation will include a General Conditions in the amount of \$24,100,000 (which includes, at a minimum, the general requirement costs and reimbursable expenses set forth in **Exhibit D**) plus a Fee of \$19,500,000. The General Conditions amount was based on an estimated Substantial Completion Date of July 1, 2011 and the Construction Manager's Fee is based on the General Conditions amount set forth above. If the Final Project Schedule indicates that the Substantial Completion Date will exceed July 1, 2011, the Construction Manager's compensation may be adjusted through Contract Modification under Section 6.2 to compensate the Construction Manager for the difference between the July 1, 2011 estimated time for Substantial Completion and the Contract Time established in the Final Project Schedule. No other increases are allowed to Construction Manager's Fee or General Conditions unless the Construction Manager is eligible for additional compensation under Section 6.1, Contract Modifications, and/or the incentive provisions set forth in Section 5.3. If the Project Cost and/or the Contract Time established in the Final Project Schedule is exceeded, the Construction Manager will continue to perform its Services through completion of construction at no additional cost to the Owner unless the Construction Manager is entitled to a Contract Modification under Article 6. Owner will withhold 10% of Fee until final payment. The Construction Manager's General Conditions may be subject to a decrease for achieving Substantial Completion earlier than indicated in the Final Project Schedule as set forth in Section 6.3.

**5.3 Incentive.** The Owner has agreed to negotiate in good faith with the Construction Manager to provide a two-tiered incentive program for participation of certain Trade Contractors, the Architect, and the Construction Manager to encourage the principal parties to contribute to the overall efficiency and economic success of the Project. The incentive provisions will be incorporated into this Agreement through Contract Modification under Section 6.4.

**5.4 Payments.** The Construction Manager will bill the Owner on a monthly basis. The Construction Manager's application for payment will be submitted at the end of the month and will include all General Conditions (which includes general requirements and reimbursable expenses), any reimbursable Owner expenses, and Fee. The amount of compensation for General Conditions and Fee will be calculated based on the actual percentage of Work completed on the Project multiplied by the total amount of compensation minus 10 percent retention on Fee. Reimbursable Owner expenses are pass through costs that will be reimbursed by Owner at actual cost without any additional General Conditions or Fee. All reimbursable Owner expenses will be supported by necessary documentation substantiating the amount requested for reimbursement. The Owner will make payment to the Construction Manager for all undisputed amounts 30 days after receipt of monthly invoice. The Construction Manager will provide all necessary releases and supporting documentation required for payment.

## ARTICLE 6

### CONTRACT MODIFICATIONS

#### 6.1 ADDITIONAL SERVICES.

**6.1.1 General.** The services described Section 6.1.3 are not included in the Construction Manager's Services and will be paid for by the Owner as Additional Services. If any of the Additional Services described in Section 6.1.3 are required due to circumstances beyond the Construction Manager's control, the Construction Manager will promptly notify the Owner, in writing, describing the circumstance and the amount of increase to the Construction Manager's compensation with appropriate documentation to substantiate Construction Manager's position. The Construction Manager will provide any additional information upon Owner's request. If the Owner approves, in writing, that all or part of the Additional Services are required, the Agreement will be modified to include the necessary adjustments by an executed Contract Modification.

**6.1.2 Adjustments.** Adjustments to the Construction Manager's General Conditions and Fee will be based on the sum of the "**Average Daily Rate**" multiplied by the number of work days the Contract Time established in the Final Project Schedule is extended as a result of the Additional Services. The Average Daily Rate will be negotiated in good faith and incorporated into this Agreement through Contract Modification at the same time that the one time adjustment to the Construction Manager's General Conditions and Fee occurs under Section 6.2. There will be no adjustment for any of the Additional Services set forth in Section 6.1.3 unless the Additional Services impact the Contract Time.

**6.1.3 Additional Services.** Contract Modifications for Additional Services are limited to the following circumstances:

**6.1.3.1 “Owner Elected Changes;”**

**6.1.3.2 “Post Permit OSHPD Changes;”**

**6.1.3.3 “Force Majeure Event;”**

**6.1.3.4 “Unforeseen and Differing Site Conditions;”**

**6.1.3.5 “Owner's Suspension”** of the Work as defined in Section 9.2.

**6.2 Final Project Schedule.** If the Substantial Completion Date established in the Final Project Schedule extends beyond July 1, 2011, the Construction Manager is allowed a one time adjustment to its General Conditions and Fee as set forth in Section 5.2. The Construction Manager will submit a request for Contract Modification to the Owner to equitably adjust the Construction Manager's General Requirements and Fee. This one time adjustment to the Construction Manager's General Conditions and Fee will be based upon the difference between the July 1, 2011 Substantial Completion Date and the projected number of additional work days for Substantial Completion established in the Final Project Schedule. The request for adjustment is subject to Owner's approval, and will be incorporated into this Agreement through a Contract Modification.

### **6.3 DEDUCTIONS.**

**6.3.1 Early Project Completion.** If the Project achieves Substantial Completion before the Substantial Completion Date established in the Final Project Schedule, the Construction Manager's compensation will be decreased through a Contract Modification to reflect the number of work days eliminated from the Final Project Schedule. The adjustment to the Construction Manager's compensation will be based on the sum of the Average Daily Rate multiplied by the difference between the number of work days establishing the Contract Time in the Final Project Schedule and the actual Substantial Completion Date.

### **6.4 INCENTIVE.**

**6.4.1** The incentive provisions discussed in Section 5.3 will be incorporated into this Agreement through Contract Modification.

## **ARTICLE 7**

### **OWNERSHIP OF ARCHITECT'S DRAWINGS, SPECIFICATIONS AND OTHER DOCUMENTS**

**7.1 Ownership of Construction Documents.** Upon final payment to the Architect, the Owner will retain all rights, title, and interests under common law, statutory and copyright federal or state law in the Construction Documents, as well as any other documents prepared by the Architect and any of the Architect's design consultants for construction of the Project. The Construction Manager may retain one record set of the Construction Documents for the limited purpose of defense of any subsequent Claims involving this Project. The Construction Manager will not own or claim a copyright in the Construction Documents and other documents



prepared by the Architect or other design consultants. All copies of the Construction Documents, except the Construction Manager's record set, will be returned or suitably accounted for to the Owner upon completion of the Project. The Construction Documents and other documents prepared by the Architect are furnished to the Construction Manager for use solely with respect to this Project. They are not to be used by the Construction Manager on other projects or for additions to this Project outside the scope of the Work without the specific written consent of the Owner. The Construction Manager is granted a limited, non-exclusive, license to use and reproduce applicable portions of the Construction Documents and other documents prepared by the Architect for use in the performance of the Construction Manager's Services under this Agreement.

**7.2 Copies.** All copies made under this license will bear the statutory copyright notice, if any, shown on the Construction Documents and any other documents prepared by the Architect and its design consultants. Submittal or distribution to meet official regulatory requirements or for other purposes in connection with this Project is not to be construed as publication in derogation of the Owner's copyright or other reserved rights and interests.

## **ARTICLE 8**

### **DISPUTE RESOLUTION**

**8.1 "Disputes."** Disputes, claims, or other matters in question between the Construction Manager and the Owner arising out of this Agreement, including breach of contract, will be subject to the following procedures.

**8.2 Public Works Arbitration.** Owner has elected to have all Disputes arising under or related to this Agreement resolved by Public Works Arbitration administered by the Office of Administrative Hearings ("**OAH**") pursuant to California Public Contract Code sections 10240 through 10389 and the regulations promulgated by the Office of Administrative Hearings. Pursuant to Public Contract Code section 20104(a)(2), this election supersedes the provisions of Public Contract Code section 20104.

**8.2.1 Arbitrators.** Disputes whose aggregate alleged value (summing all claims made against Owner by Construction Manager and all claims made by Owner against Construction Manager) exceeds \$1,000,000 will be decided by a panel of three arbitrators. All other disputes will be decided by a single arbitrator. Arbitrators selected must have significant experience in design, construction or construction law, and with the parties' concurrence, may be selected from arbitration panels in addition to the panel maintained by the OAH.

**8.2.2 Joinder.** Construction Manager acknowledges that the Project is being constructed under a multi-prime project delivery method where Trade Contractors are under direct contract with Owner to perform interrelated portions of the Project. Construction Manager consents to the joinder of Trade Contractors and design professionals in its arbitration, and its joinder in the arbitration of Trade Contractors or design professionals, if the claims of, or against, Construction Manager arise from the same, substantially the same, or interrelated facts, issues or incidents, or where separate arbitration of disputes creates risk of inconsistent awards or results.

**8.3 Savings Clause.** If a court determines that any Dispute between Construction Manager and Owner is not subject to Public Works Arbitration, then, Construction Manager must, as a condition precedent to commencing any suit or proceeding against Owner, comply

with all requirements, including claims filing requirements, of Title 1, Division 3.6, parts 3 and 4 of the California Government Code relating to claims against public agencies and their employees.

**8.4 Exhaustion of Administrative Remedies (Cal. Pub. Contracts Code §10240.2).** As a condition precedent to commencing arbitration, Construction Manager must have first:

**8.4.1** Complied with all requirements of Article 6 of the Construction Management Agreement;

**8.4.2** Provided any additional supporting information or documents requested by Owner in response to Construction Manager's request for a Contract Modification;

**8.4.3** Received a written denial by Owner, in whole or in part, of the time or compensation requested; and

**8.4.4** Participated in good faith negotiation with Owner's senior management in an attempt to resolve the Dispute before proceeding to arbitration. Unless otherwise agreed, the negotiation will occur within 30 days of Owner's written denial, in whole or in part, of the time or compensation requested.

**8.5 Continuation of Work.** Construction Manager will diligently continue to perform its Services, including Services that are disputed between Owner and Construction Manager, and Owner will continue to make all undisputed payments to Construction Manager, regardless of the existence of a Dispute or the pendency of arbitration proceedings between Construction Manager and Owner.

## ARTICLE 9

### TERMINATION, SUSPENSION OR ABANDONMENT

**9.1 Termination for Fault.** The Owner may terminate this Agreement upon not less than 7 calendar days' written notice and an additional 7 calendar days to commence curing if the Construction Manager is in material breach of any term or provision of this Agreement. The notice will set forth the reason for termination and the effective date of termination. If the Owner terminates this Agreement for cause, the Construction Manager will not be entitled to any further payments until all Work is completed and the Project achieves Final Completion. The Construction Manager will be entitled to payment for Services rendered through the effective date of termination upon Final Completion of the Project provided that the Project is completed within the Project Cost and Contract Time as adjusted under Article 6, if applicable, and the Owner did not have to expend any additional money for the performance of the Services set forth in this Agreement or under other contracts as a result of the Construction Manager's breach. Nothing stated in this paragraph will prevent the Owner from pursuing and recovering any damages allowed by law from Construction Manager arising out of the breach of this Agreement. If a court of competent jurisdiction deems that termination of the Construction Manager was wrongful or otherwise improper, the termination will be deemed a termination for convenience under Section 9.3.

**9.2 Suspension By Owner.** If the Project is suspended by the Owner and all labor has ceased for 90 consecutive calendar days or less, the Construction Manager will be

compensated for Services performed before receipt of notice of the suspension plus an additional 4 weeks of additional General Conditions per the Average Daily Rate to cease all operations and secure the site. The notice of suspension will set forth the reason for suspension and the effective date of suspension. If the Project is resumed, and provided that the suspension was not caused or due to any fault or neglect of the Construction Manager, then the Construction Manager's compensation will be equitably adjusted through Contract Modification under Section 6.1 by extending the Contract Time for any actual, additional time required to achieve Final Completion based and adjusting the compensation based on the Average Daily Rate.

**9.3 Termination For Convenience.** The Owner may terminate this Agreement for convenience upon 30 days' written notice at any time before the Project is 75% complete. The notice will state the extent and effective date of termination. The Construction Manager will be entitled to receive payment for all Services rendered based on a percentage of Services performed under the compensation provisions set forth in Article 5 through the effective date of termination and reimbursable costs related to general requirement for the Project that are incurred by DPR resulting from such termination plus an additional 4 weeks of General Conditions per the Average Daily Rate to cease all operations and secure the site. The additional 4 weeks of General Conditions will not apply if the Owner already suspended the Work under Section 9.2. Any dispute over the amount to be paid upon termination will be resolved in accordance with the dispute resolution procedures set forth in Article 8.

**9.4 Termination By Construction Manager For Cause.** The Construction Manager may terminate this Agreement upon 15 days' written notice and an additional 15 days opportunity to cure, if the Owner fails to make payment to the Construction Manager in accordance with this Agreement, and cannot provide evidence substantiating that financial arrangement have been made to make payment, or if the Project is suspended and all labor is ceased for more than 90 days. The Construction Manager will be compensated for Services performed through the effective date of termination in accordance with a percentage of Services performed under the compensation provisions set forth in Article 5.

## ARTICLE 10

### INSURANCE, INDEMNIFICATION AND LIABILITY

**10.1 Owner Controlled Insurance Program ("OCIP").** The Construction Manager will enroll and participate in the OCIP set forth in **Exhibit C**. The OCIP is intended to provide a primary level of insurance coverage for most claims arising from the Project. However, Owner does not warrant that the OCIP will cover all claims, or any specific claim, and the Construction Manager should review the OCIP policy and make its own evaluation of the adequacy of the policy with consideration of the Construction Manager's own interests. In addition to the OCIP coverage, the Construction Manager will procure separate insurance coverage in accordance with Section 5 "Contractor's Required Coverage" of the OCIP program set forth in **Exhibit C**. The additional separate insurance includes automobile, off-site commercial general liability, and errors and omissions insurance. The Owner will be a named additional insured under all additional separate insurance policies, except the errors and omissions policy. The Construction Manager will provide certificates of insurance and endorsements as evidence of additional insurance and Owner's additional insured status under those policies.

## **10.2 Indemnification.**

**10.2.1 Construction Manager's Indemnity.** To the fullest extent permitted by law, the Construction Manager will defend (with counsel acceptable to Owner), indemnify and hold the Owner and its officers, board members, directors, partners, members, employees, affiliates, parents and subsidiaries harmless from any and all claims, losses, damages, liabilities and expenses (including legal, expert witness and consulting fees and costs) arising out of, or resulting from, the acts or omissions, in whole or in part (including breach of contract), of the Construction Manager and its respective officers, directors, partners, agents, employees or anyone working directly or indirectly for Construction Manager for whom it may be liable, but only to the extent that the acts or omissions are attributable to the Construction Manager or anyone employed directly or indirectly by it. Notwithstanding the above, the Construction Manager will not be required to defend, indemnify and hold harmless the Owner and its officers, board members, directors, partners, members, employees, affiliates, parents and subsidiaries for Owner's own active negligence, sole negligence or willful misconduct. The indemnification obligations set forth in this Section 10.2.1 will not be limited in any way by the amount or type of damages, compensation or benefits payable by or for Construction Manager under the Workers' Compensation Acts, disability benefit acts or other employee benefit acts. This provision will survive the completion of Services and/or termination of this Agreement.

## **10.3 Limitation of Liability.**

**10.3.1 Limitation of Liability for Former CM's Services.** The Owner will look solely to its Former CM for any Owner or third party claims or damages including personal injury, property damage or construction defect claims arising out of or resulting from the work or services performed by the Former CM on this Project between the time of commencement of the Former CM's services under its April 25, 2005 construction management agreement and its termination on July 6, 2008. Owner agrees that it will not hold Construction Manager liable or responsible for any claims or damages caused by the failure of the Former CM to properly perform its services, or for any third party claims arising out of or resulting from services performed by the Former CM, or Work performed by the Trade Contractors under the direction of the Former CM between April 25, 2005 and July 6, 2008. Notwithstanding the above, nothing contained in this Section 10.3.1 will be construed to limit Construction Manager's liability to the Owner or to third parties for claims or damages allegedly arising out of or resulting from any Services performed, in whole or in part, by the Construction Manager under this Agreement.

## **ARTICLE 11**

### **TRADE CONTRACTOR WARRANTY**

**11.1** The Construction Manager will collect all Trade Contractors' and manufacturers' warranties required under the Trade Contracts and by the Construction Documents on behalf of the Owner. Although the Construction Manager will endeavor to guard Owner against construction deficiencies, it does not warrant the Work because the Trade Contractors are responsible for all construction warranties.

## ARTICLE 12

### MISCELLANEOUS PROVISIONS

**12.1 Notice.** Any notice required to be given by this Agreement will be in writing and deemed effective upon personal delivery, or one business day after being sent via registered or certified mail return receipt requested or by overnight commercial courier providing next business day delivery and addressed to the following respective parties:

**To Owner:**

Michael B. Shanahan  
Palomar Pomerado Health District  
15255 Innovation Drive  
San Diego, CA 92128  
Fax: (858) 675-5225  
Email: mbs@pph.org

**To Construction Manager:**

Gerry DeWulf  
DPR Construction, Inc.  
6333 Greenwich Drive, Suite 170  
San Diego, CA 92122  
Fax: (858) 430-5298  
Email: gerryd@dprinc.com

**12.2 Governing Law.** This Agreement will be governed and construed in accordance with the laws of the State of California without regard to the principles of the conflict of laws. Both parties agree that any claim or enforcement of a judgment or alternative dispute award will be filed with the appropriate court of law in San Diego County.

**12.3 Commencement of Statute of Limitations.** Causes of action between the parties to this Agreement pertaining to acts or failures to act will be deemed to have accrued and the applicable statutes of limitations will commence to run not later than either the date of Substantial Completion for the Project, or the date of a recorded Notice of Completion, whichever is later.

**12.4 No Solicitation of Employees.** Owner will not solicit or employ any of Construction Manager's Project Personnel for the duration of the Project and then for a period of 1 year after Final Completion.

**12.5 Assignment.** The Owner and Construction Manager, respectively bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of the other party with respect to all covenants of this Agreement. Neither Owner nor Construction Manager will assign this Agreement without the written consent of the other, and such consent will not be unreasonably withheld or delayed.

**12.6 Severability.** The terms and conditions of this Agreement will be interpreted in accordance with their plain meaning, and not strictly for or against either party. Any rule of construction or interpretation to the contrary will be of no force or effect with respect to this Agreement. If a court of competent jurisdiction finds any term or provision of this Agreement to be void or unenforceable for any reason such term or provision will be deemed severed, and the remainder of the Agreement will remain in full force and effect according to its terms and provisions, to the maximum extent permitted by law.

**12.7 No Third Party Beneficiaries.** Nothing contained in this Agreement creates a contractual relationship with, or a cause of action in favor of a third party against, either the Owner or Construction Manager. Owner and Construction Manager acknowledge and agree that the obligations of Construction Manager are solely for the benefit of the Owner and are not intended in any respect to benefit the Architect, the Trade Contractors or any other third parties.

**12.8 Audit.** The Construction Manager will keep full and detailed accounts and exercise controls as may be necessary for proper financial management under this Agreement. Upon 5 business days' notice, the Owner and its accountants will be afforded access, during normal business hours, to audit and copy the Construction Manager's documents related to this Project. The Construction Manager will preserve all Project records for a period of 5 years after final payment, or for such longer period as may be required by law. The Owner and Construction Manager have agreed to the guaranteed maximum General Conditions and Fee set forth in Section 5.2, the labor rates established in **Exhibit D** and the Average Daily Rate established in a Contract Modification under Article 6, which the parties agree are not subject to audit.

**12.9 Hazardous Materials and Substances.** The Construction Manager is not responsible for the discovery, presence, handling, removal or disposal of, or exposure of persons to Hazardous Substances or Materials in any form at the Project site unless due to Construction Manager's acts or omissions. For the purposes of this Agreement, Hazardous Substances will mean any substance, product, waste, or other material of any nature that is or becomes listed, regulated or addressed under one or more of the following Environmental Laws: (1) CERCLA, (2) Hazardous Materials Transportation Act, (3) RCRA, (4) the Clean Water Act, (5) the Toxic Substance Control Act, (6) HSAA, (7) the California Porter-Cologne Water Quality Control Act, (8) the California Hazardous Waste Management Act, (9) the California Safe Drinking Water Act, (10) the California Waste Management Act, and (11) any other federal or state law or local ordinance concerning hazardous, toxic or dangerous substances, wastes, or materials.

**12.10 Waiver.** No action or failure to act by the Owner or Construction Manager will constitute a waiver of a right or duty afforded them under this Agreement, nor will such action or failure to act constitute approval of or acquiescence in a breach of this Agreement, unless specifically agreed to in writing.

**12.11 Attorneys' Fees.** In the event of any dispute, the prevailing party will be entitled to recover all attorneys' fees and costs (including expert witness fees) associated with the dispute and enforcement of the resolution and/or judgment.

**12.12 Counterparts.** This Agreement may be executed in Counterparts, each of which will be deemed an original, and all of which when taken together will constitute one instrument.

**12.13 Modifications.** All modifications to the terms and conditions set forth in this Agreement must be in writing and signed by an authorized representative of both parties.

**12.14 Key Personal.** Construction Manager acknowledges that Owner entered into this Agreement with the expectation that the Services provided will be supervised by Construction Manager's Key Personnel set forth in **Exhibit F**. Construction Manager agrees that it will not remove any of its Key Personnel from this Project without the express written consent of the Owner, except for death, disability or departure or person from employment. The Owner will be able to request the removal of any person employed by the Construction Manager whom Owner believes is incompetent, improper or a hindrance to the construction process. If any Construction Manager personnel become unavailable to work on the Project, or if the Owner requests that an employee be removed, the Construction Manager will propose a replacement person within 10 business days for Owner's approval. The recommended replacement person will have similar qualifications and experience.

**12.15 Exhibits.** The Exhibits referred to in this Agreement and listed below are incorporated into this Agreement by reference as though set forth in full:

Exhibit A	Definitions
Exhibit B	OSHPD Incremental Deadlines
Exhibit C	Owner's Controlled Insurance Program Summary
Exhibit D	Construction Manager's General Conditions
Exhibit E	Project Cost Description
Exhibit F	Construction Manager's Key Personnel
Exhibit G	Construction Manager's Fixed Rates

**12.16 Section Headings.** The Section headings contained in this Agreement are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.

**12.17 Mutual Waiver of Consequential Damages.** The Owner and Construction Manager agree to waive all claims against each other for any consequential damages, as defined under California law, that may arise out of or relate to this Agreement. Consequential damages include, but are not limited to, damage arising from loss of use of the Project or delays in the Contract Time and include damages such as rental expenses, loss of income, profit or financing related to the Project, loss of business, the services of employees, or loss of reputation, principal office overhead and expenses, loss of profits not related to this Project, and loss of bonding capacity. The provisions of this Section will apply to the termination of this Agreement and shall survive such termination.

**12.18 Entire Agreement.** This Agreement represents the entire integrated agreement between the Owner and Construction Manager and supersedes all prior oral and written negotiations, representations or agreements by the parties with respect to this subject matter.

This Agreement is entered into as of the Effective Date first written above.

**OWNER**

**CONSTRUCTION MANAGER**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
*(Printed name and title)*

\_\_\_\_\_  
*(Printed name and title)*

General Contractor License No.: \_\_\_\_\_

\_\_\_\_\_  
*(Witness)*

\_\_\_\_\_  
*(Witness)*

\_\_\_\_\_  
*(Printed name)*

\_\_\_\_\_  
*(Printed name)*



## EXHIBIT A

### Construction Management Agreement between Palomar Pomerado Health District and DPR Construction, Inc.

1. **“Additional Services”** means changes to the Agreement that may allow Construction Manager additional compensation, which are limited to “Owner Elected Changes,” “Post Permit OSHPD changes,” “Force Majeure Events,” “Unforeseen and Differing Site Conditions,” and Owner’s Suspension of the Services as defined in the Agreement.
2. **“Agreement”** means the Construction Management Agreement between Palomar Pomerado Health District and DPR Construction, Inc. dated June 3, 2008.
3. **“Architect”** means CO Architects, which is the architect of record for Palomar Medical Center West.
4. **“Certificate of Substantial Completion”** is a certificate prepared by the Architect that establishes the date of Substantial Completion, the responsibilities of the Owner and Trade Contractors for security, maintenance, heat, utilities, damage to the Work and insurance, and will fix the time within which the Trade Contractors will finish all items on the punchlist accompanying the Certificate. The Certificate of Substantial Completion will be submitted to the Owner, Construction Manager, and Trade Contractors for their written acceptance of responsibilities assigned to them in the Certificate.
5. **“Change Orders”** are a mutually agreed written order adjusting either the Trade Contractors’ time or price for completing their Work in accordance with their Trade Contract. All Change Orders will be executed by the Trade Contractor and Owner.
6. **“Claim”** is a demand or assertion by a Trade Contractor seeking an extension of time, payment of money or damages arising from the Work, or other relief sought by Trade Contractor. A Claim will either become a Change Order or may be subject to the Dispute Resolution process under the Trade Contract.
7. **“Construction Documents”** include the 2D plans and specifications prepared by the Architect and its design consultants and any subsequent modifications, OSHPD permits sets, responses to requests for clarification and information, and all approved Submittals. These documents are complementary and what is required by one is required by all.
8. **“Construction Manager”** means DPR Construction, Inc.
9. **“Contract Modification”** is a mutually agreed written modification adjusting either the terms of the Construction Manager’s Agreement or the Construction Manager’s compensation.
10. **“Contract Time”** is the time allotted under the Final Project Schedule to achieve Substantial Completion of all of the Work.
11. **“Contractor’s Required Coverage”** refers to the additional separate insurance coverage that Construction Manager and Trade Contractors are required to carry under section 5 of the OCIP summary set forth in Exhibit C to the Agreement.
12. **“Design and Construction Contingency”** is a contingency fund for use by the Construction Manager and Architect to cover errors and omissions in the Construction Documents that fall within the ordinary standard of care; scope gaps in the Trade Contractor procurement due to

early bidding and phasing of design; gaps due to early procurement of materials; and coordination of the Work.

13. **“Dispute”** is a claim or assertion regarding a Contract Modification or other matters arising from the Agreement that Construction Manager and Owner are unable to informally resolve. All Disputes will be subject to the Dispute Resolution provisions under Article 8 of the Agreement.
14. **“District’s Environmental Health and Safety Program”** is the Owner’s health and safety program for this Project.
15. **“Effective Date”** means July 7, 2008, the effective date of the Agreement.
16. **“Fee”** is the guaranteed maximum overhead and profit that Construction Manager is able to earn on this Project subject to increases or decreases through Contract Modification.
17. **“FF&E”** means Owner provided medical fixtures, furniture and equipment necessary for completion of the Project.
18. **“Final Completion”** occurs on the date when all Trade Contractors have completed their respective Work in accordance with the Construction Documents; all punch list items have been completed and accepted by the IOR, Architect, Construction Manager and Owner; the building has been commissioned; all close-out documentation required under the Project specifications have been transmitted to the Owner; and a certificate of occupancy has been issued by the public agency having jurisdiction over construction of the Project. Final Completion does not include approval from agencies having jurisdiction over licensing for patient care that are unrelated to construction.
19. **“Final Completion Date”** is the date established in the Final Project Schedule as the Final Completion Date, which may be adjusted upon Final Completion to reflect the actual date that Final Completion occurred.
20. **“Final Project Schedule”** is the baseline schedule submitted by the Construction Manager that reflects the Construction Manager’s best projection for Substantial Completion and Final Completion of the Project after a thorough review of the Owner’s requirements, the Trade Contractor’s construction schedules, the OSHPD incremental deadlines, and the Construction Documents. The milestone Substantial Completion and Final Completion dates may only be adjusted in the Final Project Schedule through Contract Modification under Article 6 of the Agreement.
21. **“Force Majeure Event”** means an Act of God as defined under Public Contract Code section 7105, union labor strikes that cannot be resolved through use of dual gate or other measures, delays or disruptions in utility service and/or connections due to acts or omissions of the Owner, delays or Project shut down due to the acts or omissions of Owner's third party inspectors or OSHPD, civil disobedience, an act of terror, or unavoidable casualties or catastrophic event beyond the Construction Manager’s control, and not due to any act or omission of the Construction Manager, that necessarily extends the Substantial Completion Date.
22. **“Former CM”** means Rudolph and Sletten.
23. **“General Conditions”** means the Construction Manager’s guaranteed maximum payment for Construction Manager’s personnel and other general conditions expenses as set forth in Exhibit D, subject to Contract Modification.

24. **"IOR"** means the Inspector of Record, who is an independent inspector paid by Owner but is responsible for compliance with the Office of Statewide Health Planning and Development requirements in those projects governed by the Hospital Safety Act.
25. **"IT"** means Owner's telecommunication, internet and technology distribution requirements.
26. **"Lean Construction," "Lean Design" and "Lean"** refer to principles and techniques for designing and constructing a project in the most efficient and cost effective manner that were developed by the Lean Construction Institute and reflected in the Lean Construction and Communications Plan for this Project.
27. **"Lessons Learned"** is a report developed and updated by the Construction Manager during construction as part of the Lean Construction and Communications Plan to guide and improve the design and construction processes.
28. **"OAH"** means Office of Administrative Hearings for Arbitration pursuant to California Public Contract Code sections 10240 through 10398.
29. **"OCIP"** means the Owner Controlled Insurance Program for this Project.
30. **"OSHPD"** means the Office of Statewide Health Planning and Development.
31. **"Owner"** means Palomar Pomerado Health District.
32. **"Owner Elected Changes"** are changes in the Work directed by the Owner that impact the Final Completion Date and are not: (i) reasonably inferable from a comprehensive review of the Construction Documents; (ii) required by OSHPD or other governing authorities having jurisdiction over the Project; or (iii) required as a result of a design errors and omissions.
33. **"Owner's Project Contingency"** is a contingency fund that may be used by the Owner to cover unexpected events or occurrences on the Project such as force majeure, unforeseen and differing site conditions, Owner Elected Changes, and any other gaps in the Owner's budget that are not included in the Design and Construction Contingency.
34. **"Post Permit OSHPD Changes"** are changes that occur in the Construction Documents after OSHPD approval and issuance of the OSHPD permit set for construction due to coordination of the Work or design errors and omissions.
35. **"Product Data"** includes illustrations, standard schedules; performance charts, instructions, brochures, diagrams and other information furnished by the Trade Contractor to illustrate materials or equipment for some portion of the Work.
36. **"Project"** means Palomar Medical Center West, which includes a hospital, central plant and related site development, and is located in Escondido, California.
37. **"Project Cost"** is \$957,000,000, which reflects the Construction Manager's best estimate of what the Project will cost to construct after analyzing the Owner's preliminary budget, the preliminary project cost estimate dated October 10, 2008 and the Construction Documents. The Project Cost will be used for determining the first tier of any incentive payments to the Construction Manager, Architect and certain Trade Contractors as a result of substantially contributing to the overall efficiency and economic success of the Project..
38. **"Project Target Cost"** establishes the Owner's financial goal for completing all Work performed in connection with the Project and will be used to determine any second tier incentive payments

to the Construction Manager, Architect and certain Trade Contractors as a result of substantially contributing to the overall efficiency and economic success of the Project.

39. **“Project Team Members”** means the Owner, Construction Manager, Architect and their consultants, Inspector of Record, and Trade Contractors.
40. **“Public Work”** has the same meaning as Civil Code sections 3100 and 3106, except it does not include any work or improvement contracted for by the state or the Regents of the University of California.
41. **“Project Team Members”** includes the Owner, Architect, Construction Manager, Trade Contractors, IOR, and any of their respective sub-consultants and subcontractors.
42. **“Samples”** means physical examples of materials, equipment or workmanship required by the Construction Documents that are used to establish standards by which the Work will be judged.
43. **“Services”** means the Construction Manager’s Basic Services described in Article 2 of the Agreement.
44. **“Shop Drawings”** means drawings, diagrams, and other data specially prepared by the Trade Contractors or its subcontractor, manufacturer, supplier or distributor to demonstrate the way that the Trade Contractor proposes to perform its Work in accordance with the design illustrated in the Construction Documents.
45. **“Submittals”** includes Shop Drawings, Product Data, Samples and similar documentation required by the Project specifications or other Construction Documents.
46. **“Substantial Completion Date”** is the date when the Project has received governmental approval for occupancy and can be used by Owner for its intended purpose but does not include additional work that is solely Owner’s responsibility or licensing for operation as a healthcare facility.
47. **“Trade Contractors”** are the licensed contractors performing construction Work at the Project on behalf of the Owner under a Trade Contract Agreement.
48. **“Trade Contracts”** are the written construction agreements between the Owner and its Trade Contractors for performance of the Work on this Project.
49. **“Unforeseen and Differing Site Conditions”** means discovery of an unknown, unforeseen or differing site conditions as defined in Public Contract Code section 7104 and also includes discovery of an unknown, existing hazardous substance that requires removal or remediation.
50. **“Work”** includes all labor, materials, equipment and appurtenances provided by the Trade Contractors necessary for complete construction of the Project in strict accordance with the Construction Documents.
51. **“Zero Defect Project”** means completion of the Project at the time of Substantial Completion without any remaining punch-list items. In order to achieve this goal, the Construction Manager requires the full participation and commitment to quality from the Owner, Architect and their consultants, and Trade Contractors.

# ADDENDUM C

# Financial Statements

*February 2009*

PALOMAR  
POMERADO  
HEALTH  
SPECIALIZING IN YOU

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Balanced Scorecard  
Financial Indicators

December		January		February		% Actual to Budget		YTD 2009			% Actual to Budget
Actual	Actual	Actual	Budget	Variance	Actual			Budget	Variance	Budget	
<b>PPH Indicators:</b>											
	10.8%	9.7%	8.0%	9.9%	(1.9%)	80.8%	OEBITDA Margin w/Prop Tax	10.0%	10.1%	(0.1%)	99.0%
\$	11,509.66	\$ 10,613.27	\$ 11,161.27	\$ 10,926.67	\$ (234.60)	102.1%	Expenses/Adj Discharge	\$ 10,851.25	\$ 10,759.19	\$ (92.06)	100.9%
\$	6,656.36	\$ 6,313.51	\$ 6,713.71	\$ 6,445.40	\$ (268.31)	104.2%	SWB/Adj Discharge	\$ 6,440.65	\$ 6,424.02	\$ (16.63)	100.3%
	6.21	6.06	6.20	6.64	0.44	93.4%	Prod FTE's/Adj Occupied Bed	6.36	6.60	0.24	96.4%
	3,209	3,391	3,065	3,064	1	100.0%	Adjusted Discharges	26,693	26,611	82	100.3%
<b>PPH North Indicators:</b>											
	10.4%	12.2%	6.7%	10.8%	(4.1%)	62.0%	OEBITDA Margin w/Prop Tax	10.5%	11.1%	(0.6%)	94.6%
\$	10,663.44	\$ 9,823.61	\$ 10,387.22	\$ 10,052.11	\$ (335.11)	103.3%	Expenses/Adj Discharge	\$ 10,104.81	\$ 9,992.24	\$ (112.57)	101.1%
\$	5,439.63	\$ 5,232.59	\$ 5,520.30	\$ 5,248.30	\$ (272.00)	105.2%	SWB/Adj Discharge	\$ 5,249.43	\$ 5,248.46	\$ (0.97)	100.0%
	5.25	4.98	5.14	5.39	0.25	95.4%	Prod FTE's/Adj Occupied Bed	5.27	5.39	0.12	97.8%
	2,287	2,452	2,211	2,213	(2)	99.9%	Adjusted Discharges	19,275	19,217	58	100.3%
<b>PPH South Indicators:</b>											
	11.7%	1.3%	10.2%	6.4%	3.8%	159.4%	OEBITDA Margin w/Prop Tax	7.2%	6.4%	0.8%	112.5%
\$	11,375.32	\$ 11,681.76	\$ 11,991.44	\$ 11,843.45	\$ (147.99)	101.2%	Expenses/Adj Discharge	\$ 11,582.32	\$ 11,660.50	\$ 78.18	99.3%
\$	5,846.95	\$ 6,002.07	\$ 6,116.00	\$ 6,027.26	\$ (88.74)	101.5%	SWB/Adj Discharge	\$ 5,797.30	\$ 5,993.01	\$ 195.71	96.7%
	5.89	6.47	6.27	6.46	0.19	97.1%	Prod FTE's/Adj Occupied Bed	6.27	6.42	0.15	97.7%
	896	909	823	831	(8)	99.0%	Adjusted Discharges	7,232	7,233	(1)	100.0%



Financial Results  
Executive Summary of Key Indicators

	FEBRUARY 2009			FY 09 Y-T-D @ FEBRUARY 2009			Moody Benchmark
	Actual	Budget	Variance	Actual	Budget	Variance	
<b><u>Statistics:</u></b>							
Acute Admissions	2,045	2,260	(215)	18,645	19,612	(967)	
Acute Patient Days	8,512	8,718	(206)	73,613	75,670	(2,057)	
Acute ALOS	4.11	3.86	0.25	3.91	3.86	0.05	
Case Mix Index (w/o Births)	1.50	1.40	0.10	1.43	1.40	0.03	
Total Surgeries	1,341	1,497	(156)	12,584	12,997	(413)	
Births	383	410	(27)	3,456	3,560	(104)	
E/R Visits & Admissions	6,966	6,951	15	59,053	60,339	(1,286)	
ER to Admit Rate	15.6%	16.5%	(0.9%)	17.1%	16.5%	0.6%	
Productivity %	98.6%	100%	(1.4%)	98.7%	100%	(1.3%)	
<b><u>Income Statement:</u></b>							
Net Patient Revenue	33,775,982	32,958,416	817,566	290,360,913	286,465,735	3,895,178	
Total Net Revenue	34,209,847	33,795,235	414,612	295,177,222	291,550,287	3,626,935	
Sal., Wages, Cont. Lbr	16,478,026	15,880,361	(597,665)	137,660,566	137,440,692	(219,874)	
Supplies	5,567,814	5,109,165	(458,649)	46,541,033	44,262,555	(2,278,478)	
Total Expenses	34,206,551	33,479,321	(727,230)	289,556,378	286,312,690	(3,243,688)	
<b>Net Inc. (Loss) before Non-Op</b>	<b>3,296</b>	<b>315,914</b>	<b>(312,618)</b>	<b>5,620,844</b>	<b>5,237,597</b>	<b>383,247</b>	
<b>Net Income (Loss)</b>	<b>708,603</b>	<b>1,657,864</b>	<b>(949,261)</b>	<b>14,991,294</b>	<b>15,973,197</b>	<b>(981,903)</b>	
<b><u>Cash Flow:</u></b>							
Cash Collections	36,500,000	36,000,000	500,000	269,500,000	288,000,000	(18,500,000)	
Days in A/R - Gross				54.0	52.4	1.6	
Days Cash on Hand				95.9	80.0	15.9	
<b><u>Ratios:</u></b>							
OEBITDA w/ Prop. Tax	8.0%	9.9%	(1.9%)	10.0%	10.1%	(0.1%)	
Net Income Margin	2.1%	4.9%	(2.8%)	5.1%	5.5%	(0.4%)	
Bad Debt % of Net Revenue	10.8%	10.2%	(0.6%)	14.0%	10.2%	(3.8%)	7.1%
Return On Assets				2.9%	3.0%	0.1%	4.3%
Annual Debt Service Coverage				2.97			4.40
Cushion Ratio				6.5			15.3

Financial Results  
Executive Summary & HighlightsStatistics

	Jan	Feb	Jan vs Feb % Change	Feb Budget	Act vs Bud % Variance
<b>CONSOLIDATED</b>					
Patient Days Acute	9,381	8,512	(9.3%)	8,718	(2.4%)
Patient Days SNF	6,457	5,778	(10.5%)	5,828	(0.9%)
ADC Acute	302.60	304.00	0.5%	311.36	(2.4%)
ADC SNF	208.29	206.36	(0.9%)	208.14	(0.9%)
Surgeries CVS Cases	16	18	12.5%	12	50.0%
Surgeries Total	1,575	1,341	(14.9%)	1,497	(10.4%)
Number of Births	412	383	(7.0%)	410	(6.6%)
<b>NORTH</b>					
Patient Days Acute	7,217	6,360	(11.9%)	6,460	(1.5%)
Patient Days SNF	2,748	2,461	(10.4%)	2,384	3.2%
ADC Acute	232.81	227.15	(2.4%)	230.73	(1.6%)
ADC SNF	88.65	87.89	(0.9%)	85.14	3.2%
<b>SOUTH</b>					
Patient Days Acute	2,164	2,152	(0.6%)	2,258	(4.7%)
Patient Days SNF	3,709	3,317	(10.6%)	3,444	(3.7%)
ADC Acute	69.80	76.85	10.1%	80.65	(4.7%)
ADC SNF	119.65	118.46	(1.0%)	123.00	(3.7%)

## Financial Results

## Executive Summary &amp; Highlights

Balance Sheet

Current Cash & Cash Equivalents decreased \$1.8 million from \$107.8 million in January to \$106.0 million in January. Total Cash and Investments are \$108.8 million, compared to \$107.2 million at January. Days Cash on Hand went from 94.9 days in January to 95.9 days in February.

Net Accounts Receivable decreased \$3.6 million from \$107.3 million in January to \$103.7 million in February. Gross A/R days decreased from 59.1 days in January to 54.0 days in February.

February YTD collections including capitation are \$269.5 million compared to budget of \$288.0 million.

Construction in Progress increased \$10.5 million from \$314.2 million in January to \$324.7 million in February. The increase is attributed to Building Expansion A & E Services and construction costs of \$9.8 million and Other \$0.7 million.

Other Current Liabilities decreased by \$0.7 million from \$28.1 million to \$27.4 million primarily due to the realization of deferred property tax revenue of \$1.2 million in February.

## Financial Results

## Executive Summary &amp; Highlights

Income Statement

Gross Patient Revenue reflects a YTD favorable budget variance of \$39.2 million. The variance breakdown is as follows.

	North	South	Outreach	Consolidated
Total	25,798,027	12,550,134	904,410	39,252,571
Routine	(1,112,552)	(1,783,814)	-	(2,896,366)
IP Ancillary	(5,203,619)	5,777,218	-	573,599
OP	32,114,198	8,556,730	904,410	41,575,338

Deductions from Revenue reflect a YTD unfavorable budget variance of \$35.3 million. Total Deductions from Revenue is 72.01% of gross revenue compared to a budget of 71.30%.

Net Capitation reflects a YTD unfavorable budget variance of \$0.2 million. Cap Premium shows a favorable budget variance of \$5.8 million. This favorable variance is due to retro 2007 premium adjustments in July and August. Cap Valuation and Out of Network Claim Expense both show an unfavorable budget variance of \$2.5 million and \$3.5 million, respectively.

Other Operating Revenue reflects a YTD unfavorable budget variance of \$0.3 million. This is comprised of a \$1.0 million favorable budget variance in Revenue Cycle Management; which is offset by a \$0.5 million unfavorable budget variance from a new department, Weight Solutions, a \$0.3 million unfavorable budget variance from Health Development and the Research Institute combined, a \$0.2 million unfavorable budget variance for ePayables rebate and Other unfavorable of \$0.3 million.

# Financial Results

## Executive Summary & Highlights

### Income Statement (cont'd)

Salaries, Wages & Contract Labor has a YTD unfavorable budget variance of \$0.4 million. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	137,660,566	137,440,692	(219,874)
North	81,553,653	81,578,758	25,105
South	34,000,062	35,381,393	1,381,331
Central	17,351,779	16,352,631	(999,148)
Outreach	4,755,072	4,127,910	(627,162)

Employee Benefits Expense has a YTD unfavorable budget variance of \$0.8 million. This variance can be broken down into the following categories: Group Health Insurance – unfavorable by \$0.6 million and State Unemployment Insurance – unfavorable by \$0.2 million.

Supplies Expense reflects a YTD unfavorable budget variance of \$2.3 million primarily due to Prosthesis expense.

Professional Fees & Purchased Services reflect a YTD favorable budget variance of \$0.4 million. The breakdown is Consulting Services, unfavorable \$0.1 million and Purchased Services favorable, \$0.5 million.

Non-Operating Income reflects a YTD unfavorable budget variance of \$1.4 million. This is due to an unfavorable investment income variance of \$1.6 million which is partially offset by a favorable interest expense variance of \$0.2 million.

### Ratios & Margins

All required Bond Covenant Ratios were achieved in February, 2009.

## Financial Results

## Executive Summary &amp; Highlights

Stat	MTD	Budget	YTD	Budget	PY
Patient Days - Acute	8,512	8,718	73,613	75,670	76,222
Discharges - Acute	2,072	2,260	18,832	19,612	19,456
OP Registrations	5,039	3,719	33,803	32,284	31,288
ER Visits	5,881	5,804	48,980	50,379	49,640
Deliveries	383	410	3,456	3,560	3,678

Profit & Loss (in millions)	MTD	Budget	YTD	Budget	PY
Capitation	0.3	Breakeven	(0.4)	(0.1)	(0.1)
Net Patient Revenue	33.8	33.0	290.4	286.5	276.8
Total Revenue	34.2	33.8	295.2	291.6	282.8
SWB	20.0	19.4	166.3	168.1	163.6
Contract Labor	0.6	0.3	5.7	2.9	7.3
Supplies	5.6	5.1	46.5	44.3	44.0
Total Expense	34.2	33.5	289.6	286.3	286.4
Net Income from Ops	Breakeven	0.3	5.6	5.2	(3.6)
Net Income	0.7	1.7	15.0	16.0	9.4

Key Variance Explanations  
Month-To-Date

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Net Income From Operations</b>	<b>3,296</b>	<b>315,914</b>		<b>(312,618)</b>
<b>Total Net Revenue</b>				<b>817,566</b>
Net Patient Revenue			817,566	
<b>Other Operating Revenue</b>				<b>(402,954)</b>
ePayables rebate less than projected			(231,000)	
Weight Solutions - contra to Supplies			(60,309)	
PPNC Health Development and Research Institute			(36,801)	
Other			(74,844)	
<b>Salaries &amp; Wages</b>				<b>(360,916)</b>
Volume Variance			(5,075)	
Rate & Efficiency (Nursing & Non-Nursing)			(355,841)	
<b>Benefits</b>				<b>(231,132)</b>
Group Health Insurance			(234,433)	
Other			3,301	
<b>Contract Labor</b>				<b>(236,749)</b>
Volume Variance			(108)	
Rate & Efficiency (Nursing & Non-Nursing)			(236,641)	

Key Variance Explanations  
Month-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Professional Fees</b>				<b>69,719</b>
Clinical Documentation Implementation			(38,687)	
Other			108,406	
<b>Supplies</b>				<b>(458,649)</b>
Volume Variance			(1,667)	
Rate & Efficiency			(456,982)	
Prosthesis		(437,588)		
Weight Solutions - contra to other revenue		28,314		
Other		(49,375)		
<b>Purchased Services</b>				<b>438,481</b>
Human Resources - \$220K reclass to Other Direct			276,777	
Other			161,704	
<b>Depreciation</b>				<b>302,387</b>
Depreciation			302,387	
<b>Other Direct Expenses</b>				<b>(250,371)</b>
Radiosurgery - contra to revenue			(184,250)	
Human Resources \$220K reclass from Purchased Services			(102,895)	
Electricity			(86,338)	
Marketing			(85,938)	
Other			209,050	
<b>Total Actual to Budget MTD Variance for February 2009</b>			<b>(312,618)</b>	<b>(312,618)</b>



Key Variance Explanations  
Month-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Non-Operating Income (Expense)</b>	<b>705,307</b>	<b>1,341,950</b>		<b>(636,643)</b>
<b>Property Tax</b>	<b>1,166,666</b>	<b>1,166,666</b>		<b>0</b>
<b>Investment Income (Loss)</b>	<b>(146,811)</b>	<b>548,526</b>		<b>(695,337)</b>
<b>Interest Expense</b>	<b>434,000</b>	<b>488,038</b>		<b>54,038</b>
<b>Other</b>	<b>119,452</b>	<b>114,796</b>		<b>4,656</b>
<b>Net Income</b>	<b><u>708,603</u></b>	<b><u>1,657,864</u></b>		<b><u>(949,261)</u></b>

Key Variance Explanations  
Year-To-Date

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Net Income From Operations</b>	<b>5,620,844</b>	<b>5,237,597</b>		<b>383,247</b>
<b>Total Net Revenue</b>				<b>3,895,178</b>
Net Patient Revenue			3,895,178	
<b>Other Operating Revenue</b>				<b>(268,243)</b>
Weight Solutions - contra to Supplies			(482,472)	
PPNC Health Development and Research Institute			(294,408)	
ePayables rebate			(206,382)	
Revenue Cycle Management			1,000,000	
Other			(284,981)	
<b>Salaries &amp; Wages</b>				<b>2,575,682</b>
Volume Variance			(414,666)	
Rate & Efficiency (Nursing & Non-Nursing)			2,990,348	
<b>Benefits</b>				<b>(750,977)</b>
Group Health Ins			(634,880)	
State Unemployment Insurance			(226,905)	
Other			110,808	
<b>Contract Labor</b>				<b>(2,795,556)</b>
Volume Variance			(8,848)	
Rate & Efficiency (Nursing & Non-Nursing)			(2,786,708)	

Key Variance Explanations  
Year-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Professional Fees</b>				<b>(103,192)</b>
Consulting Services (Rule 4 Consulting -\$281k; Other \$46k)			(234,991)	
Other			131,799	
<b>Supplies</b>				<b>(2,278,478)</b>
Volume Variance			(136,392)	
Rate & Efficiency			(2,142,086)	
Prosthesis		(2,764,384)		
Weight Solutions - contra to other revenue		245,721		
Other		240,185		
<b>Purchased Services</b>				<b>538,889</b>
Medi-Cal eligibility services			(93,802)	
Human Resources			133,935	
Wound Care - contra to reduced Revenue			214,717	
Other			284,039	
<b>Depreciation</b>				<b>329,305</b>
Depreciation			329,305	
<b>Other Direct Expenses</b>				<b>(759,361)</b>
Radiosurgery - contra to revenue			(876,613)	
Marketing			(463,776)	
Electricity			(243,623)	
Governing Board (General Election \$232K)			(154,256)	
Insurance - Liability			609,142	
Other			369,765	
<b>Total Actual to Budget YTD Variance for Feb-09</b>			<b>383,247</b>	<b>383,247</b>

## Key Variance Explanations

## Year-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Non-Operating Income (Expense)</b>	<b>9,370,450</b>	<b>10,735,600</b>		<b>(1,365,150)</b>
<b>Property Tax</b>	<b>9,333,328</b>	<b>9,333,328</b>		<b>0</b>
<b>Investment Income (Loss)</b>	<b>2,820,473</b>	<b>4,388,208</b>		<b>(1,567,735)</b>
<b>Interest Expense</b>	<b>3,709,077</b>	<b>3,904,304</b>		<b>195,227</b>
<b>Other</b>	<b>925,726</b>	<b>918,368</b>		<b>7,358</b>
<b>Net Income</b>	<b><u>14,991,294</u></b>	<b><u>15,973,197</u></b>		<b><u>(981,903)</u></b>

Balance Sheet  
Consolidated

	Current Month	Prior Month	Prior Fiscal Year End
<b>Assets</b>			
<b>Current Assets</b>			
Cash on Hand	\$15,321,872	\$13,786,064	\$12,578,422
Cash Marketable Securities	90,700,066	93,979,957	73,699,656
<b>Total Cash &amp; Cash Equivalents</b>	<b>106,021,938</b>	<b>107,766,021</b>	<b>86,278,078</b>
<b>Patient Accounts Receivable</b>	<b>235,000,635</b>	<b>250,004,019</b>	<b>173,630,766</b>
Allowance on Accounts	(131,318,162)	(142,711,460)	(87,408,726)
<b>Net Accounts Receivable</b>	<b>103,682,473</b>	<b>107,292,559</b>	<b>86,222,040</b>
Inventories	6,774,326	6,735,293	6,826,298
Prepaid Expenses	4,481,981	5,172,395	3,790,644
Other	12,003,893	11,175,325	5,722,105
<b>Total Current Assets</b>	<b>232,964,611</b>	<b>238,141,593</b>	<b>188,839,165</b>
<b>Non-Current Assets</b>			
Restricted Assets	226,692,268	235,906,787	343,067,128
Restricted by Donor	310,398	309,491	303,600
Board Designated	2,423,132	(821,956)	12,117,325
<b>Total Restricted Assets</b>	<b>229,425,798</b>	<b>235,394,322</b>	<b>355,488,053</b>
Property Plant & Equipment	373,997,904	375,352,750	387,410,913
Accumulated Depreciation	(225,764,320)	(225,515,995)	(226,979,355)
Construction in Process	324,680,107	314,192,401	218,854,882
<b>Net Property Plant &amp; Equipment</b>	<b>472,913,691</b>	<b>464,029,156</b>	<b>379,286,440</b>
Investment in Related Companies	5,362,315	5,497,941	3,109,523
Deferred Financing Costs	15,357,616	15,436,103	15,644,785
Other Non-Current Assets	5,806,664	6,095,327	5,956,094
<b>Total Non-Current Assets</b>	<b>728,866,084</b>	<b>726,452,849</b>	<b>759,484,895</b>
<b>Total Assets</b>	<b>\$961,830,695</b>	<b>\$964,594,442</b>	<b>\$948,324,060</b>

	Current Month	Prior Month	Prior Fiscal Year End
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$30,596,358	\$30,337,295	\$44,500,881
Accrued Payroll	14,631,506	14,862,305	12,139,225
Accrued PTO	13,922,081	13,437,837	13,977,901
Accrued Interest Payable	6,180,157	10,650,234	8,065,133
Current Portion of Bonds	9,780,000	9,780,000	9,660,000
Est Third Party Settlements	2,873,332	2,718,972	807,165
Other Current Liabilities	27,427,355	28,088,011	15,815,317
<b>Total Current Liabilities</b>	<b>105,410,789</b>	<b>109,874,654</b>	<b>104,965,622</b>
<b>Long Term Liabilities</b>			
Bonds & Contracts Payable	528,153,291	528,159,025	537,979,367
<b>General Fund Balance</b>			
Unrestricted	325,533,085	327,073,228	292,958,146
Restricted for Other Purpose	310,398	309,491	303,600
Board Designated	2,423,132	(821,956)	12,117,325
<b>Total Fund Balance</b>	<b>328,266,615</b>	<b>326,560,763</b>	<b>305,379,071</b>
<b>Total Liabilities / Fund Balance</b>	<b>\$961,830,695</b>	<b>\$964,594,442</b>	<b>\$948,324,060</b>

F I S C A L Y E A R 2 0 0 9  
**Income Statement: Monthly Trend**  
**Consolidated**

ADD C-17

**PALOMAR**  
**POMERADO**  
**HEALTH**  
 SPECIALIZING IN YOU

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	YTD
<b>Statistics:</b>									
Admissions - Acute	2,540	2,454	2,367	2,357	2,253	2,330	2,299	2,045	18,645
Admissions - SNF	95	107	101	87	73	82	76	83	704
Patient Days - Acute	9,587	9,491	9,098	9,345	8,802	9,397	9,381	8,512	73,613
Patient Days - SNF	6,572	6,497	6,313	6,570	6,197	6,477	6,457	5,778	50,861
LOS - Acute	3.74	3.81	3.87	3.85	3.85	4.11	3.98	4.11	3.88
LOS - SNF	67.75	60.16	67.88	69.16	78.44	84.12	83.86	67.98	72.02
Adjusted Discharges	3,600	3,481	3,293	3,416	3,231	3,209	3,391	3,065	26,693
<b>Revenue:</b>									
Gross Revenue	\$ 131,046,951	\$ 131,438,267	\$ 127,873,677	\$135,991,410	\$ 122,619,993	\$132,503,423	\$131,229,449	\$124,523,304	\$1,037,226,472
Deductions from Rev	(94,593,925)	(94,598,259)	(91,280,996)	(98,599,181)	(86,064,844)	(96,106,528)	(94,874,508)	(90,747,322)	(746,865,559)
Net Patient Revenue	36,453,026	36,840,008	36,592,681	37,392,229	36,555,149	36,396,895	36,354,941	33,775,982	290,360,913
Other Oper Revenue	481,361	331,016	518,420	850,901	300,829	1,450,298	449,619	433,865	4,816,309
<b>Total Net Revenue</b>	<b>36,934,387</b>	<b>37,171,024</b>	<b>37,111,101</b>	<b>38,243,130</b>	<b>36,855,978</b>	<b>37,847,193</b>	<b>36,804,560</b>	<b>34,209,847</b>	<b>295,177,222</b>
<b>Expenses:</b>									
Salaries, Wages & Contr Labor	17,547,177	17,429,247	17,159,435	17,718,059	17,472,778	17,061,521	16,794,323	16,478,026	137,660,566
Benefits	4,496,086	4,177,042	4,146,197	4,187,628	4,239,835	4,298,735	4,614,774	4,099,486	34,259,784
Supplies	5,536,898	5,656,890	5,963,822	6,439,529	5,668,865	5,884,036	5,823,179	5,567,814	46,541,033
Prof Fees & Purch Svc	4,597,010	4,825,802	5,138,315	5,033,215	4,364,132	5,276,227	4,925,011	4,131,337	38,291,050
Depreciation	1,915,873	1,905,155	1,841,193	1,956,220	1,908,874	1,941,062	1,563,527	1,570,761	14,602,665
Other	1,975,226	2,233,503	2,382,627	2,203,375	2,392,334	2,403,317	2,251,771	2,359,127	18,201,280
<b>Total Expenses</b>	<b>36,068,270</b>	<b>36,227,639</b>	<b>36,631,589</b>	<b>37,538,026</b>	<b>36,046,818</b>	<b>36,864,898</b>	<b>35,972,585</b>	<b>34,206,551</b>	<b>289,556,378</b>
<b>Net Inc Before Non-Oper Income</b>	<b>866,117</b>	<b>943,385</b>	<b>479,512</b>	<b>705,104</b>	<b>809,160</b>	<b>982,295</b>	<b>831,975</b>	<b>3,296</b>	<b>5,620,844</b>
Property Tax Revenue	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	9,333,328
Non-Operating Income	69,375	147,884	(614,405)	75,236	831,064	513,358	(524,032)	(461,359)	37,122
<b>Net Income (Loss)</b>	<b>\$ 2,102,158</b>	<b>\$ 2,257,935</b>	<b>\$ 1,031,773</b>	<b>\$ 1,947,006</b>	<b>\$ 2,806,890</b>	<b>\$ 2,662,319</b>	<b>\$ 1,474,609</b>	<b>\$ 708,603</b>	<b>\$ 14,991,294</b>
Net Income Margin	5.7%	6.1%	2.8%	5.1%	7.6%	7.0%	4.0%	2.1%	5.1%
OEBITDA Margin w/o Prop Tax	7.5%	7.7%	6.3%	7.0%	7.4%	7.7%	6.5%	4.6%	6.9%
OEBITDA Margin with Prop Tax	10.7%	10.8%	9.4%	10.0%	10.5%	10.8%	9.7%	8.0%	10.0%

Income Statement: Fiscal Year-to-Date  
Consolidated – Adjusted Discharges

				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	18,645	19,612	(967)					
Admissions - SNF	704	707	(3)					
Patient Days - Acute	73,613	75,670	(2,057)					
Patient Days - SNF	50,861	50,607	254					
ALOS - Acute	3.91	3.86	0.05					
ALOS - SNF	71.53	72.40	(0.87)					
Adjusted Discharges	26,693	26,611	82					
<b>Revenue:</b>								
Gross Revenue	\$ 1,037,226,472	\$ 997,973,901	\$ 39,252,571 F	\$ 3,075,189	\$ 36,177,382	\$38,857.62	\$ 37,502.31	\$ 1,355.31
Deductions from Rev	(746,865,559)	(711,508,166)	(35,357,393) U	(2,192,464)	(33,164,929)	(27,979.83)	(26,737.37)	(1,242.46)
Net Patient Revenue	290,360,913	286,465,735	3,895,178 F	882,725	3,012,453	10,877.79	10,764.94	112.86
Other Oper Revenue	4,816,309	5,084,552	(268,243) U	15,668	(283,911)	180.43	191.07	(10.64)
<b>Total Net Revenue</b>	<b>295,177,222</b>	<b>291,550,287</b>	<b>3,626,935 F</b>	<b>898,393</b>	<b>2,728,542</b>	<b>11,058.23</b>	<b>10,956.01</b>	<b>102.22</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	137,660,566	137,440,692	(219,874) U	(423,514)	203,640	5,157.18	5,164.81	7.63
Benefits	34,259,784	33,508,807	(750,977) U	(103,255)	(647,722)	1,283.47	1,259.21	(24.27)
Supplies	46,541,033	44,262,555	(2,278,478) U	(136,392)	(2,142,086)	1,743.57	1,663.32	(80.25)
Prof Fees & Purch Svc	38,291,050	38,726,747	435,697 F	(119,334)	555,031	1,434.50	1,455.29	20.79
Depreciation	14,602,665	14,931,970	329,305 F	(46,012)	375,317	547.06	561.12	14.06
Other	18,201,280	17,441,922	(759,358) U	(53,746)	(705,612)	681.87	655.44	(26.43)
<b>Total Expenses</b>	<b>289,556,378</b>	<b>286,312,690</b>	<b>(3,243,688) U</b>	<b>(882,253)</b>	<b>(2,361,435)</b>	<b>10,847.65</b>	<b>10,759.19</b>	<b>(88.47)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>5,620,844</b>	<b>5,237,597</b>	<b>383,247 F</b>	<b>16,139</b>	<b>367,108</b>	<b>210.57</b>	<b>196.82</b>	<b>13.75</b>
Property Tax Revenue	9,333,328	9,333,328	- -	28,760	(28,760)	349.65	350.73	(1.08)
Non-Operating Income	37,122	1,402,272	(1,365,150) U	4,321	(1,369,471)	1.39	52.70	(51.30)
<b>Net Income (Loss)</b>	<b>\$ 14,991,294</b>	<b>\$ 15,973,197</b>	<b>\$ (981,903) U</b>	<b>\$ 49,220</b>	<b>\$ (1,031,123)</b>	<b>\$ 561.62</b>	<b>\$ 600.25</b>	<b>\$ (38.63)</b>
Net Income Margin	5.1%	5.5%	(0.4%)					
OEBITDA Margin w/o Prop Tax	6.9%	6.9%	0.0%					
OEBITDA Margin with Prop Tax	10.0%	10.1%	(0.1%)					

Income Statement: Month-to-Date  
Consolidated – Adjusted Discharges

				Variance			\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance	
<b>Statistics:</b>									
Admissions - Acute	2,045	2,260	(215)						
Admissions - SNF	83	80	3						
Patient Days - Acute	8,512	8,718	(206)						
Patient Days - SNF	5,778	5,828	(50)						
ALOS - Acute	4.11	3.86	0.25						
ALOS - SNF	67.98	73.77	(5.79)						
Adjusted Discharges	3,065	3,064	1						
<b>Revenue:</b>									
Gross Revenue	\$ 124,523,304	\$ 115,110,632	\$ 9,412,672	F	\$ 37,569	\$ 9,375,103	\$40,627.51	\$ 37,568.74	\$ 3,058.76
Deductions from Rev	(90,747,322)	(82,152,216)	(8,595,106)	U	(26,812)	(8,568,294)	(29,607.61)	(26,812.08)	(2,795.53)
Net Patient Revenue	33,775,982	32,958,416	817,566	F	10,757	806,809	11,019.90	10,756.66	263.23
Other Oper Revenue	433,865	836,819	(402,954)	U	273	(403,227)	141.55	273.11	(131.56)
<b>Total Net Revenue</b>	<b>34,209,847</b>	<b>33,795,235</b>	<b>414,612</b>	<b>F</b>	<b>11,030</b>	<b>403,582</b>	<b>11,161.45</b>	<b>11,029.78</b>	<b>131.67</b>
<b>Expenses:</b>									
Salaries, Wages & Contr Labor	16,478,026	15,880,361	(597,665)	U	(5,183)	(592,482)	5,376.19	5,182.89	(193.31)
Benefits	4,099,486	3,868,354	(231,132)	U	(1,263)	(229,869)	1,337.52	1,262.52	(75.00)
Supplies	5,567,814	5,109,165	(458,649)	U	(1,667)	(456,982)	1,816.58	1,667.48	(149.10)
Prof Fees & Purch Svc	4,131,337	4,639,537	508,200	F	(1,514)	509,714	1,347.91	1,514.21	166.30
Depreciation	1,570,761	1,873,148	302,387	F	(611)	302,998	512.48	611.34	98.86
Other	2,359,127	2,108,757	(250,370)	U	(688)	(249,682)	769.70	688.24	(81.46)
<b>Total Expenses</b>	<b>34,206,551</b>	<b>33,479,321</b>	<b>(727,230)</b>	<b>U</b>	<b>(10,927)</b>	<b>(716,303)</b>	<b>11,160.38</b>	<b>10,926.67</b>	<b>(233.70)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>3,296</b>	<b>315,914</b>	<b>(312,618)</b>	<b>U</b>	<b>103</b>	<b>(312,721)</b>	<b>1.08</b>	<b>103.11</b>	<b>(102.03)</b>
Property Tax Revenue	1,166,666	1,166,666	-	-	381	(381)	380.64	380.77	(0.12)
Non-Operating Income	(461,359)	175,284	(636,643)	U	57	(636,700)	(150.52)	57.21	(207.73)
<b>Net Income (Loss)</b>	<b>\$ 708,603</b>	<b>\$ 1,657,864</b>	<b>\$ (949,261)</b>	<b>U</b>	<b>\$ 541</b>	<b>\$ (949,802)</b>	<b>\$ 231.19</b>	<b>\$ 541.08</b>	<b>\$ (309.89)</b>
Net Income Margin	2.1%	4.9%	(2.8%)						
OEBITDA Margin w/o Prop Tax	4.6%	6.5%	(1.9%)						
OEBITDA Margin with Prop Tax	8.0%	9.9%	(1.9%)						



Income Statement: Current vs. Prior Year-to-date  
Consolidated – Adjusted Discharges

				Variance		\$/Adjusted Discharges			
	Jan 09 YTD	Jan 08 YTD	Variance	Volume	Rate/Eff	Actual	Budget	Variance	
<b>Statistics:</b>									
Admissions - Acute	18,645	19,423	(778)						
Admissions - SNF	704	694	10						
Patient Days - Acute	73,613	76,222	(2,609)						
Patient Days - SNF	50,861	50,691	170						
ALOS - Acute	3.91	3.92	(0.01)						
ALOS - SNF	71.53	73.47	(1.94)						
Adjusted Discharges	26,693	26,666	27						
<b>Revenue:</b>									
Gross Revenue	\$ 1,037,226,472	\$ 932,723,974	\$ 104,502,498 F	\$ 944,407	\$ 103,558,091	\$38,857.62	\$ 34,978.02	\$ 3,879.60	
Deductions from Rev	(746,865,559)	(655,918,702)	(90,946,857) U	(664,134)	(90,282,723)	(27,979.83)	(24,597.57)	(3,382.26)	
Net Patient Revenue	290,360,913	276,805,272	13,555,641 F	280,272	13,275,369	10,877.79	10,380.46	497.34	
Other Oper Revenue	4,816,309	6,042,330	(1,226,021) U	6,118	(1,232,139)	180.43	226.59	(46.16)	
<b>Total Net Revenue</b>	<b>295,177,222</b>	<b>282,847,602</b>	<b>12,329,620 F</b>	<b>286,390</b>	<b>12,043,230</b>	<b>11,058.23</b>	<b>10,607.05</b>	<b>451.18</b>	
<b>Expenses:</b>									
Salaries, Wages & Contr Labor	137,660,566	137,731,941	71,375 F	(139,457)	210,832	5,157.18	5,165.08	7.90	
Benefits	34,259,784	33,162,877	(1,096,907) U	(33,578)	(1,063,329)	1,283.47	1,243.64	(39.84)	
Supplies	46,541,033	43,980,370	(2,560,663) U	(44,531)	(2,516,132)	1,743.57	1,649.31	(94.26)	
Prof Fees & Purch Svc	38,291,050	40,844,219	2,553,169 F	(41,356)	2,594,525	1,434.50	1,531.70	97.20	
Depreciation	14,602,665	14,300,487	(302,178) U	(14,480)	(287,698)	547.06	536.28	(10.78)	
Other	18,201,280	16,413,795	(1,787,485) U	(16,619)	(1,770,866)	681.87	615.53	(66.34)	
<b>Total Expenses</b>	<b>289,556,378</b>	<b>286,433,689</b>	<b>(3,122,689) U</b>	<b>(290,021)</b>	<b>(2,832,668)</b>	<b>10,847.65</b>	<b>10,741.53</b>	<b>(106.12)</b>	
<b>Net Inc Before Non-Oper Income</b>	<b>5,620,844</b>	<b>(3,586,087)</b>	<b>9,206,931 F</b>	<b>(3,631)</b>	<b>9,210,562</b>	<b>210.57</b>	<b>(134.48)</b>	<b>345.06</b>	
Property Tax Revenue	9,333,328	9,000,000	333,328 F	9,113	324,215	349.65	337.51	12.15	
Non-Operating Income	37,122	3,990,148	(3,953,026) U	4,040	(3,957,066)	1.39	149.63	(148.24)	
<b>Net Income (Loss)</b>	<b>\$ 14,991,294</b>	<b>\$ 9,404,061</b>	<b>\$ 5,587,233 F</b>	<b>\$ 9,522</b>	<b>\$ 5,577,711</b>	<b>\$ 561.62</b>	<b>\$ 352.66</b>	<b>\$ 208.96</b>	
Net Income Margin	5.1%	3.3%	1.8%						
OEBITDA Margin w/o Prop Tax	6.9%	3.8%	3.1%						
OEBITDA Margin with Prop Tax	10.0%	7.0%	3.0%						

FISCAL YEAR 2009  
**Income Statement: Fiscal Year Projection**  
**Consolidated – Adjusted Discharges**

				Variance		\$/Adjusted Discharges		
	8 Act + 4 Bud	FY 09 Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	28,487	29,454	(967)					
Admissions - SNF	1,051	1,054	(3)					
Patient Days - Acute	111,599	113,656	(2,057)					
Patient Days - SNF	76,251	75,997	254					
Adjusted Discharges	40,033	39,951	82					
<b>Revenue:</b>								
Gross Revenue	\$ 1,538,484,524	\$ 1,499,231,953	\$ 39,252,571 F	\$ 3,077,195	\$ 36,175,376	\$ 38,430.41	\$ 37,526.77	\$ 903.64
Deductions from Rev	(1,103,948,723)	(1,068,591,330)	(35,357,393) U	(2,193,299)	(33,164,094)	(27,575.97)	(26,747.55)	(828.42)
Net Patient Revenue	434,535,801	430,640,623	3,895,178 F	883,896	3,011,282	10,854.44	10,779.22	75.22
Other Oper Revenue	7,243,585	7,511,828	(268,243) U	15,418	(283,661)	180.94	188.03	(7.09)
<b>Total Net Revenue</b>	<b>441,779,386</b>	<b>438,152,451</b>	<b>3,626,935 F</b>	<b>899,314</b>	<b>2,727,621</b>	<b>11,035.38</b>	<b>10,967.25</b>	<b>68.13</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	206,314,919	206,095,045	(219,874) U	(423,013)	203,139	5,153.62	5,158.70	5.07
Benefits	51,034,660	50,283,683	(750,977) U	(103,208)	(647,769)	1,274.81	1,258.63	(16.18)
Supplies	68,774,261	66,495,783	(2,278,478) U	(136,484)	(2,141,994)	1,717.94	1,664.43	(53.51)
Prof Fees & Purch Svc	57,205,876	57,641,573	435,697 F	(118,310)	554,007	1,428.97	1,442.81	13.84
Depreciation	22,095,257	22,424,562	329,305 F	(46,027)	375,332	551.93	561.30	9.38
Other	26,981,298	26,221,940	(759,358) U	(53,821)	(705,537)	673.98	656.35	(17.62)
<b>Total Expenses</b>	<b>432,406,271</b>	<b>429,162,583</b>	<b>(3,243,688) U</b>	<b>(880,862)</b>	<b>(2,362,826)</b>	<b>10,801.25</b>	<b>10,742.22</b>	<b>(59.02)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>9,373,115</b>	<b>8,989,868</b>	<b>383,247 F</b>	<b>18,452</b>	<b>364,795</b>	<b>234.13</b>	<b>225.02</b>	<b>9.11</b>
Property Tax Revenue	13,999,992	13,999,992	- -	28,735	(28,735)	349.71	350.43	(0.72)
Non-Operating Income	738,258	2,103,408	(1,365,150) U	4,317	(1,369,467)	18.44	52.65	(34.21)
<b>Net Income (Loss)</b>	<b>\$ 24,111,365</b>	<b>\$ 25,093,268</b>	<b>\$ (981,903) U</b>	<b>\$ 51,504</b>	<b>\$ (1,033,407)</b>	<b>\$ 602.29</b>	<b>\$ 628.10</b>	<b>\$ (25.81)</b>
Net Income Margin	5.5%	5.7%	(0.3%)					
OEBITDA Margin w/o Prop Tax	7.1%	7.2%	(0.1%)					
OEBITDA Margin with Prop Tax	10.3%	10.4%	(0.1%)					

## Cash Flow Statement

	<u>February</u>	<u>YTD</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income (Loss) from operations	3,296	5,620,845
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation Expense	1,570,761	14,602,665
Provision for bad debts	3,649,899	40,695,353
<b>Changes in operating assets and liabilities:</b>		
Patient accounts receivable	(39,813)	(58,155,787)
Property Tax and other receivables	(1,376,526)	(22,171,098)
Inventories	(39,033)	51,972
Prepaid expenses and Other Non-Current assets	826,040	(2,944,129)
Accounts payable	259,063	(13,904,523)
Accrued compensation	253,445	2,436,461
Estimated settlement amounts due third-party payors	154,360	2,066,167
Other current liabilities	1,506,010	26,010,726
Net cash provided by operating activities	<u>6,767,502</u>	<u>(5,691,348)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (purchases) sales of investments	9,248,415	109,061,845
Income (Loss) on investments	(146,811)	2,820,473
Investment in affiliates	437,154	1,152,298
Net cash used in investing activities	<u>9,538,758</u>	<u>113,034,616</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Receipt of G.O. Bond Taxes	143,316	6,833,562
Receipt of District Taxes	256,151	8,052,880
Net cash used in non-capital financing activities	<u>399,467</u>	<u>14,886,442</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of property plant and equipment	(9,226,094)	(95,822,932)
Proceeds from sale of asset	0	0
Deferred Financing Costs	78,487	287,169
G.O. Bond Interest paid	(6,022,313)	(13,059,705)
Revenue Bond Interest paid	0	(1,230,793)
Proceeds from issuance of debt	0	0
Payments of Long Term Debt	0	(9,660,000)
Net cash used in activities	<u>(15,169,920)</u>	<u>(119,486,260)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,535,807	2,743,450
<b>CASH AND CASH EQUIVALENTS - Beginning of period</b>	<u>13,786,064</u>	<u>12,578,422</u>
<b>CASH AND CASH EQUIVALENTS - End of period</b>	<u>15,321,872</u>	<u>15,321,872</u>

Summary of Key Indicators & Results  
Fiscal Year-to-Date

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2008</u>
<b><u>ADMISSIONS - Acute:</u></b>				
Palomar Medical Center	13,981	14,688	(707)	14,638
Pomerado Hospital	4,664	4,924	(260)	4,785
<b>Total:</b>	<u>18,645</u>	<u>19,612</u>	<u>(967)</u>	<u>19,423</u>
<b><u>ADMISSIONS - SNF:</u></b>				
Palomar Medical Center	276	330	(54)	330
Pomerado Hospital	428	377	51	364
<b>Total:</b>	<u>704</u>	<u>707</u>	<u>(3)</u>	<u>694</u>
<b><u>PATIENT DAYS - Acute:</u></b>				
Palomar Medical Center	54,781	56,081	(1,300)	56,712
Pomerado Hospital	18,832	19,589	(757)	19,510
<b>Total:</b>	<u>73,613</u>	<u>75,670</u>	<u>(2,057)</u>	<u>76,222</u>
<b><u>PATIENT DAYS- SNF:</u></b>				
Palomar Medical Center	21,575	20,687	888	20,595
Pomerado Hospital	29,286	29,920	(634)	30,096
<b>Total:</b>	<u>50,861</u>	<u>50,607</u>	<u>254</u>	<u>50,691</u>

Summary of Key Indicators & Results  
Fiscal Year-to-Date**EMERGENCY ROOM VISITS & TRAUMA CASES:**

Palomar Medical Center	33,144	33,879	(735)	33,378
Pomerado Hospital	15,836	16,500	(664)	16,262
<b>Total:</b>	<u>48,980</u>	<u>50,379</u>	<u>(1,399)</u>	<u>49,640</u>

**EMERGENCY & TRAUMA ADMISSIONS:**

Palomar Medical Center	7,408	7,406	2	7,264
Pomerado Hospital	2,665	2,554	111	2,266
<b>Total:</b>	<u>10,073</u>	<u>9,960</u>	<u>113</u>	<u>9,530</u>

**SURGERIES:***- Escondido Surgery Center started in Dec-07.*

Palomar Medical Center	7,994	8,547	(553)	6,560
Pomerado Hospital	4,590	4,450	140	4,554
<b>Total:</b>	<u>12,584</u>	<u>12,997</u>	<u>(413)</u>	<u>11,114</u>

**BIRTHS:**

Palomar Medical Center	2,668	2,760	(92)	2,882
Pomerado Hospital	788	800	(12)	796
<b>Total:</b>	<u>3,456</u>	<u>3,560</u>	<u>(104)</u>	<u>3,678</u>

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2008</u>
<b><u>ADJUSTED DISCHARGES</u></b>				
Palomar Medical Center	19,275	19,217	58	19,053
Pomerado Hospital	7,232	7,233	(1)	7,064
Other Activities	186	161	25	549
<b>Total:</b>	<u>26,693</u>	<u>26,611</u>	<u>82</u>	<u>26,666</u>
<b><u>AVERAGE LENGTH OF STAY- Acute:</u></b>				
Palomar Medical Center	3.88	3.82	0.06	3.87
Pomerado Hospital	3.98	3.98	-	4.05
<b>Total:</b>	<u>3.91</u>	<u>3.86</u>	<u>0.05</u>	<u>3.92</u>
<b><u>AVERAGE LENGTH OF STAY - SNF:</u></b>				
Palomar Medical Center	78.17	64.25	13.92	63.96
Pomerado Hospital	67.32	79.36	(12.04)	81.78
<b>Total:</b>	<u>71.53</u>	<u>72.40</u>	<u>(0.87)</u>	<u>73.47</u>

Supplies Expense  
Year-to-Date

Account	Description	Actual	Budget	Variance
631000	Prosthesis	12,386,920	9,622,539	(2,764,381)
641000	Supplies Other Medical	9,977,187	9,667,190	(309,997)
632000	Sutures/Surgical Needles	1,144,405	1,028,456	(115,949)
634000	Supplies Surgery General	3,336,936	3,247,411	(89,525)
647000	Supplies Employee Apparel	182,275	98,665	(83,610)
648000	Instruments/Minor Equipment	300,893	253,212	(47,681)
633000	Supplies Surgical Pack	1,333,178	1,303,178	(30,000)
645000	Supplies Cleaning	301,248	276,133	(25,115)
642000	Supplies Food/Meat	386,136	362,081	(24,055)
635000	Supplies Anesthesia Material	29,340	8,129	(21,211)
644000	Supplies Linen	18,245	25,619	7,374
637000	Supplies IV Solutions	314,036	326,920	12,884
640000	Supplies X-ray Material	812	18,148	17,336
650000	Other Non Medical	4,553,711	4,585,991	32,280
643000	Supplies Food Other	1,699,377	1,760,636	61,259
636000	Supplies Oxygen/Gas	111,572	191,128	79,556
639000	Supplies Radioactive	447,961	533,346	85,385
646100	Supplies Forms	296,396	404,226	107,830
638000	Supplies Pharmaceutical	8,742,695	8,897,373	154,678
646000	Supplies Office/Administration	546,685	833,335	286,650
649000	Other Minor Equipment	431,026	818,839	387,813
	<b>TOTAL</b>	<b>46,541,033</b>	<b>44,262,555</b>	<b>(2,278,478)</b>

## Bond Covenant Ratios

<b>Cushion Ratio</b>	<b>Jun-07</b>	<b>Jun-08</b>	<b>Feb-09</b>
Cash and Cash Equivalents	109,213,349	86,122,696	106,021,938
Board Designated Reserves	-	12,117,325	2,423,132
Trustee-held Funds (Revenue Fund only)	249,531	185,981	29,649
Total	109,462,880	98,426,002	108,474,719
Divided by:			
Annual Debt Service (excludes GO Bonds) (Bond Year 11/1/2009)	16,972,692	16,972,692	16,639,112
<b>Cushion Ratio</b>	<b>6.4</b>	<b>5.8</b>	<b>6.5</b>
<b>REQUIREMENT</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>

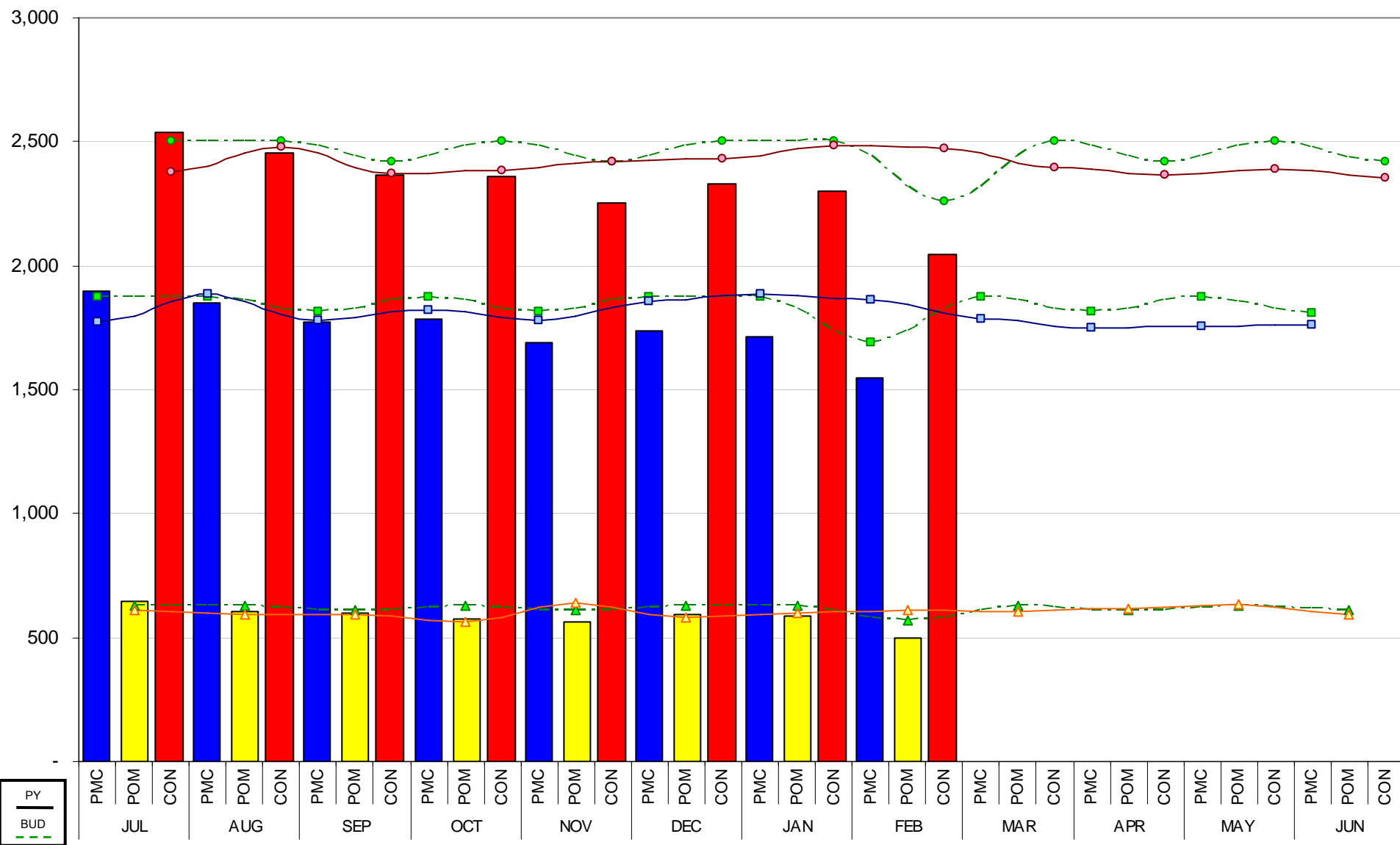
<b>Days Cash on Hand</b>	<b>Jun-07</b>	<b>Jun-08</b>	<b>Feb-09</b>
Cash and Cash Equivalents	109,213,349	86,122,696	106,021,938
Board Designated Reserves	-	12,117,325	2,423,132
Trustee-held Funds (Revenue Fund only)	249,531	185,981	29,649
Total	109,462,880	98,426,002	108,474,719
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	385,355,509	428,153,444	289,556,378
Less: Depreciation	19,453,013	21,572,031	14,602,665
Adjusted Expenses	365,902,496	406,581,413	274,953,713
Number of days in period	365	366	243
Average Adjusted Expenses per Day	1,002,473	1,110,878	1,131,497
<b>Days Cash on Hand</b>	<b>109.2</b>	<b>88.6</b>	<b>95.9</b>
<b>REQUIREMENT</b>	<b>80</b>	<b>80</b>	<b>80</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>

<b>Net Income Available for Debt Service</b>	<b>Jun-07</b>	<b>Jun-08</b>	<b>Feb-09</b>
Excess of revenue over expenses Cur Mo.	2,963,446	(12,441,012)	708,603
Excess of revenues over expenses YTD (General Funds)	21,974,509	(4,053,517)	14,991,294
ADD:			
Depreciation and Amortization	19,453,013	21,391,200	14,602,665
Interest Expense	3,343,683	14,912,181	3,709,077
Net Income Available for Debt Service	44,771,205	32,249,864	33,303,036
Aggregate Debt Service			
1999 Insured Refunding Revenue Bonds	8,249,916	8,248,018	5,500,687
2006 Certificates of Participation	4,373,342	8,316,457	5,703,248
Aggregate Debt Service	12,623,258	16,564,475	11,203,935
<b>Net Income Available for Debt Service</b>	<b>3.55</b>	<b>1.95</b>	<b>2.97</b>
<b>Required Coverage</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>



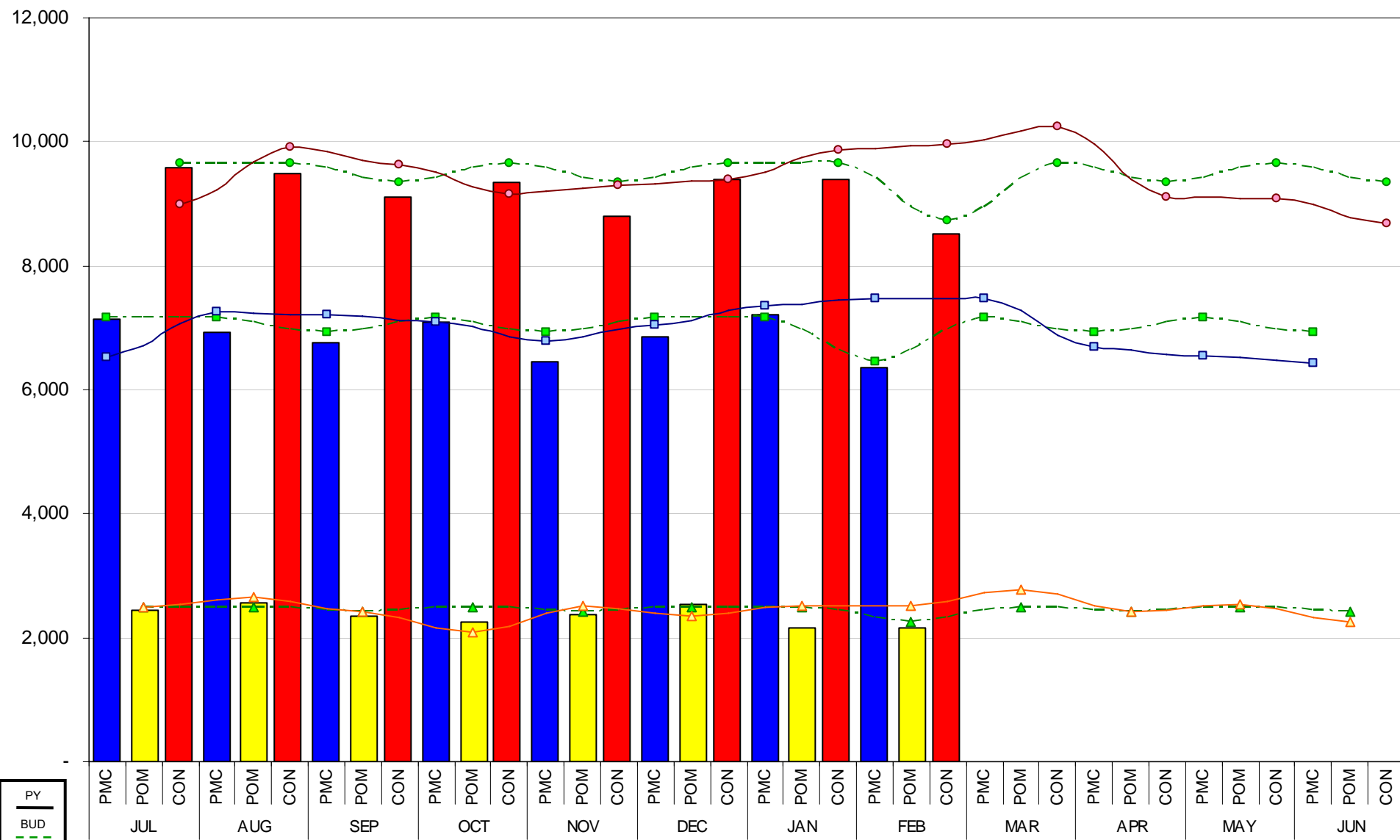
Statistical Indicators  
Admissions – Acute



PY  
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	1,895	1,848	1,771	1,782	1,687	1,738	1,715	1,545	-	-	-	-	13,981	14,688
<b>POM</b>	645	606	596	575	566	592	584	500	-	-	-	-	4,664	4,924
<b>CON</b>	2,540	2,454	2,367	2,357	2,253	2,330	2,299	2,045	-	-	-	-	18,645	19,612

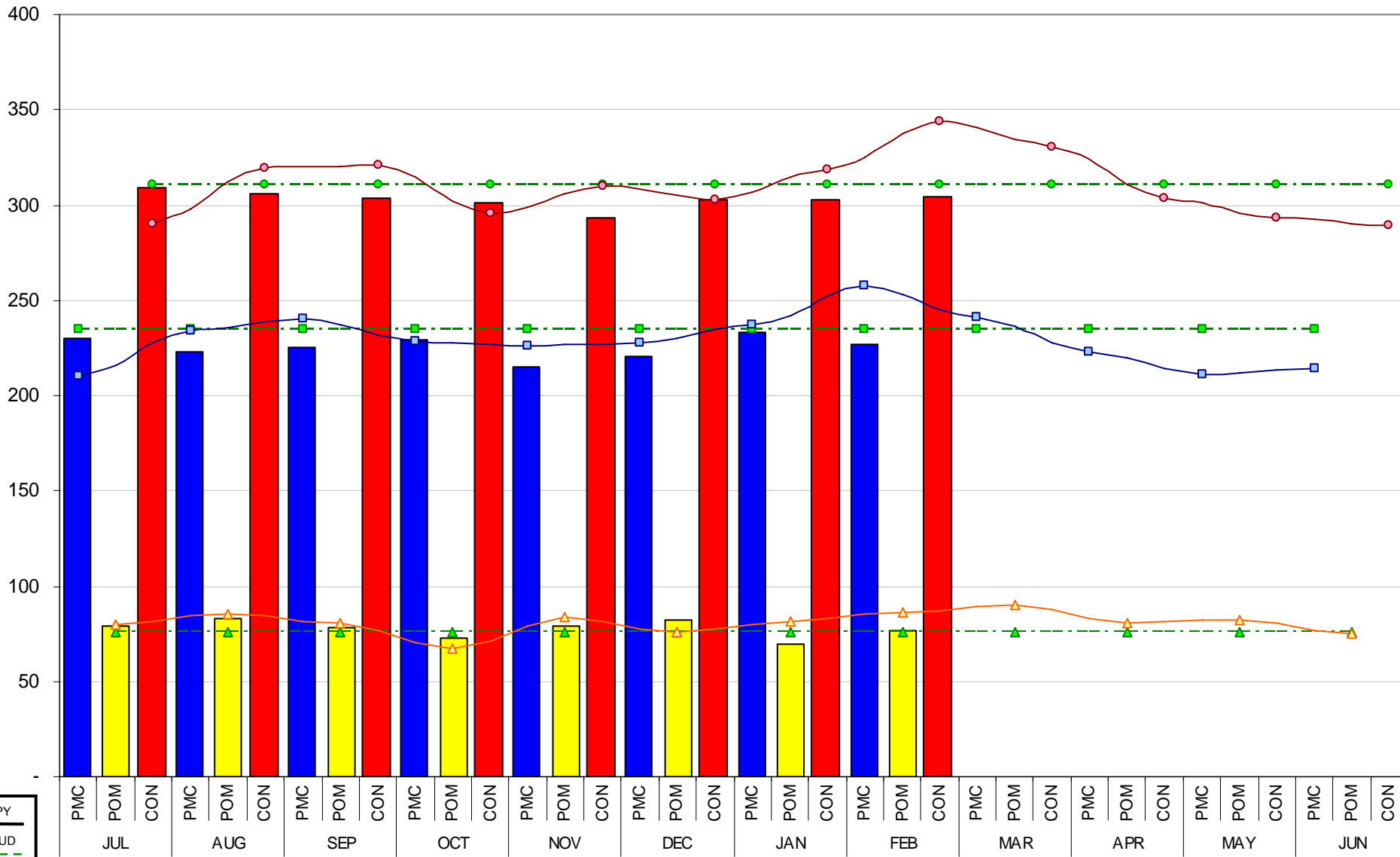
Statistical Indicators  
Patient Days – Acute



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	7,138	6,920	6,757	7,101	6,440	6,848	7,217	6,360	-	-	-	-	54,781	56,081
<b>POM</b>	2,449	2,571	2,341	2,244	2,362	2,549	2,164	2,152	-	-	-	-	18,832	19,589
<b>CON</b>	9,587	9,491	9,098	9,345	8,802	9,397	9,381	8,512	-	-	-	-	73,613	75,670

Statistical Indicators

Average Daily Census – Acute

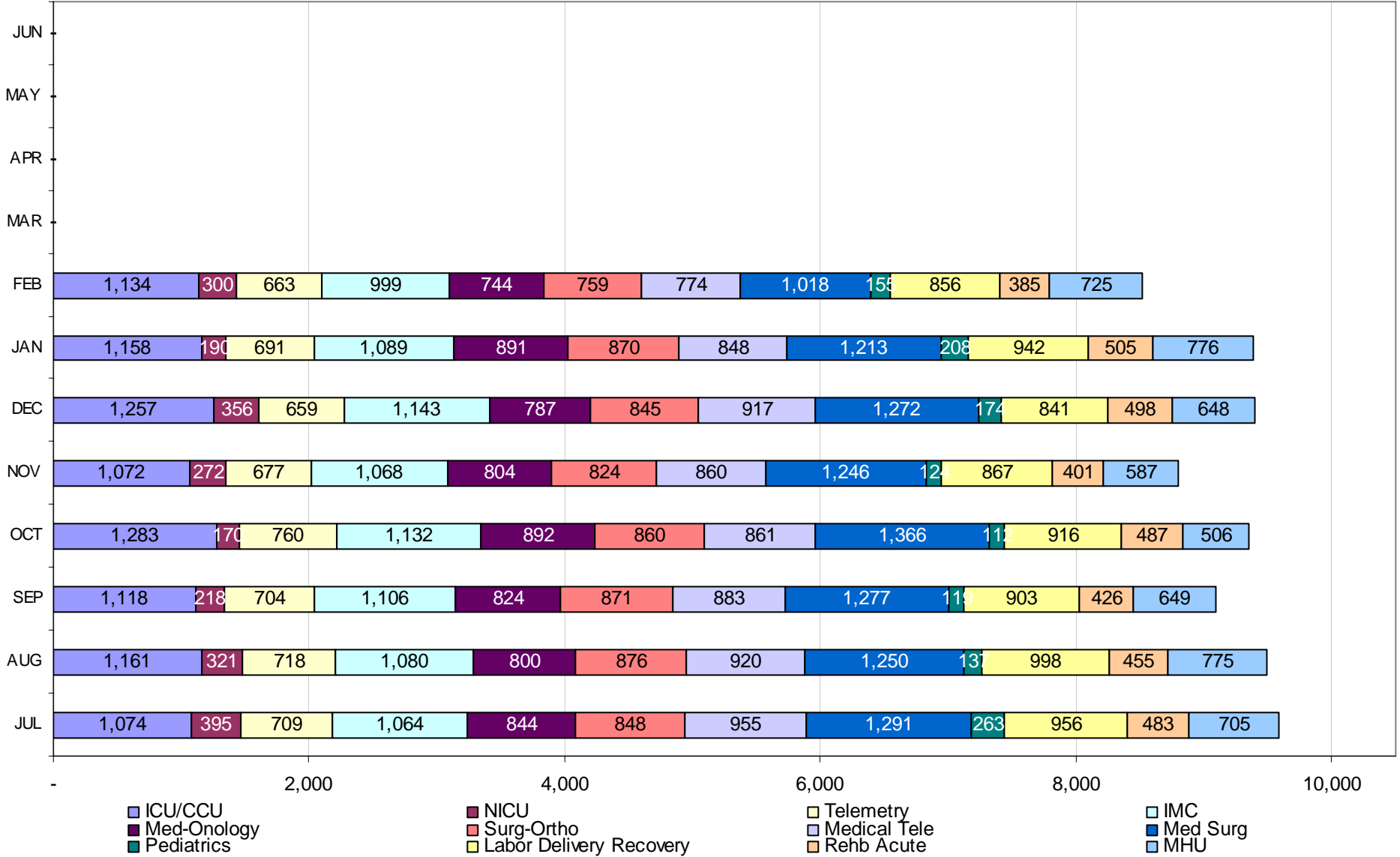


PY
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	230	223	225	229	215	221	233	227	-	-	-	-	225	231
<b>POM</b>	79	83	78	72	79	82	70	77	-	-	-	-	78	81
<b>CON</b>	309	306	303	301	293	303	303	304	-	-	-	-	303	312

Statistical Indicators

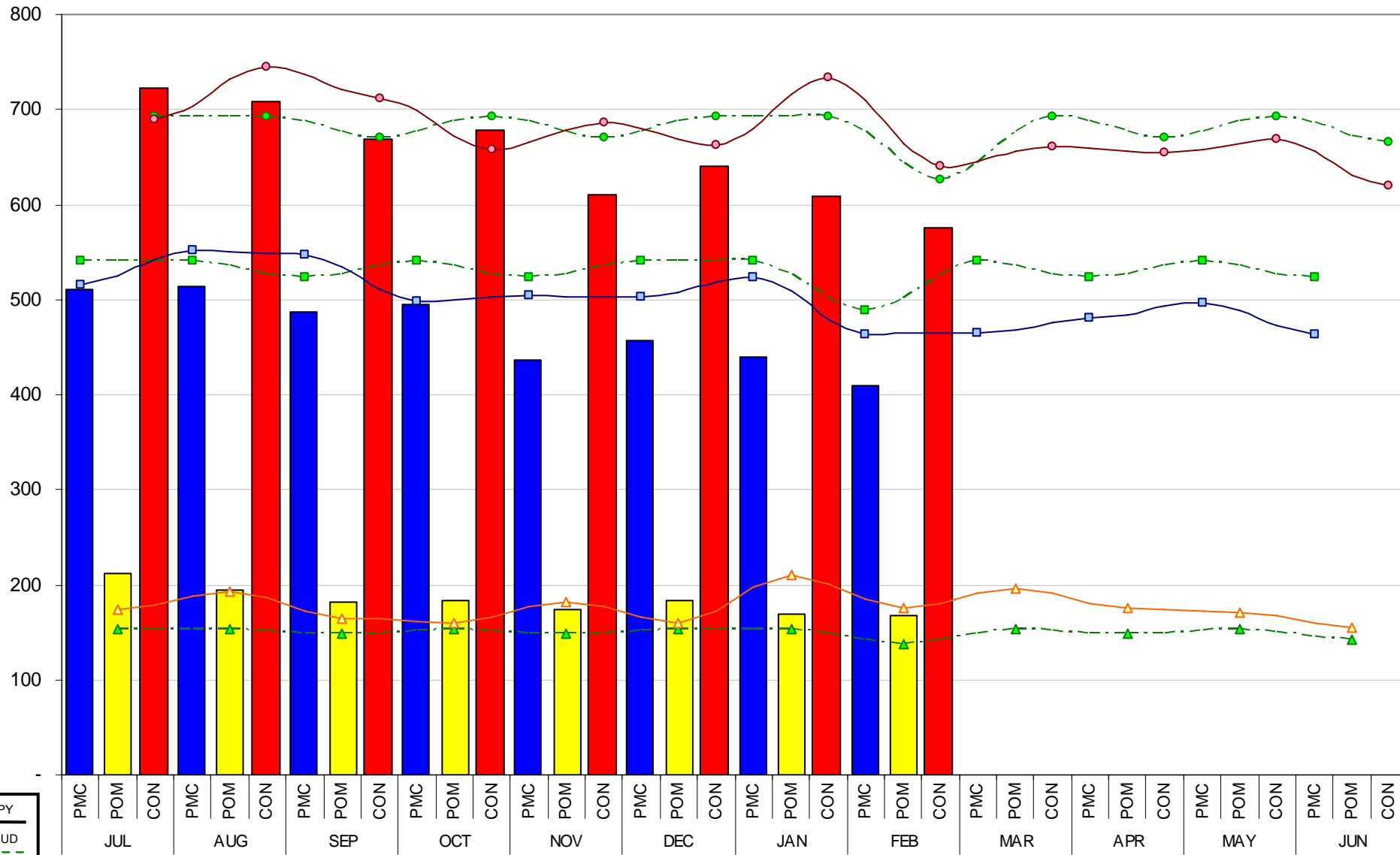
Patient Days



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	7,138	6,920	6,757	7,101	6,440	6,848	7,217	6,360	-	-	-	-	54,781	56,081
<b>POM</b>	2,449	2,571	2,341	2,244	2,362	2,549	2,164	2,152	-	-	-	-	18,832	19,589
<b>CON</b>	9,587	9,491	9,098	9,345	8,802	9,397	9,381	8,512	-	-	-	-	73,613	75,670

Statistical Indicators

Surgeries (Inpatient only)



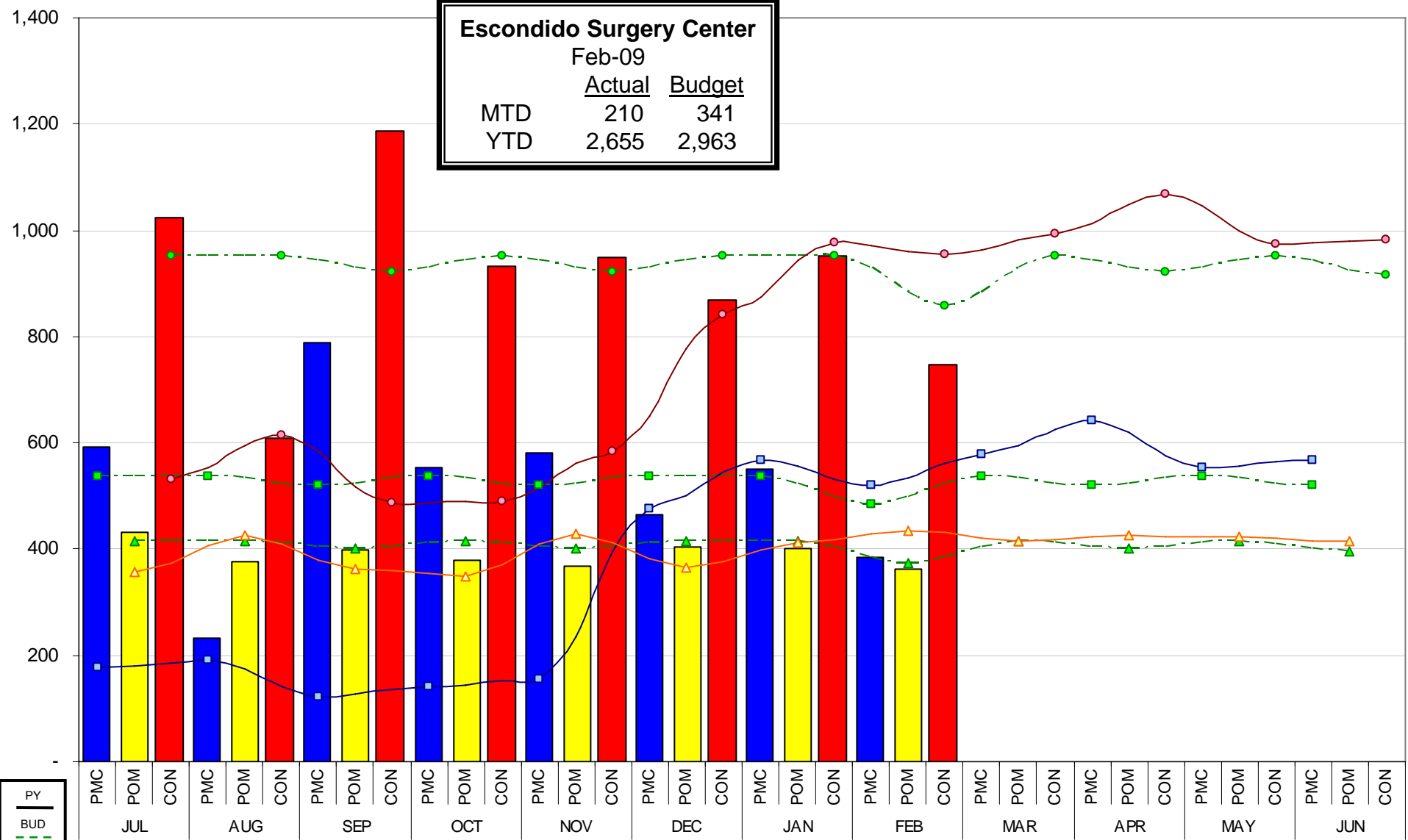
PY
BUD

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
<b>PMC</b>	510	514	487	495	436	457	439	409	-	-	-	-	3,747	4,234
<b>POM</b>	212	195	182	184	174	184	169	167	-	-	-	-	1,467	1,199
<b>CON</b>	722	709	669	679	610	641	608	576	-	-	-	-	5,214	5,433

Statistical Indicators

Surgeries (Outpatient only)

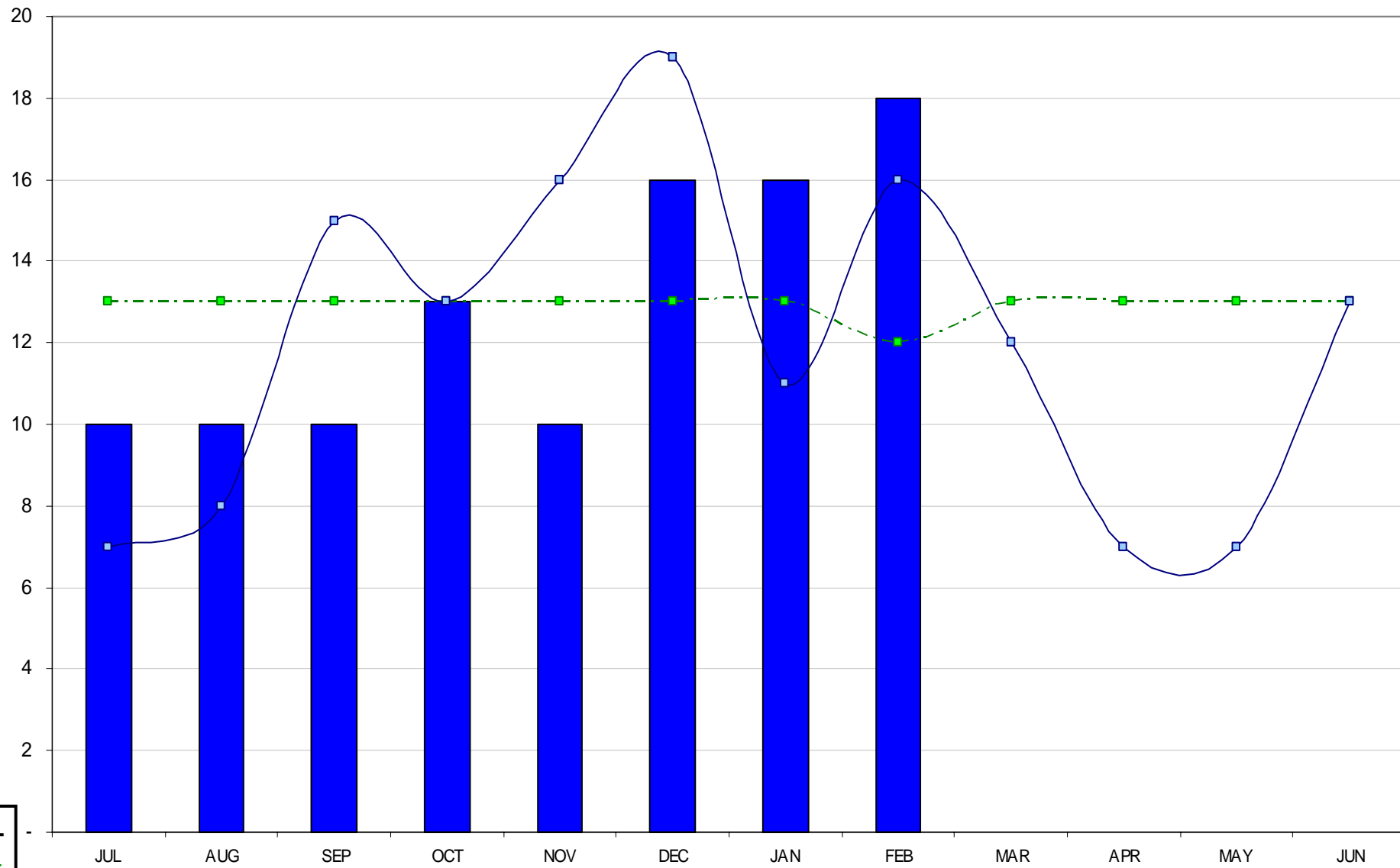
<b>Escondido Surgery Center</b>		
Feb-09		
	<u>Actual</u>	<u>Budget</u>
MTD	210	341
YTD	2,655	2,963



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	591	232	788	553	580	466	550	384	-	-	-	-	4,144	4,210
<b>POM</b>	432	376	399	380	368	404	401	363	-	-	-	-	3,123	3,251
<b>CON</b>	1,023	608	1,187	933	948	870	951	747	-	-	-	-	7,267	7,461

Statistical Indicators

Surgeries – CVS (PMC only)



PY  
BUD

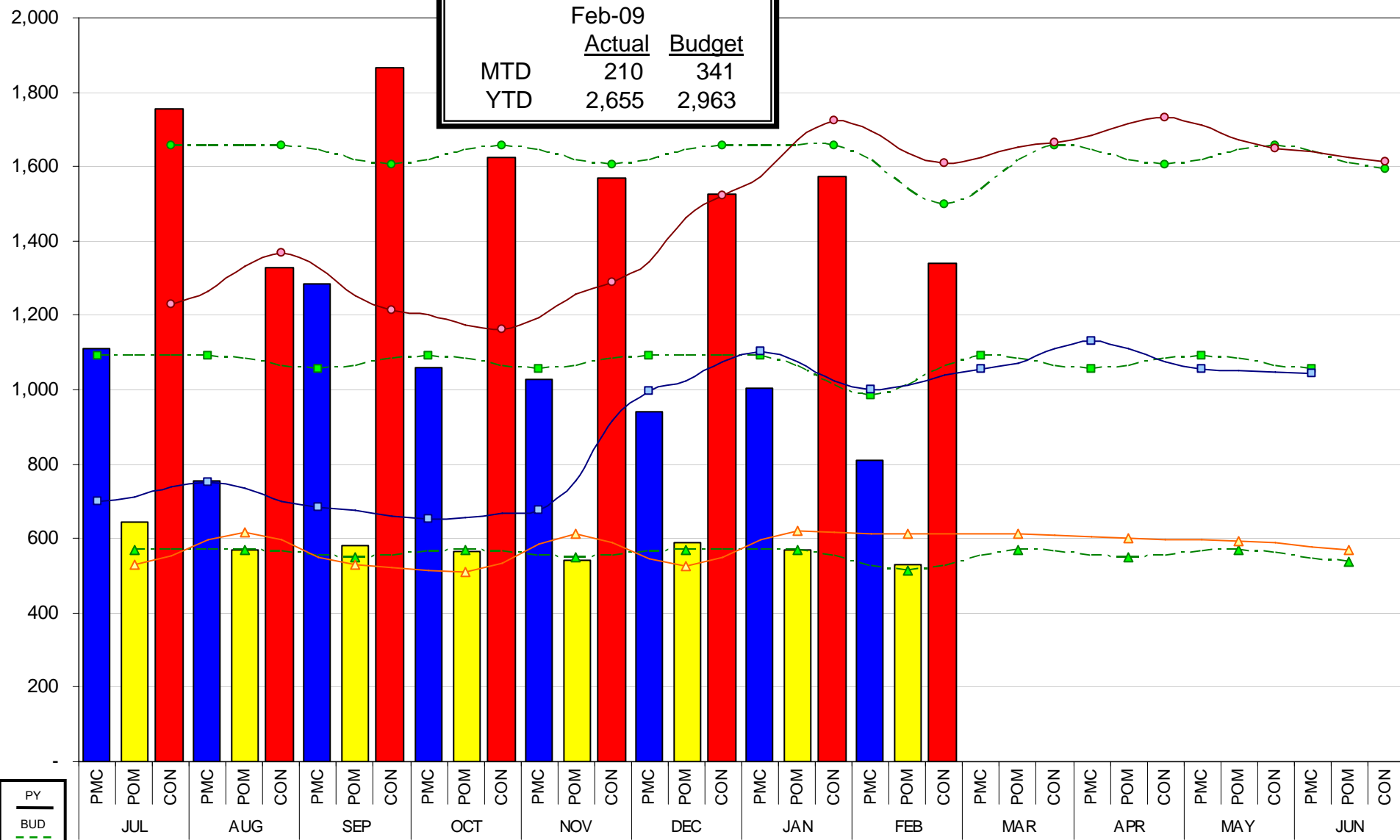
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	10	10	10	13	10	16	16	18	-	-	-	-	103	103
<b>POM</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CON</b>	10	10	10	13	10	16	16	18	-	-	-	-	103	103

Statistical Indicators

Total Surgeries

**Escondido Surgery Center**  
Feb-09

	<u>Actual</u>	<u>Budget</u>
MTD	210	341
YTD	2,655	2,963

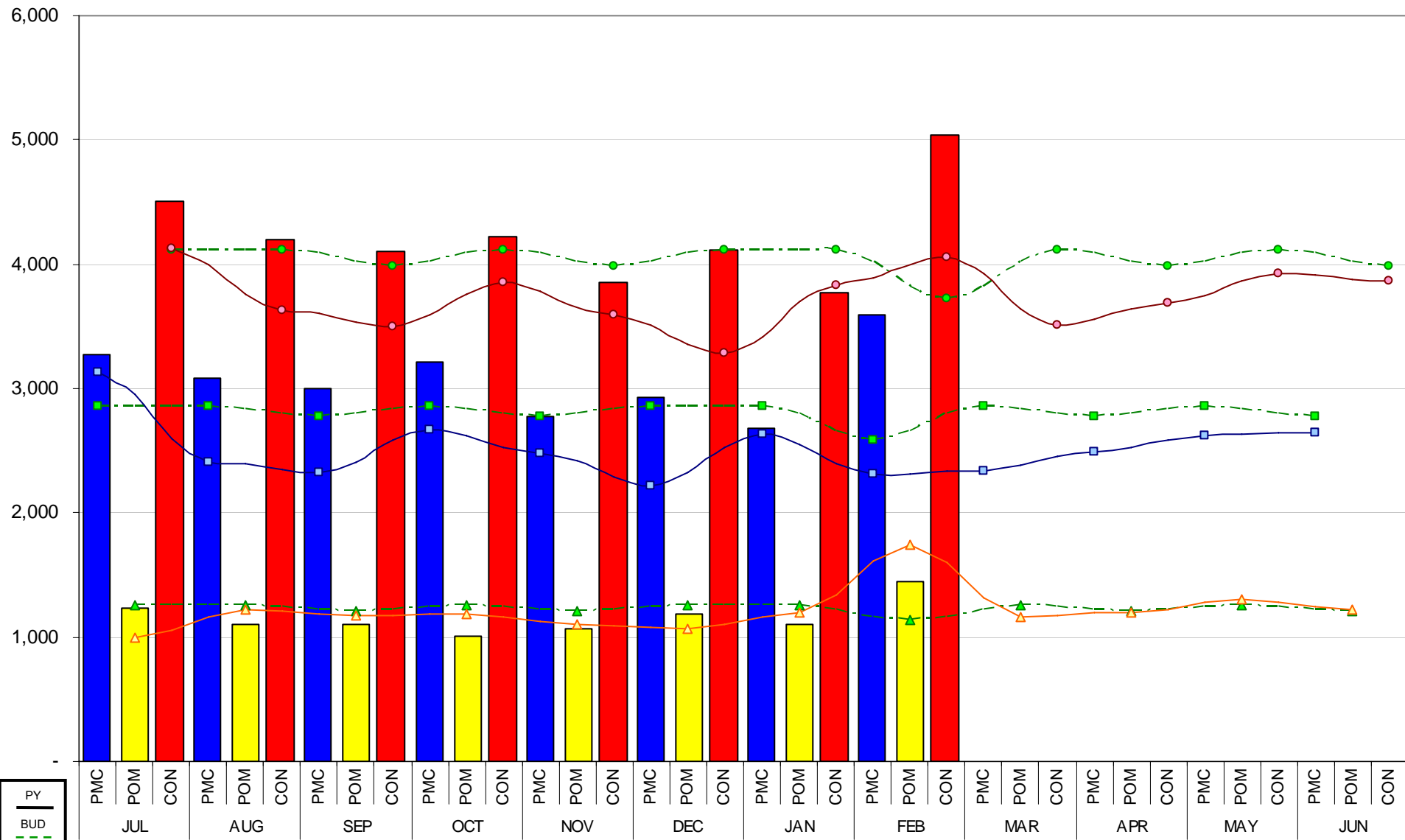


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	1,111	756	1,285	1,061	1,026	939	1,005	811	-	-	-	-	7,994	8,547
<b>POM</b>	644	571	581	564	542	588	570	530	-	-	-	-	4,590	4,450
<b>CON</b>	1,755	1,327	1,866	1,625	1,568	1,527	1,575	1,341	-	-	-	-	12,584	12,997



Statistical Indicators

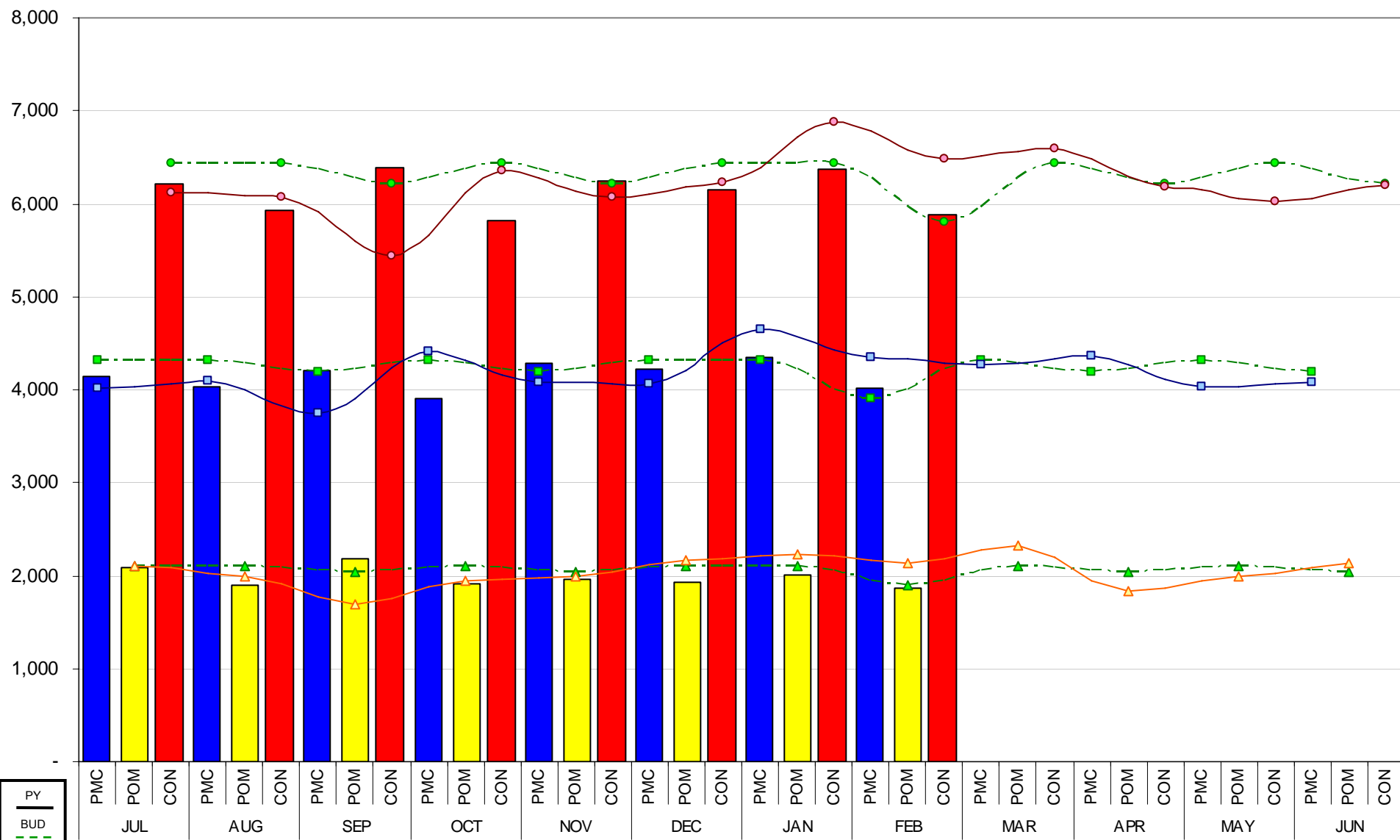
Outpatient Registrations (*excludes Lab*)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	3,276	3,085	2,998	3,214	2,780	2,924	2,675	3,598	-	-	-	-	24,550	22,440
<b>POM</b>	1,231	1,108	1,101	1,013	1,069	1,190	1,100	1,441	-	-	-	-	9,253	9,844
<b>CON</b>	4,507	4,193	4,099	4,227	3,849	4,114	3,775	5,039	-	-	-	-	33,803	32,284

Statistical Indicators

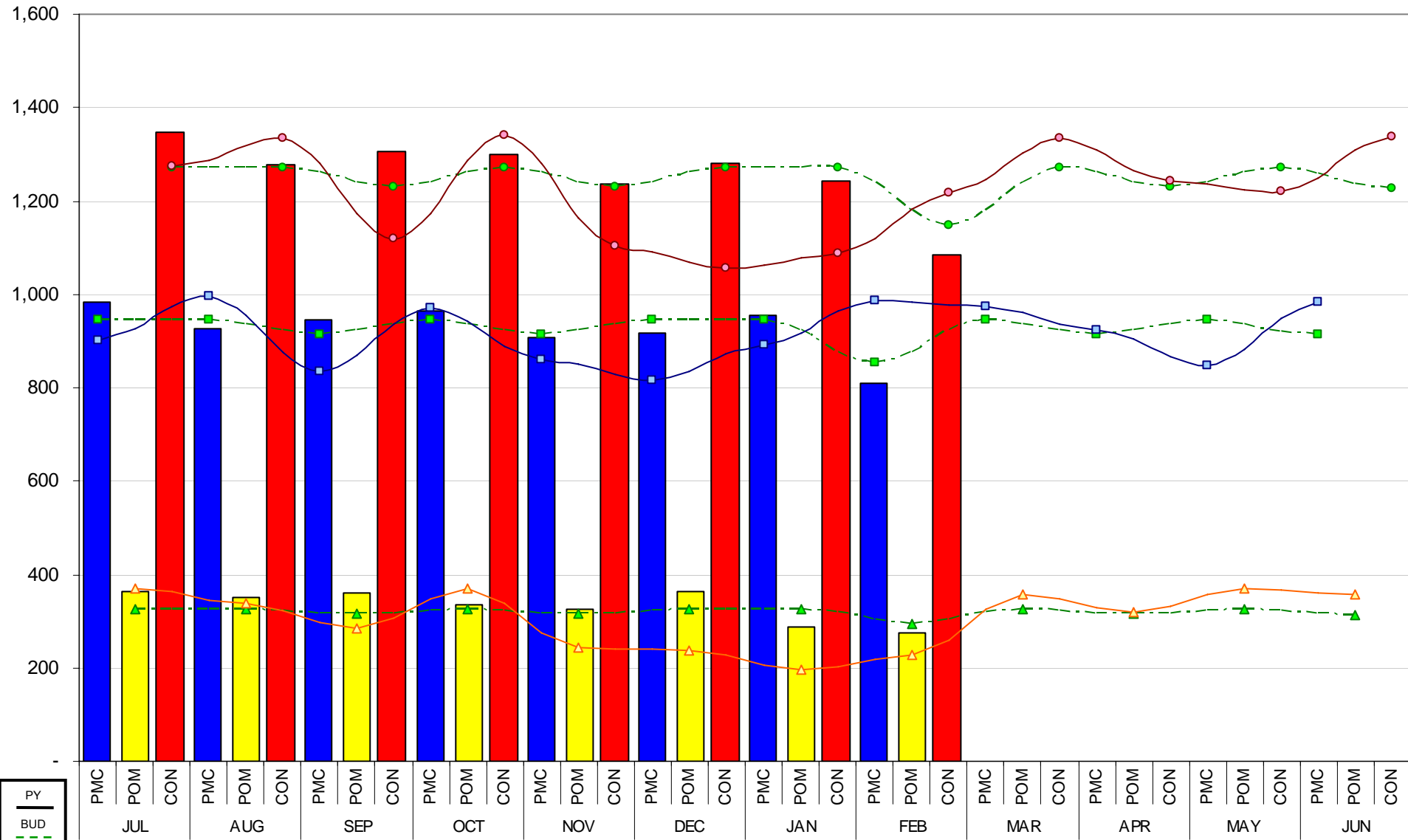
ER Visits (includes Trauma, Outpatient only)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	4,137	4,032	4,199	3,910	4,291	4,215	4,350	4,010	-	-	-	-	33,144	33,879
<b>POM</b>	2,081	1,895	2,184	1,906	1,956	1,929	2,014	1,871	-	-	-	-	15,836	16,500
<b>CON</b>	6,218	5,927	6,383	5,816	6,247	6,144	6,364	5,881	-	-	-	-	48,980	50,379
CON/DAY	201	191	213	188	208	198	205	210	-	-	-	-	202	207

Statistical Indicators

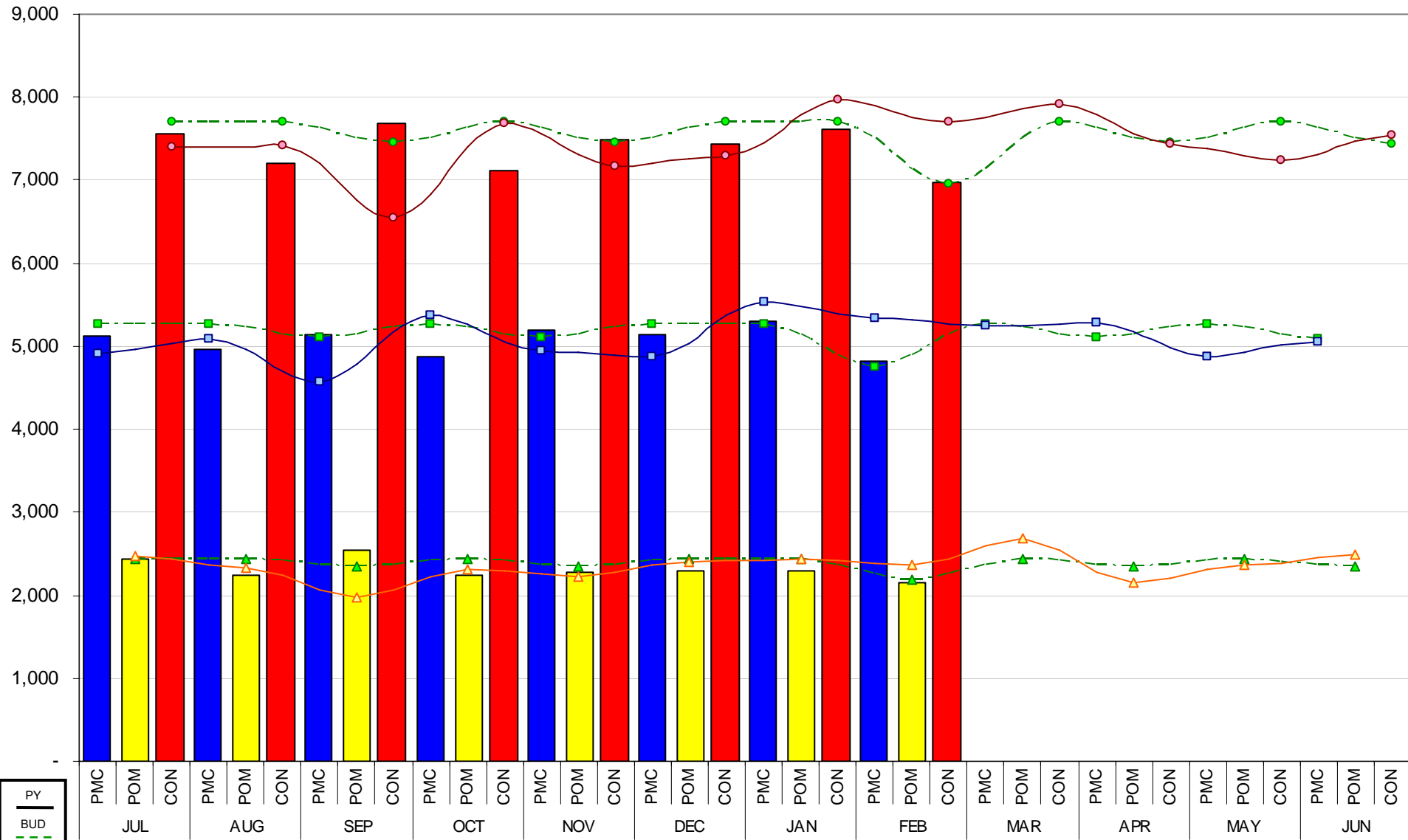
ER Admissions (includes Trauma, Inpatient only)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	982	925	945	964	908	918	955	811	-	-	-	-	7,408	7,406
<b>POM</b>	364	351	360	336	327	364	289	274	-	-	-	-	2,665	2,554
<b>CON</b>	1,346	1,276	1,305	1,300	1,235	1,282	1,244	1,085	-	-	-	-	10,073	9,960

Statistical Indicators

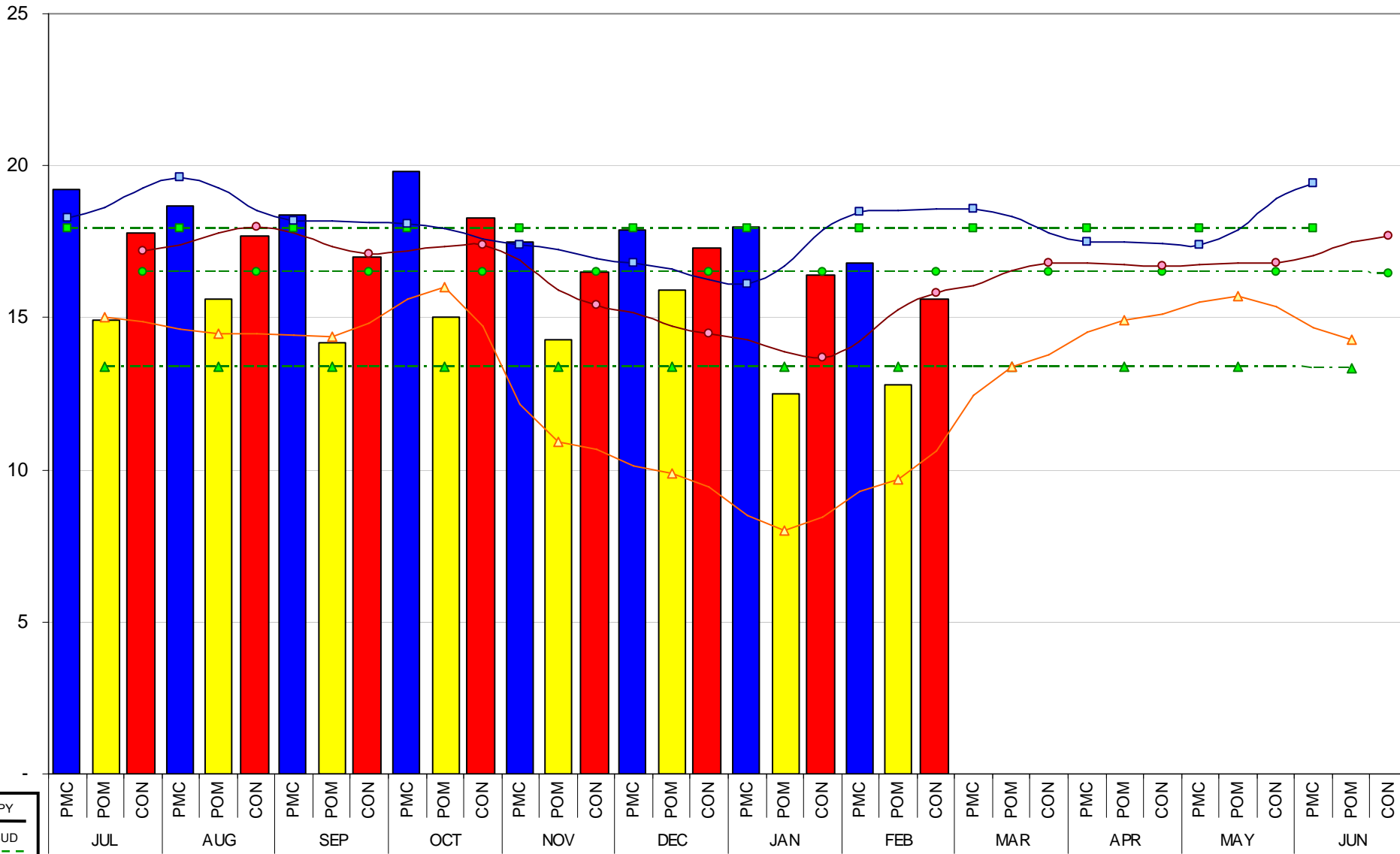
Total ER Visits (includes Trauma & Admissions)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	5,119	4,957	5,144	4,874	5,199	5,133	5,305	4,821	-	-	-	-	40,552	41,285
<b>POM</b>	2,445	2,246	2,544	2,242	2,283	2,293	2,303	2,145	-	-	-	-	18,501	19,054
<b>CON</b>	7,564	7,203	7,688	7,116	7,482	7,426	7,608	6,966	-	-	-	-	59,053	60,339

Statistical Indicators

ER Conversion (ER Admits as % of ER Visits)

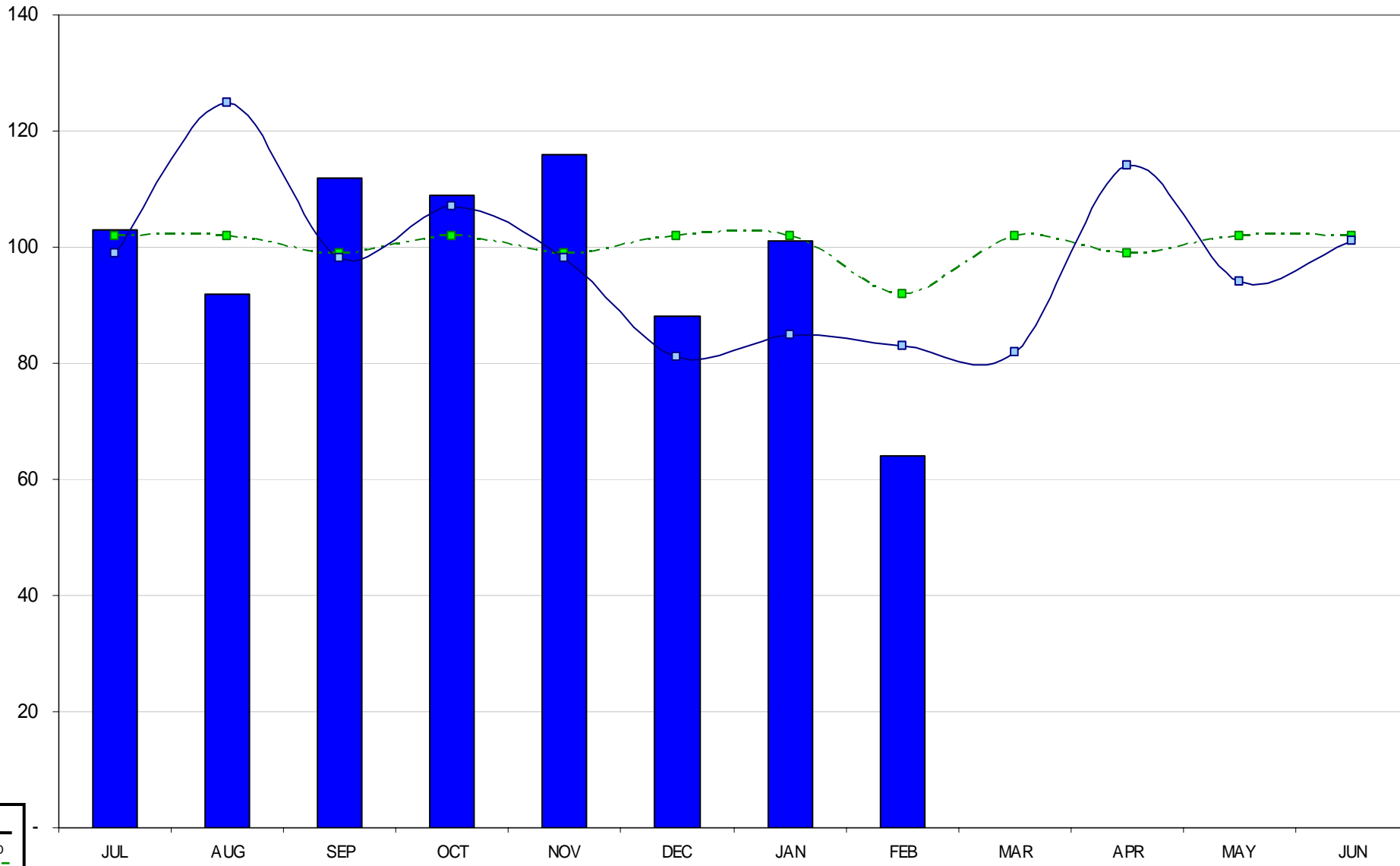


PY  
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	19.2	18.7	18.4	19.8	17.5	17.9	18.0	16.8	-	-	-	-	18.3	17.9
<b>POM</b>	14.9	15.6	14.2	15.0	14.3	15.9	12.5	12.8	-	-	-	-	14.4	13.4
<b>CON</b>	17.8	17.7	17.0	18.3	16.5	17.3	16.4	15.6	-	-	-	-	17.1	16.5

Statistical Indicators

Trauma Cases (PMC only)

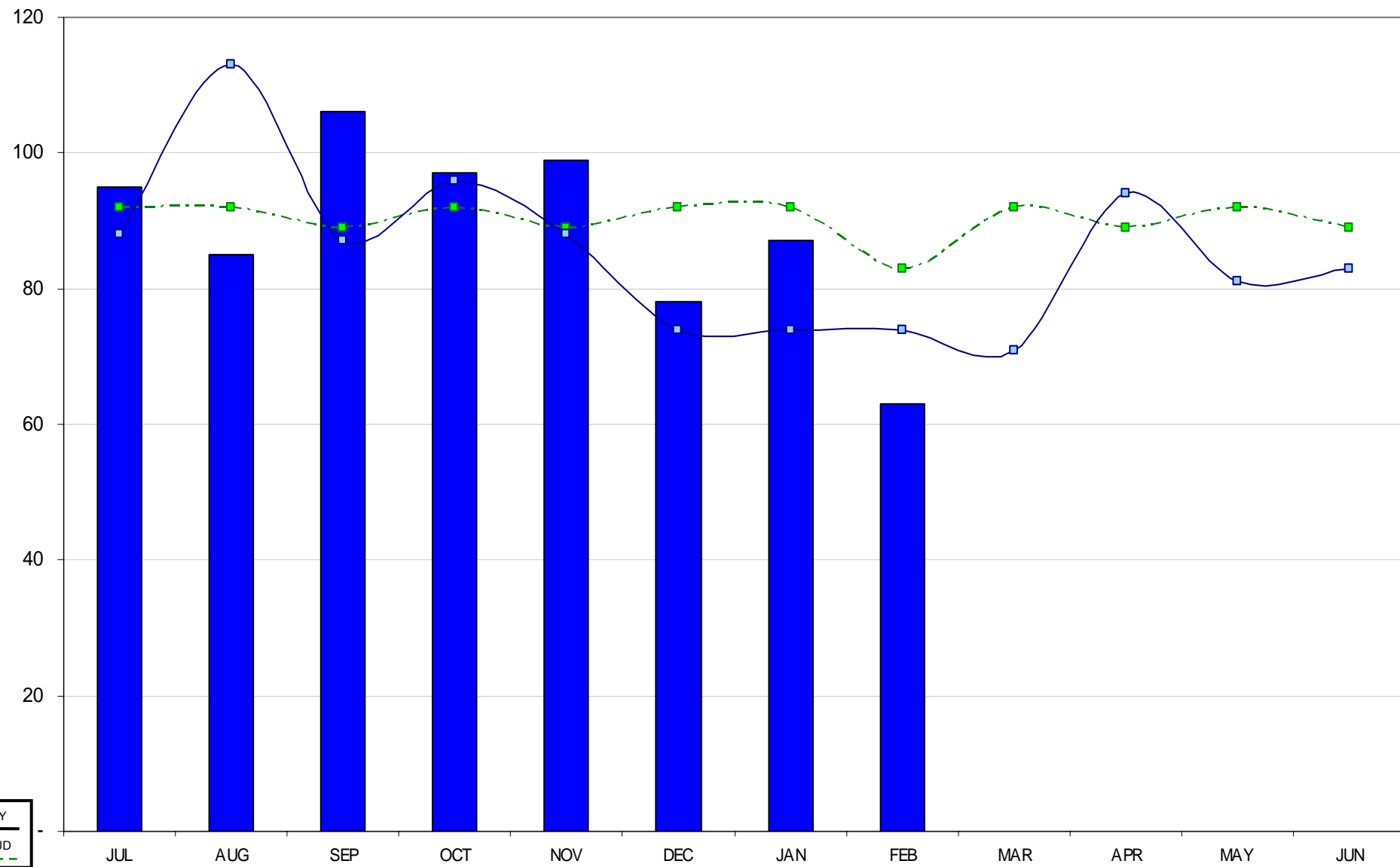


PY  
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	103	92	112	109	116	88	101	64	-	-	-	-	785	800
<b>POM</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CON</b>	103	92	112	109	116	88	101	64	-	-	-	-	785	800

Statistical Indicators

Trauma Admissions (PMC only)

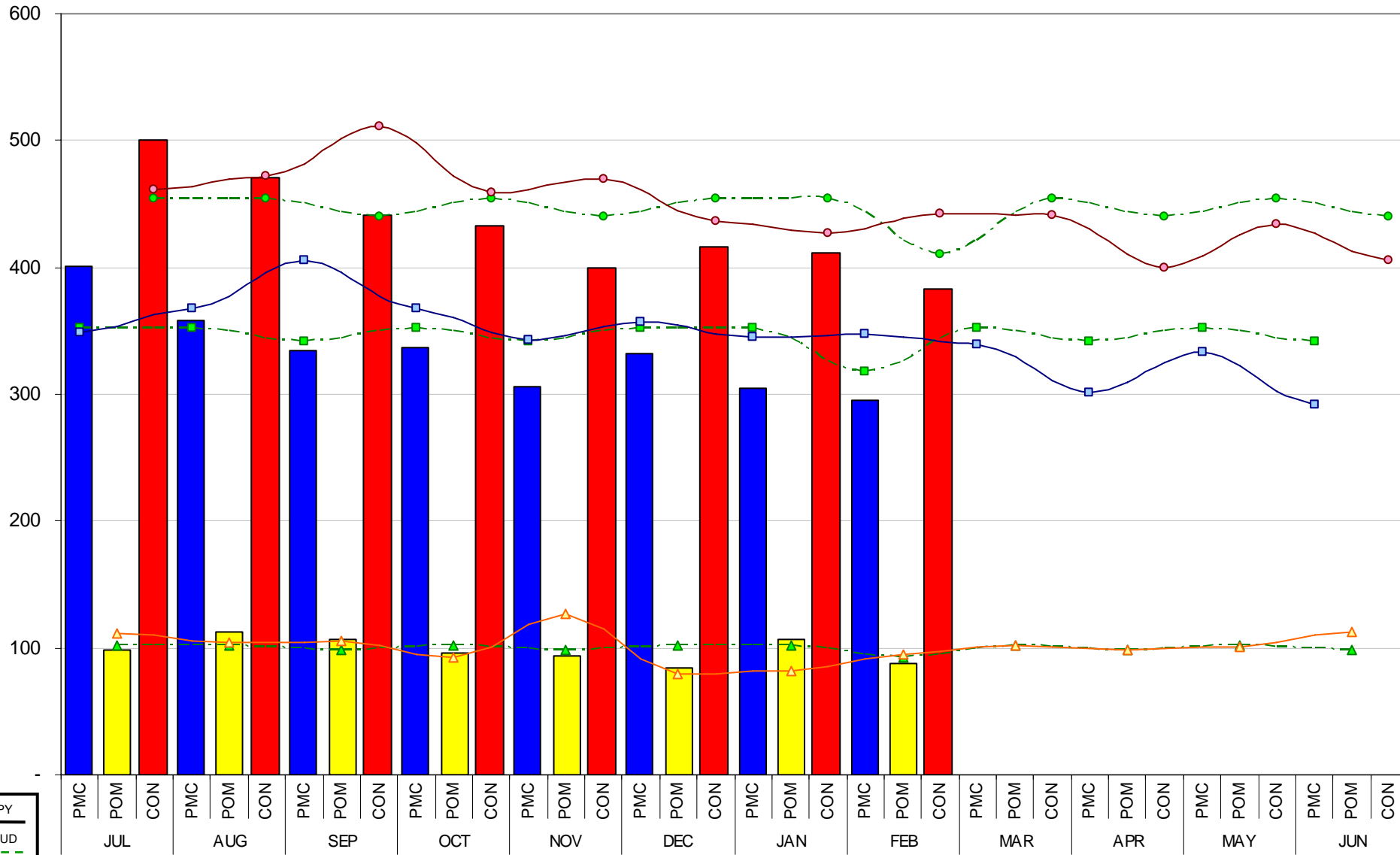


PY  
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	95	85	106	97	99	78	87	63	-	-	-	-	710	721
<b>POM</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CON</b>	95	85	106	97	99	78	87	63	-	-	-	-	710	721

Statistical Indicators

Deliveries

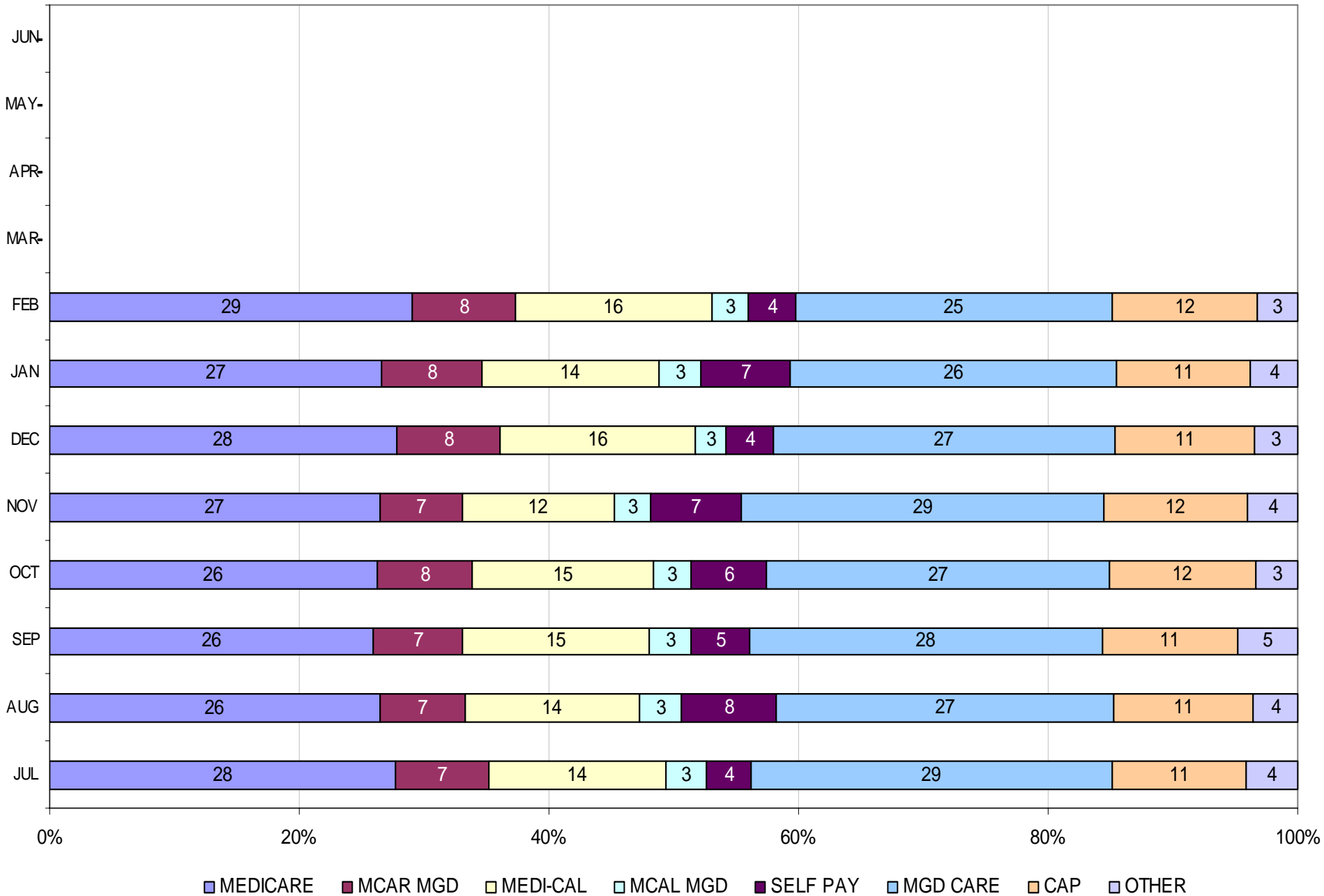


PY  
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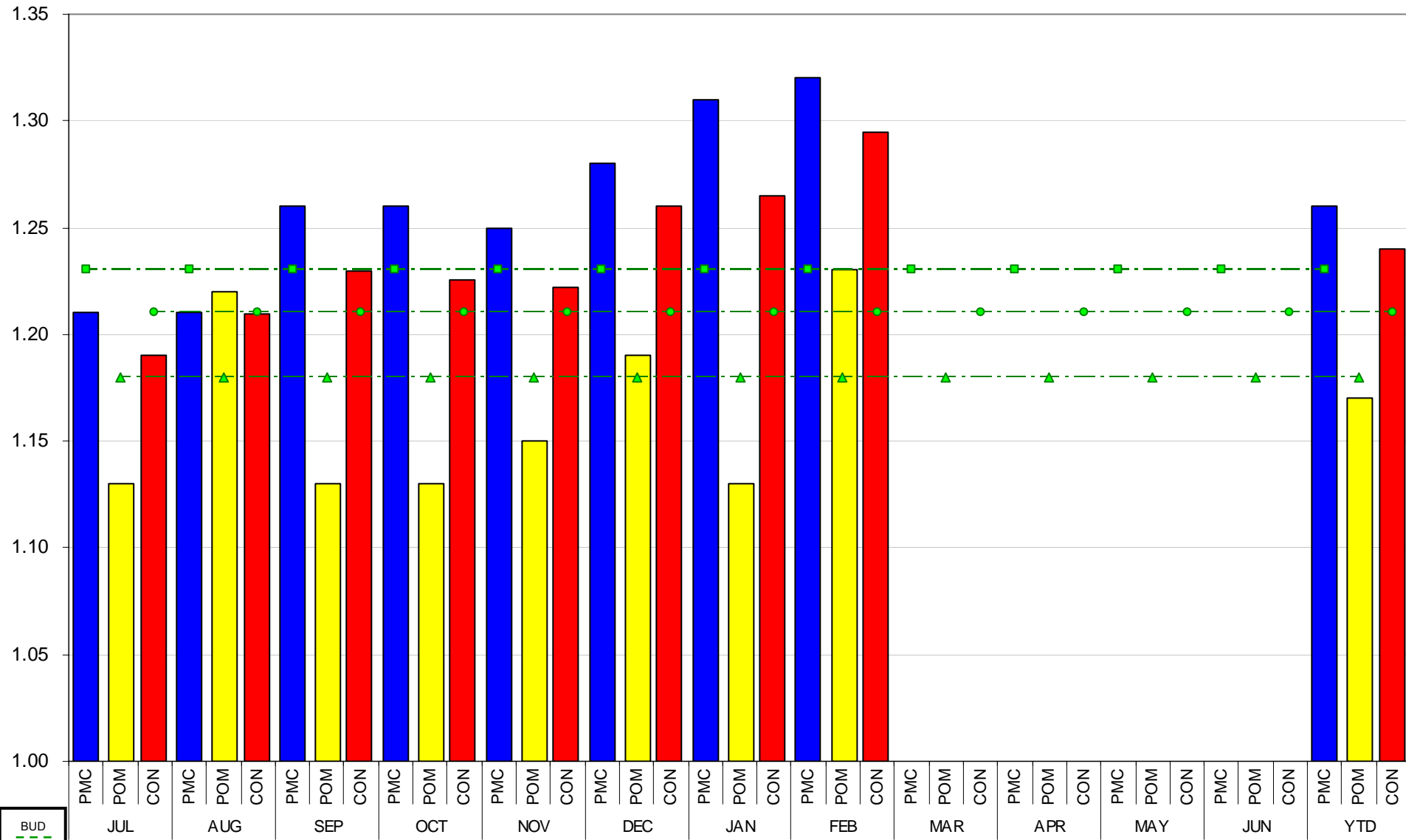
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	401	358	334	337	306	332	305	295	-	-	-	-	2,668	2,760
<b>POM</b>	99	113	107	96	94	84	107	88	-	-	-	-	788	800
<b>CON</b>	500	471	441	433	400	416	412	383	-	-	-	-	3,456	3,560



# Payor Mix Based on Gross Revenue



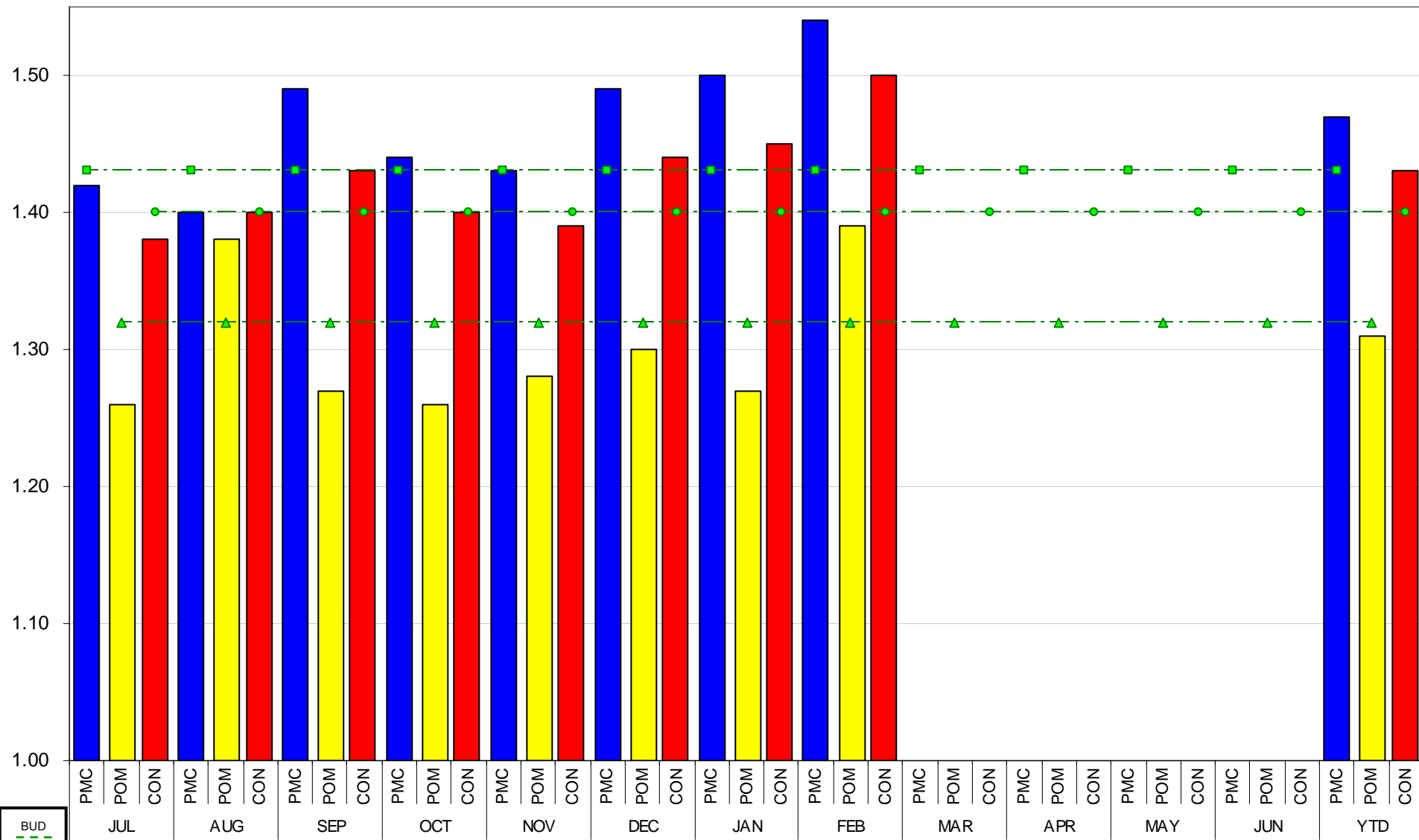
# Case Mix Index



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>PMC</b>	1.21	1.21	1.26	1.26	1.25	1.28	1.31	1.32	-	-	-	-	1.26
<b>POM</b>	1.13	1.22	1.13	1.13	1.15	1.19	1.13	1.23	-	-	-	-	1.17
<b>CON</b>	1.19	1.21	1.23	1.23	1.22	1.26	1.27	1.29	-	-	-	-	1.24

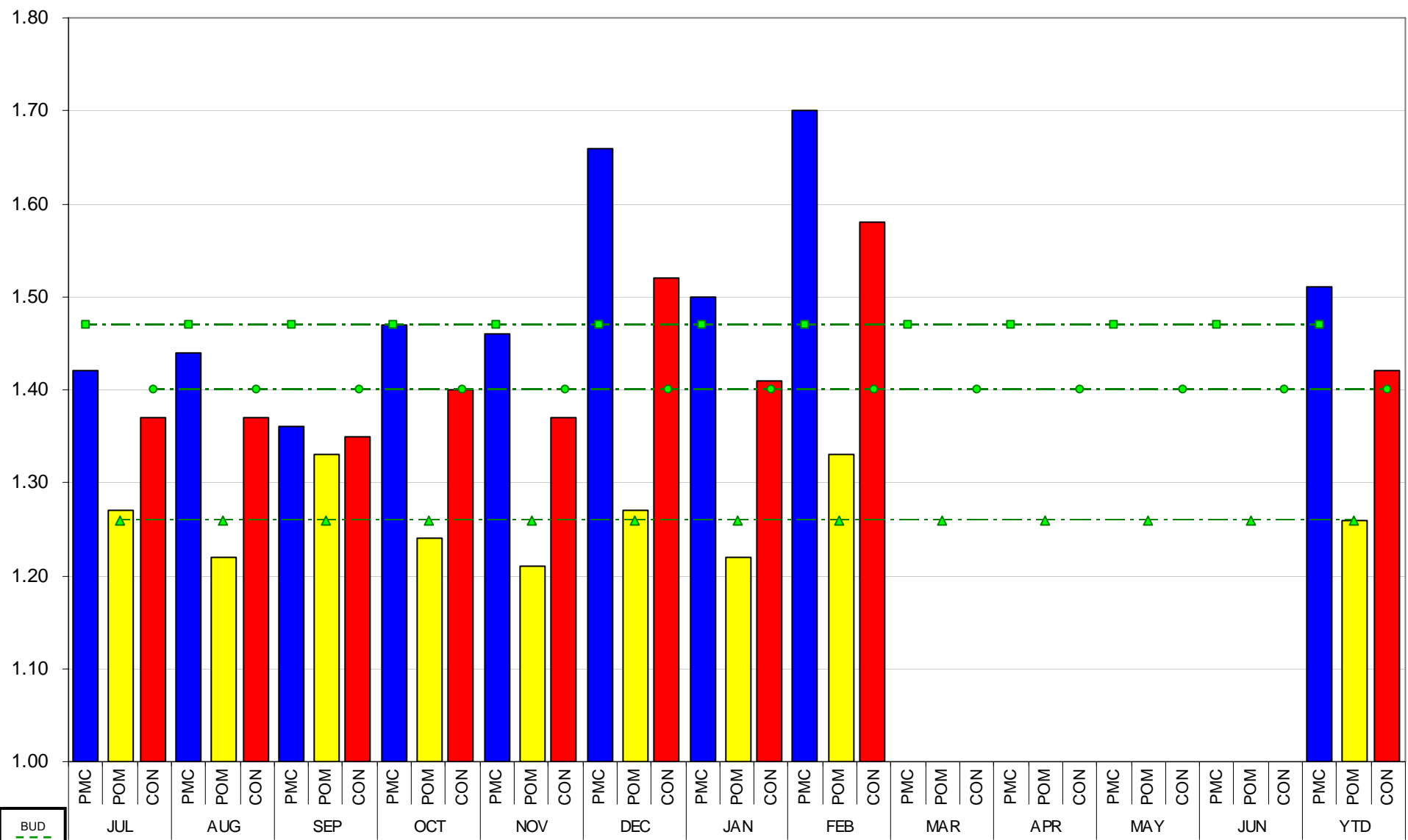
# Case Mix Index by Region

(excludes Deliveries)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>PMC</b>	1.42	1.40	1.49	1.44	1.43	1.49	1.50	1.54	-	-	-	-	1.47
<b>POM</b>	1.26	1.38	1.27	1.26	1.28	1.30	1.27	1.39	-	-	-	-	1.31
<b>CON</b>	1.38	1.40	1.43	1.40	1.39	1.44	1.45	1.50	-	-	-	-	1.43

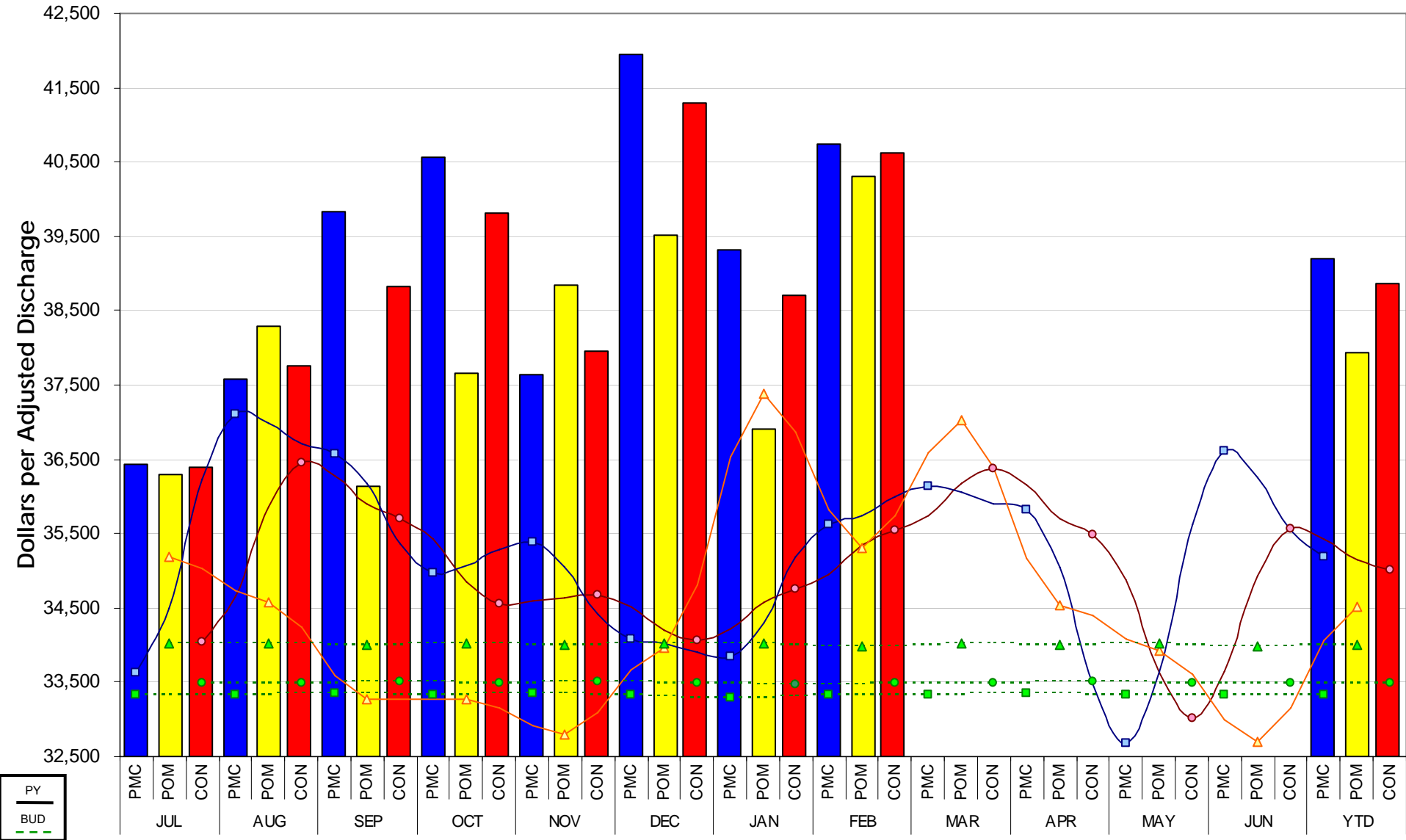
Case Mix Index by Region  
Medicare



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>PMC</b>	1.42	1.44	1.36	1.47	1.46	1.66	1.50	1.70	-	-	-	-	1.51
<b>POM</b>	1.27	1.22	1.33	1.24	1.21	1.27	1.22	1.33	-	-	-	-	1.26
<b>CON</b>	1.37	1.37	1.35	1.40	1.37	1.52	1.41	1.58	-	-	-	-	1.42

# Adjusted Discharges

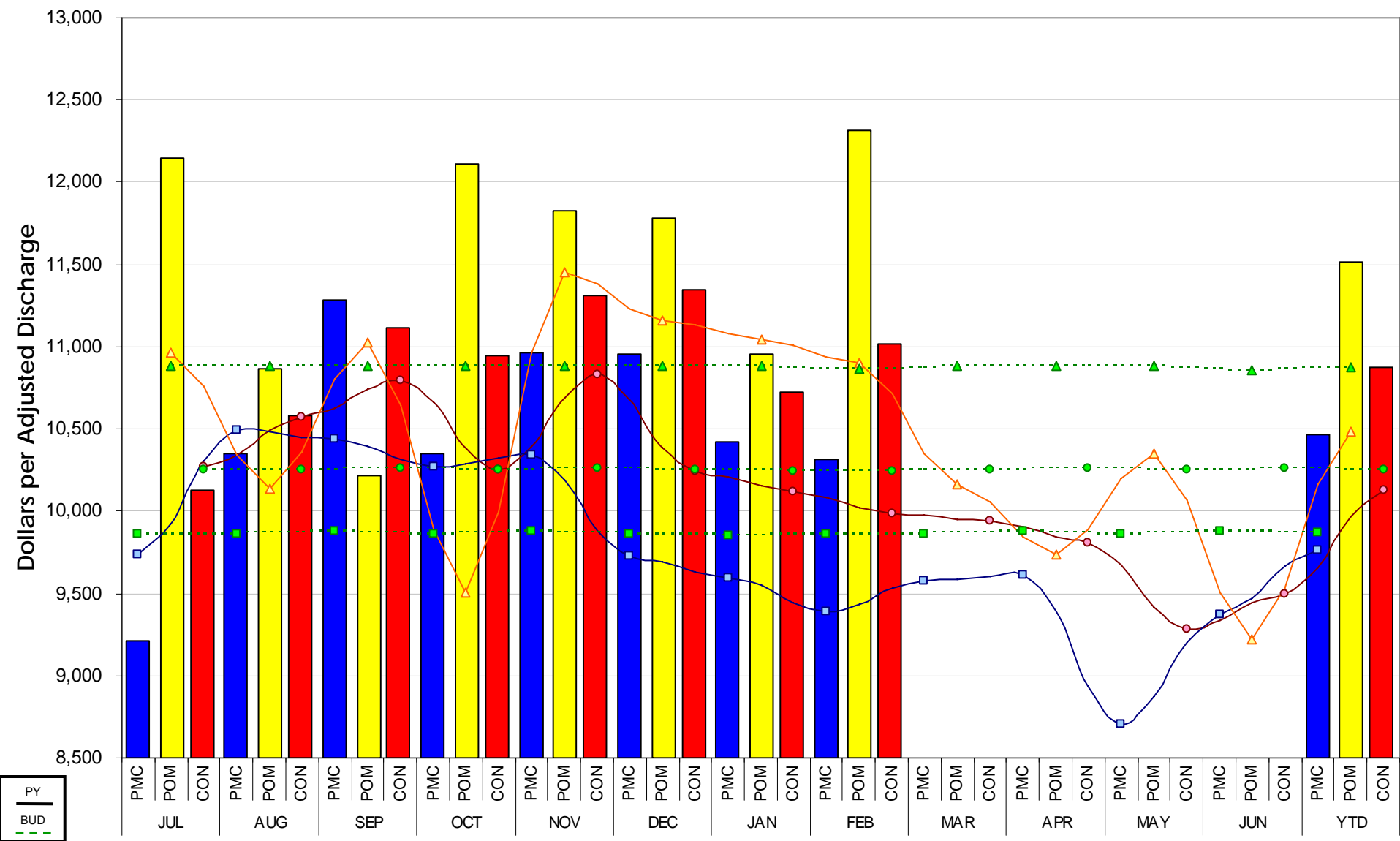
## Gross Patient Revenue per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	36,434	37,574	39,830	40,564	37,640	41,941	39,327	40,742	-	-	-	-	39,191	37,967
<b>POM</b>	36,286	38,286	36,127	37,664	38,850	39,517	36,902	40,308	-	-	-	-	37,927	36,187
<b>CON</b>	36,402	37,759	38,832	39,810	37,951	41,291	38,699	40,628	-	-	-	-	38,858	37,502

# Adjusted Discharges

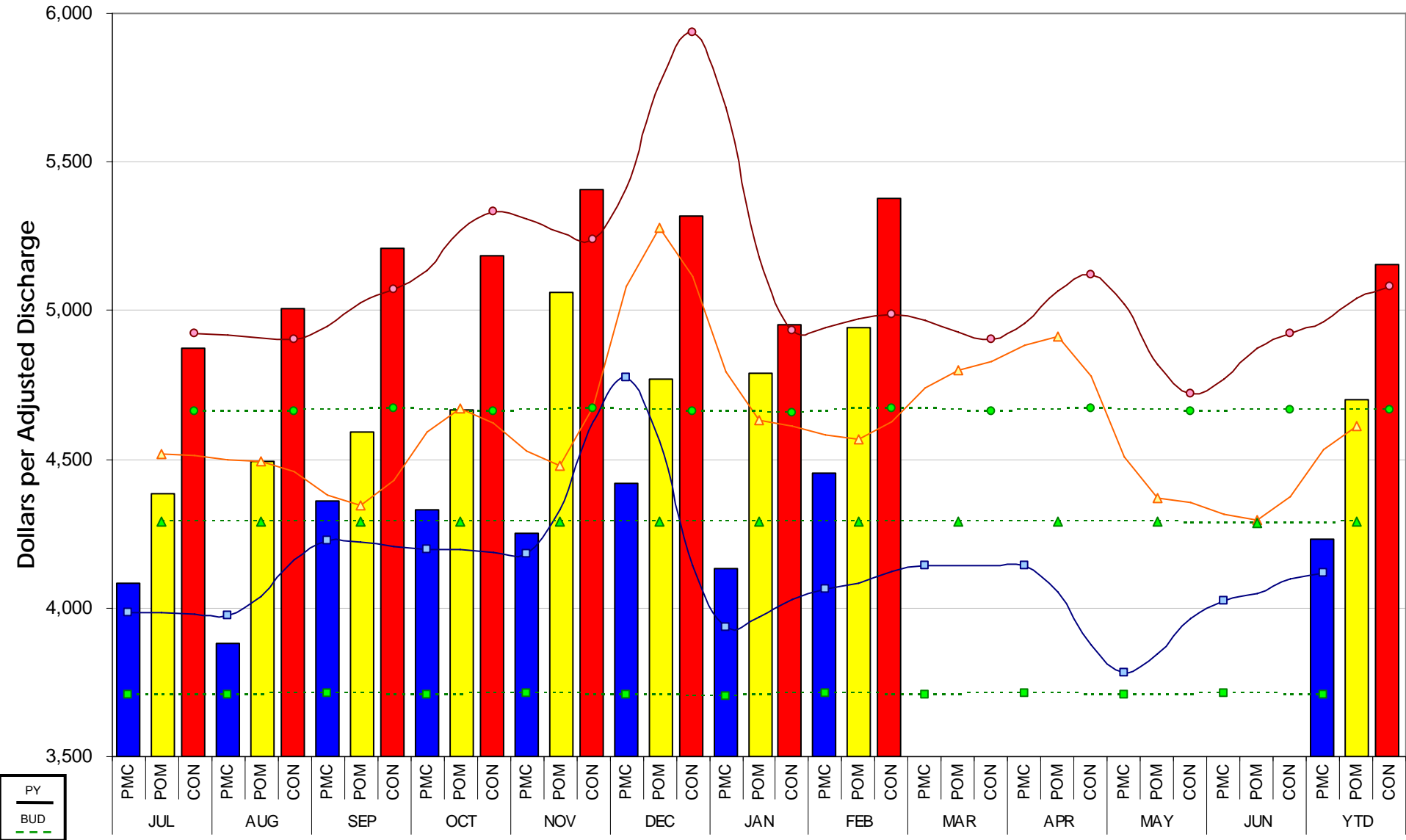
## Net Patient Revenue per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	9,214	10,346	11,288	10,353	10,964	10,951	10,424	10,314	-	-	-	-	10,463	10,359
<b>POM</b>	12,150	10,864	10,216	12,110	11,826	11,779	10,955	12,318	-	-	-	-	11,517	11,407
<b>CON</b>	10,126	10,583	11,112	10,946	11,314	11,342	10,721	11,020	-	-	-	-	10,878	10,765

# Adjusted Discharges

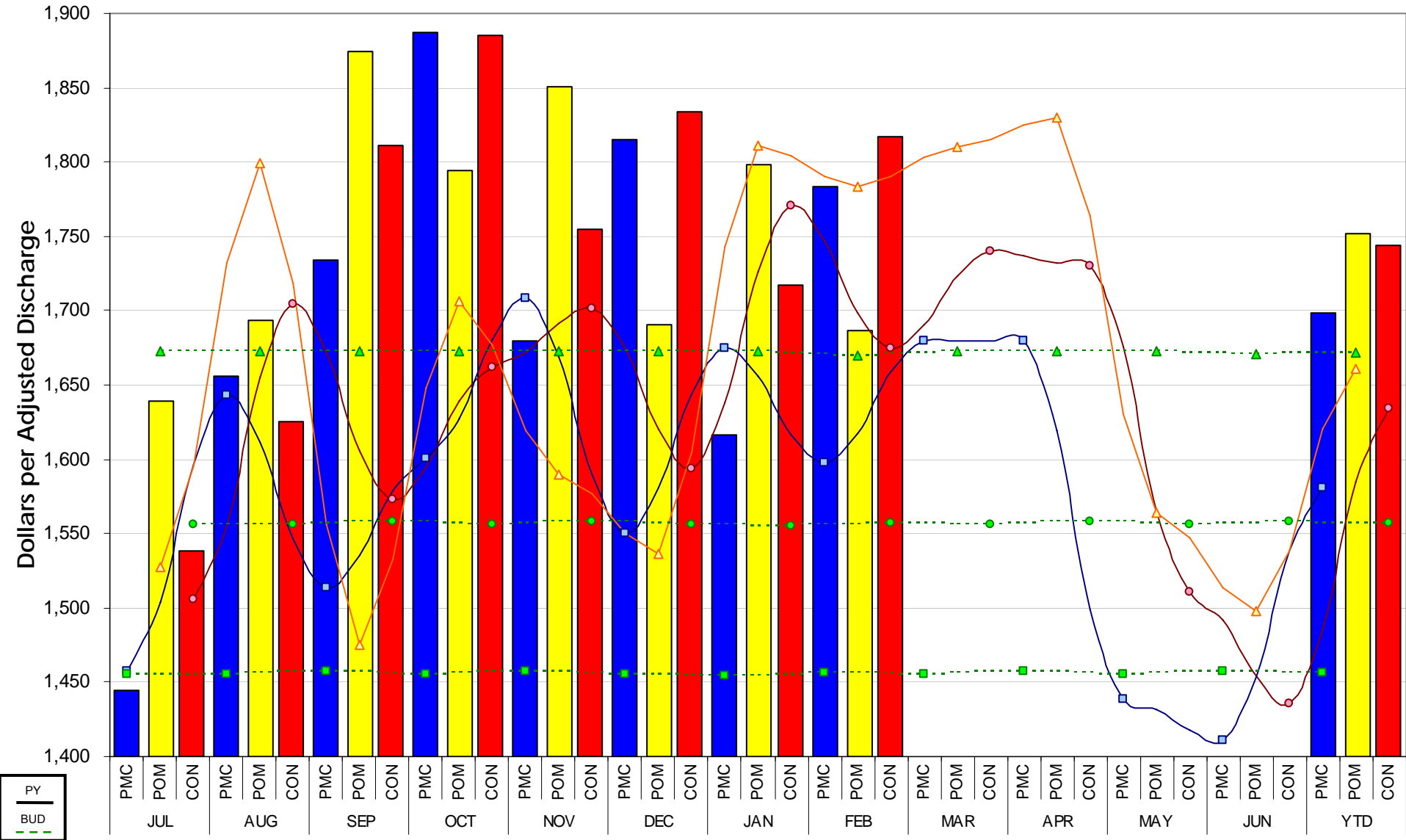
## Salaries per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	4,083	3,882	4,360	4,330	4,251	4,418	4,135	4,452	-	-	-	-	4,231	4,245
<b>POM</b>	4,386	4,491	4,594	4,665	5,061	4,769	4,791	4,945	-	-	-	-	4,701	4,892
<b>CON</b>	4,874	5,007	5,211	5,187	5,408	5,317	4,953	5,376	-	-	-	-	5,157	5,165

# Adjusted Discharges

## Supplies per Adjusted Discharge

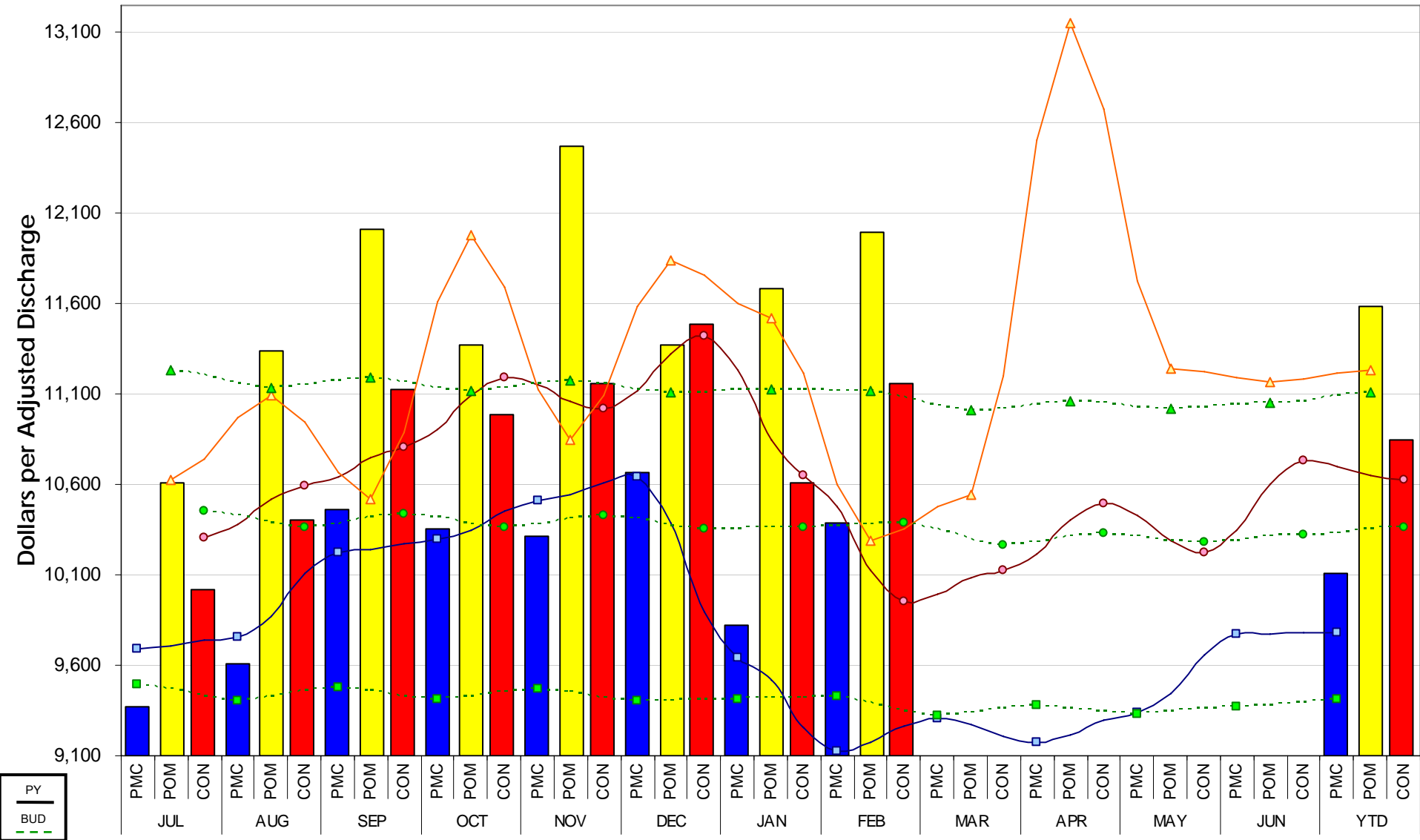


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	1,445	1,656	1,734	1,887	1,680	1,815	1,616	1,783	-	-	-	-	1,698	1,600
<b>POM</b>	1,639	1,693	1,874	1,794	1,850	1,691	1,798	1,686	-	-	-	-	1,752	1,686
<b>CON</b>	1,538	1,625	1,811	1,885	1,755	1,834	1,717	1,817	-	-	-	-	1,744	1,663



# Adjusted Discharges

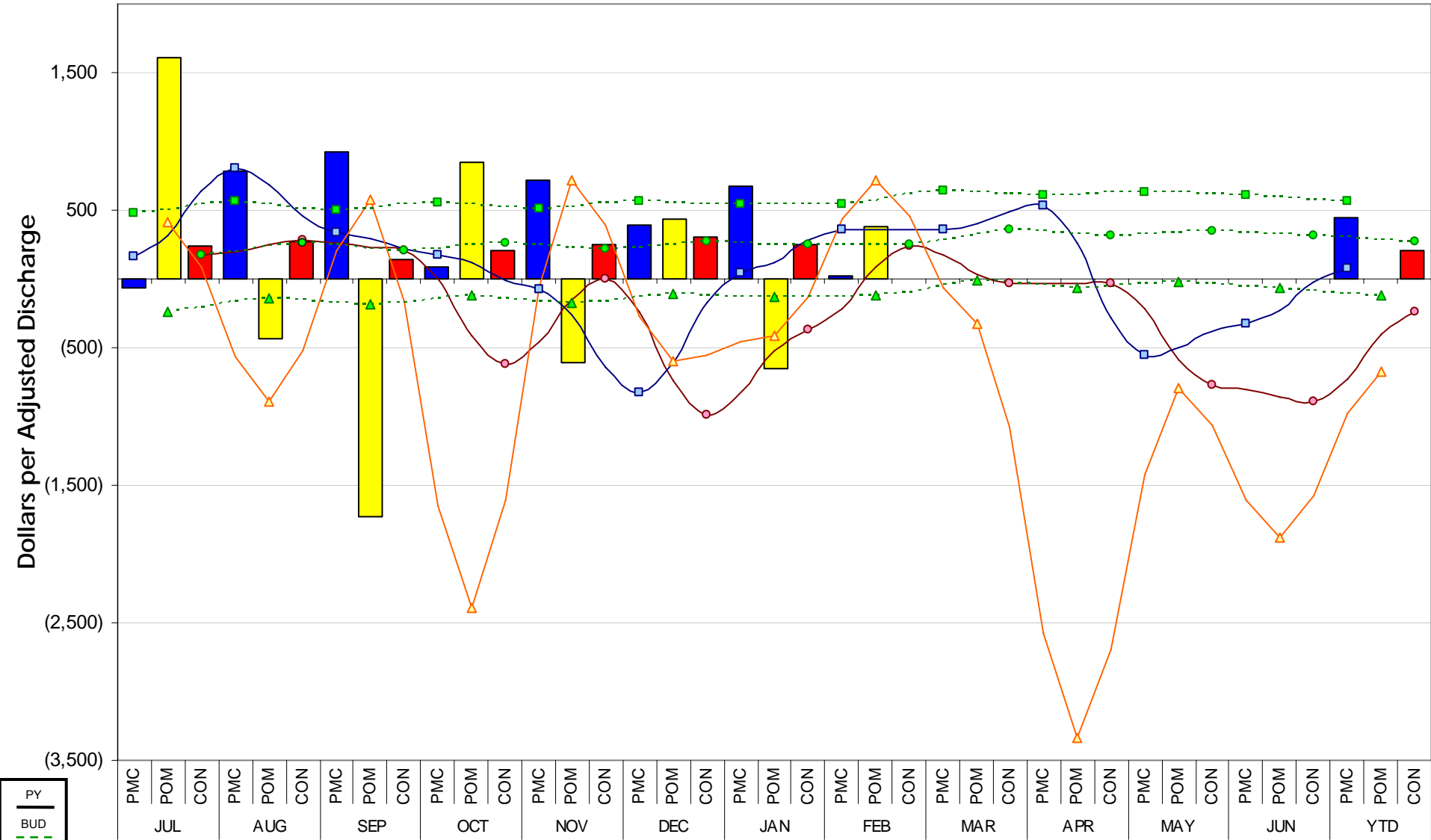
## Total Expenses per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	9,372	9,612	10,465	10,352	10,312	10,663	9,823	10,387	-	-	-	-	10,105	9,992
<b>POM</b>	10,611	11,342	12,016	11,372	12,471	11,375	11,682	11,991	-	-	-	-	11,582	11,661
<b>CON</b>	10,019	10,407	11,124	10,989	11,157	11,488	10,608	11,160	-	-	-	-	10,848	10,759

# Adjusted Discharges

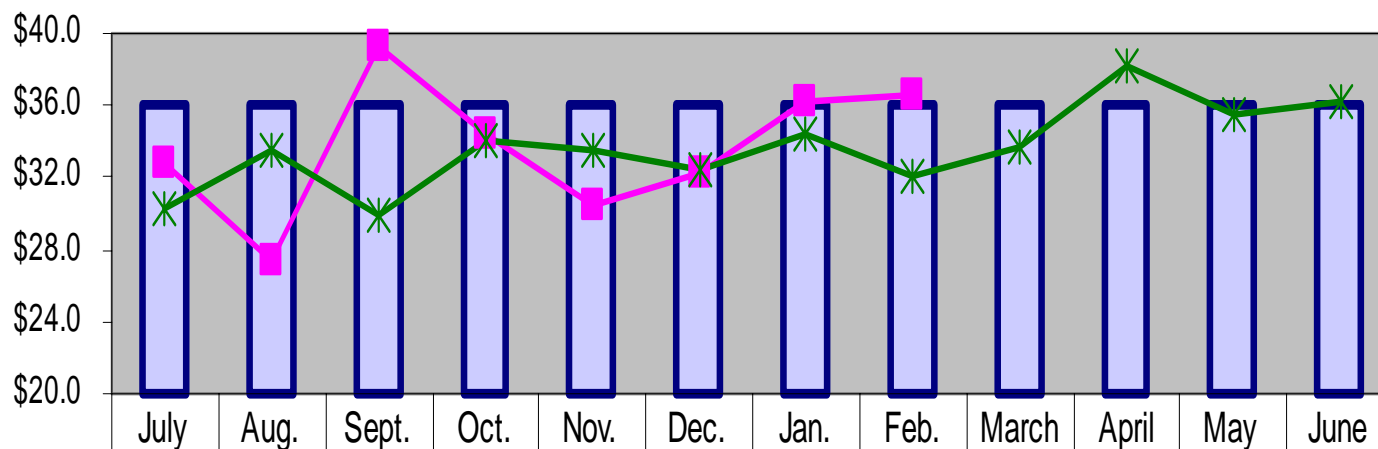
## Net Operating Income per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	(67)	785	921	87	717	391	675	25	-	-	-	-	441	455
<b>POM</b>	1,610	(436)	(1,731)	846	(607)	436	(657)	386	-	-	-	-	(3)	(109)
<b>CON</b>	241	271	146	206	250	306	245	1	-	-	-	-	211	197

PBS Monthly Cash Collections

PPH Monthly Collections  
in Millions



FY09 Goal	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0
Pr. Yr Actual	\$30.2	\$33.6	\$30.0	\$34.1	\$33.4	\$32.4	\$34.4	\$32.0	\$33.6	\$38.2	\$35.5	\$36.2
Curr. Yr Actual	\$32.8	\$27.3	\$39.3	\$34.5	\$30.5	\$32.3	\$36.3	\$36.5				

Revenue Cycle Key Indicators  
Trend Report



	Current Month End	Current Month End	Current Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End	Change from Prior Month
Period Ending Days in Period	2/28/2009 28	1/31/2009 31	12/31/2008 31	2/28/2009 243	6/30/2008 366	2/29/2008 29	
<b>Revenue</b>							
Gross for Month - North & South	123,253,862	129,974,580	131,325,505	\$ 1,029,689,871	\$ 1,384,127,824	\$ 118,302,671	\$ (6,720,718)
Net Revenue - North & South	32,943,237	35,517,143	35,598,466	\$ 284,959,247	\$ 398,939,675	\$ 35,727,407	\$ (2,573,906)
Net:Gross %	26.7%	27.3%	27.1%	27.7%	28.8%	30.2%	-0.6%
Last 3 Month Daily Average (Gross)	4,272,822	4,163,833	4,220,730	\$ 4,237,407	\$ 3,781,770	\$ 3,836,472	\$ 108,989
Last 3 Month Daily Average (Net)	1,156,209	1,163,239	1,176,879	1,172,672	1,089,999	1,138,480	(7,029)
<b>Cash Collections</b>							
Month to Date	36,504,410	36,259,939	32,283,637	\$ 269,452,201	\$ 403,728,413	\$ 32,002,678	\$ 244,471
Month to Date Goal	35,998,045	35,998,045	35,998,045	287,984,360	396,657,548	34,852,941	-
Over (under) Goal	506,365	261,894	(3,714,408)	\$ (18,532,159)	\$ 7,070,865	\$ (2,850,263)	\$ 244,471
% of Goal	101%	101%	90%	93.6%	101.8%	91.8%	0.7%
<b>Point of Service Collections</b>							
Month to Date	449,006	443,707	370,905	\$ 3,230,217	\$ 3,387,302	\$ 245,741	\$ 5,299
Month to Date Goal	385,000	385,000	370,000	2,865,400	3,843,000	360,800	-
Over (under) Goal	\$ 64,006	\$ 58,707	\$ 905	\$ 364,817	\$ (455,698)	\$ (115,059)	\$ 5,299
% of Goal	116.6%	115.2%	100.2%	112.7%	88.1%	68.1%	1.4%
<b>Accounts Receivable</b>							
0-30	100,946,181	102,959,099	105,050,196		\$ 82,995,765	\$ 92,486,299	\$ (2,012,918)
31-60	39,144,713	42,483,181	56,192,904		25,895,259	26,489,921	(3,338,468)
61-90	23,199,732	33,217,649	29,692,075		14,408,929	16,860,915	(10,017,917)
91-180	37,736,455	40,531,348	37,425,587		23,299,340	27,873,599	(2,794,893)
Over 180	25,312,913	23,824,225	21,172,582		19,271,702	24,750,643	1,488,687
Total	\$ 226,339,993	\$ 243,015,502	\$ 249,533,344		\$ 165,870,995	\$ 188,461,377	\$ (16,675,509)
A/R Days (Gross)	52.97	58.36	59.12		43.54	49.12	(5.39)
% of AR aged over 180 days	11.2%	9.8%	8.5%		12%	13%	0.01
Number of Accounts	73,511	71,829	68,805		61,570	60,133	1,682
<b>Credit Balance Accounts:</b>							
Dollars	\$ (7,636,183)	\$ (5,472,002)	\$ (4,159,667)		\$ (3,144,574)	\$ (1,828,298)	\$ (2,164,180)
Number of Accounts	10,211	8,885	7,341		4,136	1,434	1,326

Revenue Cycle Key Indicators  
Trend Report



	Current Month End	Current Month End	Current Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End	Change from Prior Month
Period Ending	2/28/2009	1/31/2009	12/31/2008	2/28/2009	6/30/2008	2/29/2008	
Days in Period	28	31	31	243	366	29	
<b>Accounts Receivable by Major Payer</b>							
Medicare	50,474,856	51,336,100	58,958,017		\$ 32,549,770	\$ 43,034,471	\$ (861,244)
Last 3 months daily average revenue	1,190,711	1,124,881	1,133,775		1,066,927	1,083,838	\$ 65,830
Gross Days revenue outstanding	42.39	45.64	52.00		30.51	39.71	(3.25)
MediCal (Includes M-Cal HMO)	39,166,139	37,237,765	36,528,593		27,638,700	27,179,916	1,928,374
Last 3 months daily average revenue	766,732	702,215	684,310		660,788	666,936	64,516
Gross Days revenue outstanding	51.08	53.03	53.38		41.83	40.75	-1.95
							0
Comm/Managed Care (Incl Mcare HMO)	96,549,065	112,807,456	116,308,270		78,740,548	84,715,775	(16,258,391)
Last 3 months daily average revenue	2,105,778	2,084,776	2,178,492		1,908,593	1,903,770	21,002
Gross Days revenue outstanding	45.85	54.11	53.39		41.26	44.50	(8.26)
Self-Pay (Incl Client Accts)	40,149,932	41,634,181	37,738,464		26,941,976	33,531,215	(1,484,249)
Last 3 months daily average revenue	209,601	251,960	224,152		172,970	181,928	(42,359)
Gross Days revenue outstanding	191.55	165.24	168.36		155.76	184.31	26.31
Accounts to Collections							
M-T-D Amount of BD to Collections	5,085,625	2,024,405	2,358,737	30,422,999	9,805,788	2,196,785	\$ 3,061,220
% of Gross Revenue (Target < 2%)	4.1%	1.6%	1.8%	0.03	8.6%	1.9%	2.6%
Charity & Undocumented Write-offs							
M-T-D Amount	1,159,840	2,716,295	1,828,597	13,184,245	2,847,359	1,161,882	\$ (1,556,455)
% of Gross Revenue (Target < 2%)	0.9%	2.1%	1.4%	1.3%	2.5%	1.0%	-1.1%
Administration Adjustments							
M-T-D Amount	133,187	127,194	33,228	898,032	624,358	566,363	\$ 5,993
% of Gross Revenue (Target < 1%)	0.1%	0.1%	0.0%	0.1%	0.5%	0.5%	0.0%

Revenue Cycle Key Indicators  
Trend Report



	Current Month End	Current Month End	Current Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End	Change from Prior Month
Period Ending	2/28/2009	1/31/2009	12/31/2008	2/28/2009	6/30/2008	2/29/2008	
Days in Period	28	31	31	243	366	29	
<b>Discharged Not Final Billed (DNFB)</b>							
<b>DNFB Action Required</b>							
HIM (Waiting for Coding)	\$ 5,130,694	\$ 4,935,231	\$ 6,166,080		5,423,822	8,425,053	\$ 195,463
PBS (Correction required)	70,994	39,712	33,217		100,312	266,157	\$ 31,282
Other holds requiring correction							\$ -
<b>Total Action Required</b>	<b>5,201,688</b>	<b>4,974,943</b>	<b>6,199,297</b>		<b>5,524,134</b>	<b>8,691,210</b>	<b>226,745</b>
<b># of AR Days action Required</b>	<b>1.22</b>	<b>1.19</b>	<b>1.47</b>		<b>1.45</b>	<b>2.27</b>	<b>0.02</b>
<b>DNFB No Action Required</b>							
4 Day Standard Delay	\$ 26,304,882	\$ 21,151,498	\$ 23,636,849		18,224,428	26,103,121	\$ 5,153,384
Other	1,135,545	12,939,094	41,542,437		1,918,384	5,247,606	(11,803,549)
<b>Total No Action Required</b>	<b>27,440,427</b>	<b>34,090,592</b>	<b>65,179,286</b>		<b>20,142,812</b>	<b>31,350,727</b>	<b>(6,650,165)</b>
							0
<b>Total DNFB</b>	<b>\$ 32,642,115</b>	<b>\$ 39,065,535</b>	<b>\$ 71,378,583</b>		<b>25,666,946</b>	<b>40,041,937</b>	<b>(6,423,420)</b>
<b>Total Days in DNFB</b>	<b>7.64</b>	<b>9.38</b>	<b>16.91</b>		<b>6.74</b>	<b>10.44</b>	<b>(1.74)</b>

**Late Charges**

**Late Charges from Date of Service 5 to 20 Days**

Number of line items	15,029	30,488	9,057	99,001	8,261	6,420	(15,459)
Dollar amount of Charges	3,684,000	4,272,603	1,554,308	15,492,903	949,778	810,743	\$ (588,603)
Dollar amount of Credits	(3,159,187)	(11,677,135)	(820,412)	(19,846,586)	(660,172)	(560,683)	\$ 8,517,949
Net Dollar Amount	524,813	(7,404,532)	733,896	(4,353,683)	289,606	250,060	\$ 7,929,345
Absolute Dollar Amount	\$ 6,843,187	\$ 15,949,739	\$ 2,374,720	\$ 31,651,970	\$ 949,778	\$ 810,743	\$ (9,106,552)

**Late Charges from Date of Service > 21 Days**

Number of line items	47,461	24,770	14,740	149,113	95,068	25,434	22,691
Dollar amount of Charges	2,208,497	2,277,278	4,950,589	17,562,249	1,987,236	1,018,049	(68,780)
Dollar amount of Credits	(2,607,710)	(20,864,653)	(1,911,003)	(35,371,534)	(1,321,540)	(1,111,898)	18,256,943
Net Dollar Amount	(399,213)	(18,587,376)	3,039,586	(17,809,285)	665,696	(93,849)	18,188,163
Absolute Dollar Amount	\$ 4,816,207	\$ 23,141,931	\$ 6,861,592	\$ 52,933,783	\$ 3,308,776	\$ 2,129,948	\$ (18,325,724)

# SUPPLEMENTAL INFORMATION

Weekly Flash Report

Mar-09	Feb 27-Mar 5	Mar 6-Mar 12	Mar 13-Mar 19		MTD Total	MTD Budget	% Variance
ADC (Acute)	281	306	291	0	293	311	(6.07)
PMC	205	230	227	0	221	231	(4.37)
POM	76	76	64	0	72	81	(10.92)
PCCC	89	86	87	0	87	85	2.70
VP	117	123	124	0	121	123	(1.32)
Patient Days (Acute)	1968	2141	2034	0	6,143	6,540	(6.07)
PMC	1435	1611	1589		4,635	4,847	(4.37)
POM	533	530	445		1,508	1,693	(10.92)
PCCC	621	603	612		1,836	1,788	2.70
VP	817	862	870		2,549	2,583	(1.32)
Discharges	494	504	505	0	1,503	1,694	(11.28)
PMC	362	371	400		1,133	1,269	(10.72)
POM	132	133	105		370	425	(12.94)
Number of Surgeries	220	235	259	0	714	700	2.00
PMC	138	162	173		473	482	(1.87)
POM	82	73	86		241	218	10.55
Number of Births	69	94	89	0	252	308	(18.18)
PMC	47	74	71		192	239	(19.67)
POM	22	20	18		60	69	(13.04)



## Weekly Flash Report

Mar-09	Feb 27-Mar 5	Mar 6-Mar 12	Mar 13-Mar 19		MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)	2460	1917	1817	0	6,194	6,168	0.42
PMC	1709	1286	1198		4,193	4,209	(0.38)
POM	751	631	619		2,001	1,959	2.14
ER Visits	1819	1690	1732	0	5,241	5,215	0.50
PMC	1259	1169	1203		3,631	3,568	1.77
POM	560	521	529		1,610	1,647	(2.25)
Trauma Visits	24	12	16	0	52	69	(24.64)
IP	23	11	16		50	62	(19.35)
OP	1	1	0		2	7	(71.43)
Gross IP Revenue	21,701,303	21,933,550	21,348,856		64,983,709	65,884,679	(1.37)
Gross OP Revenue	9,456,871	8,491,485	8,381,518		26,329,874	20,408,560	29.01
Cash Collection	5,433,611	8,526,044	9,535,217		23,494,872	24,544,122	(4.27)
Days cash on hand	99	96	105		105	80	
Prod Hrs (PP 19)	216,671		222,188		438,859	425,696	(3.09)
PMC - North	129,502		130,579		260,081	254,321	(2.26)
POM - South	56,270		58,527		114,797	115,422	0.54
Others	30,899	-	33,082	-	63,981	55,953	(14.35)
Prod \$ (PP 19)	7,205,030		7,199,799		14,404,829	13,955,557	(3.22)
PMC - North	4,303,656		4,198,186		8,501,842	8,400,179	(1.21)
POM - South	1,786,051		1,809,863		3,595,914	3,652,076	1.54
Others	1,115,323	-	1,191,750	-	2,307,073	1,903,302	(21.21)