

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

**BOARD OF DIRECTORS
AGENDA PACKET**

June 08, 2009

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

A California Health Care District (Public Entity)

PALOMAR POMERADO HEALTH BOARD OF DIRECTORS

Bruce G. Krider, MA, Chairman
Linda C. Greer, RN, Vice Chairman
Nancy L. Bassett, RN, MBA, Secretary
T. E. Kleiter, Treasurer
Marcelo R. Rivera, MD
Alan W. Larson, MD
Jerry Kaufman, MAPT

Michael H. Covert, FACHE, President and CEO

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

MISSION STATEMENT

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

VISION STATEMENT

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

CORE VALUES

Integrity

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

Innovation and Creativity

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

Teamwork

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

Excellence

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

Compassion

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

Stewardship

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

Affiliated Entities

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

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

**Monday, June 08, 2009
Commences 6:30 p.m.**

**Palomar Medical Center
Graybill Auditorium
555 East Valley Parkway
Escondido, CA 92025**

Mission and Vision

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

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

	<u>Time</u>	<u>Page</u>
I. CALL TO ORDER		
II. OPENING CEREMONY	2	
A. Pledge of Allegiance		
III. PUBLIC COMMENTS	5	
(5 mins allowed per speaker with cumulative total of 15 min per group – for further details & policy see Request for Public Comment notices available in meeting room).		
IV. * MINUTES	5	5-11
Regular Board Meeting – May 11 th , 2009		
V. * APPROVAL OF AGENDA to accept the Consent Items as listed	5	12-96
A. April 2009 & YTD FY2009 Financial Report (Addendum A)		
B. Approval of Revolving, Patient Refund and Payroll Fund Disbursements– April, 2009		
1. Accounts Payable Invoices	\$40,802,796.00	
2. Net Payroll	<u>\$10,795,986.00</u>	
Total	<u>\$51,598,782.00</u>	
C. Ratification of Paid Bills		
D. BoD Minutes		
E. Delegation of Signature Authority		
F. ICOC Applications		
G. ICOC Minutes		
H. NICU		

***“In observance of the ADA (Americans with Disabilities Act), please notify us at 858-675-5106,
48 hours prior to the meeting so that we may provide reasonable accommodations”***

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

VI. PRESENTATIONS

- A. Healthcare Environment Financial Considerations - *Bob Hemker* 10 97-128

VII. REPORTS

- A. Medical Staffs 15 129-137
- * 1. Palomar Medical Center – *John Lilley, M.D.*
 - a. Credentialing/Reappointments
 - * 2. Pomerado Hospital – *Frank Martin, M.D.*
 - a. Credentialing/Reappointments
- B. Administrative
- 1. Chairman of Palomar Pomerado Health Foundation – *Al Stehly*
 - a. Update on PPHF Activities 5 138-175
 - b. PPHF Board Approved gift acceptance policies
 - c. PMC West Naming Opportunities
 - 2. Chairman of the Board – *Linda Greer in for Bruce Krider* 15 Verbal Report
 - 3. President and CEO – *Michael H. Covert, FACHE* 10 Verbal Report
 - a. Recognition of Lawrence Koenig, MD, Medical Director of ExpressCare

VIII. INFORMATION ITEMS (Discussion by exception only) 176-178

- A. Internal Audit and Compliance – OIG Work Plan
- B. Governance – Political Activity on PPH Property (Gov 27)
- C. Governance – Media Relations (Gov 21)

IX. COMMITTEE REPORTS (Minutes available on the Leadership Drive) 15 179-184

- A. Internal Audit and Compliance Committee
 - B. Governance Committee
 - C. Human Resources Committee
 - D. Community Relations
 - E. Facilities and Grounds
 - F. Board Quality Review Committee
 - G. Finance Committee
 - H. Strategic Planning Committee
- I. Other Committee Chair Comments on Committee Highlights (standing item)

X. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH

XI. ADJOURNMENT

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

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
Pomerado Hospital/ Meeting Room E
Monday, May 11th, 2009

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:30 pm Quorum comprised Directors Bassett, Greer, Kaufman, Kleiter, Larson and Rivera. Absent: Chairman Krider		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison.		
MISSION AND VISION STATEMENTS	The PPH mission and vision statements are as follows: <i>The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve.</i> <i>The vision of PPH is to be the health system of choice for patients, physicians and employees, recognized nationally for the highest quality of clinical care and access to comprehensive services.</i>		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None.		
APPROVAL OF MINUTES <ul style="list-style-type: none"> Regular Board Meeting April 13, 2009 Closed Board Meeting April 13, 2009 Special Board Meeting April 29, 2009 Special Board Meeting April 30, 2009 		MOTION: by Kleiter, 2 nd by Larson and carried to approve the April, 2009 Regular and Special Board minutes as submitted. All in favor. None opposed.	
APPROVAL OF AGENDA <i>to accept the</i>		MOTION: by Kaufman, 2 nd by Kleiter and carried to approve the	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p><i>Consent Items as listed</i></p> <p>A. March 2009 & YTD FY2009 Financial Report (Addendum A)</p> <p>B. Approval of Revolving, Patient Refund and Payroll Fund Disbursements–March, 2009 Accounts Payable Invoices \$38,679,747.00</p> <p>Net Payroll \$10,543,912.00</p> <p>Total \$49,223,659.00</p> <p>C. Ratification of Paid Bills</p> <p>D. Dr. Zakko Emergency On Call Agreement</p> <p>E. Physician Recruitment Agreements – Drs. Jones & Link</p> <p>F. Centre for Healthcare EHR</p> <p>G. Friendly PC</p> <p>H. Cerner RHO</p> <p>I. Cerner FTF</p>		<p>Consent Items A – H with agenda items F and I pulled for further discussion.</p> <p>All in favor. None opposed.</p>	
PRESENTATIONS			
Resolution for Poway Mayor, Mickey Cafagna			
	The late Poway Mayor, Mickey Cafagna, was honored with a resolution by the Palomar Pomerado Health Board of Directors. The resolution was presented to the family of Mr. Cafagna.	<p>MOTION: By Rivera, 2nd by Bassett to approve the resolution for Mickey Cafagna as submitted.</p> <p>All in favor. None opposed.</p>	
Children’s Miracle Network Program “Kids Helping Kids”	<i>Alana Pudgil and Student Leadership</i>		
	Children’s Miracle Network coordinates the program “Kids Helping Kids”. Student Leadership from Valley Center High School who adopted the program and held unique fundraising efforts to support the Neonatal Intensive Care Unit at Palomar Medical Center provided a short video highlighting their recent accomplishments.		
Annual Update of Community	<i>John Steele, MD and Debra Byrnes</i>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
Activities and Preliminary Outcome of ACS Survey			
	The trauma department provided an update to the Board on the community trauma prevention activities. The 2009 ACS strengths were listed and the Every 15 Minutes program was highlighted with a brief video. An update on the recent trauma survey was provided.		
REPORTS			
Medical Staff			
Palomar Medical Center			
<ul style="list-style-type: none"> Credentialing 	John J. Lilley, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.	<p>MOTION: by Kleiter, 2nd by Kaufman and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented.</p> <p>Director Bassett and Director Larson abstained. Four in favor. None opposed.</p>	
Pomerado Hospital			
<ul style="list-style-type: none"> Credentialing 	Frank Martin, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.	<p>MOTION: by Kleiter, 2nd by Kaufman carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented.</p> <p>Director Bassett and Director Larson abstained. Director Rivera abstained from voting on his approval of Credentialing Recommendation. Four in favor. None opposed.</p>	
Administrative			
Chairman - Palomar Pomerado Health Foundation	<i>Bill Chapin in for Al Stehly</i>		
Foundation Updates	Bill Chapin stated that The Night of Night's Gala has currently raised \$538,750. There are		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	700 tickets sold and the Gala is still a month away. The Foundation is in need of gifts for the raffle and auction prizes.		
Chairman of the Board - Palomar Pomerado Health	<i>Vice Chair Linda Greer in for Chairman Bruce Krider</i>		
LAFCO Recommendation	Jerry Kaufman introduced Jo McKenzie of the Vista Irrigation District. Director Kaufman recommended Ms. McKenzie to the Board for the nomination of the LAFCO alternate.	MOTION: By Kaufman, 2 nd by Kleiter and carried to approve the recommendation of Jo McKenzie for LAFCO alternate. Five in favor. Director Rivera opposed.	
President and CEO	<i>Michael Covert, President and CEO</i>		
	<p>Michael Covert presented Dr. Acheatel with a gavel from the Leadership dinner for his service as Chief of Staff elect at Pomerado Hospital.</p> <p>Mr. Covert congratulated Sharron Andrews on the licensure of the NICU expansion. There are now 12 beds.</p> <p>May 11th through May 15th is Hospital Week. The executive management team will be serving employee meals throughout the week.</p> <p>The 1st round of interviews for the Director of Corporate Compliance has been completed and the field of candidates has been narrowed down to two individuals. The Board and the compliance staff will be invited to participate in the second round of interviews. It is expected that the individual chosen for the position will begin the 1st of July.</p> <p>Budget workshops as well as Union negotiations are currently in process. Mr. Covert thanked Leanne Cooney and Tim Nguyen for their hard work.</p>		
H1N1 Virus Update	<i>Kim Colonnelli, RN, Jeff Clingan, RN and</i>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<i>Donald Herpin, MD</i>		
	Kim Colonnelli presented a PowerPoint highlighting the timeline of the H1N1 Virus and PPH's comprehensive response.		
INFORMATION ITEMS	<i>Discussion by exception only</i>		
<ul style="list-style-type: none"> ▪ Strategic Planning 	<ul style="list-style-type: none"> ▪ Strategic Planning – 2008 – 2009 Board Goals Update ▪ Strategic Planning – Rehab / L-Tac ▪ Strategic Planning – IT Infrastructure ▪ Strategic Planning – Facilities Master Plan ▪ Strategic Planning – Financial Master Plan 		
<ul style="list-style-type: none"> ▪ Finance 	<ul style="list-style-type: none"> ▪ Finance – Health Development ▪ Finance – Cerner Optimization ▪ Finance - ICOC 		
COMMITTEE CHAIR COMMENTS			
<ul style="list-style-type: none"> • Internal Audit 	Did not meet in April. The next meeting is scheduled for Tuesday, May 19 th at 8:00am at Grand.		
<ul style="list-style-type: none"> • Governance 	Did not meet in April. The next meeting is scheduled for Tuesday, May 19 th at 10:00am at Grand		
<ul style="list-style-type: none"> • Human Resources 	Did not meet in April. The next meeting is scheduled for Thursday, May 28 th at 3:00pm at Grand		
<ul style="list-style-type: none"> • Strategic Planning 	At the May 5 th meeting the revised Strategic Foci were reviewed and sent back for further revisions. The collaborative contract that accompanies the foci is being drafted for Board approval at the June meeting. A matrix of priorities will also be presented to the Board for approval at the June meeting.		
<ul style="list-style-type: none"> • Community Relations 	Did not meet in April. The next meeting is scheduled for Wednesday, May 20 th at 3:00pm at Grand.		
<ul style="list-style-type: none"> • Board Facilities and Grounds 	At the May 11 th meeting an overview of the Facilities Master Plan and a detailed presentation on PMC East were provided.		
<ul style="list-style-type: none"> • Board Quality Review 	The next meeting is scheduled for Monday,		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	May 18 th at 12:00pm in the back half of Graybill and PMC.		
<ul style="list-style-type: none"> Finance 	<p>Dir Kleiter stated that items F and I from the consent agenda were approved at the Finance committee. In regards to item F, Dir Larson asked for clarification on the first year costs, the timing and the reasons for PPH's involvement. Dir Kaufman asked for clarification on the methods for payback.</p> <p>Consent Agenda Item I Dir Larson asked that all expenditures be considered before voting on approval so that the later expenditures would have equal opportunity of funding. Dir Rivera spoke about the need to approve certain expenditures now in order to accomplish high quality healthcare and continue to increase revenues.</p>	<p>MOTION: by Kleiter, 2nd by Kaufman and carried to approve consent agenda item F as submitted.</p> <p>Five in favor. None opposed. Dir. Rivera abstained.</p> <p>MOTION: by Kaufman, 2nd by Rivera and carried to approve consent agenda item I as submitted.</p> <p>Five in favor. Dir. Larson opposed.</p>	
BOARD MEMBER COMMENTS and AGENDA ITEMS FOR NEXT MONTH	<p>Dir Larson stated his concerns about the ability to always meet financial obligations due to the current state of the economy. Dir Larson expressed his desire to create a Board reserve fund that would be able to meet the Strategic needs and building needs of PPH. Dir Larson asked the Finance committee to consider the option.</p> <p>Dir Rivera reminded the Board of the Nurse of the Year presentations this week. Friday, May 15th is also the graduation ceremony for the first graduating class from CSUSM nursing school.</p>		
ADJOURNMENT	8:20p.m.		
SIGNATURES			
<ul style="list-style-type: none"> Board Secretary 	<hr/> <p>Nancy Bassett, RN, MBA</p>		
<ul style="list-style-type: none"> Board Assistant 	<hr/> <p>Nicole Dennis</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW- UP/RESPONSIBLE PARTY

April 2009 & YTD FY2009 Financial Report

TO: Board of Directors

MEETING DATE: Monday, June 8, 2009

FROM: Robert Hemker, CFO

BY: Board Finance Committee
Tuesday, May 26, 2009

Background: The Board Financial Reports (unaudited) for April 2009 and YTD FY2009 are submitted for the Board's approval.

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Board Financial Reports (unaudited) for April 2009 and YTD FY2009.

Motion: X

Individual Action:

Information:

Required Time:

April 2009 & YTD FY2009 Financial Report

**PALOMAR POMERADO HEALTH
CONSOLIDATED DISBURSEMENTS
FOR THE MONTH OF
APRIL 2009**

04/01/09	TO	04/30/09	ACCOUNTS PAYABLE INVOICES	\$	40,802,796
04/03/09	TO	04/17/09	NET PAYROLL	\$	<u>10,795,986</u>
				\$	51,598,782

I hereby state that this is an accurate and total listing of all accounts payable, patient refund and payroll fund disbursements by date and type since the last approval.



CHIEF FINANCIAL OFFICER

APPROVAL OF REVOLVING, PATIENT REFUND AND PAYROLL FUND DISBURSEMENTS:

Treasurer, Board of Directors PPH _____

Secretary, Board of Directors PPH _____

This approved document is to be attached to the last revolving fund disbursement page of the applicable financial month for future audit review.

cc: M. Covert, G. Bracht, R. Hemker, D. Tam

<p style="text-align: center;">Minutes Board Budget Workshop – Tuesday, May 26, 2009</p>
--

TO: Board of Directors

MEETING DATE: Monday, June 8, 2009

FROM: Tanya Howell, Recording Secretary

BY: Bob Hemker, CFO

Background: The minutes from the Board Budget Workshop held on Tuesday, May 26, 2009, are respectfully submitted for approval.

Budget Impact: N/A

Staff Recommendation: Staff recommends approval of the minutes from the Board Budget Workshop held on Tuesday, May 26, 2009.

Committee Questions:

<p style="text-align: center;">COMMITTEE RECOMMENDATION:</p>

Motion: X

Individual Action:

Information:

Required Time:

SPECIAL BOARD BUDGET WORKSHOP – MEETING MINUTES – TUESDAY, MAY 26, 2009			
1. AGENDA ITEM			
• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
CALL TO ORDER			
<ul style="list-style-type: none"> The meeting – held in Conference Rooms B&C at 15255 Innovation Drive, San Diego, CA – was called to order at 5:15 p.m. by Director Linda Greer, RN, Acting Chair 			
ESTABLISHMENT OF QUORUM			
<ul style="list-style-type: none"> By Roll Call <ul style="list-style-type: none"> Present: Directors Nancy Bassett, RN, MBA; Linda Greer, RN; Jerry Kaufman, MAPT; Ted Kleiter; Alan Larson, MD; and Marcelo Rivera, MD Excused: Director Bruce Krider 			
OPENING CEREMONY			
<ul style="list-style-type: none"> The Pledge of Allegiance was recited in unison 			
PUBLIC COMMENTS			
<ul style="list-style-type: none"> There were no public comments 			
<ul style="list-style-type: none"> Director Greer turned the meeting over to Director Ted Kleiter, Chair of the Board Finance Committee 			
INFORMATION ITEM(S)			
<ul style="list-style-type: none"> There were no information items 			
1. FISCAL YEAR 2010 OPERATING BUDGET & CAPITAL BUDGET			
<ul style="list-style-type: none"> Director Kleiter stated that the members of the Board have had an opportunity to review the proposed FY2010 budget over the past week, including separate meetings with CFO Bob Hemker and his staff. He then turned the floor over to Mr. Hemker. Mr. Hemker stated that this year's budget process had been positive, and therefore was being presented a little ahead of the original schedule <ul style="list-style-type: none"> He thanked the EMT and the leadership team for their assistance in working through the process, noting that their efforts characterized the culture and discipline in which management approached the budget He also acknowledged a deep debt of gratitude to LeAnne Cooney and her team, who kept everyone on track and on focus 	<p>MOTION: By Director Bassett seconded by Director Larson and carried to approve the FY2010 Operating Budget of \$25,876,000 excess revenue over expense ("net income") as presented. All in favor, none opposed.</p> <p>MOTION: By Director Larson seconded by</p>	<ul style="list-style-type: none"> Questions regarding potential participation in a physician foundation model will be addressed via a Board educational session Bob Hemker and Ted Kleiter will research and report back on the potential effect of Governor Schwarzenegger's proposed hold on property tax revenues as additional information/decisions become available 	N

SPECIAL BOARD BUDGET WORKSHOP – MEETING MINUTES – TUESDAY, MAY 26, 2009

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> • Utilizing the attached presentation (<i>Attachment 1</i>), Mr. Hemker presented highlights of the budget, identifying themes and issues that arose during the budget process and reviews <ul style="list-style-type: none"> o With few exceptions—which will be highlighted in discussions—FY2010 is proposed to be a flat-volume budget o Strategies addressed during the Board Strategic Workshop were reviewed but – other than the IT solution – have not been budgeted <ul style="list-style-type: none"> – FY2010 will be used to position us to move those initiatives forward in FY2011 and FY2012 – 10-year financial & capital plan is kept current and up-to-date <ul style="list-style-type: none"> 1) Always updated when a bond issue is contemplated o The anticipated property tax revenue in this budget has been tempered to reflect a slight downward trend in actual receipts for FY09 due to reassessments o There are increases and decreases throughout all line items and entities of PPH <ul style="list-style-type: none"> – Created using best judgment and fiduciary responsibilities o Volumes – Pages 3&4 <ul style="list-style-type: none"> – Acute volumes at PMC show a slight increase, based on the anticipated behavioral health contract <ul style="list-style-type: none"> 1) If the contract doesn't develop, there would be a corresponding reduction in expenses – Increase in SNF volumes at POM represents a normalization and growth of the POM Subacute unit – Increase in outpatient registrations is based primarily on employee health visits – Home health is expected to continue a trend to increase slightly o Gross Revenues – Page 5 <ul style="list-style-type: none"> – Some increase in self-pay as a percentage of payor mix is anticipated <ul style="list-style-type: none"> 1) Based on FY2009 experience, which showed a substantial increase over FY2008 – Managed care is anticipating rate increases based upon current negotiations of 3 major contracts due at the beginning of the fiscal year o Revenue Assumptions/Considerations – Page 6 <ul style="list-style-type: none"> – Composite 8% charge master increase has been included in the revenue forecast – Bad debt reflects about an 11% increase in raw dollars over FY2009 o Key Inflationary Assumptions – Page 7 <ul style="list-style-type: none"> – Pharmaceuticals inflation is lower than previous FY due to a favorable change in contracted supplier – Anticipated volume increases associated with implantable devices, consistent with FY2009 experience 	<p>Director Bassett and carried to approve the FY2010 Capital Budget of \$15M as presented, with \$3M for routine; \$5M for the IT Strategy; \$5M in reserve for the Facility Master Plan; and \$2M in reserve to fund future initiatives and strategies. All in favor, none opposed.</p> <p>MOTION: By Director Rivera, seconded by Director Larson and carried to approve a composite 8% charge master rate increase as presented for FY2010. All in favor, none opposed.</p>		

SPECIAL BOARD BUDGET WORKSHOP – MEETING MINUTES – TUESDAY, MAY 26, 2009

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> o Key Expense Assumptions – Page 8 <ul style="list-style-type: none"> – Reinvestment in employees <ul style="list-style-type: none"> 1) Salary adjustments including market adjustments, merits and/or COLAs, step adjustments, etc., totaling approximately \$8.5M are included in the budget 2) In total, salaries, wages and registry are 3.5% higher than FY2009 – Reduction in premium pay is a key opportunity and key success <ul style="list-style-type: none"> 1) Lorie Shoemaker has been very successful in chairing premium pay team comprised of nursing staff and non-nursing departments <ul style="list-style-type: none"> a) Matching productivity and nurse staffing ratios to the volumes b) In many instances, having a registry is a best-case scenario (e.g., when employees are on LOA or to keep up with volume shifts) 2) Premium pay opportunities total approximately \$2M net benefit in FY2010 o In a continued rebasing of the organization and positioning for the future, there will be a staffing reduction this year – Page 9 <ul style="list-style-type: none"> – Approximately 30 incumbent position eliminations – Based on a review of organizational and position needs <ul style="list-style-type: none"> 1) Assistance will be provided to impacted individuals for possible redeployment within the organization or severance packages – No bedside care will be impacted o Labor costs are budgeted to increase by \$7.4M, just under 3.5% – Page 10 <ul style="list-style-type: none"> – To achieve partial labor budget neutrality, reductions will be made in employee pension contributions and plan redesign for health and welfare benefits, effective January 2010 – In addition, anticipated cost reductions for health and welfare benefits have been included resulting from a dependent coverage audit o Supplies have a budgeted 4.95% increase of \$3.5M – Page 11 <ul style="list-style-type: none"> – Continue to see an increase in prosthesis cases – Supply budget is volume and inflation adjusted o Professional fees - Page 12 <ul style="list-style-type: none"> – Inflation neutral and dollar neutral for FY2010 – Increase in physician fee due to contractual increase in on-call coverage agreements – Legal fees are budgeted to continue downward trend, resulting from in-house legal department <ul style="list-style-type: none"> 1) Budgeted external legal fees are for labor specialist counsel and other specialty matters o Purchased services are budgeted to increase about 2.4% – \$800K – Page 13 			

SPECIAL BOARD BUDGET WORKSHOP – MEETING MINUTES – TUESDAY, MAY 26, 2009

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> – Due in large part to an increase in the number of Biomed devices now under maintenance and repair agreements (\$300K increase) and IT systems (\$300K increase) <ul style="list-style-type: none"> 1) Will be reviewing make/buy options on a case-by-case basis in coming years to determine best option for management contract solutions – Slight increase in IT due to on-boarding of new applications – Management services increase is based on the expansion in Subacute o Other Direct Expenses – Page 14 <ul style="list-style-type: none"> – Increase in utilities due to forecasted rise in electric and water costs of \$1.7M (\$1.3M electricity; \$400K water) <ul style="list-style-type: none"> 1) Not yet contracted/negotiated, but best indicated amount for budget 2) Also now have more buildings up and running on a normalized basis – Training/tuition increase is a stabilization of the commitment to employees and is approximately equivalent on a year-on-year basis o Initiatives and Programs – Page 16 <ul style="list-style-type: none"> – Clinical Documentation Integrity Initiative (CDI) and the Board-approved Information Technology strategy are the two key initiatives funded in the FY2010 budget <ul style="list-style-type: none"> 1) Strategy infrastructure identification and building in FY2010 and FY2011 will be a key focus to help assure future sustainability 2) FY2012 will be a key timeframe for achievement of volume growth from service line opportunities and strategies identified in the 10-year Finance and Capital Plan – \$3M revenue improvement budgeted based on the CDI initiative <ul style="list-style-type: none"> 1) Potential range of benefit was quantified by an outside team of experts <ul style="list-style-type: none"> a) Budget includes a conservative range of opportunity in the net revenue 2) Expenses associated with initiative would have to be removed from budget if benefits were removed – Premium pay strategy is budgeted for a net savings of \$1.9M in labor expenses – Physician recruitment budget includes approximately 13 total physicians – some currently on agreement and some new for FY2010 <ul style="list-style-type: none"> 1) Physician foundation funding is not in the FY2010 operating or capital budget <ul style="list-style-type: none"> a) Capital dollars wouldn't necessarily come from a routine capital bucket, rather a strategic capital budget b) Giving up cash for an investment in the foundation c) Should the physician foundation strategy advance, would be presented to the Board for approval and may or may not affect the expected FY2010 operating budget performance, depending on structure 			

SPECIAL BOARD BUDGET WORKSHOP – MEETING MINUTES – TUESDAY, MAY 26, 2009

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> o Operating Budget – Pages 17-19 <ul style="list-style-type: none"> – Projected 1.87% favorable change in net income over FY2009 – Operating Income for FY2010 – \$13,524,000 – Net Income for FY 2010 – \$25,876,000 – OEBITDA Margin for FY2010 – 10.87% – Net Margin for FY2010 – 5.63% – We earn approximately \$1 in operating income for every \$1 in property taxes – We have doubled operational income effectiveness (OEBITDA) since 2001 – Uncompensated care evidenced a significant increase in FY2009 that is expected to continue into FY2010 o Capital Budget – Pages 20-21 <ul style="list-style-type: none"> – Maintaining the \$5M reserved for the Facilities Master Plan (FMP) – Recommending a \$2M capital reserve to fund and/or partially fund future initiatives – Board-approved IT initiatives for Remote Hosting Option and FTF Agreement – \$5M – \$3M allocated to routine equipment and facility improvements <ul style="list-style-type: none"> 1) Effectively committing to emergency only capital replacement plan for the next 3 years <ul style="list-style-type: none"> a) FY2010 amount approximates capital expenditures for FY2009, excluding non-emergent o Maintenance issues/deferred <ul style="list-style-type: none"> – Some addressed with operational budget commitments included in FY2010 operating budget o Recapping: Recommending a \$15M capital budget, with only \$8M available <ul style="list-style-type: none"> – Exceptions would be for approval of initiatives that are self-funding/revenue generating • Mr. Hemker stated that the budgets had been noticed as actionable items and could, therefore, be approved at this meeting should the Board members choose to do so • Director Kleiter commended Bob Hemker, Michael Covert, LeAnne Cooney and the entire team for their efforts in preparing and presenting the budget <ul style="list-style-type: none"> o Mr. Covert thanked him and stated that the credit really goes to the administrative staff and directors, to LeAnne for keeping everyone on track, and to Bob for his ability to present the budget in an understandable format <ul style="list-style-type: none"> – He also stated that this will be a hard year, as will the next several years to come 			

SPECIAL BOARD BUDGET WORKSHOP – MEETING MINUTES – TUESDAY, MAY 26, 2009

1. AGENDA ITEM

• **DISCUSSION**

CONCLUSION/ACTION

FOLLOW UP/RESPONSIBLE PARTY

FINAL?

ADJOURNMENT

- As both the Capital and Operating Budgets for FY2010 were approved at this meeting by a Board majority in attendance, there will be no need to hold a second Board Budget Workshop on June 1, 2009
- There being no further business, the meeting was adjourned at 6:19 p.m.

SIGNATURES:

• **ACTING BOARD CHAIR**

Linda Greer, RN

• **BOARD SECRETARY**

Nancy L. Bassett, RN, MBA

Palomar Pomerado Health

Capital and Operating Budgets Fiscal Year 2010

Presentation to
Board of Directors

May 26, 2009

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU



Drivers of the Budget Process

- Strategic Goals & Annual Objectives
- Financial Performance-Operational Profitability and Liquidity
- 10 Year Financial and Capital Plan
- Growth Opportunities
- Revenue Management
- Resource Management & Controls

FY 2010 Operating Budget Recap

(In thousands)

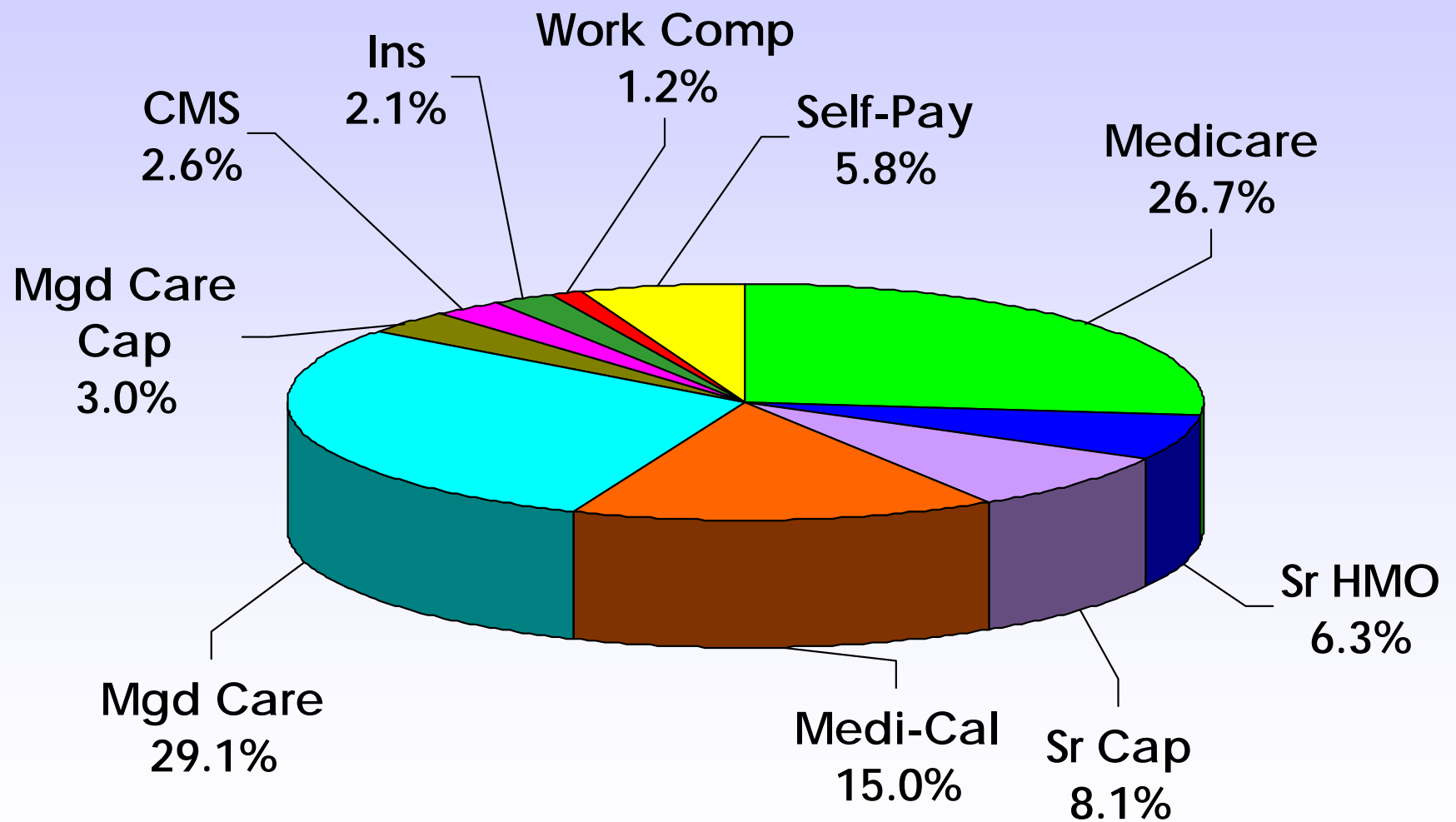
	<u>PMC</u> <u>Change</u>	<u>%</u>	<u>POM</u> <u>Change</u>	<u>%</u>	<u>Consolidated</u> <u>Change</u>	<u>%</u>
<u>INPATIENT</u>						
Discharges						
Acute	327	1.5%	0	.0%	327	1.1%
SNF	1	.2%	(26)	(4.0%)	(25)	(2.3%)
Patient Days						
Acute	2,259	2.7%	0	.0%	2,259	2.0%
SNF	203	.6%	735	1.6%	938	1.2%
Avg Length Of Stay						
Acute	0.0	1.2%	0.0	.0%	0.0	.9%
SNF	0.3	.4%	3.8	5.4%	2.5	3.5%
Births	0	.0%	0	.0%	0	.0%
Inpatient Surgeries	56	.8%	0	.0%	56	.6%

FY 2010 Operating Budget Recap

(In thousands)

	<u>PMC</u> <u>Change</u>	<u>%</u>	<u>POM</u> <u>Change</u>	<u>%</u>	<u>Consolidated</u> <u>Change</u>	<u>%</u>
<u>OUTPATIENT</u>						
ER Visits	0	0.0%	0	0.0%	0	0.0%
O/P Registrations (Increase from Lab)	5362	7.2%	0	0.0%	5,362	5.0%
O/P Surgeries	0	0.0%	0	0.0%	0	0.0%
Home Health Visits	1676	4.8%	0	0.0%	1,676	4.8%

Gross Revenue by Financial Class



Key Revenue Assumptions/Considerations

- **Rates**

- Inpatient and Outpatient—8% Increase
- Contracts / 3rd Party Reimbursement
- At Risk Capitation Contracting with Three Medical Groups
- Bad Debt/Uncompensated Care – 5.3%
 - Historical FY08 – 4.5%
 - Historical FY09 – 5.2%

Key Inflationary Assumptions/Considerations

	FY09 Budget	FY 10 Budget
<u>Supplies:</u>		
Pharmaceuticals	7.0%	1.5%
Prosthesis (Non-tech Price Changes)	0.0%	2.0%
Surgical Instruments	0.0%	0.0%
Surgical Supplies	0.0%	2.0%
Other Medical	0.0%	2.0%
Food Other	0.0%	2.0%
Minor Equipment/Instruments	0.0%	0.0%

Key Expense Assumptions/Considerations

- **Labor**

- Reinvestment in Our Employees
 - Salary Increases / Adjustments Totaling \$8,535,000
- Reduction in Premium Pay:

	<u>Gross Dollars</u>	<u>Net Benefit</u>
• Overtime	\$ 1,265,000	\$ 422,000
• Registry	\$ 4,907,000	\$1,505,000
- FTEs
 - Productive FTEs adjusted for Productivity Stds,
Operating Efficiencies and Initiatives 2,613 FTE's
- Adherence to Productivity Labor Standards
- Adherence to Nurse Staffing Ratios

Recap of Productive FTE's by Service Type

	PPH North	PPH South	Central	Outreach	PPH
Productive FTE's by Service Type:					
Daily Hospital Services (Nursing Units)	627.35	322.01	-	-	949.36
Ancillary Services	555.90	213.16	-	84.03	853.09
General / Support Services	251.99	110.29	79.31	0.68	442.27
Administrative Services	74.34	36.73	105.50	0.67	217.24
Fiscal Services	48.18	20.08	82.94	-	151.20
FY 2010 Budgeted Productive FTE's	1,557.76	702.27	267.75	85.38	2,613.16
Estimated Productive FTE's FY 2009	1,587.78	691.37	268.14	89.53	2,636.82
(Increase) / Decrease FY09 To FY10	30.02	(10.90)	0.39	4.15	23.66
% (Increase) / Decrease FY09 To FY10					0.9%
Changes in FTE's Due to:					
Volumes					(45.28)
Other (Increases) / Reductions in Hours/UOS					68.94
					23.66

Recap of Salaries and Wages

	<u>PPH Consolidated</u>
FY 2010 Salary and Wage Expense	\$ 210,241,930
FY 2010 Registry Expense	4,234,934
Total Salary, Wage and Registry Expense	214,476,864
Includes:	
Impact of Labor Contracts and Merit/Market	8,534,693
 (Increase) / Decrease FY09 To FY10	 \$ (7,394,783)
% (Increase) / Decrease FY09 To FY10	3.45%

Recap of Supplies

	FY09 Annualized	FY10 Projected
Implants / Prosthesis	18,401,455	18,795,903
Surgical Supplies	8,799,484	8,952,477
Pharmaceuticals	13,794,214	14,483,034
Other Medical Supplies	15,728,859	16,339,517
Food	3,202,455	3,369,609
Other Non-Medical Supplies	9,800,515	11,239,652
Total Supply Expense	69,726,982	73,180,192
(Increase) / Decrease FY09 To FY10		\$ (3,453,210)
% (Increase) / Decrease FY09 To FY10		(4.95%)

Recap of Professional Fees

	FY09 Annualized	FY10 Projected
Physician Fees		
ED Call / Trauma / Acute and SNF Hospitalists / OB, OB Anesthesia, Peds and NICU Call	13,491,167	14,217,536
Other Physician Fees	3,766,522	3,271,390
Total Physician Fees	17,257,689	17,488,926
Consulting Fees	3,431,167	3,381,214
Legal Fees	642,649	520,000
Other Professional Fees	2,755,261	2,662,391
Total Professional Fees	24,086,766	24,052,531
 (Increase) / Decrease FY09 To FY10		\$ 34,235
% (Increase) / Decrease FY09 To FY10		0.14%

Recap of Purchased Services

	FY09 Annualized	FY10 Projected
Medical Purchased Services	3,453,447	3,857,108
Maintenance and Repair		
Information Systems - Hardware/Software Maintenance Fees	6,298,718	6,638,978
Other Maintenance and Repair	7,630,969	8,100,516
Total Maintenance and Repair	13,929,687	14,739,494
Linen Services	2,440,369	2,461,151
Management Services	225,281	426,201
Other Purchased Services	13,857,200	13,231,756
Total Purchased Services	33,905,984	34,715,710
 (Increase) / Decrease FY09 To FY10		\$ (809,726)
% (Increase) / Decrease FY09 To FY10		(2.39%)

Recap of Other Direct Expense

	FY09 Annualized	FY10 Projected
Total Building and Equipment Rental	8,409,260	9,122,836
Total Utility Expense	5,633,260	7,344,977
Professional Liability / Insurance Expense	4,749,827	4,990,960
Outside Training/Tuition Reimbursement	518,270	800,000
Other Direct Expense	7,648,565	6,995,948
Total Other Direct Expense	26,959,182	29,254,721
 (Increase) / Decrease FY09 To FY10		\$ (2,295,539)
% (Increase) / Decrease FY09 To FY10		(8.51%)

Recap of Depreciation Expense

	<u>Total PPH</u>
Projected FY 2010	22,418,678
Estimated FY 2009	<u>22,749,769</u>
(Increase) / Decrease FY09 To FY10	<u>\$ 331,091</u>

Depreciation for FY 2010 Capital Budget Based On Requests Totaling:

Routine Capital Less Than \$100,000	\$ 1,000,000
Equipment Pool	1,000,000
Facility Pool	1,000,000
Information Technology Pool	5,000,000
Subtotal	8,000,000
Capital Reserve - FMP	5,000,000
Capital Reserve - Other	<u>2,000,000</u>
TOTAL	<u>15,000,000</u>

Initiatives and Programs FY 2010 Operating Budget

Initiatives and Programs Incorporated:

Clinical Documentation Improvement - Revenue Improvement	\$ (3,000,000)
Reduction in Overtime and Registry (Premium Pay)	
Gross Reduction of \$6,172,000	
Net Benefit	\$ (1,927,000)
Physician Recruitment / Physician Foundation	\$ 1,981,000
Information Technology	-

Initiatives and Programs Not Incorporated:

2009 Strategic Workshop Initiatives and Strategies Not Included

Note: (\$) are increase in Net Income

FY 2010 Operating Budget Recap

(In thousands)

	Results FY08	Forecast FY09	Projected FY10	% Change (FY09 to FY10)
Revenue:				
Gross Revenue	1,411,546	1,550,206	1,689,256	8.97%
Net Revenue	408,663	436,869	451,601	3.37%
Other Operating Revenue	10,905	7,802	7,670	(1.69%)
Total Operating Revenue	419,568	444,671	459,271	3.28%
Expenses:				
Salaries, Wages, Registry, Benefits	250,319	257,757	262,112	(1.69%)
Supplies	66,020	69,727	73,183	(4.96%)
Depreciation	21,391	22,750	22,419	1.45%
Other	91,275	84,951	88,033	(3.63%)
Total Operating Expense	429,005	435,185	445,747	(2.43%)
Operating Income	(9,437)	9,486	13,524	42.57%
Non-Operating Income	6,950	7,531	4,126	(45.21%)
Interest Expense	(14,912)	(5,503)	(5,774)	(4.92%)
Property Tax Revenue	13,346	13,886	14,000	0.82%
Income (Loss)	(4,053)	25,400	25,876	1.87%

FY 2010 Operating Budget Recap

(In thousands)

	Results FY08	Forecast FY09	Projected FY10
Net Margin %	(0.97%)	5.71%	5.63%
OEBITDA Margin (Excl Property Tax Rev)	2.85%	7.25%	7.83%
OEBITDA Margin (Incl Property Tax Rev)	6.03%	10.37%	10.87%

FY 2010 Operating Budget Recap

(In thousands)

					Forecast	Projected
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Net Income from Ops (Excluding Interest Expense)	8,427	(3)	640	(9,437)	9,485	13,526
Less:						
Depreciation Expense	16,395	18,737	19,453	21,391	22,750	22,419
EBITDA	24,822	18,734	20,093	11,954	32,236	35,945
OEBITDA Margin (Excl Property Tax Rev)	7.2%	5.1%	5.2%	2.8%	7.2%	7.8%
OEBITDA Margin (Incl Property Tax Rev)	10.2%	8.3%	8.5%	6.0%	10.4%	10.9%
Note:						
Net Income/(Loss) after Non-Op Income	17,053	11,559	21,974	(4,054)	25,400	25,876
Total Uncompensated Care	45,111	47,485	64,438	63,959	80,269	89,069

Capital Budget Recap

Category:

Equipment Pool<\$100K	\$ 1.0 million
Medical Equipment Pool>\$100K	1.0 million
Facilities Renovation Pool	1.0 million
Information Technology Pool	5.0 million

FY 2010 Allocated Capital Budget \$ 8.0 million

Capital Reserve - FMP 5.0 million

Capital Reserve - Other 2.0 million

Total FY 2010 Capital Budget \$15.0 million

Three Year Capital Budget Summary

(in Millions)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Requests < \$100k	\$1.0	\$1.0	\$1.0	\$3.0
Requests ≥ \$100k				
Equipment	1.0	1.0	1.0	3.0
Facilities	1.0	1.0	1.0	3.0
Info Tech	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>15.0</u>
Total Items ≥ \$100k	7.0	7.0	7.0	21.0
PPH Consolidated Requests	<u>\$ 8.0</u>	<u>\$ 8.0</u>	<u>\$ 8.0</u>	<u>\$24.0</u>

DELEGATION OF SIGNATURE AUTHORITY

TO: Board of Directors

MEETING DATE: Monday, June 8, 2009

FROM: David Tam, MD, CAO Pomerado

BY; Board Finance Committee
Tuesday, May 26, 2009

BACKGROUND: In an effort to streamline and expedite the execution process for certain construction-related change orders, it is necessary that several senior members of the PPH Facilities and Construction Team have the ability to approve emergent and urgent change orders when presented by contractors doing business with PPH on approved and CIP funded projects.

Pursuant to the authority granted him in §III(G) of Board Policy FIN-12 – Expenditure and Requisition Approval Authority (*attached*), on April 14, 2009, CEO Michael Covert approved a limited delegation of signature authority as outlined in the attached memo.

BUDGET IMPACT: N/A

STAFF RECOMMENDATION: Approval

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the following authorities as delegated by CEO Michael Covert in accordance with §III.G. of Board Policy FIN-12 – Expenditure and Requisition Approval Authority:

- Approval of expenditures and requisitions under \$100,000 for transactions involving Change Orders involving construction projects already approved and funded through an existing CIP project:
 - o Mike Shanahan – Director, Facilities Planning & Development
 - o Bob Elster – Senior Project Manager OSHPD Expeditor
- Approval of expenditures and requisitions under \$50,000 for transactions involving Change Orders involving construction projects already approved and funded through an existing CIP project:
 - o Clark Ward – Manager, Facilities Master Plan

Date: April 14, 2009

To: Michael Covert, President & CEO
From: David A. Tam, CAO, Pomerado

Subj: Delegation of Expenditure and Requisition Approval Authority
Ref: PPH Lucidoc FIN-12 (Rev 2)

In an effort to streamline and expedite the execution process for certain construction-related change orders, it is necessary that several senior members of the PPH Facilities and Construction Team have the ability to approve emergent and urgent change orders when presented by contractors doing business with PPH on approved and CIP funded projects.

As per Lucidoc document FIN-12, titled Expenditure and Requisition Approval Authority, Section III, sub-paragraph (G), I respectfully request that the following positions be granted delegated authority to approve expenditures and requisitions under \$100,000 for transactions involving Change Orders involving construction projects already approved and funded through an existing CIP project:

- a. Director, Facilities Planning & Development – Mike Shanahan
- b. Senior Project Manager OSHPD Expeditor – Bob Elster

As per Lucidoc document FIN-12, titled Expenditure and Requisition Approval Authority, Section III, sub-paragraph (G), I respectfully request that the following positions be granted delegated authority to approve expenditures and requisitions under \$50,000 for transactions involving Change Orders involving construction projects already approved and funded through an existing CIP project:

- c. Manager, Facilities Master Plan – Clark Ward

All such change orders approved under this delegated authority will be presented to the Board Facilities and Grounds Subcommittee at their next meeting for their acceptance

Please let me know if you have any questions regarding this request. Should you approve, I respectfully request your signature below so that I may move forward and prepare letters to the individuals in those positions granting delegation authority.

Respectfully,



David A Tam, MD MBA FACHE



Approved

Michael H. Covert, President & CEO

Applicable to:

All PPH Entities - 00

Affected Departments:

Board of Directors

I. PURPOSE:

- A. Palomar Pomerado Health is a large and complex health care district with many different types of transactions. In order to safeguard the district's assets, the Board of Directors has established a set of approval thresholds that must be followed to ensure appropriate review and approval to spend or commit funds.
- B. In order to safeguard Palomar Pomerado Health's assets and ensure that key transactions are executed in accordance the Board of Directors' intentions and plans, certain limits are placed on the authority of individuals to authorize the expenditure or commitment of funds.

II. DEFINITIONS:

- A. **Contracting Authority:**
The authority designated to specified representatives to administer, approve, and execute contracts and agreements on behalf of Palomar Pomerado Health.
- B. **Responsible Officer:**
A responsible officer is the primary contracting officer for all Palomar Pomerado Health external commitments/transactions he/she administers. A responsible officer may designate other contracting officers in a written plan of delegation that must be provided to the President and CEO for approval.
- C. **Transaction:**
A transaction is an act that commits Palomar Pomerado Health to spend or receive funds or assets or otherwise contractually commit to certain actions. The size of a transaction is its collective amount over the entire period of commitment.

III. TEXT / STANDARDS OF PRACTICE:

- A. The CEO of Palomar Pomerado Health is the contracting authority authorized to approve any transactions that are part of a Board approved Palomar Pomerado Health budget and not specifically identified as requiring Board of Directors' action.
- B. The CEO of Palomar Pomerado Health is authorized to approve any capital including any non-budgeted construction in progress, transaction or operating non-budgeted transaction as follows: 1) up to \$250,000 per transaction - CEO only approval, or 2) \$250,000.01 to \$499,999.99 per transaction after consultation with the Chairman of the Board or the Chairman of the Board Finance Committee/Treasurer. The Board of Directors must approve all non-budgeted transaction(s) above the amount of \$500,000.00.
- C. The CEO has authorization from the PPH Board of Directors to allow, compromise, or settle any single claim, if the amount paid from the Districts treasury does not exceed: 1) up to \$250,000 per transaction - CEO only approval, or 2) \$250,000.01 to \$499,999.99 per claim after consultation with the Chairman of the Board or the Chairman of the Board Finance Committee/Treasurer. The designated representative of the CEO may approve these settlements up to \$50,000.00 on behalf of the CEO. All claims between the amounts of \$10,000.00 and \$250,000.00 will be personally approved by the CEO. The Board of Directors must approve all claims above the amount of \$500,000.00 prior to settlement.
- D. The CEO has authorization from the PPH Board of Directors for emergency non-budgeted expenditures as follows: 1) up to \$250,000.00 per transaction- CEO only approval, or 2) \$250,000.01 to \$499,999.99 per transaction after consultation with the Chairman of the Board or the Chairman of the Board Finance Committee/Treasurer. A higher approval level is always acceptable in response to a disaster or other emergency situation when an authorized individual cannot be contacted. The designated representative of the CEO may approve expenditures on behalf of the CEO in the CEO's absence and must indicate same when signing the document. The Board of Directors must approve all emergency non-budgeted expenditures above the amount of \$500,000.00 at its next regularly scheduled meeting as reviewed to the Finance Committee.
- E. The CEO shall review with the Board of Directors any emergency or non-budgeted construction in progress expenditures of \$250,000.00 or over at the next scheduled meeting of the Board or the next scheduled Board Finance Committee meeting, whichever comes first.
- F. The CEO may delegate to responsible officers expenditure and requisition approval authority levels for specific types of transactions.
- G. The responsible officers delegated by the CEO to approve expenditures and requisitions may further delegate this approval authority for specific types of transactions in a written plan of delegation that must be provided to the CEO for approval. Responsible officers delegating this approval authority must ensure that all such transactions are approved in accordance with applicable procedures.

Reference Documents:

A. Contracting Authoritywith External Parties Procedure

IV. **ADDENDUM:**

A. This policy supersedes:

1. Board of Directors Resolution No. 06.14.93(03) dated June 14, 1993.
2. PPHS Policy and Procedure Signature Authorization Matrix dated January 12, 2001.

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

Revision Number	Effective Date	Document Owner at Publication	Description
(this version) 2	01/14/2009	Michele L. Gilmore, Executive Assistant	Approved by Finance, Governance and Board in Feb 2008. Corrections made 1-13-09
(Changes) 1	01/29/2004	James Neal, Director of Corporate Integrity	This policy supersedes:

Authorized Promulgating Officers: (01/14/2009) Bruce G Krider, Board Chairman, PPH Board
(01/13/2009) Janine Sarti, General Counsel

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

Reference Type	Title	Notes
Related Documents	Contracting Authority with External Parties Procedure	
Related Documents	Bylaws Of Palomar Pomerado Health Board Of Directors	

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

<http://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:14779>

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

TO: Board of Directors
MEETING DATE: Monday, June 8, 2009
FROM: Bob Hemker, CFO
BY: Board Finance Committee
Tuesday, May 26, 2009

Background: As reported at the March 31, 2009, meeting of the ICOC, as of 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
- A vacancy at the Required Member seat of a Taxpayers' Organization representative, currently held by Mr. Wells

Notice of the impending vacancies was posted pursuant to the PP&G of the ICOC—on Tuesday, April 14, 2009, on the District's web site, at all District facilities, and in the local media. Applications were made available on the District's web site and from the office of the District's Chief Financial Officer via his Executive Assistant, Tanya Howell, to whom they were also to be returned.

There were four applications received (*attached*): **John Amodeo and Alex Galenes applied for the At Large seat; and Ronald D. Klingensmith and Barry I. Newman applied for either the Taxpayers' Organization seat or the At Large seat.** The Board Finance Committee, as the delegated review and processing conduit for the Board, reviewed the applications.

Budget Impact: N/A

Staff Recommendation: Consistent with previous methodology, it was recommended that the full Finance Committee evaluate all applicants (conducting face-to-face interviews with the finalists as warranted) prior to recommending to the District Board the proposed finalist(s) for the impending vacancies for both an At Large and a Taxpayers' Organization seat on the ICOC.

Committee Questions: It was confirmed that there is a required minimum of nine (9) members, but there is no maximum number of members, and it is actually beneficial both to the ICOC and to the Board to have more than the minimum requirement seated.

COMMITTEE RECOMMENDATION: After careful consideration of all applicants' qualifications, the Board Finance Committee nominated all four applicants for appointment to the ICOC: **John Amodeo, Alex Galenes and Barry I. Newman to fill At Large seats; and Ronald D. Klingensmith to fill the Required Member seat as a representative of a Taxpayers' Organization.** Approval of these nominations will bring the total membership to eleven (11), which exceeds the required minimum of nine (9) members.

Motion: X

Individual Action:

Information:

Required Time:

Palomar Pomerado Health
Selection Matrix – Prop BB Independent Citizens' Oversight Committee

Applicant Name: John A. Amodeo

Home Address: _____

Does the Applicant live within the District's Boundaries? ☒ **Yes** ☐ **No**

In which region of the District does the Applicant live? Rancho Bernardo

Constituency represented:

<input type="checkbox"/>	Business Representative ("BR")
<input type="checkbox"/>	Senior Citizens' Group Representative ("SC")
<input type="checkbox"/>	Taxpayers' Organization Representative ("TP")
<input type="checkbox"/>	Nurse or Physician Representative ("NPR")
<input checked="" type="checkbox"/>	At Large ("AL")

Please score the applicant on the following criteria, using a scale of one ("1") to five ("5"), with 5 being the highest:

Level of Prior Community Involvement	_____
Level of Current Community Involvement	_____
Level of PPH Involvement	_____
Availability of Time	_____
Subject Matter Expert – Constituency Represented	_____
Subject Matter Expert – Facility Development	_____
Subject Matter Expert – Financing Matters	_____
Conflicts of Interest (Higher score for fewer conflicts)	_____
Desire to sit on the Committee (based on application explanation)	_____
<u>COMMENTS:</u>	<u>Total</u>

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

APPLICATION

(Please Print or Type)

Name: JOHN A. AMODEO

Work
Phone:
Home
Phone:

Address: _____

FAX #: _____

N/A

E-Mail: _____

I can represent the following applicable constituencies located in the District as a (check all that apply):

☐ **Business Representative** - Active in a business organization representing the business community.

Organization: _____

☐ **Senior Citizens' Group Representative** - Active in a senior citizens' organization.

Organization: _____

☐ **Taxpayers' Organization Representative** - Active in a bona fide taxpayers' association.

Organization: _____

AT LARGE.

☒ ~~Nurse or Physician Representative~~ - Trained as a nurse or physician.

Training: PROFESSIONAL CIVIL ENGINEER IN N.Y + CA.
BACHELOR'S DEGREE + POST GRADUATE WORK
IN MANAGEMENT AND ENGINEERING. RESPONSIBLE
CHIEF ENGINEER FOR CONSTRUCTION OF NUMEROUS
DAMS, RESERVOIRS AND ENTIRE \$20M OFFICE/MAINTENANCE
COMPLEX.

Limited to the space provided below, please explain why you wish to serve on this committee and describe any qualifications you have which you feel may be an asset to the committee.

30 YEAR RESIDENT OF R.B. I AM A DIRECTOR ON THE RB COMMUNITY
COUNCIL; GOV'T AFFAIRS COMMITTEE MEMBER; LIFETIME MEMBER OF R.B.
HISTORICAL SOCIETY; LET'S LIGHT THE BATTLE MTN. CROSS; RB SPIRIT OF
THE FOURTH; ON JUNE 9th WILL BE INDUCTED INTO THE RB FOUNDATION'S
PATH OF PRIDE.

I am applying to serve on the Independent Citizens' Oversight Committee. I have read the conflict of interest information in the Ethics Policy Statement and I do not have a conflict of interest that would prevent my serving on the Committee. I agree to report such a conflict to the Committee Chair and to the District Staff Liaison (CFO, Palomar Pomerado Health, 456 E. Grand Avenue, Escondido, CA 92025) should it arise.

Signature: John G. Camacho

Date: 5/11/09

Please submit this Application via hand delivery, mail or e-mail to:

Palomar Pomerado Health
c/o Tanya Howell, Exec Asst to CFO
456 E. Grand Avenue
Escondido, California 92025
Telephone: 760.740.6383
Tanya.Howell@pph.org

DEADLINE FOR SUBMISSION OF APPLICATIONS:
FRIDAY, MAY 15, 2009

Applicant Name: Alex A. Galenes
Home Address: _____

Does the Applicant live within the District's Boundaries? ☒ **Yes** ☐ **No**

In which region of the District does the Applicant live? Escondido

Constituency represented:

<input type="checkbox"/>	Business Representative ("BR")
<input type="checkbox"/>	Senior Citizens' Group Representative ("SC")
<input type="checkbox"/>	Taxpayers' Organization Representative ("TP")
<input type="checkbox"/>	Nurse or Physician Representative ("NPR")
<input checked="" type="checkbox"/>	At Large ("AL")

Please score the applicant on the following criteria, using a scale of one ("1") to five ("5"), with 5 being the highest:

Level of Prior Community Involvement	_____
Level of Current Community Involvement	_____
Level of PPH Involvement	_____
Availability of Time	_____
Subject Matter Expert – Constituency Represented	_____
Subject Matter Expert – Facility Development	_____
Subject Matter Expert – Financing Matters	_____
Conflicts of Interest (Higher score for fewer conflicts)	_____
Desire to sit on the Committee (based on application explanation)	_____
<u>COMMENTS:</u>	<u>Total</u> _____

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

APPLICATION

(Please Print or Type)

Name: Alex A. Galenes

Address: _____ Phone: _____

FAX #: E-Mail:

I can represent the following applicable constituencies located in the District as a (check all that apply): **AT LARGE**

☐ **Business Representative** - Active in a business organization representing the business community.

Organization:

☐ **Senior Citizens' Group Representative** - Active in a senior citizens' organization.

Organization: _____

☐ **Taxpayers' Organization Representative** - Active in a bona fide taxpayers' association.

Organization:

☐ **Nurse or Physician Representative** - Trained as a nurse or physician.

Training:

Limited to the space provided below, please explain why you wish to serve on this committee and describe any qualifications you have which you feel may be an asset to the committee.

I am a retired hospital administrator who has earned both a Masters degree in health care administration and

Fellowship in the American College of Healthcare Executives. I have followed the development of the new Palomar

hospital closely and with intense interest. While I am actively involved in numerous community activities (president

of the Library Board of Trustees, Chamber of Commerce Board, etc) I would be pleased for the opportunity to

contribute additionally to the stated purpose of the ICOC.

I am applying to serve on the Independent Citizens' Oversight Committee. I have read the conflict of interest information in the Ethics Policy Statement and I do not have a conflict of interest that would prevent my serving on the Committee. I agree to report such a conflict to the Committee Chair and to the District Staff Liaison (CFO, Palomar Pomerado Health, 456 E. Grand Avenue, Escondido, CA 92025) should it arise.

Signature: _(Signed) Alex A. Galenes

Date: May 5, 2009

Please submit this Application via hand delivery, mail or e-mail to:

Palomar Pomerado Health
c/o Tanya Howell, Exec Asst to CFO
456 E. Grand Avenue
Escondido, California 92025
Telephone: 760.740.6383
Tanya.Howell@pph.org

DEADLINE FOR SUBMISSION OF APPLICATIONS:

FRIDAY, MAY 15, 2009

Applicant Name: Barry I. Newman
Home Address: _____

Does the Applicant live within the District's Boundaries? ☒ **Yes** ☐ **No**

In which region of the District does the Applicant live? Escondido

Constituency represented:

<input type="checkbox"/>	Business Representative ("BR")
<input type="checkbox"/>	Senior Citizens' Group Representative ("SC")
<input checked="" type="checkbox"/>	Taxpayers' Organization Representative ("TP")
<input type="checkbox"/>	Nurse or Physician Representative ("NPR")
<input checked="" type="checkbox"/>	At Large ("AL")

Please score the applicant on the following criteria, using a scale of one ("1") to five ("5"), with 5 being the highest:

Level of Prior Community Involvement	_____
Level of Current Community Involvement	_____
Level of PPH Involvement	_____
Availability of Time	_____
Subject Matter Expert – Constituency Represented	_____
Subject Matter Expert – Facility Development	_____
Subject Matter Expert – Financing Matters	_____
Conflicts of Interest (Higher score for fewer conflicts)	_____
Desire to sit on the Committee (based on application explanation)	_____

COMMENTS: _____ **Total** _____

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

APPLICATION

(Please Print or Type)

Name: BARRY I. NEWMAN

Work
Phone:
Home
Phone:

Address: _____

FAX #: _____

E-Mail: _____

I can represent the following applicable constituencies located in the District as a (check all that apply):

☐ **Business Representative** - Active in a business organization representing the business community.

Organization: _____

☐ **Senior Citizens' Group Representative** - Active in a senior citizens' organization.

Organization: _____

☒ **Taxpayers' Organization Representative** - Active in a bona fide taxpayers' association.

Organization: San Diego County Taxpayers' Association "SDCTA"

I have been an active member of SDCTA and of its Board of Directors for over 28 years. I was its President in 1987-1989. Currently I sit on both its Board of Directors and its Executive Committee.

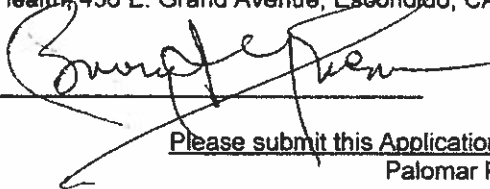
☐ Nurse or Physician Representative - Trained as a nurse or physician.

Training:

Limited to the space provided below, please explain why you wish to serve on this committee and describe any qualifications you have which you feel may be an asset to the committee. My professional training and business background will be value added to the ICOC. I am a lawyer (admitted in California, Ohio and New York) and a retired Banker. I have served on the San Diego Community College ICOC (2003-2006); and currently serve on the City of San Diego Independent Rates Oversight Committee (IROC - re Water and Wastewater Enterprise Funds), the County Treasury Oversight Committee (as its Chair since 1995), the County Audit Committee; and I was Foreman Pro Tem of the 1999-2000 County Grand Jury. I have lived in Escondido for almost 30 years; have twice been a patient at Palomar Hospital and currently serve as Vice chair of the Escondido Planning Commission.

I am applying to serve on the Independent Citizens' Oversight Committee. I have read the conflict of interest information in the Ethics Policy Statement and I do not have a conflict of interest that would prevent my serving on the Committee. I agree to report such a conflict to the Committee Chair and to the District Staff Liaison (CFO, Palomar Pomerado Health, 456 E. Grand Avenue, Escondido, CA 92025) should it arise.

Signature:



Date: 11 May 2009

Please submit this Application via hand delivery, mail or e-mail to:

Palomar Pomerado Health
c/o Tanya Howell, Exec Asst to CFO
456 E. Grand Avenue
Escondido, California 92025
Telephone: 760.740.6383
Tanya.Howell@pph.org

DEADLINE FOR SUBMISSION OF APPLICATIONS:

FRIDAY, MAY 15, 2009



San Diego County
**Taxpayers
Association**

Targeting Waste • Promoting Efficiency

110 West C Street, Suite 714, San Diego, CA 92101 • P: (619) 234-6423 • F: (619) 234-7403 • www.sdcta.org

May 11, 2009

Palomar Pomerado Health Hospital
Tanya Howell
Executive Assistant to CFO
456 E. Grand Avenue
Escondido, California 92025

RE: SDCTA representative on PPH Independent Citizens' Oversight Committee

Dear Ms. Howell,

This letter is to certify that Barry I. Newman is an active member of the San Diego County Taxpayers Association (SDCTA), a bona fide taxpayers association in the District. In addition to serving as a past Chair of the SDCTA Board of Directors, Mr. Newman continues to be active as a member of the Executive Committee.

Mr. Newman is very familiar with SDCTA's Oversight Committee Best Practices and Bond Support Criteria and will be a valuable contributor to the Oversight Committee. On behalf of the SDCTA, I nominate Mr. Newman as the SDCTA designee for membership on the above referenced board.

Please do not hesitate to contact my office at 619-234-6423 if you require further information or have any questions.

Sincerely,

Lani Lutar
President & CEO

Applicant Name: Ronald D. Klingensmith
Home Address: _____

Does the Applicant live within the District's Boundaries? ☒ **Yes** ☐ **No**

In which region of the District does the Applicant live? Escondido

Constituency represented:

<input type="checkbox"/>	Business Representative ("BR")
<input type="checkbox"/>	Senior Citizens' Group Representative ("SC")
<input checked="" type="checkbox"/>	Taxpayers' Organization Representative ("TP")
<input type="checkbox"/>	Nurse or Physician Representative ("NPR")
<input checked="" type="checkbox"/>	At Large ("AL")

Please score the applicant on the following criteria, using a scale of one ("1") to five ("5"), with 5 being the highest:

Level of Prior Community Involvement	_____
Level of Current Community Involvement	_____
Level of PPH Involvement	_____
Availability of Time	_____
Subject Matter Expert – Constituency Represented	_____
Subject Matter Expert – Facility Development	_____
Subject Matter Expert – Financing Matters	_____
Conflicts of Interest (Higher score for fewer conflicts)	_____
Desire to sit on the Committee (based on application explanation)	_____

COMMENTS: _____ **Total** _____

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

APPLICATION

(Please Print or Type)

Name: Ronald D. Klingensmith Work Phone: _____
Address: _____ Home Phone: _____
FAX #: _____ E-Mail: _____

I can represent the following applicable constituencies located in the District as a (check all that apply):

☐ **Business Representative** - Active in a business organization representing the business community.

Organization: _____

☐ **Senior Citizens' Group Representative** - Active in a senior citizens' organization.

Organization: _____

☒ **Taxpayers' Organization Representative** - Active in a bona fide taxpayers' association.

Organization: SAN Diego County Taxpayers Association

☐ Nurse or Physician Representative - Trained as a nurse or physician.

Training:

Limited to the space provided below, please explain why you wish to serve on this committee and describe any qualifications you have which you feel may be an asset to the committee.

I am a partner in an Escondido Certified Public Accounting firm. I routinely work with clients and non-profits helping with cash flow analysis, budgeting and other financial decisions. As a life long North County resident, I have a strong desire to see PPH prosper. Also, I was born at Palomar Hospital.

I am applying to serve on the Independent Citizens' Oversight Committee. I have read the conflict of interest information in the Ethics Policy Statement and I do not have a conflict of interest that would prevent my serving on the Committee. I agree to report such a conflict to the Committee Chair and to the District Staff Liaison (CFO, Palomar Pomerado Health, 456 E. Grand Avenue, Escondido, CA 92025) should it arise.

Signature:

Ronald K. G...

Date:

5/15/09

Please submit this Application via hand delivery, mail or e-mail to:

Palomar Pomerado Health
c/o Tanya Howell, Exec Asst to CFO
456 E. Grand Avenue
Escondido, California 92025
Telephone: 760.740.6383
Tanya.Howell@pph.org

DEADLINE FOR SUBMISSION OF APPLICATIONS:

FRIDAY, MAY 15, 2009

Independent Citizens' Oversight Committee

Approval of Minutes from Semi-Annual Meeting – April 21, 2009

TO: Board of Directors

MEETING DATE: Monday, June 8, 2009

FROM: Independent Citizens' Oversight Committee
Bob Hemker, CFO

BY: Board Finance Committee
Tuesday, May 26, 2009

Background: On Tuesday, April 21, 2009, the Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds Independent Citizens' Oversight Committee (ICOC) held a semi-annual meeting.

Pursuant to §6.4 of the ICOC PP&G, a draft report of all ICOC meetings is to be submitted to the District Board for inclusion in the Board's public records. The draft minutes (*attached*) from the Semi-Annual Meeting of April 21, 2009, have been reviewed by the members of the ICOC and approved for presentation to the District Board.

Budget Impact: N/A

Staff Recommendation: Approval of the draft minutes from the ICOC Semi-Annual Meeting held on Tuesday, April 21, 2009.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the draft minutes from the ICOC Semi-Annual Meeting held on Tuesday, April 21, 2009, for inclusion in the Board's public records.

Motion: X

Individual Action:

Information:

Required Time:

PARTICIPANT ROSTER
PALOMAR POMERADO HEALTH
HOSPITAL, EMERGENCY CARE, TRAUMA CENTER IMPROVEMENT AND REPAIR MEASURE BONDS
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
ANNUAL MEETING
Palomar Pomerado Health, 15255 Innovation Drive, San Diego, CA

PARTICIPANTS	MEETING DATES							
	7/12/05	10/5/05	3/28/06	12/19/06	12/18/07	9/23/08		
MEMBERS								
WILLIAM C. BONNER (AT LARGE)						P		
WILLIAM L. CORWIN (AT LARGE)	P	P	P	P	P	P		
MARGUERITE JACKSON DILL, PHD, RN, FAAN (NURSE)				P	P	P		
EDWARD R. LEHMAN (SR CITIZENS’ ORG)	P	P	P	P	P	A		
JOHN McIVER (BUSINESS ORG) – SECRETARY	P	P	P	P	P	P		
MARGARET MOIR (AT LARGE)	P	P	P	P	P	P		
H. SCOTT PECK (AT LARGE)						P		
BOB WELLS (TAXPAYERS’ ORG) – VICE CHAIR	P	P	E	P	P	P		
STEPHEN P. YERXA (AT LARGE) – CHAIR	P	P	P	P	P	P		
DISTRICT SUPPORT STAFF								
BOB HEMKER, CFO	P	P	P	P	P	P		
TANYA HOWELL, EXECUTIVE ASST – SCRIBE	P	P	P	P	P	P		
JANINE SARTI, GENERAL COUNSEL						P		
GUEST(S)								
KATHLEEN LEAK, BOND COUNSEL - ORRICK, HERRINGTON & SUTCLIFFE			P	P	P	E		

[P = Present E = Excused A = Absent]

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
I. CALL TO ORDER & ROLL CALL	<p>The meeting was called to order at 2:05 p.m. by Acting Chair Steve Yerxa, followed by roll call.</p> <p><i>See roster for attendance</i></p> <p>Bob Hemker stated that General Counsel to the ICOC/PPH Bond Counsel Kathleen Leak was available by phone if any portion of the meeting required assistance from her.</p> <ul style="list-style-type: none"> Leonard Martin & Charles Hare were introduced as members of the public interested in observing the meeting. They did not wish to address the Committee. Joanna Sainmervil was introduced to the Committee. She is serving an Administrative Fellowship at PPH. 	
II. PUBLIC COMMENTS	<ul style="list-style-type: none"> None 	
III. INFORMATION ITEM(S)	<ul style="list-style-type: none"> Bob Hemker informed the Committee that PPH is currently in the process of preparing the next issue of General Obligation (GO) Bonds <ul style="list-style-type: none"> The transaction is scheduled to finalize around mid-November, in the amount of \$110M principle proceeds Timing is consistent with the overall Plan of Finance (PoF), which integrated GO Bonds and Revenue Bonds <ul style="list-style-type: none"> The last issue of Revenue Bonds was via a Certificates of Participation (CoP) tool Continue to see the use of both instruments Prior issuance history: <ul style="list-style-type: none"> 2005 were GOs 2006 were CoPs 2007 were GOs 2008 will be GOs and conversion of the 2006 monies, currently traded as Auction Rate Securities (ARS) <ul style="list-style-type: none"> The conversion would provide the potential for a fixed instrument for those bonds, which would be more favorable based on the current status of the market The primary driver for choice of bonds to use when paying for goods and services is their 	

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<p>allowability</p> <ul style="list-style-type: none"> ■ Revenue bonds can be used for anything under the Facilities Master Plan (FMP) ■ GO Bonds are restricted in their usage <ul style="list-style-type: none"> ▲ Most notable is that GO monies cannot be used for movable equipment ■ Expenditures are initially paid out of hospital funds <ul style="list-style-type: none"> ▲ Then the items are bundled together for the monies to be drawn from the appropriate GO or Revenue Bonds to reimburse those expenditures o There are also spend-down rules for various types of bonds to maintain their tax-exempt status o Although the ICOC had requested to meet more frequently than once a year, those extra meetings have not occurred as there were no bond expenditures on which to report • Discussion of the impact of the fires and the market regarding assessed values in the District <ul style="list-style-type: none"> o Nominal economic impact to assessed values <ul style="list-style-type: none"> ■ We are seeing rebuilding from the 2003 and 2007 wildfires ■ Subprime average growth is not showing double-digit increases ■ We are still ahead of projections and calculations of 5.6% average growth ■ Used the services of Citigroup to make our projections ■ Haven't seen anything to suggest a risk to the tax levy rate as calculated o Measure BB approves the amount of bonds limit, but there were no restrictions on the tax levy amount <ul style="list-style-type: none"> ■ PPH targeted the \$17.75/\$100,000 of assessed value, and the upcoming GO Bond issue will keep to that o On a side note unrelated to the GO Bonds, the 2006 Revenue ARS Bonds reset on Monday, Tuesday and Wednesday each week <ul style="list-style-type: none"> ■ 1/3 of the total bonds issued resets on each of those days ■ Last week had some of lowest resets ever; this week has some of the highest o The market is still very strong for protected bonds <ul style="list-style-type: none"> ■ Pension funds' portfolios are required to have AAA bonds in them ■ If a bond insurer were to lose that rating, fund investors might have to dump that bond from their portfolios • Terms of office for ICOC members <ul style="list-style-type: none"> o Terms were originally staggered to allow continuity of membership o Newly appointed members will have a two-year term, followed by one consecutive two-year term o Will start truing up, which on advice of counsel is okay <ul style="list-style-type: none"> ■ Some will cycle off disproportionately 	

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> ■ Mssrs. Lehman, Wells & Yerxa will all have served their final term of office on June 30, 2009 • A copy of the Procedures, Policies & Guidelines (PP&G) was included in the agenda packet <ul style="list-style-type: none"> o Informational materials, provided for reference, especially since we have two new members, on which Mr. Hemker would be happy to speak to if anyone desired o No further discussion • PPH's financial statements will be embedded into the latest bond offerings <ul style="list-style-type: none"> o The ICOC will receive a courtesy copy of the audited financials when they are finalized <ul style="list-style-type: none"> ■ Will allow them to see how GO Bonds are handled on the books o GO Bond reimbursements go through several levels of review <ul style="list-style-type: none"> ■ Staff reviews to assure everything is reimbursed with appropriate funds ■ Procedural flow of a reimbursement (example): <ul style="list-style-type: none"> ▲ PPH purchases steel ▲ DPR, the construction management company, reviews the invoice for propriety (e.g., appropriate for tonnage received, in conformity with the contract), then approves the invoice for payment ▲ Then signed off by the in-house facilities team (Mike Shanahan and George Gigliotti) ▲ Then the invoice is forwarded to the to General Finance Department through a purchase order for payment ▲ Controller and/or the Manger of General Accounting reviews to ensure it ties out as appropriate to be reimbursed with GO Bonds, then records it via fixed asset account for reporting purposes ▲ Funds requests are then compiled into memorandums outlining expenditures PPH has made, and Bob Hemker makes a request to draw from bond proceeds <ul style="list-style-type: none"> (a) If Mr. Hemker is out of office and has transferred office responsibilities to the Controller (via memo to the PPH Board and CEO), then Controller can make the formal request (b) Can also ask the Trustee to pay a vendor directly ▲ Staff also does a reconciliation of bank accounts, looking at the same documents provided to the ICOC to ensure they tie out and total <ul style="list-style-type: none"> (a) Also reviewing to confirm expenditures are for capitalizable assets ■ Time element, beginning to end? <ul style="list-style-type: none"> ▲ Assuming timely submission of invoice – as short as 30-45 days <ul style="list-style-type: none"> (a) Will take advantage of all discounts available ▲ Tries to keep cycling to reimbursement in a 30-day window for payments made from PPH working capital and then reimbursed from trustee bond funds 	

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> ■ External audit staff actually verifies bonds compliance <ul style="list-style-type: none"> ▲ They do a statistical sampling of the balance sheet and the profit & loss statement (P&L) ■ GO Bonds reside in the audited financial statements utilizing Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) principles ■ Although it doesn't reduce the role of the ICOC, there are about 7 levels of touch-point and validation point review and confirmation before the documentation gets to the ICOC ■ There are also logistical challenges because the GO Bond measure covers multiple assets and multiple financing areas ○ When we developed Measure BB, there was a value added in terms of responsibility to elect an ICOC <ul style="list-style-type: none"> ■ Hospital districts are not required to do so by statute 	
IV. OATH OF OFFICE	In unison, right hands raised, new and reappointed members (William C. Bonner & H. Scott Peck; and William L. Corwin, Marguerite Jackson Dill, John McIver & Margaret Moir, respectively) simultaneously read the Oath of Office, then signed copies for their files and for the record.	A shorter method of swearing in was requested. <i>At future meetings containing new members, members will be requested to silently read the oath, then raise their right hand and state that they have read, understand and agree to its terms and conditions.</i>
V. MINUTES ICOC MEETING DECEMBER 18, 2007	<ul style="list-style-type: none"> • The minutes from the December 18, 2007, meeting were distributed on January 15, 2008, via email. There were three actionable items: <ul style="list-style-type: none"> ○ Bob Hemker responded to Dr. Michael's inquiry and received no further response • Request on page Add B-4 regarding a review of potential conflict issues <ul style="list-style-type: none"> ○ Steve Friar was notified that there would be a potential conflict should his new employer wish to bid on projects, so he resigned from the ICOC ○ Marguerite Jackson Dill's position on the State Hospital Building & Safety Board was deemed by counsel Kathleen Leak to pose no conflict of interest, and she was so informed • The minutes were distributed within 30 days of the meeting, in accordance with Chair Steve Yerxa's request 	MOTION: By Bill Corwin, seconded by Marguerite Jackson Dill, and carried to approve the Minutes of the December 18, 2007, ICOC Meeting.
VI. DISCUSSION AGENDA		
REPORTS		

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
A. SUGGESTED OFFICERS FOR APPOINTMENT BY PPH BOARD OF DIRECTORS	<ul style="list-style-type: none"> Although the District Board is responsible for final appointment of new members to the ICOC, the Chairs of the District Board and the District's Board Finance Committee have been ceded the responsibility for making officer appointments <ul style="list-style-type: none"> Recommendation by staff that current officers be appointed Requesting a recommendation from this group 	<p>MOTION: By Margaret Moir, seconded by Marguerite Jackson Dill and carried to accept the staff recommendation that current officers be re-appointed.</p> <p>No other recommendations</p>
B. BI- ANNUAL MEETINGS OF THE ICOC	<ul style="list-style-type: none"> Bob Hemker noted that the ICOC is required by the PP&G to hold an annual meeting <ul style="list-style-type: none"> In prior years, if there was a mid-year need, a meeting would be scheduled at that point, but it was not worthwhile to have a meeting just to meet What we see coming up with the main project is the spending side is gearing up, and we definitely see opportunity for a mid-year meeting <ul style="list-style-type: none"> More timely opportunity for review and for the sheer volume of the anticipated information Steel is supposed to start going up in November, so a visit to the job site will be included as part of the mid-year meeting We will by then be moved into the new Administrative Offices in the Coral Building across from Palomar Medical Center in Escondido, and the meeting would be held there Are there any obvious limitations by the group, at least at this point, regarding having workable dates of those listed? Margaret Moir encouraged that a meeting be scheduled now instead of waiting Suggested mid-month dates in April were suggested as the March close would be completed by then 	<p>MOTION: By Steve Yerxa, seconded by Bob Wells and carried to schedule the mid-year meeting on Tuesday, April 21, 2009; with Tuesday, May 12, 2009, to be held as a back-up in case of an unavoidable conflict</p>
A. FACILITY MASTER PLAN (FMP) – STATUS REPORT	<p>Utilizing the presentation included in the agenda packet as Addendum C, Bob Hemker gave the Committee an overview of the current status of the FMP projects. Highlighted were:</p> <ul style="list-style-type: none"> Seismic at McLeod Tower <ul style="list-style-type: none"> Office of Statewide Health Planning & Development's (OSHPD) ruling regarding the seismic rating of SPC1 (with a deadline for completion of seismic safety compliance of 2013) was submitted under appeal for re-evaluation We were one of the first hospital entities to go back for reconsideration, and the rating was upgraded to an SPC2, which extended our deadline for seismic compliance to 2030 <ul style="list-style-type: none"> Now there's a backlog and a long waiting list, which the District avoided by acting quickly Creates additional flexibility surrounding PMC East as to timing, needs, opportunity for bed capacity and how we can use that space for market share growth between 2013 & 2030 Initially, seismic remediation was one of the key drivers to the FMP, but the needs of the future (e.g., bed capacity and new delivery abilities for healthcare) were also of prime concern to the District <ul style="list-style-type: none"> PMC East is certainly usable, and now we have extra beds for future needs 	<p>Information only</p>

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> o Now have additional capacity to provide women's services, acute rehab and behavioral medicine o Under SPC1 rating, the District could have used McLeod Tower for ambulatory services, offices, etc., but it couldn't have been used for acute inpatient beds • Would McLeod Tower expenditures still be eligible for reimbursement from Measure BB monies? <ul style="list-style-type: none"> o Measure BB authorized the use of proceeds to meet the District's purposes of what it does as a hospital/healthcare district, including acquisition, repair and replacements of lands and buildings – both new & used; as well as allowing for refurbishment of existing assets as long as they were within the primary existence of PPH <ul style="list-style-type: none"> ▪ For example, if we said we wanted to turn McLeod Tower into a Sears store – which is totally outside the character and purpose of PPH and would not include of healthcare services, that venture would not be allowable under Measure BB ▪ If we are strengthening it for the intended purpose of healthcare delivery services, then funding would be allowing under Measure BB o As the FMP has evolved, funding dollars have also been moved around <ul style="list-style-type: none"> ▪ There are no requirements in Measure BB for spending specific dollar amounts at any one or the other of the facilities o There is still flexibility with regard to appropriateness of funding through Measure BB <ul style="list-style-type: none"> ▪ If further review proves that expenditures were inappropriately reimbursed from Measure BB funding, the transaction can be reversed and replaced from other funding sources • Cap on complete and total expenses and tie to financial and capital plan is being maintained <ul style="list-style-type: none"> o Intention was always to have some beds shelled (e.g., the floor would be built out, but the actual rooms would be built only as the need developed) <ul style="list-style-type: none"> ▪ The outside walls must be properly sized, and the power plant must be sized for future needs ▪ McLeod Tower was built the same way, with the 8th & 9th floors initially left unfinished o Must also look at continuum of care & efficiency of care o We are utilizing acuity adaptable beds, which can be adapted for different levels of care and will enhance our flexibility and options • Biggest challenge any organization faces is this point in time, when we are expending significant dollars building an asset and not yet benefitting from a revenue producing stream from that asset <ul style="list-style-type: none"> ▪ We're adding capacity, not just replacing size-for-size • Anticipate finishing the building in the second quarter of 2011, being in before 2012 <ul style="list-style-type: none"> o December, January and February are historically high season o Goal is to get into the new building as soon as it is functionally completed for training o Marcia Jackson has taken on the new role of transformation planning 	

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> • POM campus <ul style="list-style-type: none"> o During construction of the new tower, the front door will be moved to the rear of building to prevent encumbering patient access o Outpatient services building developed via a joint venture between PPH and a development company <ul style="list-style-type: none"> ▪ Off-balance sheet for PPH as we are landlords to a ground lease to the LLC ▪ PPH will be leasing space on some floors <ul style="list-style-type: none"> (1) Floors 1 & 2 will be used for PPH ambulatory services o Measure BB monies couldn't be used on the outpatient services building as it's not an owned asset, and build-out and tenant improvements are excluded because of that • Black Mountain site <ul style="list-style-type: none"> o Will be utilizing similar joint venture options at Black Mountain, with leasing rights in the ground lease, and no hard monies expended <ul style="list-style-type: none"> ▪ Drawings of the proposed buildings and site plan were included in the presentation • Valley Boulevard in Escondido <ul style="list-style-type: none"> o The Memorandum of Understanding (MOU) with the City states that when the district has purchased five properties on Valley Boulevard, the City will close off that segment and deed it to PPH – no specified time frame for them to actually close the street after the request o The District now owns all property on both sides of that street <ul style="list-style-type: none"> ▪ Closing on the final property is scheduled for mid-December ▪ The District will submit a request for street closure to the City after the property closes escrow ▪ Some of the staff and services from the Innovation building will move to the Coral building, including Administrative staff and HR functions • We are on track with our timelines and still holding to the FMP pricing of \$983M from GO & Revenue Bonds 	
B. DISTRICT EXPENDITURE REPORT FOR FYE JUNE 30, 2008	<p>Utilizing Addendum D of the agenda packet, the annual expenditures were reviewed for appropriateness and consistency with Measure BB authorization:</p> <ul style="list-style-type: none"> • The Committee will be formally reviewing Draws 17-19 for the Series 2005A GO Bonds and Draw 1 for the Series 2007A GO Bonds, with supplemental information through Draws 2&3 for the Series 2007A GO Bonds for expenditures made in FY2009 (<i>Attachment 1</i>) • Key pages will be referenced by their corner page numbers <ul style="list-style-type: none"> o 2 sets of information as they roll forward may appear to be duplication, but the monies from the first statement can be tied to the second <ul style="list-style-type: none"> ▪ D18 – is a summary statement of the Trustee, Wells Fargo's, transactions for FY2008, showing \$4,982,054.88 in expended funds 	<i>Information Only</i>

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> ▪ D20 – shows what the Trustee disbursed out of the monies o D23 is an August 2008 Statement with a balance of \$13.98 still there, as we exhausted the funds in the Series 2005 A first issue o D28 – begins with Draw 17 (reviewed Draws 1-16 in FY2007) in the amount of \$950K+ o D29 – Requisition was signed by Corporate Controller Tim Nguyen, who was given authority administratively to act as CFO during that period of time and signs as himself “for Bob Hemker” <ul style="list-style-type: none"> ▪ Very notable in timing for that draw as, if it crosses over a month, it depletes cash on hand which affects working capital and days cash on hand covenants for the District o D31-33 are detailed listings of the actual expenditures behind the draw request o D34-35 – Draw 18 requesting \$4,023,887.14, which was the bulk of the Series 2005A funds remaining <ul style="list-style-type: none"> ▪ Bob was out of the office at least a week at that time ▪ Tim is always in contact with Bob and does not take it into his own accord to make draws, even though he has the authority to sign for them ▪ D44 was Draw 19, the final draw on the Series 2005A funds • Discussion of expenditures: <ul style="list-style-type: none"> o D32 – There is an expense to JRMC Real Estate dated May 14, 2007 in the amount of \$23,744.59 for A&E and Consulting <ul style="list-style-type: none"> ▪ JRMC is the developer of the ERTC property ▪ Payment was for a source water inventory project (SWIP) ▪ We were required to put in protection systems at the PMC West site to catch rainwater runoff from PPH’s property ▪ JRMC did the work and we repaid them o D47 is a recap of draws by vendor name – what is an Honorarium Reversal <ul style="list-style-type: none"> ▪ The District had previously paid speaking or consulting fees for services rendered (categorized as an “Honorarium” in the records), and the ICOC suggested those were not appropriate uses of GO Bond monies ▪ The District agreed and is no longer using GO Bond monies for such items ▪ The Finance Department has done a diligent review of past invoices, and all monies reimbursed for those fees have been placed back into the GO Bond fund • Noting that the members of the ICOC were new to the process, Bob Wells stated that it would be nice to have some document from an outside, nonbiased source to tell the Committee that everything PPH said was accurate, and he would feel much better about his duties. He asked if it would be appropriate to have an outside auditing company review the books and state whether expenditures were made pursuant to Measure BB? <ul style="list-style-type: none"> o There is no budget nor are there funds with which the ICOC could hire an independent 	

Independent Citizens' Oversight Committee (ICOC) Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<p>auditor</p> <ul style="list-style-type: none"> o That would also not typically be covered under the scope of services for PPH auditors and would be above & beyond their engagement <ul style="list-style-type: none"> ▪ The District's auditors scope of work includes the indebtedness on the books and where it ties to the asset ▪ Auditors would vouch for that, but they don't do line item accounting on GO Bond monies ▪ There is no document that just states, "These expenditures are valid under Measure BB". • The ICOC's authority is merely to confirm that funds were spent as provided in the authority to expend Measure BB funds <ul style="list-style-type: none"> o The ICOC does not have the authority to speak to whether it was the most efficient use of the monies • PPH has attempted to make the job of review easy for the ICOC in the way the material is assembled <ul style="list-style-type: none"> o Each draw book is tied to a draw, with detailed invoices behind each list of expenditures <ul style="list-style-type: none"> ▪ D35 as an example: A trustee asks, "How do I know you spent that?" <ul style="list-style-type: none"> (1) We would send them the invoices as well as the recap sheets. ▪ D37 – payment to the City of Escondido of just over \$32K was for permits & inspection <ul style="list-style-type: none"> (1) A review of the draw book would provide a copy of the invoice(s) for those funds with signatures of who validated that the work was actually done and that it met contracted terms (2) Handled through paper flow, with the ultimate tie-out becoming the amounts drawn and tying them to the bank account o The ICOC is invited to make random requests to review detailed supporting documents o Margaret Moir arrived early today at 1:00 p.m. and went through invoices on which she had questions <ul style="list-style-type: none"> ▪ She stated that she believed the entire Committee was supposed to be doing that sort of review • Margaret Moir had a problem with the amount being paid CO Architects <ul style="list-style-type: none"> o Have been paid over \$40M o The payment on February 26th included invoices from 2006 & 2007 <ul style="list-style-type: none"> ▪ Work period was all over the place, and she could find no corresponding billings to go with it o The prior bill was \$113K, with \$19K overlapping a period for other billings <ul style="list-style-type: none"> ▪ Does anyone check to ensure these are not duplicate billings? ▪ How can they make tens of millions of dollars a month? o The architect submits invoices for a progress payment, showing how much they have paid to 	

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<p>date, the contract limit, and what is behind the invoice</p> <ul style="list-style-type: none"> ▪ George Gigliotti and Mike Shanahan check specific details, confirming that invoicing dates are at the point where the work has been completed before they submit for invoicing ▪ As long as it's going toward the project and uses of Measure BB monies, the invoices are approved for reimbursement o Are they making a lot of money? <ul style="list-style-type: none"> ▪ The project is front-loaded on soft costs (e.g., construction & engineering), then disproportionate dollars start flipping to the hard costs of steel, etc. ▪ Typically architectural & engineering costs (A&E) are easily up around 10% of the total project money, but paid at the beginning of the project <ul style="list-style-type: none"> (1) Industry standard is 9-12% ▪ Anshen & Allen is CO Architects ▪ Project management is now DPR (was Rudolph & Sletten) o What about expenses at LAX for one day when they purchased beer & pretzels, green tea, and a Starbucks? <ul style="list-style-type: none"> ▪ We do limit reimburseables, which are sometimes to the contract value in aggregate <ul style="list-style-type: none"> (1) One in particular was reversed off when they attempted to claim first-class ▪ This is a drill-down to the line item detail for review, and is consistent with that done by the construction management team before authorizing payment, and this level of commitment by the members of the ICOC is appreciated • An outside auditor would look at the organization as a whole and review that we were not being fraudulent <ul style="list-style-type: none"> o If transactions were improper, an auditor would call us on it, which is what the ICOC is supposed to be doing o Hiring an outside agency would take that away from the ICOC • Margaret thanked Tanya Howell for making the information available ahead of time, stating that she found it really eye-opening <ul style="list-style-type: none"> o It's a huge project, very time consuming, and she feels very much better • Bob Hemker stated that the books are always available – just need to schedule time through Tanya <ul style="list-style-type: none"> o Should we extend the duration of the meetings and take the time to peruse all the requisitions? o Suggested that the agenda with requisitions be posted earlier than they have been, allowing for a longer period of time for review prior to the formal meeting o March draws will be out by April 7th and the Committee is welcome to come in after that date and review the books • Starting on D67 there is an addition to the account, provided by the deposit of the Series 2007A 	

**Independent Citizens' Oversight Committee (ICOC)
Meeting Minutes – Tuesday, September 23, 2008**

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<p>issue funds</p> <ul style="list-style-type: none"> o D68 – 1st draw for \$5m – backed up into packet – now into next series of monies – draw #1 of 2007 • Discussion of interest rates being earned prior to expenditure and how monies are managed o 2 issues to watch – positive arbitrage situation if invested all – can't earn more than spending • Comments from some that the members still need to understand the role of the ICOC and how to do it 	
<p>C. ANNUAL REPORT OF THE COMMITTEE TO THE PPH BOARD</p>	<p>A draft of the Annual Report was presented for review by the membership</p> <ul style="list-style-type: none"> • Page 2 contains space for any issues/concerns to be written in • Will be presented to the Board Finance Committee next week, then to the full Board for final review and approval in October <ul style="list-style-type: none"> o If not approved today, or if there are further questions, it will wait until next month's Finance Committee • Margaret Moir is comfortable with the draft of language and is glad she insisted that we now have two meetings 	<p>MOTION: By Bob Wells, seconded by Marguerite Jackson Dill and carried to approve the annual report as amended, with no issues of concern annotated. All in favor, none opposed and no abstentions (Mr. Peck had to leave the meeting prior to the vote)</p> <p>Draft with correction of "with" will be forwarded to the Board Finance Committee</p>

Independent Citizens' Oversight Committee (ICOC)

Meeting Minutes – Tuesday, September 23, 2008

AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION		ACTION/COMMENTS
D. COMMITTEE MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MEETING	<ul style="list-style-type: none"> New member Bill Bonner stated that he felt welcomed Steve Yerxa stated that Ed Lehman had given him a letter of resignation from ICOC today. Minimum membership number is 9, and his resignation leaves the membership at 8. Bob Hemker will notify the Board Finance Committee at their next meeting and request that they post a notice of vacancy. <ul style="list-style-type: none"> As Mr. Lehman was also a required member in the Senior Citizens' organization representative seat, we will also need to post the seat as a Required Senior Citizens' organization seat <ul style="list-style-type: none"> Are any current members active in a Senior Citizens' organization? <ul style="list-style-type: none"> (1) Bill Bonner is in a Rancho Bernardo Senior Citizens' organization John McIver commented to the reminder about mileage reimbursement, as he didn't feel obligated to request same <ul style="list-style-type: none"> Bob Hemker stated that it is not required, just offered as it is available through PP&G 		Recommendation to the Board Finance Committee that Bill Bonner be appointed to fill the vacant Senior Citizens' Organization seat, then post the vacant seat as At Large
E. ADJOURNMENT	Meeting adjourned at 5:07 p.m.		• MOTION: By Steve Yerxa seconded by Bob Wells and carried to adjourn the meeting
DRAFT REVIEWED AND APPROVED FOR SUBMISSION TO DISTRICT BOARD	ACTING CHAIR	_____ Steven P. Yerxa	
	SECRETARY	_____ John McIver	
APPROVED BY DISTRICT BOARD	CHAIR	_____ Bruce G. Krider, MA	
	SECRETARY	_____ Nancy Bassett	

ATTACHMENT 1

August 21, 2008

Dania D. Samai, Trust Officer
Wells Fargo Bank
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017

RE: Palomar Pomerado Health Project Draw #002 of August 21, 2008

Attached find Palomar Pomerado Health's ("PPH") request for reimbursement of \$11,547,145.76 from the 2007 G.O. Bond Project fund account #22676001. Please send these funds to the same bank account previously used to send funds to PPH. To reconfirm, our account number at Bank of America is 14504-50006.

Attached please find a:

- Signed Measure BB project Fund Requisition form
- List of amounts paid by PPH to vendors sorted alphabetically
- Copies (same as order list) of the vendor invoices and checks supporting the expenses.

Please call me at (760) 480-7995, if you have any questions.

Regards,



Tim Nguyen
Corporate Controller
Palomar Pomerado Health

[Form of Series 2007A Measure BB Project Fund Requisition]

Requisition No. 002

Series 2007A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am the Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of June 1, 2005, as supplemented and amended by that certain First Supplemental Paying Agent Agreement, dated as of December 1, 2007 (hereinafter collectively referred to as the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent, I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2007A Measure BB Project Fund created pursuant to Section 12.03 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$ 11,547,145.76

4. The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2007A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2007A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: August 21, 2008

PALOMAR POMERADO HEALTH

By: 

Robert A. Hemker
Chief Financial Officer

Schedule I
To
Requisition No. 001

Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$11,547,145.76	Reimburse PPH for expenses incurred June 30, 2008	Payment via wire transfer as instructed below:

Wire transfer instructions

Bank Name:	Bank of America
Bank Address	450 "B" Street, Suite 100 San Diego, CA 92101
Telex No.:	67652 SFO
Account No.:	1450450006
Acct Name:	Palomar Pomerado Health General Checking Account
Routing #:	0260-0959-3

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
ALLIANT INSURANCE SERVIC	17411	7/1/2008	111794	942139	34,000.00	INSURANCE	PALOMAR-WEST
SUM -- ALLIANT INSURANCE SERVICES (1 detail record)					34,000.00		
BERGELECTRIC CORPORATI	14082	6/18/2008	111012	15	440,821.13	CONSTRUCTION	PALOMAR-WEST
SUM -- BERGELECTRIC CORPORATION (1 detail record)					440,821.13		
BRADSHAW ENGINEERING C	18526	6/24/2008	314	2-1630-2382	3,195.00	CONSTRUCTION	PALOMAR-WEST
SUM -- BRADSHAW ENGINEERING CORP (1 detail record)					3,195.00		
BUREAU VERITAS COMPANY	17004	6/16/2008	110935	0992177	5,155.10	CONSTRUCTION	POMERADO
		7/1/2008	111752	0992535	9,877.88	CONSTRUCTION	POMERADO
		7/1/2008	111752	0994711	4,032.00	CONSTRUCTION	POMERADO
SUM -- BUREAU VERITAS COMPANY (3 detail records)					19,064.98		
BURTECH PIPELINE INC	18947	7/1/2008	111755	107-047-3	25,303.70	CONSTRUCTION	PALOMAR-WEST
SUM -- BURTECH PIPELINE INC (1 detail record)					25,303.70		
CABLE, PIPE, & LEAK DETEC	15983	6/9/2008	110329	132322	210.00	CONSTRUCTION	POMERADO
SUM -- CABLE, PIPE, & LEAK DETECTION (1 detail record)					210.00		
CALIFORNIA CONSTRUCTION	13157	7/1/2008	111769	80075	170.00	PERMIT & INSPECT	POMERADO
		7/1/2008	111769	80076	1,402.50	PERMIT & INSPECT	POMERADO
		7/1/2008	111769	80077	6,587.50	PERMIT & INSPECT	POMERADO
SUM -- CALIFORNIA CONSTRUCTION (3 detail records)					8,160.00		
CITY OF ESCONDIDO	12719	6/24/2008	111576	PERMIT/INSPECTION	30,470.00	PERMIT & INSPECT	PALOMAR-WEST
	12009	7/14/2008	112561	2465519110 061508	248.49	PERMIT & INSPECT	PALOMAR-WEST
SUM -- CITY OF ESCONDIDO (2 detail records)					30,718.49		
CO ARCHITECTS	16122	7/1/2008	111767	2803065	\$1,715.85	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804003	1,859.93	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804004	607.10	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804006	1,819.63	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804006	2,221.46	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804007	7,447.87	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804008	864.77	A & E and CONSULTING	POMERADO

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
CO ARCHITECTS	16122	7/1/2008	111767	2804009	3,627.73	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804029	4,200.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804030	100,939.19	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804031	11,833.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804032	2,003.33	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804033	8,286.05	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804034	12,997.92	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804036	48,625.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804037	986.50	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804038	92,623.23	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804039	20,718.17	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804040	5,404.97	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804041	16,795.56	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111767	2804042	18,769.38	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804043	19,244.79	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804044	30,317.73	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804045	5,040.59	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804046	4,426.30	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804047	16.60	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804048	700.00	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804049	25,866.25	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804050	2,829.82	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804051	13,152.00	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804052	2,413.58	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804053	3,587.00	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804054	15,961.40	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804055	1,328.70	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804056	5,855.00	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804057	360.20	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804058	19,025.00	A & E and CONSULTING	POMERADO

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
CO ARCHITECTS	16122	7/1/2008	111787	2804058	4,686.75	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804080	567.52	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804061	8,640.00	A & E and CONSULTING	POMERADO
		7/1/2008	111767	2804084	3,181.24	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805040	3,130.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805046	2,288.90	A & E and CONSULTING	POMERADO
SUM -- CO ARCHITECTS (43 detail records)					626,966.07		
CONDON-JOHNSON & ASSOC	17665	7/1/2008	111762	0654 SL 041	46,865.70	CONSTRUCTION	PALOMAR-WEST
		7/1/2008	111762	5	193,342.77	CONSTRUCTION	PALOMAR-WEST
SUM -- CONDON-JOHNSON & ASSOC (2 detail records)					240,208.47		
CONSTRUCTION TESTING AN	17200	7/1/2008	111770	36697	2,300.00	CONSTRUCTION	PALOMAR-WEST
SUM -- CONSTRUCTION TESTING AND (1 detail record)					2,300.00		
CSI	13464	6/9/2008	110689	1834	232.50	A & E and CONSULTING	PALOMAR-WEST
		6/9/2008	110689	1841	6,820.00	A & E and CONSULTING	PALOMAR-EAST
		7/1/2008	111756	1843	15,965.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111756	1844	3,720.00	A & E and CONSULTING	POMERADO
		7/1/2008	111756	1845	6,045.00	A & E and CONSULTING	POMERADO
		7/1/2008	111756	1872	465.00	A & E and CONSULTING	PALOMAR-EAST
SUM -- CSI (6 detail records)					33,247.50		
E CUBE, INC	17597	7/1/2008	111772	605226	732.86	A & E and CONSULTING	POMERADO
		7/1/2008	111772	605227	708.18	A & E and CONSULTING	POMERADO
		7/1/2008	111772	605229	1,136.83	A & E and CONSULTING	POMERADO
SUM -- E CUBE, INC (3 detail records)					2,577.87		
GROUND SERVICE TECHNOL	16983	6/9/2008	110419	18632	4,775.58	CONSTRUCTION	POMERADO
SUM -- GROUND SERVICE TECHNOLOGY INC (1 detail record)					4,775.58		
HERRICK CORPORATION	19057	7/1/2008	111768	004	1,693,152.90	CONSTRUCTION	PALOMAR-WEST
SUM -- HERRICK CORPORATION (1 detail record)					1,693,152.90		
JB CONSULTING & ASSOC., I	16827	7/1/2008	111754	11PMCW	18,940.00	PERMIT & INSPECT	PALOMAR-WEST

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
JB CONSULTING & ASSOC., I	16627	7/1/2008	111754	1MEZ	1,040.00	PERMIT & INSPECT	PALOMAR-EAST
		7/1/2008	111754	4CUR	160.00	PERMIT & INSPECT	PALOMAR-EAST
SUM — JB CONSULTING & ASSOC., INC (3 detail records)					20,140.00		
JOHNSON CONTROLS INC.	12436	6/24/2008	298	17743062	1,386.00	CONSTRUCTION	POMERADO
SUM — JOHNSON CONTROLS INC. (1 detail record)					1,386.00		
JOHNSON, BARNES & FINCH	13219	6/9/2008	110259	42408	174,011.67	CONSTRUCTION	POMERADO
SUM — JOHNSON, BARNES & FINCH INC (1 detail record)					174,011.67		
JONES LANG LASALLE AMERI	17711	6/9/2008	110256	14001P107-14	55,650.00	A & E and CONSULTING	PALOMAR WEST
		6/9/2008	110685	14001P107-15	62,500.00	A & E and CONSULTING	PALOMAR-WEST
		6/9/2008	110685	14001P207-6	58,750.00	A & E and CONSULTING	PALOMAR-WEST
		6/9/2008	110685	14001P207-6	528.00	A & E and CONSULTING	PALOMAR-EAST
		6/9/2008	110685	14001P207-6	5,000.00	A & E and CONSULTING	PALOMAR-EAST
SUM — JONES LANG LASALLE AMERICAS (5 detail records)					182,428.00		
MASSON & ASSOCIATES	17985	7/1/2008	111757	APP # 8	42,366.00	CONSTRUCTION	PALOMAR-WEST
SUM — MASSON & ASSOCIATES (1 detail record)					42,366.00		
MINTIE CORPORATION	13549	6/10/2008	262	61422	1,432.00	CONSTRUCTION	POMERADO
		6/24/2008	309	61614	1,432.00	CONSTRUCTION	POMERADO
SUM — MINTIE CORPORATION (2 detail records)					2,864.00		
NATIONAL CONSTRUCTION R	18440	6/9/2008	110528	2236944	467.50	CONSTRUCTION	POMERADO
		6/23/2008	111435	2268531	467.50	CONSTRUCTION	POMERADO
SUM — NATIONAL CONSTRUCTION RENTALS (2 detail records)					935.00		
OFFICE OF STATEWIDE HEA	11174	7/1/2008	111792	2007 04282	159,120.86	PERMIT & INSPECT	POMERADO
		7/1/2008	111795	2007-04280	413,279.99	PERMIT & INSPECT	PALOMAR-WEST
		7/1/2008	111796	2007-04283	622,452.94	PERMIT & INSPECT	POMERADO
		7/1/2008	111800	2007-04281	3,070,079.95	PERMIT & INSPECT	PALOMAR-WEST
SUM — OFFICE OF STATEWIDE HEALTH PLA (4 detail records)					4,264,933.74		
PACIFIC RIM MECHANICAL	14054	6/9/2008	110686	POM EXP PHS II APP# 8	471,679.97	CONSTRUCTION	POMERADO
		7/1/2008	111783	POM EXP PHS II APP# 9	245,727.33	CONSTRUCTION	POMERADO

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
SUM -- PACIFIC RIM MECHANICAL (2 detail records)					717,407.30		
PINNICK INC	18265	7/1/2008	111761	20407	206,597.25	CONSTRUCTION	PALOMAR-WEST
SUM -- PINNICK INC (1 detail record)					206,597.25		
RAYMOND INTERIOR SYSTE	18942	7/1/2008	111758	0038-2A APP 3	45,682.30	A & E and CONSULTING	PALOMAR-WEST
SUM -- RAYMOND INTERIOR SYSTEMS (1 detail record)					45,682.30		
RICK ENGINEERING	16982	7/1/2008	111775	0005876	1,231.00	A & E and CONSULTING	PALOMAR-WEST
SUM -- RICK ENGINEERING (1 detail record)					1,231.00		
RTKL ASSOCIATES INC	18755	7/1/2008	111753	10-00079744	14,098.44	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111753	10-00079747	4,037.50	A & E and CONSULTING	POMERADO
SUM -- RTKL ASSOCIATES INC (2 detail records)					18,135.94		
RUDOLPH AND SLETTEN	13787	6/9/2008	110687	04-070	371,909.00	PROJ MGMT	POMERADO
		6/9/2008	110687	04-076	26,679.50	PROJ MGMT	POMERADO
		6/9/2008	110687	04-111	51,629.00	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-112	1,224.25	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-113	509,141.00	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-114	18,407.18	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-115	30,071.00	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	04-116	678.63	PROJ MGMT	PALOMAR-WEST
		6/9/2008	110687	99-116	23,100.82	PROJ MGMT	POMERADO
		7/1/2008	111764	05-011	25,359.00	PROJ MGMT	PALOMAR-WEST
		7/1/2008	111764	05-012	934.99	PROJ MGMT	PALOMAR-WEST
		7/1/2008	111764	05-013	269,072.00	PROJ MGMT	PALOMAR-WEST
		7/1/2008	111764	05-015	14,011.50	PROJ MGMT	PALOMAR-WEST
		7/1/2008	111764	05-016	5,815.30	PROJ MGMT	PALOMAR-WEST
SUM -- RUDOLPH AND SLETTEN (14 detail records)					1,348,033.17		
SAN DIEGO EROSION CONTR	17517	8/23/2008	111568	PMC WEST APP 5	76,752.95	CONSTRUCTION	PALOMAR-WEST
SUM -- SAN DIEGO EROSION CONTROL (1 detail record)					76,752.95		
SHENGXING GLASS AND CLA	18413	7/1/2008	111765	21	397,490.00	CONSTRUCTION	PALOMAR-WEST

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #002
6/30/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
SUM — SHENGXING GLASS AND CLADDINGS (1 detail record)					397,490.00		
SIDEPLATE SYSTEMS INC	17170	7/1/2008	111759	3021	29,000.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111759	3032	29,000.00	A & E and CONSULTING	PALOMAR-WEST
SUM — SIDEPLATE SYSTEMS INC (2 detail records)					58,000.00		
SOUTHLAND ELECTRIC	13183	6/23/2008	111215	1166 REVISED	59,120.78	CONSTRUCTION	POMERADO
SUM — SOUTHLAND ELECTRIC (1 detail record)					59,120.78		
SOUTHWEST GENERAL CONT	18424	6/23/2008	111179	POM CNTRL PLANT APP#3	17,145.00	CONSTRUCTION	POMERADO
SUM — SOUTHWEST GENERAL CONTRACTORS (1 detail record)					17,145.00		
UNIVERSITY MECHANICAL	15442	7/1/2008	111766	14583	85,534.00	CONSTRUCTION	PALOMAR-WEST
		7/1/2008	111766	14584	527,612.00	CONSTRUCTION	PALOMAR-WEST
SUM — UNIVERSITY MECHANICAL (2 detail records)					613,146.00		
URS CORPORATION	11122	6/23/2008	111168	3245025	10,479.00	A & E and CONSULTING	POMERADO
		7/1/2008	111760	3198079	572.30	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111760	3283475	33,575.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111760	3360514	38,840.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111760	3394853	5,850.00	A & E and CONSULTING	PALOMAR-WEST
		7/1/2008	111760	3394909	20,745.60	A & E and CONSULTING	PALOMAR-WEST
SUM — URS CORPORATION (6 detail records)					110,061.90		
VALLEY CREST LANDSCAPE	17626	6/9/2008	110665	3189382	9,951.30	CONSTRUCTION	POMERADO
		7/7/2008	112325	3182081	9,014.40	CONSTRUCTION	POMERADO
SUM — VALLEY CREST LANDSCAPE DEV (2 detail records)					18,965.70		
VIEW BY VIEW, INC	17846	6/9/2008	110692		4,885.42	A & E and CONSULTING	PALOMAR-WEST
		6/9/2008	110692		725.00	A & E and CONSULTING	PALOMAR-WEST
SUM — VIEW BY VIEW, INC (2 detail records)					5,610.42		
Grand Total (128 detail records)					11,547,145.76		

September 5, 2008

Dania D. Samai, Trust Officer
Wells Fargo Bank
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017

RE: Palomar Pomerado Health Project Draw #003 of September 5, 2008

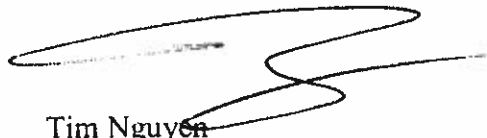
Attached find Palomar Pomerado Health's ("PPH") request for reimbursement of \$10,458,293.53 from the 2007 G.O. Bond Project fund account #22676001. Please send these funds to the same bank account previously used to send funds to PPH. To reconfirm, our account number at Bank of America is 14504-50006.

Attached please find a:

- Signed Measure BB project Fund Requisition form
- List of amounts paid by PPH to vendors sorted alphabetically
- Copies (same as order list) of the vendor invoices and checks supporting the expenses.

Please call me at (760) 480-7995, if you have any questions.

Regards,



Tim Nguyen
Corporate Controller
Palomar Pomerado Health

[Form of Series 2007A Measure BB Project Fund Requisition]

Requisition No. 003

Series 2007A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am the Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of June 1, 2005, as supplemented and amended by that certain First Supplemental Paying Agent Agreement, dated as of December 1, 2007 (hereinafter collectively referred to as the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent, I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2007A Measure BB Project Fund created pursuant to Section 12.03 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$ 10,458,293.53

4. The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2007A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2007A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: September 5, 2008

PALOMAR POMERADO HEALTH

By: _____

Robert A. Hemker
Chief Financial Officer

**Schedule I
To
Requisition No. 001**

Party To Be Paid	Payment Amount	Nature of Expenditure	Payment Instructions
Palomar Pomerado Health	\$10,458,293.53	Reimburse PPH for expenses incurred July 31, 2008	Payment via wire transfer as instructed below:

Wire transfer instructions

Bank Name:	Bank of America
Bank Address	450 "B" Street, Suite 100 San Diego, CA 92101
Telex No.:	67652 SFO
Account No.:	1450450006
Acct Name:	Palomar Pomerado Health General Checking Account
Routing #:	0260-0959-3

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008**

<i>VENDOR NAME</i>	<i>VENDOR #</i>	<i>CHECK- DATE</i>	<i>CK #</i>	<i>INVOICE</i>	<i>BANK CHK AMT</i>	<i>DESCRIPTION</i>	<i>CAMPUS</i>
<i>A O REED & COMPANY</i>	13223	7/7/2008	111972	9354-RETBRI	64,682.00	CONSTRUCTION	POMERADO
		7/7/2008	111972	9492-02	417,999.60	CONSTRUCTION	POMERADO
<i>SUM --- A O REED & COMPANY (2 detail records)</i>					482,681.60		
<i>ALLEN & HEIN INC</i>	14129	7/21/2008	112938	002	4,190.40	A & E and CONSULTING	PALOMAR-WEST
<i>SUM --- ALLEN & HEIN INC (1 detail record)</i>					4,190.40		
<i>BERGELECTRIC CORPORATI</i>	14082	7/14/2008	112364	10197-21 REV1	6,467.00	CONSTRUCTION	POMERADO
		7/28/2008	113239	10621-17	140,362.75	CONSTRUCTION	PALOMAR-WEST
<i>SUM --- BERGELECTRIC CORPORATION (2 detail records)</i>					146,829.75		
<i>BRICKMAN GROUP LTD</i>	18259	7/21/2008	112909	4622199110	60,474.60	CONSTRUCTION	PALOMAR-WEST
		7/21/2008	112909	4622219304	433.00	CONSTRUCTION	PALOMAR-WEST
<i>SUM --- BRICKMAN GROUP LTD (2 detail records)</i>					60,907.60		
<i>BUREAU VERITAS COMPANY</i>	17004	7/14/2008	112358	0996582	10,048.80	CONSTRUCTION	POMERADO
		7/14/2008	112358	0999654	6,220.50	CONSTRUCTION	POMERADO
		7/14/2008	112358	1000097	2,360.00	CONSTRUCTION	POMERADO
<i>SUM --- BUREAU VERITAS COMPANY (3 detail records)</i>					18,629.30		
<i>BURTECH PIPELINE INC</i>	18947	7/28/2008	113238	107-047-4	75,783.72	CONSTRUCTION	PALOMAR-WEST
<i>SUM --- BURTECH PIPELINE INC (1 detail record)</i>					75,783.72		
<i>CALIFORNIA CONSTRUCTION</i>	13157	7/7/2008	111974	80094	1,105.00	CONSTRUCTION	POMERADO
		7/14/2008	112366	80091	7,501.25	CONSTRUCTION	POMERADO
		7/24/2008	113229	80092	1,487.50	CONSTRUCTION	POMERADO
<i>SUM --- CALIFORNIA CONSTRUCTION (3 detail records)</i>					10,093.75		
<i>CO ARCHITECTS</i>	16122	7/7/2008	111970	2804035	211,081.01	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2804028	3,060.00	A & E and CONSULTING	PALOMAR-EAST
		7/14/2008	112363	2805006	20,973.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805009	5,400.00	A & E and CONSULTING	PALOMAR-EAST
		7/14/2008	112363	2805011	96,550.53	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805012	9,587.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805013	2,717.21	A & E and CONSULTING	PALOMAR-WEST

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

<i>VENDOR NAME</i>	<i>VENDOR #</i>	<i>CHECK- DATE</i>	<i>CK #</i>	<i>INVOICE</i>	<i>BANK CHK AMT</i>	<i>DESCRIPTION</i>	<i>CAMPUS</i>
CO ARCHITECTS	16122	7/14/2008	112363	2805014	2,835.50	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805015	7,925.79	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805016	12,997.92	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805017	1,061.87	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805018	211,081.01	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805019	86.86	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805029	29,115.01	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805030	2,068.98	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805032	5,822.74	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805033	18,185.48	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805034	9,200.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2805036	9,622.40	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805037	7,016.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805038	2,213.15	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805039	350.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805042	3,587.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805043	16,430.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805044	179.57	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805045	9,780.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805047	1,855.75	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805048	9,415.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805049	162.49	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805051	131.30	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805052	4,686.75	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805053	133.95	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805055	3,181.24	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805056	456.44	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805057	1,376.89	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805060	29,782.50	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2805061	809.20	A & E and CONSULTING	POMERADO

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

<i>VENDOR NAME</i>	<i>VENDOR #</i>	<i>CHECK- DATE</i>	<i>CK #</i>	<i>INVOICE</i>	<i>BANK CHK AMT</i>	<i>DESCRIPTION</i>	<i>CAMPUS</i>
<i>CO ARCHITECTS</i>	16122	7/14/2008	112363	2806001	14,989.76	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806002	4,080.98	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806003	21,322.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806004	2,000.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806006	677.70	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112363	2806007	3,288.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806008	108.93	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806009	646.49	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806010	1,053.48	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806011	2,716.60	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806012	3,893.69	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806013	1,074.00	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806014	838.53	A & E and CONSULTING	POMERADO
		7/14/2008	112363	2806016	400.27	A & E and CONSULTING	POMERADO
		7/21/2008	112744	2803010	52.06	A & E and CONSULTING	POMERADO
		7/21/2008	112744	2803053	39,690.42	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112744	2805021	34,500.00	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112744	2806005	40,305.00	A & E and CONSULTING	PALOMAR-WEST
		7/28/2008	113234	2805024	15,194.37	A & E and CONSULTING	PALOMAR-WEST
SUM — CO ARCHITECTS (56 detail records)					937,751.82		
<i>CONCRETE CONTRACTORS I</i>	17059	7/7/2008	111969	9	131,874.00	CONSTRUCTION	POMERADO
		7/28/2008	113236	10	35,170.00	CONSTRUCTION	POMERADO
SUM — CONCRETE CONTRACTORS INTERSTAT (2 detail records)					167,044.00		
<i>COSCO FIRE PROTECTION</i>	15284	7/15/2008	394	JC113709	4,713.21	CONSTRUCTION	POMERADO
SUM — COSCO FIRE PROTECTION (1 detail record)					4,713.21		
<i>CSI</i>	13464	7/14/2008	112359	1865	17,360.00	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112359	1866	1,395.00	A & E and CONSULTING	POMERADO
		7/14/2008	112359	1867	5,115.00	A & E and CONSULTING	POMERADO
		7/28/2008	113235	1886	16,430.00	A & E and CONSULTING	PALOMAR-WEST

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

<i>VENDOR NAME</i>	<i>VENDOR #</i>	<i>CHECK- DATE</i>	<i>CK #</i>	<i>INVOICE</i>	<i>BANK CHK AMT</i>	<i>DESCRIPTION</i>	<i>CAMPUS</i>
CSI	13464	7/28/2008	113235	1887	2,015.00	A & E and CONSULTING	POMERADO
		7/28/2008	113235	1888	3,565.00	A & E and CONSULTING	POMERADO
SUM -- CSI (6 detail records)					45,880.00		
E CUBE, INC	17597	7/21/2008	112747	605308	3,755.23	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112747	605309	154.02	A & E and CONSULTING	POMERADO
		7/21/2008	112747	605310	277.20	A & E and CONSULTING	POMERADO
		7/21/2008	112747	605311	29.40	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112747	605312	2,356.84	A & E and CONSULTING	POMERADO
SUM -- E CUBE, INC (5 detail records)					6,572.69		
HERRICK CORPORATION	19057	7/28/2008	113245	5	1,356,249.00	CONSTRUCTION	PALOMAR-WEST
SUM -- HERRICK CORPORATION (1 detail record)					1,356,249.00		
ISEC, INC	16841	8/5/2008	483	6 RETENTION	9,048.00	A & E and CONSULTING	PALOMAR-WEST
SUM -- ISEC, INC (1 detail record)					9,048.00		
JACKSON & BLANC	13074	7/8/2008	348	7710	13,667.10	CONSTRUCTION	POMERADO
		8/5/2008	476	7809	2,290.00	CONSTRUCTION	POMERADO
SUM -- JACKSON & BLANC (2 detail records)					15,957.10		
JB CONSULTING & ASSOC., I	16627	7/28/2008	113237	12PMCW	18,930.00	PERMIT & INSPECT	PALOMAR-WEST
		7/28/2008	113237	13PMCW	19,060.00	PERMIT & INSPECT	PALOMAR-WEST
		7/28/2008	113237	14PMCW	19,000.00	PERMIT & INSPECT	PALOMAR-WEST
SUM -- JB CONSULTING & ASSOC., INC (3 detail records)					56,990.00		
JOHNSON CONTROLS INC.	12436	7/22/2008	423	18089868	5,544.00	CONSTRUCTION	POMERADO
SUM -- JOHNSON CONTROLS INC. (1 detail record)					5,544.00		
MINTIE CORPORATION	13549	7/22/2008	431	61746	1,790.00	CONSTRUCTION	POMERADO
SUM -- MINTIE CORPORATION (1 detail record)					1,790.00		
MORLEY CONSTRUCTION CO	18985	7/7/2008	111973	6	969,131.70	CONSTRUCTION	PALOMAR-WEST
		7/28/2008	113243	7RL	716,493.60	CONSTRUCTION	PALOMAR-WEST
SUM -- MORLEY CONSTRUCTION CO (2 detail records)					1,685,625.30		
OFFICE OF STATEWIDE HEA	11174	7/7/2008	112228	2007-04273	6,269.33	PERMIT & INSPECT	POMERADO

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

VENDOR NAME	VENDOR #	CHECK- DATE	CK #	INVOICE	BANK CHK AMT	DESCRIPTION	CAMPUS
SUM -- OFFICE OF STATEWIDE HEALTH PLA (1 detail record)					6,269.33		
PACIFIC COAST COMMRL F	18850	7/21/2008	112742	1701	40,284.00	A & E and CONSULTING	PALOMAR-WEST
		7/21/2008	112742	1708	5,044.50	A & E and CONSULTING	PALOMAR-WEST
SUM -- PACIFIC COAST COMMRL FLOORING (2 detail records)					45,328.50		
PACIFIC RIM MECHANICAL	14054	7/21/2008	112745	POM EXP PHS II APP# 10	601,787.90	CONSTRUCTION	POMERADO
SUM -- PACIFIC RIM MECHANICAL (1 detail record)					601,787.90		
PAUL HANSEN EQUIPMENT	16437	8/11/2008	114107	16505-32	3,117.00	CONSTRUCTION	POMERADO
SUM -- PAUL HANSEN EQUIPMENT (1 detail record)					3,117.00		
PINNICK INC	18265	7/23/2008	113221	20422	1,175,124.97	CONSTRUCTION	PALOMAR-WEST
		7/28/2008	113244	20435	760,796.89	CONSTRUCTION	PALOMAR-WEST
SUM -- PINNICK INC (2 detail records)					1,935,921.86		
RTKL ASSOCIATES INC	18755	7/14/2008	112360	80241	27,408.72	A & E and CONSULTING	PALOMAR-WEST
		7/14/2008	112360	80243	8,729.06	A & E and CONSULTING	POMERADO
SUM -- RTKL ASSOCIATES INC (2 detail records)					36,137.78		
RUDOLPH AND SLETTEN	13787	7/7/2008	111971	05-113	33,793.00	PROJ MGMT	POMERADO
		7/7/2008	111971	05-118	290,474.00	PROJ MGMT	PALOMAR-WEST
		7/7/2008	111971	05-119	6,649.91	PROJ MGMT	PALOMAR-WEST
		7/7/2008	111971	05-120	15,074.00	PROJ MGMT	PALOMAR-WEST
		7/7/2008	111971	05-121	294.10	PROJ MGMT	PALOMAR-WEST
		7/14/2008	112362	05-106	477,040.00	PROJ MGMT	POMERADO
		7/14/2008	112362	06-015	6,779.55	PROJ MGMT	PALOMAR-WEST
		7/14/2008	112362	06-016	10,208.00	PROJ MGMT	PALOMAR-WEST
		7/21/2008	112743	06-017	96.50	PROJ MGMT	PALOMAR-WEST
		7/21/2008	112743	99-127	67,674.31	PROJ MGMT	POMERADO
		7/28/2008	113240	06-014	245,548.00	PROJ MGMT	PALOMAR-WEST
		7/28/2008	113240	06-108	11,688.00	PROJ MGMT	PALOMAR-WEST
		8/4/2008	113604	06*107	82,954.52	PROJ MGMT	PALOMAR-WEST
		8/4/2008	113604	06-084	28,543.00	PROJ MGMT	POMERADO
		8/4/2008	113604	06-109	166.68	PROJ MGMT	PALOMAR-WEST

PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES
Series 2007A Measure BB Project Fund
2007 GO Project Fund Draw #003
7/31/2008

<i>VENDOR NAME</i>	<i>VENDOR #</i>	<i>CHECK- DATE</i>	<i>CK #</i>	<i>INVOICE</i>	<i>BANK CHK AMT</i>	<i>DESCRIPTION</i>	<i>CAMPUS</i>
RUDOLPH AND SLETTEN	13787	8/4/2008	113604	99-134	32,328.54	PROJ MGMT	POMERADO
SUM -- RUDOLPH AND SLETTEN (16 detail records)					1,309,312.11		
SHENGXING GLASS AND CLA	18413	7/28/2008	113241	22	404,962.00	CONSTRUCTION	PALOMAR-WEST
SUM -- SHENGXING GLASS AND CLADDINGS (1 detail record)					404,962.00		
SOUTHLAND ELECTRIC	13183	7/28/2008	113423	1192 (REV)	155,397.96	CONSTRUCTION	POMERADO
		7/28/2008	113423	1208	277,841.02	CONSTRUCTION	POMERADO
SUM -- SOUTHLAND ELECTRIC (2 detail records)					433,238.98		
SWISSLOG HEALTHCARE SOL	12664	7/21/2008	112748	90233480	9,544.00	CONSTRUCTION	PALOMAR-WEST
SUM -- SWISSLOG HEALTHCARE SOLUTIONS (1 detail record)					9,544.00		
UNIVERSITY MECHANICAL	15442	7/28/2008	113242	14684	475,126.00	CONSTRUCTION	PALOMAR-WEST
		7/28/2008	113242	14685.1	45,921.00	CONSTRUCTION	PALOMAR-WEST
SUM -- UNIVERSITY MECHANICAL (2 detail records)					521,047.00		
URS CORPORATION	11122	8/4/2008	113602	3459065	49,998.33	A & E and CONSULTING	POMERADO
SUM -- URS CORPORATION (1 detail record)					49,998.33		
VIEW BY VIEW, INC	17646	7/14/2008	112371	93806	6,500.00	A & E and CONSULTING	PALOMAR-WEST
SUM -- VIEW BY VIEW, INC (1 detail record)					6,500.00		
WASHINGTON IRON WORKS	17495	7/28/2008	113588	003	2,847.50	A & E and CONSULTING	PALOMAR-WEST
SUM -- WASHINGTON IRON WORKS (1 detail record)					2,847.50		
Grand Total (129 detail records)					10,458,293.53		

Request for Additional Funding to Complete PMC NICU Expansion

TO: Board of Directors

MEETING DATE: Monday, June 8, 2009

FROM: David Tam, CAO Pomerado /
Mike Shanahan, Director Planning and Facilities

BY: Board Finance Committee
Tuesday, May 26, 2009

Background: The Palomar Medical Center NICU project commenced in August, 2008. The original budget allocated for this project was \$1.6M and the project was expected to take approximately 5 months to complete. As the project moved through Phase I, there were numerous challenges that affected both the schedule and the budget. These challenges included a change in OSHPD official (Area Compliance Officer), extent of asbestos abatement required, design changes due to unknown conditions and the requirements of OSHPD to bring existing spaces up to conformance with the current code requirements above and beyond what was originally designed. In addition, at the conclusion of Phase I, the OSHPD official required that an existing electrical panel be completely relocated to a location that would be in compliance with the current code. The electrical panel relocation is a significant amount of work that is currently in design and will result in both time and schedule impacts on the project.

Options have been reviewed for abbreviating the project and/or delaying the Phase II portion of the project to a later date or fiscal year. However, in order to achieve OSHPD sign off on the project, they will require that all the work shown on the plans be completed.

Budget Impact: The additional funding required to complete this project as was originally designed is \$300,330. This would increase the total project budget and CIP account to \$1.9M from \$1.6M.

The requested additional funding includes all construction costs associated with the completion of Phase I construction and the commencement and completion of Phase II construction. In addition, allowances and contingencies have been identified for those areas that may be at risk during Phase II construction for additional work.

Staff Recommendation: Approval

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the additional funding of \$300,330 to complete the NICU Expansion Project at Palomar Medical Center.

Motion: X

Individual Action:

Information:

Required Time:

Palomar Medical Center
NICU Expansion & Remodel

Original Project Budget \$1,600,000.00 Per CIP 120915

Projected Total Costs \$1,898,495.40

Additional Funding Needed \$298,495.40

Detail of Additional Funding Required to Complete Project

Vendor	Amount	Notes
HCI - Access Control	-\$6,274.87	Additional Access Control (Card Reader & Door Release) at Existing NICU
JT Specialties	-\$508.00	
PCL Construction	-\$384,543.00	Additional work for the General Contractor including electrical panel relocation required by OSHPD, additional asbestos abatement, correction of existing conditions as required by OSHPD (HVAC, Electrical, Low Voltage), Increased/Changed Scope due to Owner or A/E Changes.
Berg Electric	-\$2,500.00	Live Electrical Work required for Electrical Panel Relocation.
Armstrong Med Industries	-\$1,465.12	3 Additional Bedside Carts
NEC Unified Solutions	\$3,000.00	Wireless ZT not required.
Developmental Toys & Furniture	\$2,500.00	Funded by foundation.
Signage	-\$1,000.00	No signage figured in original budget for new NICU.
IOR - Inspection Services	-\$23,200.00	Additional inspection services required due to extended schedule & OSHPD requirements.
Project Management Services	\$12,484.00	Savings for having direct PPH Project Manager rather than consultant.
Architect & Engineers	-\$13,122.40	Additional services for extended contract duration. A request for an additional of \$67k has been requested. This is not reflected here as it is expected that this can be negotiated.
Western Environmental	-\$4,300.00	Additional abatement testing services as required by additional asbestos abatement.
Finance Charge	-\$17,895.00	Additional finance charge not figured in original budget.
Project Contingency Offset	\$138,465.60	Use of \$138k of project contingency to offset cost overruns. Projected use of \$40k in contingency to complete project (13% of additional funding requested)
Other Misc. Costs.	-\$136.61	
Total	-\$298,495.40	

**Overview of Current Healthcare
Environment & Current Legislation Efforts
Considerations / Impacts for PPH**

**Bob Hemker
Board Strategic Planning Committee
June 2, 2009**

Key Sources:

- Excerpts from Healthcare Industry Report, Fourth Edition, 2009 KPMG
- California Hospital Association – Congressional Action Program 4/2009

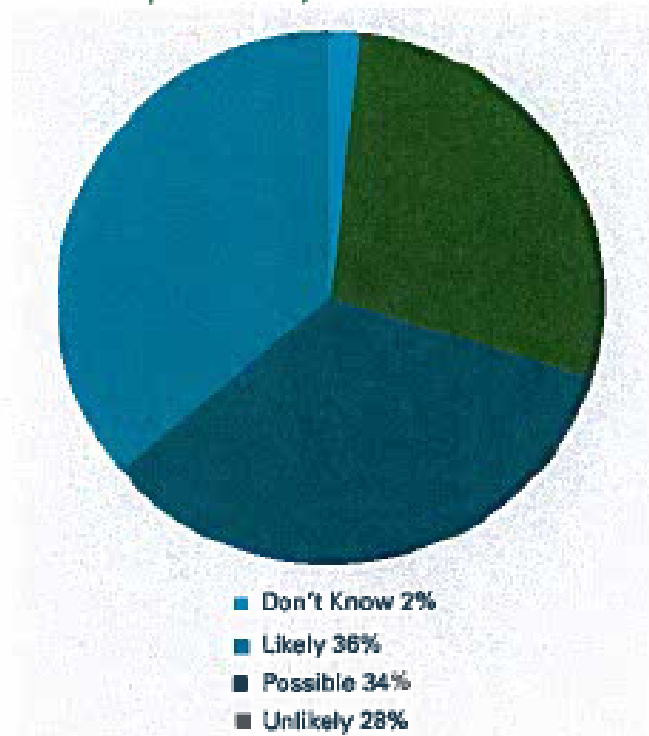
Excerpts from the
Healthcare Industry Report
Fourth Edition, 2009

Sponsored by:

KPMG Healthcare and
Pharmaceuticals Institute

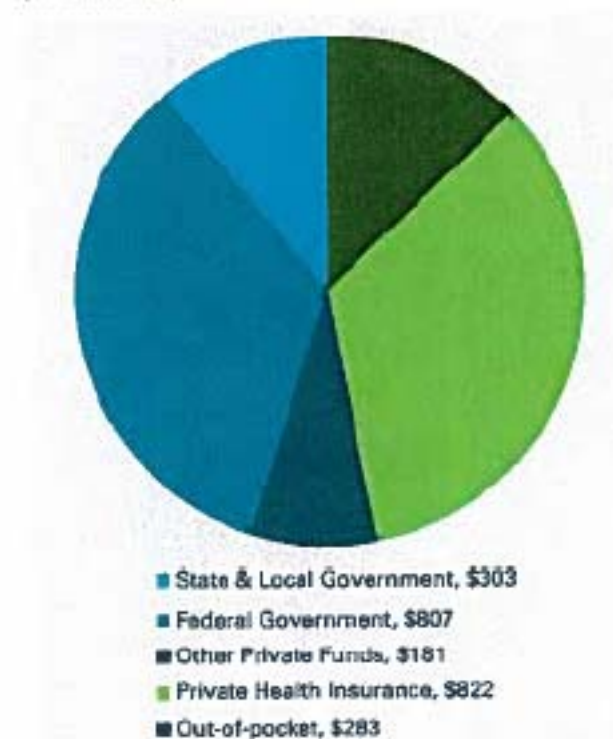
Healthcare Industry Report - 2009

What is the likelihood of major healthcare reform legislation passing during Barack Obama's presidency?



Source: Modern Healthcare, "Maybe He Can," page 7, November 10, 2008.

National Health Expenditure by Payor (in Billions)



Source: Centers for Medicare and Medicaid Services, "National Health Expenditure Accounts, 2006 Highlights," 2008.

Healthcare Industry Report - 2009

Present Value of U.S. Government Entitlement Programs September 30, 2008 (in billions)			
Social Security	Expenditures	Revenue	Net Expenditures
	\$42,911	\$36,357	\$6,555
Medicare	Expenditures	Revenue	Net Expenditures
Hospital	\$24,619	\$11,883	\$12,736
Supplementary Medical Insurance	\$21,197	\$5,478	\$15,719
Drugs	\$9,964	\$2,107	\$7,857
Total	\$55,780	\$19,468	\$36,312
Total	\$98,691	\$55,825	\$42,867

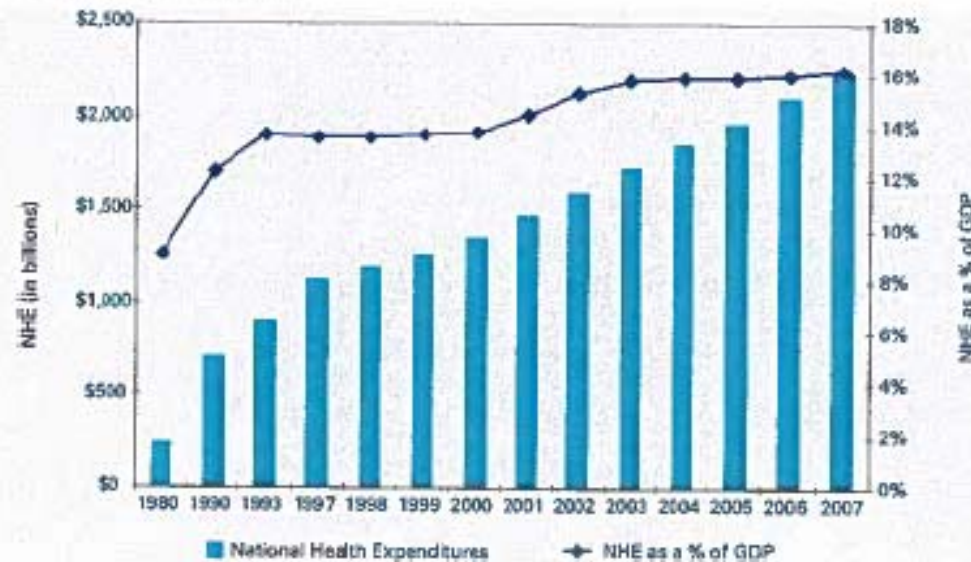
Totals may not equal sum of components due to rounding.

Source: U.S. Department of the Treasury, "2008 Financial Report of the U.S. Government," 2008.

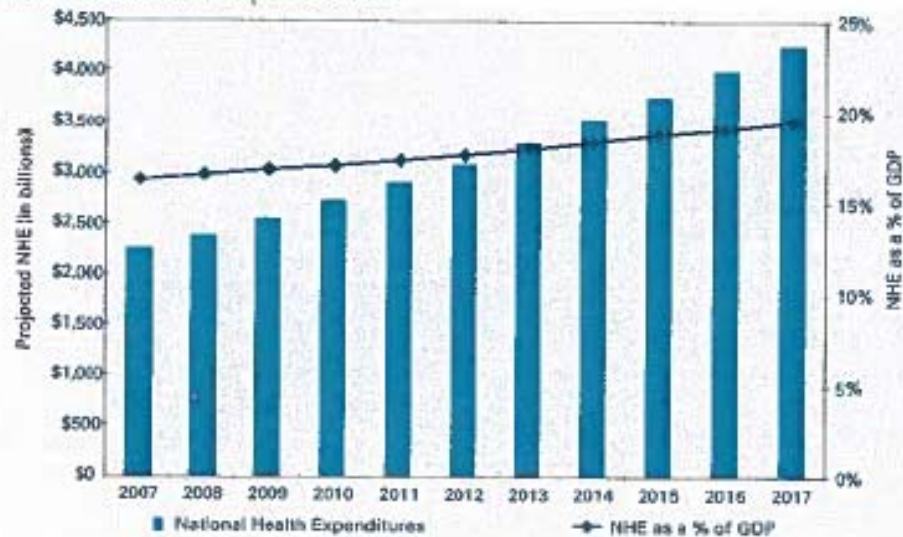
The estimates in the table above are the actuarial present value of the programs for a 75-year period. The estimates include offsets for income that is specifically designated to support the programs, such as Social Security taxes and Medicare premiums. The current net liability for these programs is \$42.9 trillion, approximately three times the 2008 U.S. Gross Domestic Product.⁴ In other words, it would take the equivalent of three years of the total output of the U.S. economy to fund the current liability for these entitlement programs. In addition, the liability grew \$2.0 trillion in 2008, more than 75 percent of the total revenue of the U.S. government for that year. More than 80 percent of the total is for Medicare. Medicaid is not included.

Healthcare Industry Report - 2009

National Health Expenditures

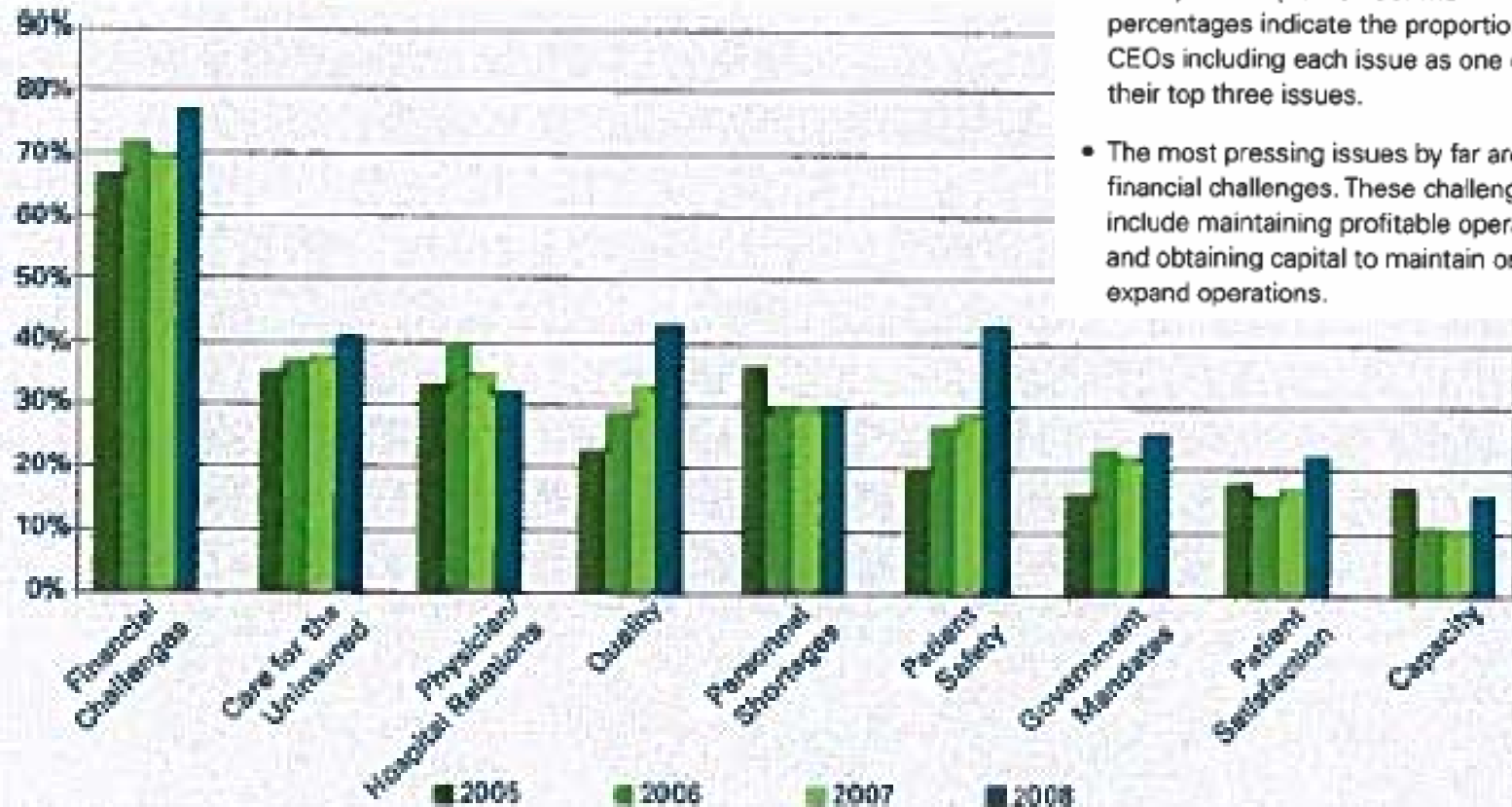


Projected National Health Expenditures



Healthcare Industry Report - 2009

Top Issues Confronting Hospitals

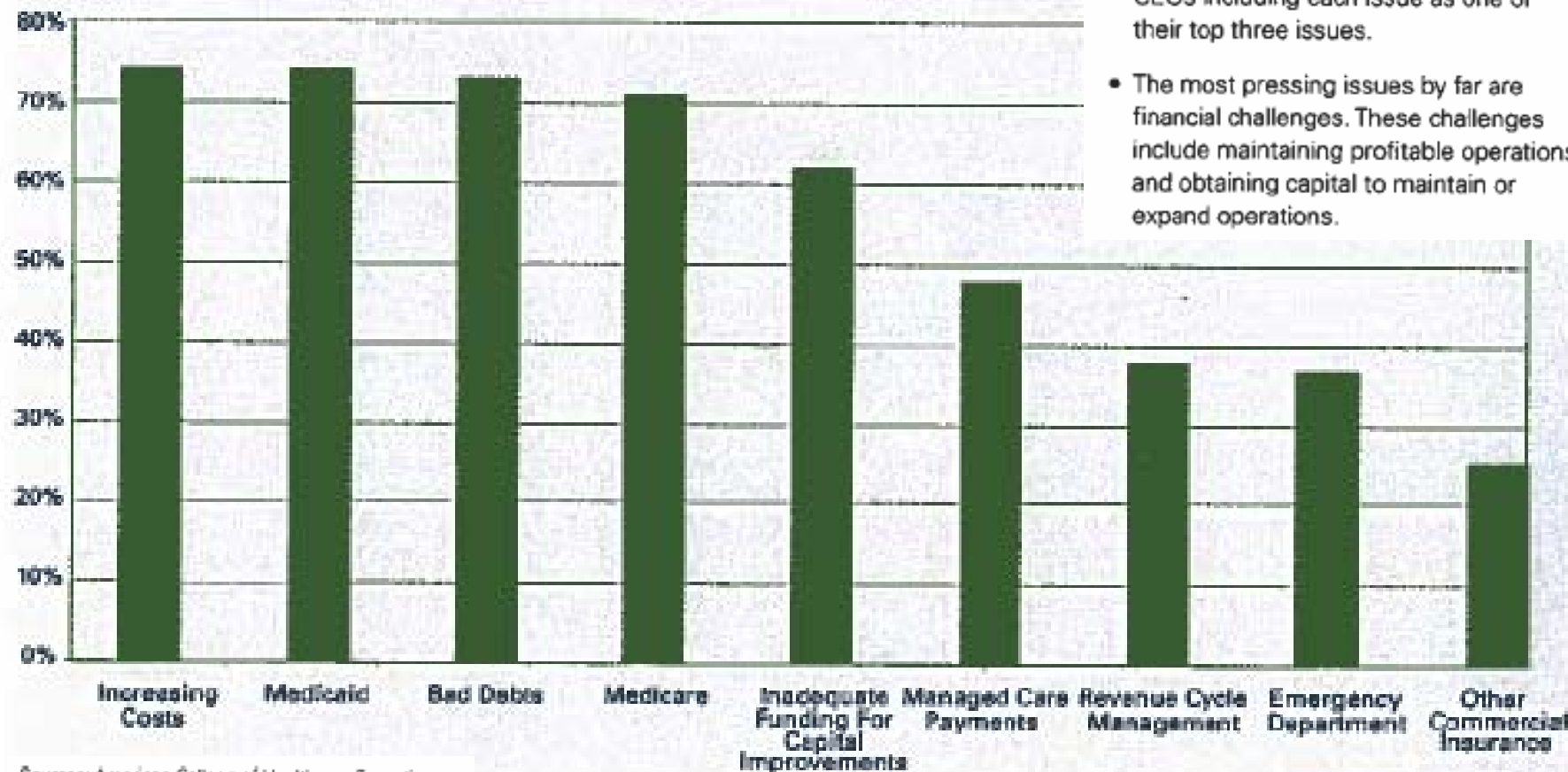


- These charts are based on annual surveys of hospital CEOs. The percentages indicate the proportion of CEOs including each issue as one of their top three issues.
- The most pressing issues by far are financial challenges. These challenges include maintaining profitable operations and obtaining capital to maintain or expand operations.

Sources: American College of Healthcare Executives, "Top Issues Confronting Hospitals: 2007," January 2008; Modern Healthcare, "New Year's Stress - ACHE survey shows finances lead executives' concerns," January 12, 2009; and American Hospital Association, "AHA Rapid Response Survey, The Economic Crisis Impact on Hospitals," November 2008.

Healthcare Industry Report - 2009

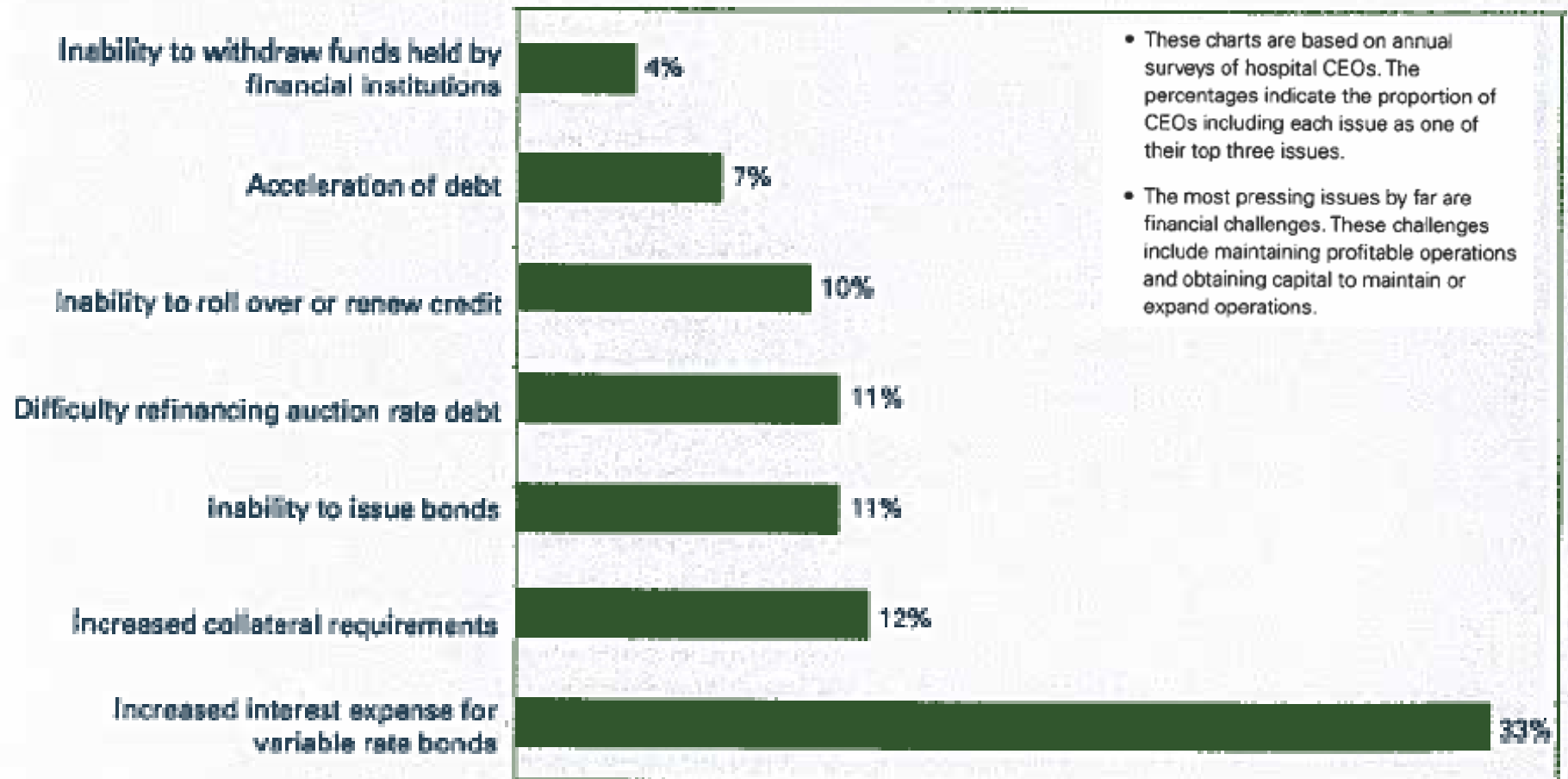
Top Hospital Financial Challenges



Sources: American College of Healthcare Executives, "Top Issues Confronting Hospitals: 2007," January 2008; Modern Healthcare, "New Year's Stress - ACHE survey shows finances lead executives' concerns," January 12, 2009; and American Hospital Association, "AHA Rapid Response Survey, The Economic Crisis Impact on Hospitals," November 2008.

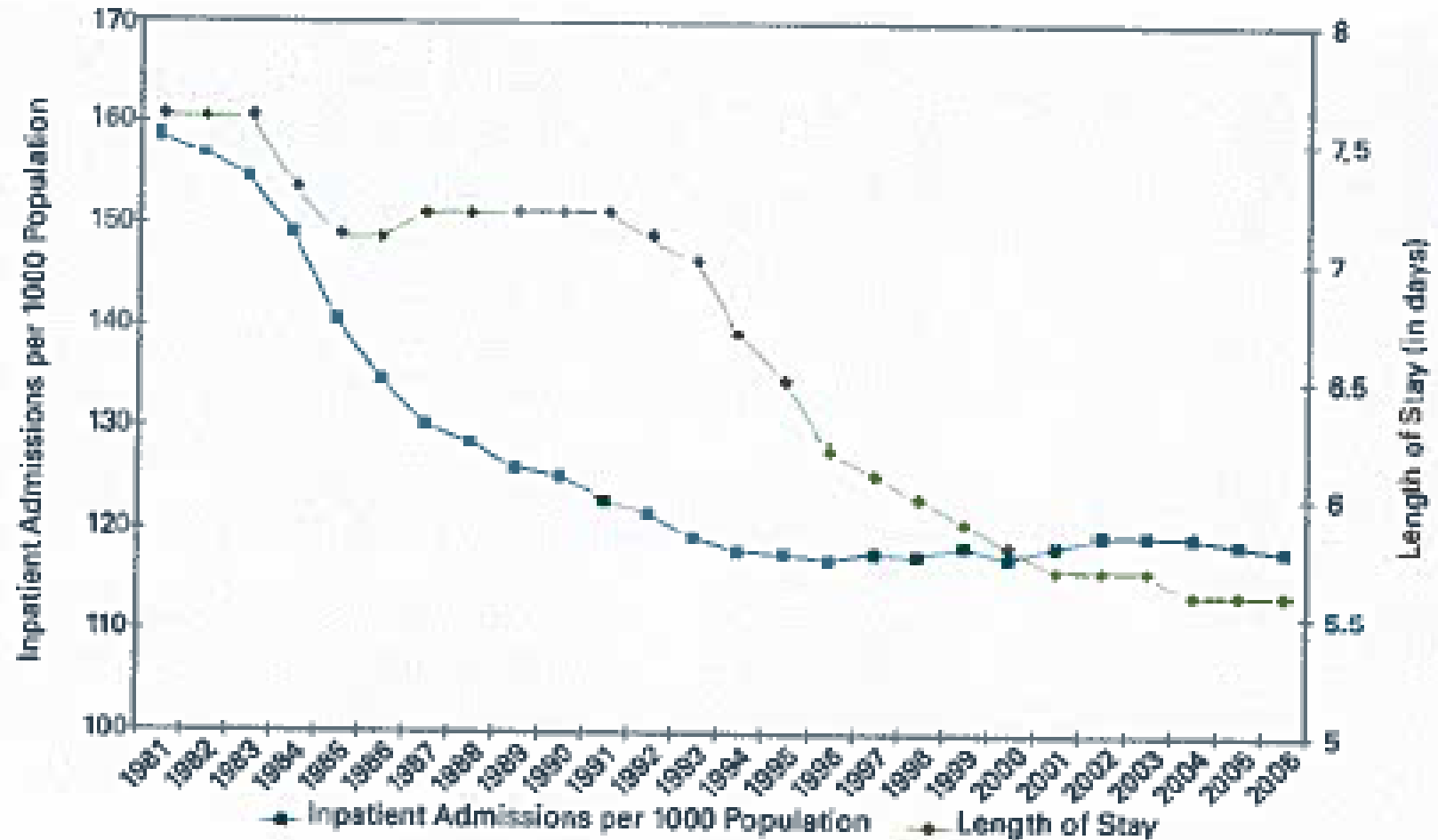
Healthcare Industry Report - 2009

Percentage of Hospitals Reporting Effects of Credit Crisis



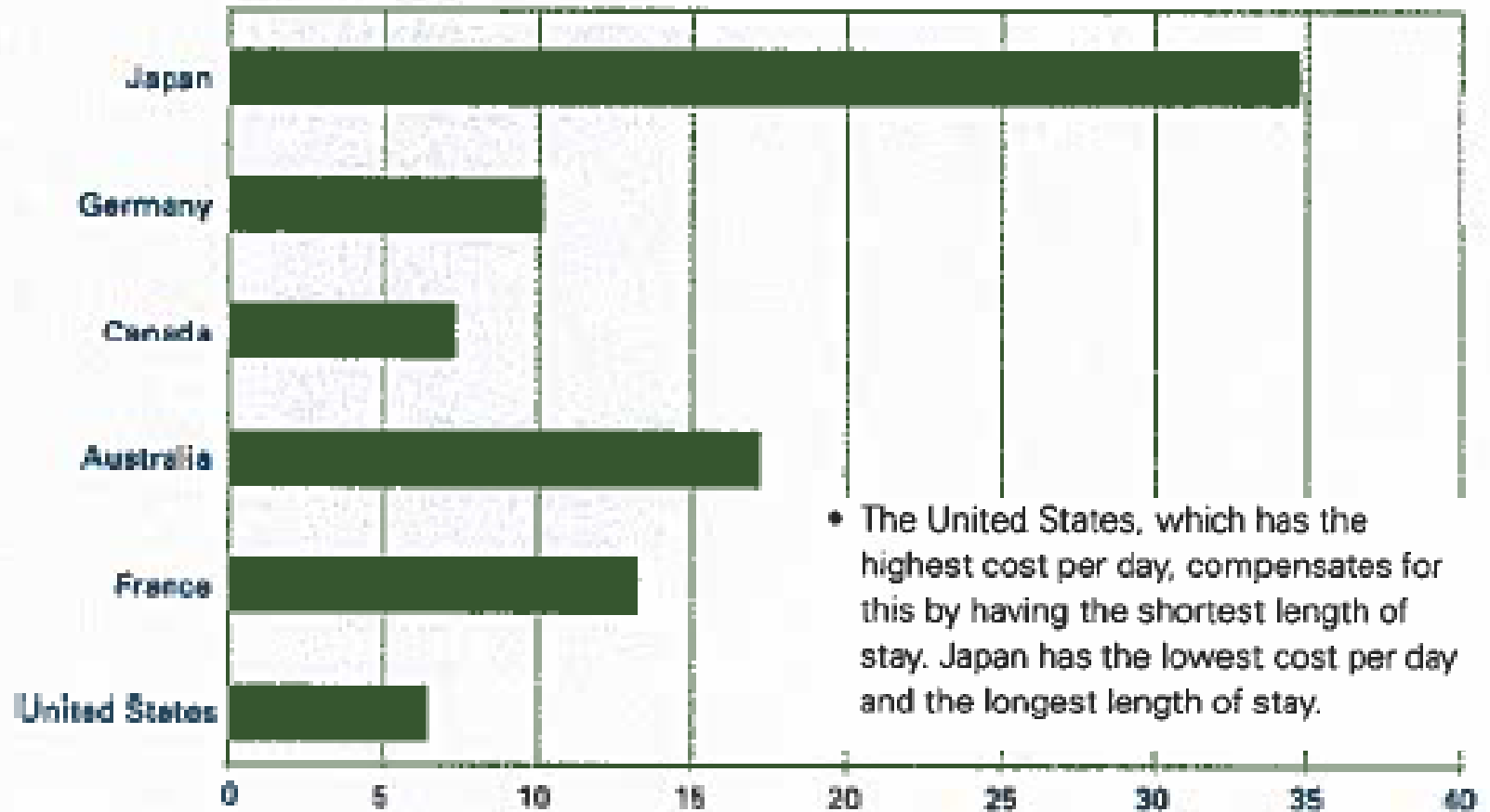
Healthcare Industry Report - 2009

Inpatient Utilization



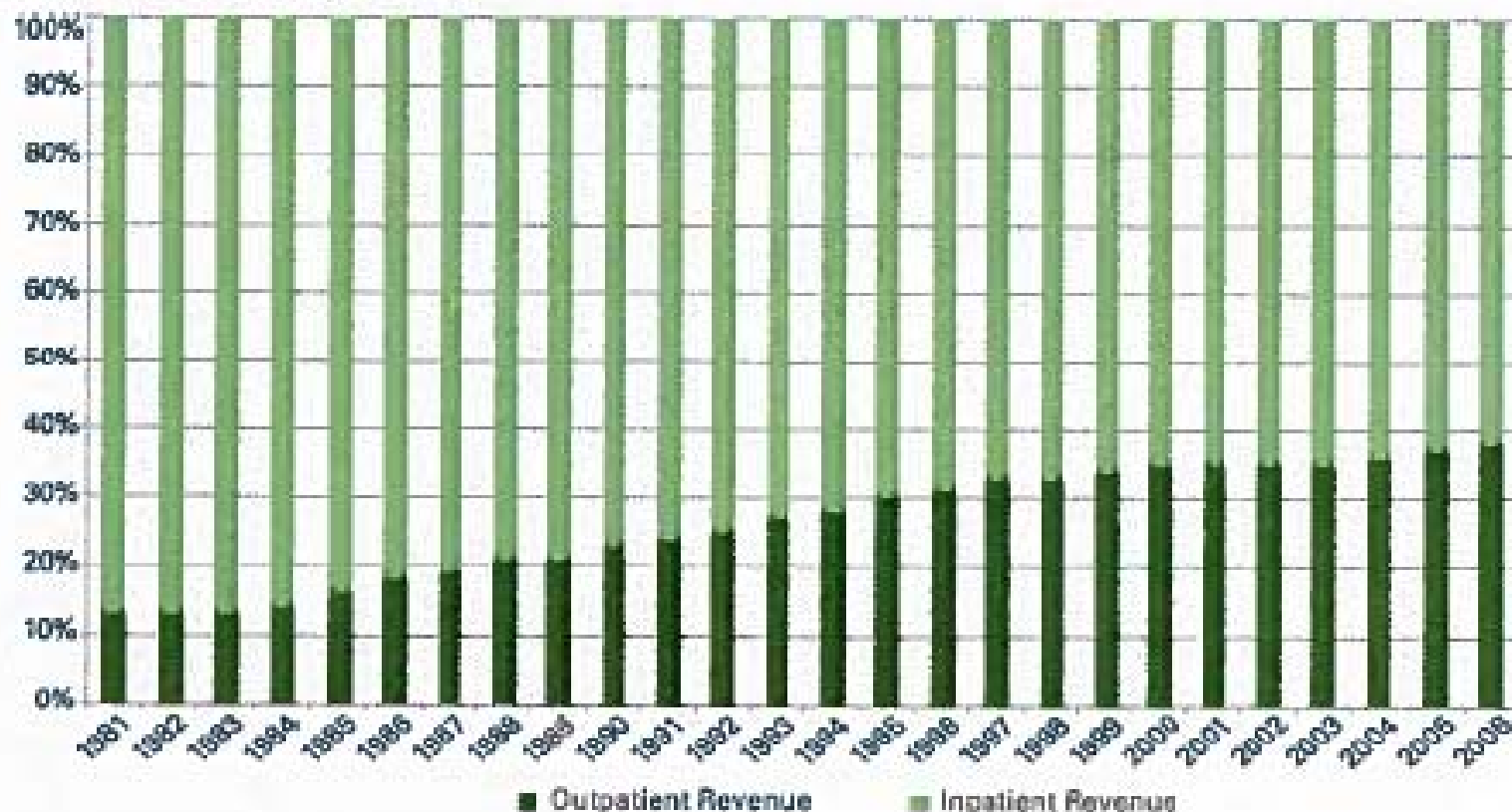
Healthcare Industry Report - 2009

Average Length of Stay



Healthcare Industry Report - 2009

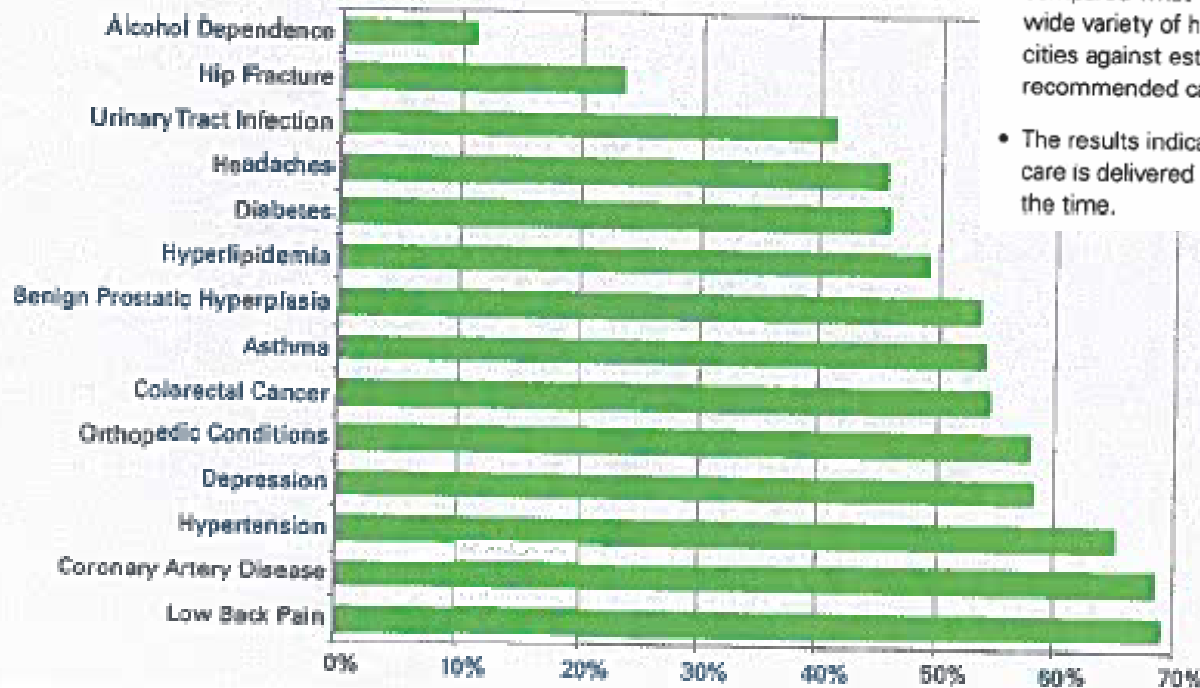
Hospital Revenue by Source



Sources: The Commonwealth Fund, calculated from OECD Data 2006, Organisation for Economic Co-operation and Development, "OECD Health Data 2008," June 2008 and American Hospital Association, "AHA Trendwatch Chartbook 2008," 2008.

Healthcare Industry Report - 2009

Percentage of Recommended Care Received

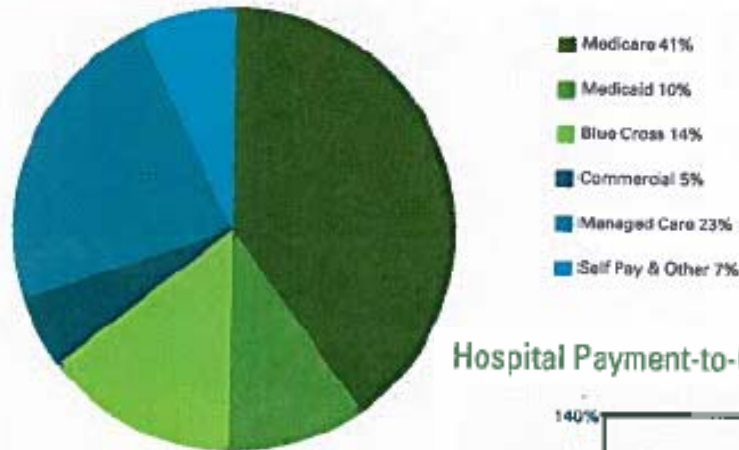


- A study conducted by RAND Corporation compared what was done to treat a wide variety of health issues in many cities against established standards of recommended care.
- The results indicated that recommended care is delivered only a little over half of the time.

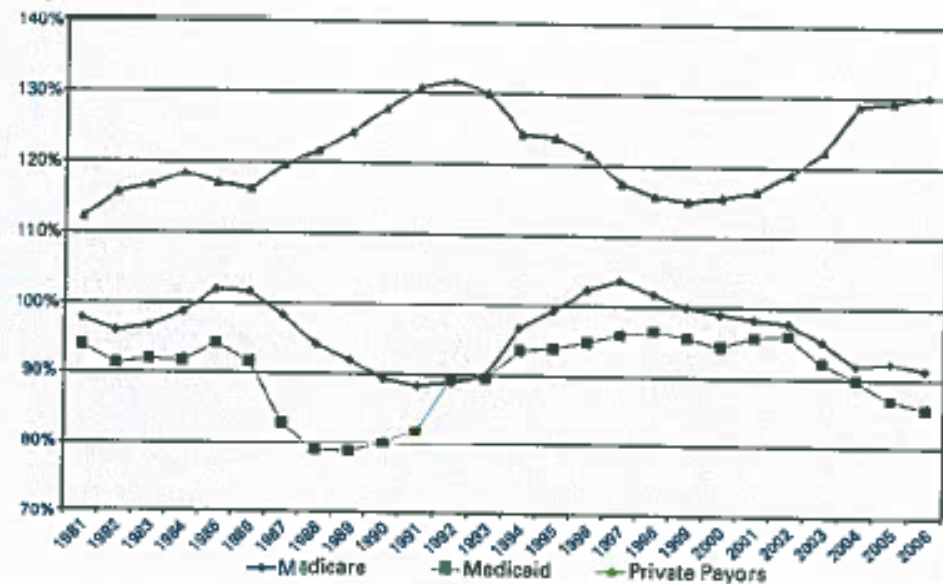
Sources: National Committee for Quality Assurance, "State of Health Care Quality, 2008," 2008; and the National Business Group on Health, "The Imperative for Health Reform," from E.A. McGlynn et al., "The Quality of Health Care Delivered to Adults in the United States," November 2007.

Healthcare Industry Report - 2009

Median Hospital Patient Revenue Sources

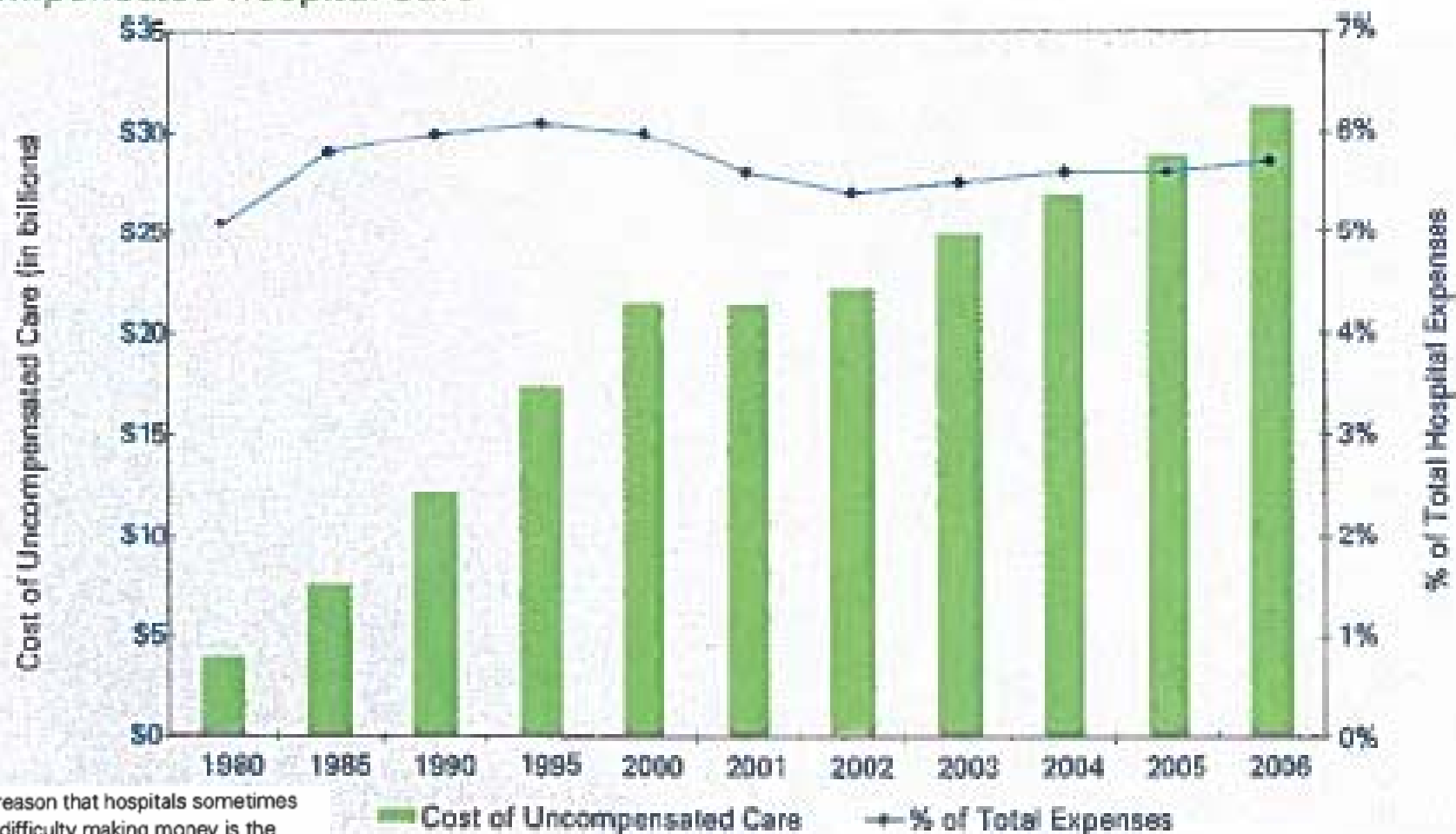


Hospital Payment-to-Cost Ratios



Healthcare Industry Report - 2009

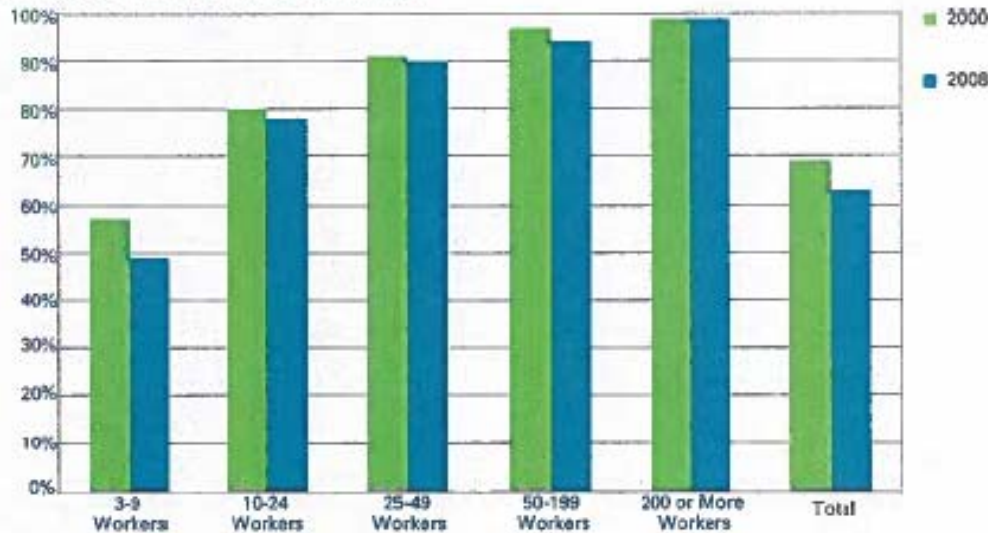
Uncompensated Hospital Care



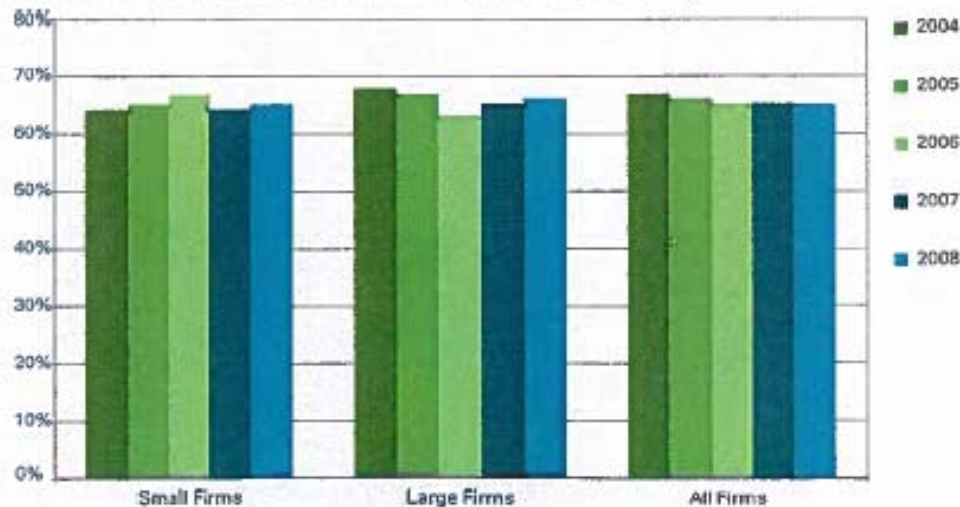
- One reason that hospitals sometimes have difficulty making money is the growth in care they provide for free. Nationally, hospitals provided more than \$31 billion of uncompensated care in 2006. This amounted to 5.7 percent of total hospital expenses.

Healthcare Industry Report - 2009

Percentage of Firms Offering Coverage



Percentage of Employees Covered by Firms Offering Coverage



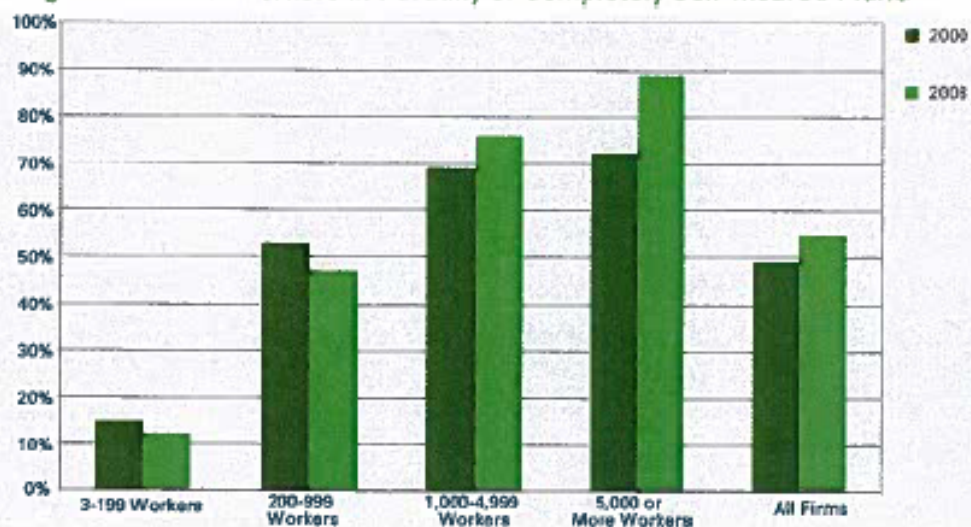
Employer sponsored healthcare insurance coverage

- Even when firms offer health coverage, not all employees are covered. New employees are often not eligible until they have been employed for a specified period of time. In addition, part-time workers often do not qualify for coverage.
- Some eligible employees do not elect to be covered either because of the cost or the fact that they have other coverage.
- As a result, only about 2/3 of employees working for employers that offer coverage are covered. This percentage has been declining during the past five years.

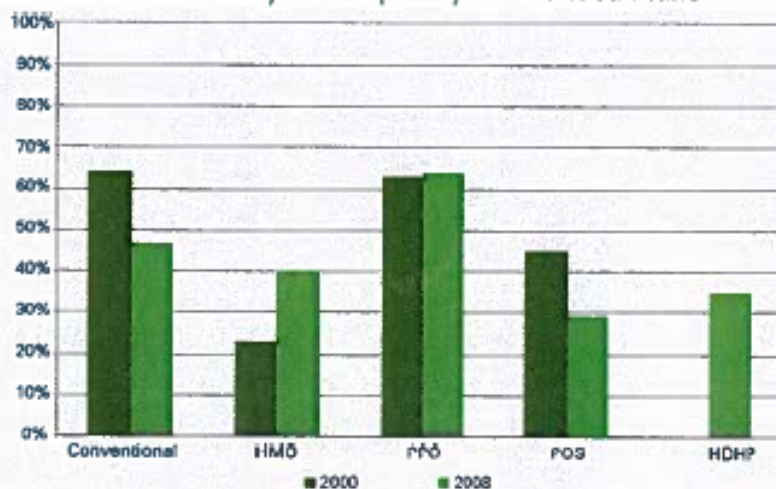
Source: Kaiser Family Foundation and Health Research and Educational Trust, "Employer Health Benefits, 2008 Annual Survey," 2008.

Healthcare Industry Report - 2009

Percentage of Covered Workers in Partially or Completely Self-Insured Plans



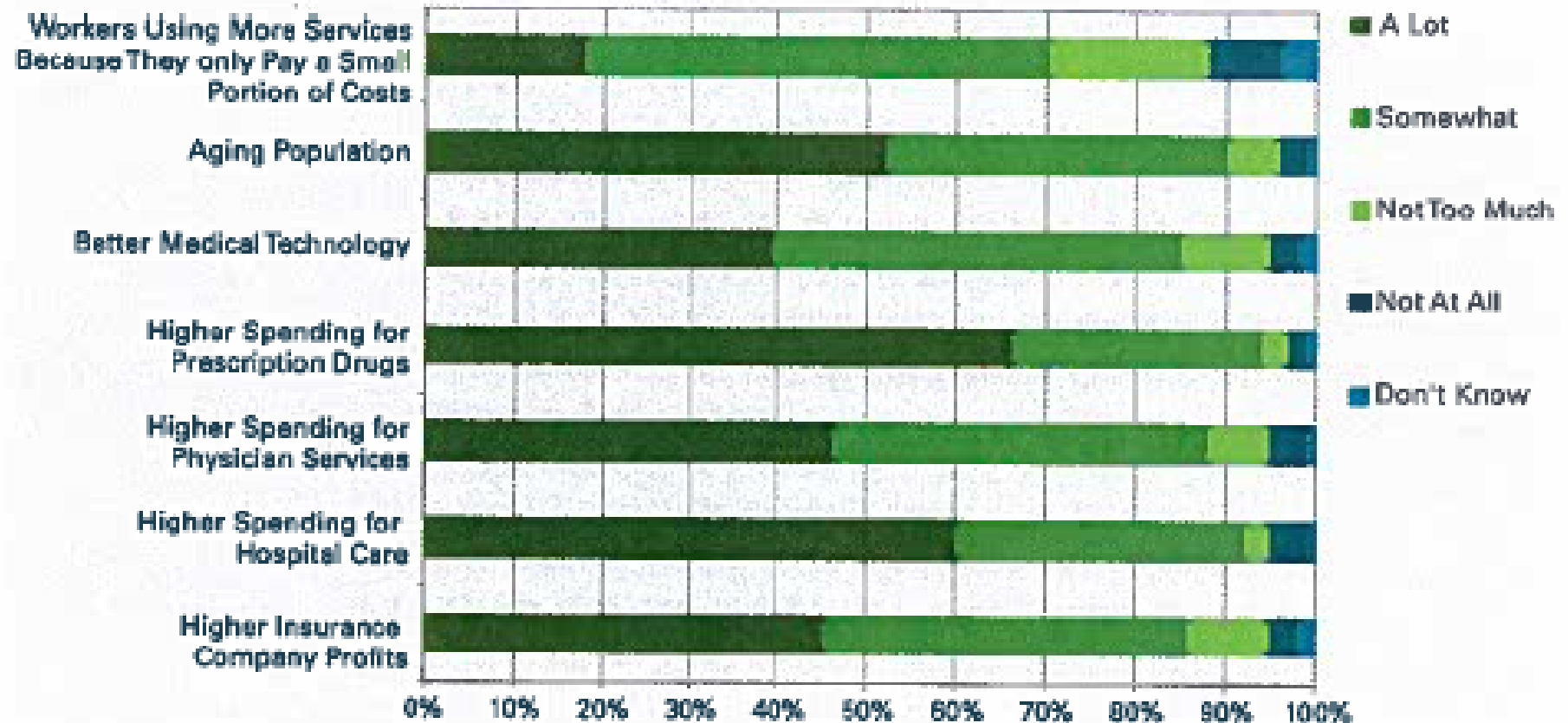
Percentage of Workers in Partially or Completely Self-Funded Plans



- One technique used by employers to manage employee healthcare costs is to self-insure their health plans. This enables employers to better define the benefits they provide and to avoid certain state regulatory requirements.
- Self-insured benefits are typically administered by commercial health plans. The employers pay the healthcare costs directly, and pay the plan administrator a fee for their services.
- Employers are more likely to self-insure when their costs are more predictable. This often prevents small employers from self-insuring due to the volatility of their employee healthcare costs.
- Large employers are increasingly electing to self-insure.

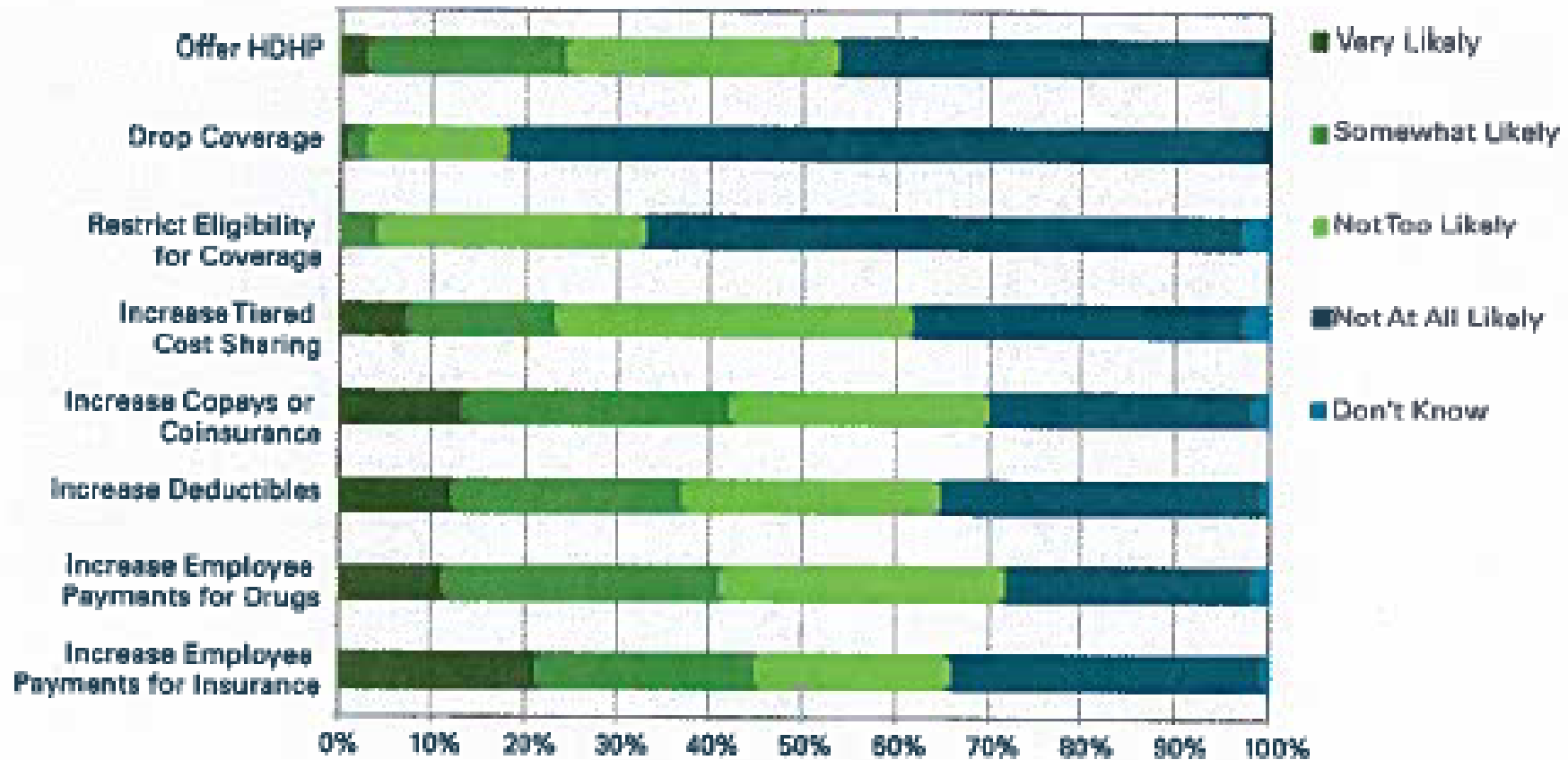
Healthcare Industry Report - 2009

Factors Leading to Increases in Health Insurance Premiums



Healthcare Industry Report - 2009

Likelihood of Plan Changes



California Hospital Association

Excerpts from the California Congressional Action Program April 2009

Key Facts about California Hospitals

- Lack of health insurance is a critical issue for Californians and their health care providers. More than 6.8 million Californians — one out of every five — have no health insurance, the largest uninsured population in the nation.
- The health care system in California is near financial meltdown. In addition to the millions of uninsured, an additional 6.5 million people are enrolled in Medi-Cal, which is severely underfunded. Unfortunately, the recently approved increase in the federal match for Medi-Cal (FMAP), which was part of the stimulus package, went to address the state's budget crisis — *not to pay hospitals*.
- The nation's economic crisis is severely impacting hospitals. According to a November 2008 CHA survey, 33 percent of hospitals have experienced an increase in uninsured patients visiting the ER and 73 percent of California hospitals have seen an increase in patients unable to pay their out-of-pocket costs.
- In 2008, California hospitals provided \$10.8 billion in uncompensated care. Included in that figure is more than \$3.5 billion in Medicare shortfalls and \$3.8 billion in Medi-Cal underfunding.
- More than 70 hospitals have closed their doors in California since 1996. Of those remaining, nearly half are operating in the red.

Legislative Issues

- Federal Budget
- Medicare
- Medicaid
- Health Care Coverage
- Workforce

Federal Budget – FY 2010

- Health Reform Reserve Fund - \$634 Billion over 10 years: taxes and reductions to fund - \$316 billion from Medicare & Medicaid
- President Obama's plan calls for bundling of Medicare payments for acute and post-acute services - \$18 billion savings over 10yrs
- Reduction in payments for higher than average readmissions - \$8.4 billion savings
- Unspecified incentives to ensure quality - \$12 billion savings
- Increase spending for physicians & nurses serving underserved areas - \$330 million
- Doubling funding for cancer research
- Increase rural health funding – strengthen regional & local partnerships - \$73 million

Medicare

- “Value Based Purchasing”
 - Hospital Acquired Conditions – currently I/P; possible expansion to O/P and Physician payments
 - Coverage Determinations (NCDs) – i.e. “Never Events” – All providers will receive NO payment
 - Pay for Performance – proposed: add current pay for reporting measures into initial P4P measures; CMS proposes setting aside 2 to 5% of I/P payment to fund incentive pool which hospitals could then earn back – likely not all incentive funds will be earned back

- I/P & O/P PPS
 - 2007 Mcare margins were negative 5.9%, 2009 expected to be negative 6.9%
 - FY2010 recommendation full market basket increase (i.e. inflation) but adjustments including quality incentive program funding will reduce increase to 2 to 4%

Medicare

- Recovery Audit Contractor Program
 - RAC audits to gear up in May 2009
 - PRG Schultz's role in California limited to review of home health claims

- Area Wage Index
 - Influences the Mcare payment to reflect geographic differences in labor costs
 - Reclassifications are budget neutral by law – so one areas gain must be offset by losses to another
 - Effective 2008, within-state budget neutrality to the “rural floor” – provision only used by a few states, of which California is one – states no urban hospital will receive a wage index amount greater than the state's rural wage index value – requires offset to achieve neutrality for increases given; Effective 2011 Mcare reimbursement lower \$76 million / yr in California

Medicare

- Graduate Medical Education
 - Effective 10/2008, 50% reduction in capital indirect payments – suspended by Am Recovery and Reinvestment Act until FY2010; may impact training capabilities
- Rural Hospitals
 - Various incentive payments including those for professionals serving in designated shortage areas
 - Limited Service (“Specialty”) Hospitals
 - Limited scope of services on select, higher margin services including CV surgery, cancer care and orthopedics
 - Moratorium ended January 2006

Medicare

■ Continuing Care

- FY2010 budget outline by Obama proposes that post-acute-care (PAC) reimbursement be bundled with other hospital-based services
- I/P Rehab Facilities (IRFs) – 80 in California, mostly in community hospitals – Mcare largest payer
- SNFs – current reimbursement is inadequate for medically complex patients; In California, hospital based SNF closures increased last year; MedPac has recommended a change in rate setting method to increase reimbursement
- Home Health / Hospice
- For FY2010, MedPac recommended no payment update for Home Health – If adopted, significant negative impact

Medicaid

- Federal Medicaid Regulations – as proposed would impact California \$1.7 billion over 5 years:
 - Govt Provider Cost Limits – safety net hospital federal finds limited to cost
 - Graduate Medical Educations – reduce training funds; Ca impact: \$410 million / year
 - Outpatient Department Regulations – limit covered services; especially pediatric population
- National Drug Code Implementation
 - Requires use of mfg 11 digit NDC on hospital Medicaid claims; delayed until 4/09; possible further extension
- Institute for Mental Diseases (IMD)
 - IMD exclusion for reimbursement for units less than 16 beds; more
 - no federal funds therefore it is a state obligation

Health Care Coverage

- Medi-Cal reimbursement is the lowest in the nation at \$2,701 – New York (\$7,733), Washington (\$4,439), Florida (\$4,389), Texas (\$3,598)
- CHIP program (Healthy Families in Ca.) reauthorized until 2013
- Healthy Families covers \$895,440 children as of 12/31/08
- TRICARE – O/P reimbursement to change to Medicare OPPS rates from currently higher Champus negotiated rate
- Undocumented Immigrants – Section 1011 has not yet been reauthorized
 - MMA of 2003 authorized \$1 billion over 4 years; California has received \$70 million / year each of the last 5 years
 - Border Patrol – immigrants not yet arrested so not paying for care

Workforce

- Collective Bargaining Under NLRA - Secret Ballot vs. Card Check process
- Definition of Supervisor Under NLRA – current legislation would adversely change the definition for employers
- Mandatory Lift Teams – Proposed Federal legislation would require elimination of manual lifting of pts and mandate the use of lift equipment
- Registered Nursing Shortage – Omnibus bill of FY09 increased education program funding 14.3%; Nursing Reinvestment Act of 2002 is up for reauthorization this year

Health Care Reform

- Uncompensated Care - \$10 billion in California affecting emergency & trauma svcs.
- Key steps toward Universal Coverage are being made
 - CHIP funding
 - Cobra subsidy (65% federal)
- Obama – Medicare & Medicaid incentives tied to quality measures
 - Decrease reimbursement for higher than average readmission rates

Health Information Technology

- CHA member survey in 2007 – only 13% of respondents have EHRs
- American Recovery and Reinvestment Act (ARRA) allocated \$19.2 billion to promote adoption of HIT
 - \$17.2 billion through Medicare & Medicaid reimbursement incentive payments
 - Temporary bonus payments FY2011 through FY2014
 - Effective FY2015, reductions to base rate if not utilizing HER
- Final federal rules are mandating change to ICD-10 from current ICD-9 for federal payments. The implementation will be over several years; does not specify use by other payers

MEDICAL STAFF SERVICES

PALOMAR
POMERADO
HEALTH

May 19, 2009

TO: Board of Directors

BOARD MEETING DATE: June 8, 2009

FROM: John J. Lilley, M.D., Chief of Staff
PMC Medical Staff Executive Committee

SUBJECT: Palomar Medical Center Medical Staff Credentialing Recommendations

- I. Provisional Appointment (06/08/2009 – 05/31/2011)
Mel M. Kurtulus, M.D., Obstetrics and Gynecology
Nithin C. Reddy, M.D., Orthopaedic Surgery
Lisa L. Reed, D.O., Pediatrics
Keith K. Vaux, M.D., Pediatrics
- II. Advance from Provisional to Active Category
Alex H. Kim, D.P.M., Podiatry (06/08/2009 – 11/30/2010)
Maria Camille V. Santos, M.D., Family Practice (06/08/2009 – 02/28/2010) (Includes PCCC)
- III. Advance from Provisional to Associate Category
Michael D. Lemm, D.P.M., Podiatry (06/08/2009 – 02/28/2010)
Kristen T. Wade-Kempiak, M.D., Pediatrics (06/08/2009 – 07/31/2010)
- IV. Change from Active to Courtesy Category
Ashish K. Wadhwa, M.D., Otorhinolaryngology
- V. Additional Privileges
John H. Detwiler, M.D., Cardiology
 - Non-Invasive Peripheral Vascular Procedures BundleOsman Khawar, M.D., Internal Medicine/Nephrology
 - Non-Invasive Peripheral Vascular Procedures BundleRobert M. Stein, M.D., Cardiology
 - Non-Invasive Peripheral Vascular Procedures BundleMaram F. Zakko, M.D., Gastroenterology
 - Video Capsule Endoscopy – Small Intestine
 - Video Capsule Endoscopy - Esophagus
- VI. Leave of Absence
Chad Elsner, M.D., Orthopaedic Surgery (04/27/2009 – 03/31/2011)
- VII. Voluntary Resignations/Withdrawals
Teja Singh, Jr., M.D., Internal Medicine (Effective 06/30/2009) (Includes PCCC)
- VIII. Allied Health Professional Appointments (06/08/2009 – 05/31/2011)
Robert J. Mallory, P.A.-C., Physician Assistant; Sponsors: Dr. Jeffrey Smith, Dr. Joel Smith, Dr. Kevin Yoo

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

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

☐ **ESCONDIDO
SURGERY CENTER**
343 East Grand Avenue
Escondido, CA 92025
Tel 760.480.6606
Fax 760.480.1288

IX. Reappointments Effective 07/01/2009 – 06/30/2011

Sabah N. Chammass, M.D.	Psychiatry	Dept of Medicine	Associate
Brad Cohen, M.D.	Orthopaedic Surgery	Dept of Ortho/Rehab	Active
(Includes PCCC)			
George Delgado, M.D.	Family Practice	Dept of Family Practice	Courtesy
(Includes PCCC)			
Ruth Gilboa, M.D.	Dermatology	Dept of Medicine	Associate
L. Richard Greenstein, M.D.	Anesthesiology	Dept of Anesthesia	Active
Richard L. Hayes, Jr., M.D.	Internal Medicine	Dept of Medicine	Active
Brent A. Howard, M.D.	Orthopaedic Surgery	Dept of Ortho/Rehab	Courtesy
(Changed from Active to Courtesy Category)			
Mark L. Kadden, M.D.	Gastroenterology	Dept of Medicine	Active
(Includes PCCC)			
Yale M. Kadesky, M.D.	Plastic Surgery	Dept of Surgery	Active
Steven A. LaFond, M.D.	Geriatric Medicine	Dept of Family Practice	Associate
(Includes PCCC)			
M. Mark Mofid, M.D.	Plastic Surgery	Dept of Surgery	Active
Daniel F. Mulvihill, M.D.	Cardiology	Dept of Medicine	Active
Joseph A. Samady, M.D.	Dermatology	Dept of Medicine	Associate
Manal M. Schoellerman, M.D.	Diagnostic Radiology	Dept of Radiology	Active
James H. Schultz, Jr., M.D.	Family Practice	Dept of Family Practice	Active
Sanjeev Sharma, M.D.	Family Practice	Dept of Family Practice	Associate
Allie Simon, M.D.	Family Practice	Dept of Family Practice	Associate
(Includes PCCC)			
Mark J. Spiro, M.D.	Emergency Medicine	Dept of Emergency Medicine	Active
Robert M. Stein, M.D.	Cardiology	Dept of Medicine	Active
(Includes PCCC)			
Jerry T. Tseng, M.D.	Internal Medicine	Dept of Medicine	Active
Farah Zeeda, M.D.	Internal Medicine	Dept of Medicine	Active
(Includes PCCC)			

X. Allied Health Reappointments Effective 07/01/2009 – 06/30/2011

Adam W. Fitzgerald, P.A.-C., Physician Assistant; Sponsors: Kaiser Orthopaedic Surgeons
David A. Hustosky, P.A.-C., Physician Assistant; Sponsors: Dr. Cohen, Dr. Schiffman

Certification by and Recommendation of Chief of Staff:

As Chief of Staff of Palomar Medical Center, I certify that the procedures described in the Medical Staff Bylaws for appointment, reappointment or alteration of staff membership or the granting of privileges and that the policy of the Palomar Pomerado Health System's Board of Directors regarding such practices have been properly followed. I recommend that the action requested in each case be taken by the Board of Directors.

PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
June, 2009

PERSONAL INFORMATION

Provider Name & Title	Mel M. Kurtulus, M.D.
PPHS Facilities	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

Specialties	Obstetrics and Gynecology – Certified 1999
--------------------	--

ORGANIZATIONAL NAME

Name	Mel M. Kurtulus, M.D.
-------------	-----------------------

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	Hacettepe University, Ankara, Turkey From: 08/01/1983 To: 07/31/1989 Doctor of Medicine Degree
Internship Information	University of Illinois at Chicago Medical Center, Chicago, IL Internal Medicine From: 06/23/1991 To: 06/30/1993
Residency Information	Southern Illinois University Medical Center, Springfield, IL Obstetrics/Gynecology From: 07/01/1993 To: 06/30/1997
Fellowship Information	N/A
Current Affiliation Information	Scripps Memorial Hospital, Encinitas Scripps Mercy Hospital, San Diego Scripps Memorial Hospital, La Jolla Scripps Green Hospital, La Jolla

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
June, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Nithin C. Reddy, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Orthopaedic Surgery – Not Certified
---------------------------	-------------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
--------------------	-------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Albany Medical College of Union University, Albany, NY From: 08/01/1994 To: 05/21/1998 Doctor of Medicine Degree
<i>Internship Information</i>	University of Louisville Hospitals, Louisville, KY General Surgery From: 07/01/1998 To: 06/30/1999
<i>Residency Information</i>	University of Louisville Hospitals, Louisville, KY Orthopaedic Surgery From: 07/01/1999 To: 06/30/2003
<i>Fellowship Information</i>	The Arthroplasty Foundation, Louisville, KY Surgical/Research, Adult Orthopaedic Reconstructive Surgery From: 01/01/2004 To: 12/31/2004
<i>Current Affiliation Information</i>	Sharp Coronado Hospital, Coronado, CA Kaiser Permanente, San Diego, CA

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
June, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Lisa L. Reed, D.O.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Pediatrics – Certified 2008
---------------------------	-----------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Children's Primary Care Medical Group
--------------------	---------------------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Western University of Health Sciences, Pomona, CA From: 06/01/1997 To: 05/26/2001 Doctor of Osteopathic Medicine
<i>Internship Information</i>	Botsford General Hospital, Farmington Hills, MI Rotating/Osteopathic From: 07/01/2001 To: 06/30/2002 Loma Linda University Medical Center, Loma Linda, CA Family Practice From: 07/01/2002 To: 06/30/2003
<i>Residency Information</i>	Loma Linda University Medical Center, Loma Linda, CA Pediatrics From: 07/01/2003 To: 06/30/2006
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Inland Valley Regional Medical Center, Wildomar, CA Rancho Springs Medical Center, Murrieta, CA

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
June, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Elizabeth A. Salada, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine – Certified 1996; Re-Certified 2006
---------------------------	---

ORGANIZATIONAL NAME

<i>Name</i>	Elizabeth A. Salada, M.D.
--------------------	---------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Bowman Gray School of Medicine/Wake Forest University, Winston-Salem, NC From: 08/10/1989 To: 05/13/1993 Doctor of Medicine Degree
<i>Internship Information</i>	The Milton S. Hershey Medical Center, Hershey, PA Internal Medicine From: 07/01/1993 To: 06/30/1994
<i>Residency Information</i>	The Milton S. Hershey Medical Center, Hershey, PA Internal Medicine From: 07/01/1994 To: 06/30/1996
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Palomar Medical Center

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
June, 2009**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Keith K. Vaux, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Pediatrics – Certified 1998; Re-Certified 2006
---------------------------	--

ORGANIZATIONAL NAME

<i>Name</i>	Children's Specialists of San Diego
--------------------	-------------------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Chicago, Chicago, IL From: 09/01/1990 To: 06/10/1994 Doctor of Medicine Degree
<i>Internship Information</i>	Naval Medical Center, San Diego Pediatrics From: 07/01/1994 To: 06/30/1995
<i>Residency Information</i>	Naval Medical Center, San Diego Pediatrics From: 07/01/1995 To: 06/30/1997 Chief Resident: 07/01/96-06/30/97 University of California, San Diego Medical Genetics From: 07/01/2001 To: 06/30/2004
<i>Fellowship Information</i>	University of California, San Diego Dysmorphology & Teratology From: 07/01/2001 To: 06/30/2004
<i>Current Affiliation Information</i>	Rady Children's Hospital, San Diego Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
JUNE 2009**

NAME:	Robert J. Mallory, P.A.-C	
SPECIALTY:	Physician Assistant	
SERVICES:	Physician Assistant	
TRAINING:	University of Utah, School of Medicine	
	Master of Science degree- Physician Assistant studies	08/01/00-08/09/02
PRACTICE:	Physician Assistant, Physician Assistant Surgical Services, La Mesa, CA	04/15/09-present& 10/01/04-11/30/05
	Physician Assistant, Jeffrey Cichon, M.D. , Las Vegas, NV	05/01/06-present
	Physician Assistant, Dennis Mayer, M.D., San Diego, CA	10/01/02-05/01/06
	Physician Assistant, Robert Houghton, M.D., San Diego, CA	08/01/02-11/30/02
	Physician Assistant, Maxim Healthcare Services, Columbia, MD	09/16/02-10/19/02
SPONSORS:	Kevin Yoo, M.D., Jeffrey Smith, M.D., Joel Smith, M.D.	
CERTIFICATION:	National Commission on Certification of Physician Assistants	2002
FACILITY:	Palomar Medical Center	



Pomerado Hospital Medical Staff Services

15615 Pomerado Road

Poway, CA 92064

Phone – (858) 613-4664

FAX - (858) 613-4217

DATE: May 26, 2009

TO: Board of Directors - June 8, 2009

FROM: Franklin M. Martin, M.D., Chief of Staff, Pomerado Hospital Medical Staff

SUBJECT: Medical Staff Credentials Recommendations – May 2009

Provisional Appointments: (06/08/2009 – 05/31/2011)

Lisa L. Reed, D.O. - Pediatrics

Elizabeth Salada, M.D. – Internal Medicine

Biennial Reappointments: (07/01/2009 – 06/30/2011)

Sabah N. Chammas, M.D. – Affiliate - Medicine

Brad S. Cohen, M.D. – Active – Surgery (includes Villa)

George Delgado, M.D. – Active – Medicine (includes Villa)

L. Richard Greenstein, M.D. – Courtesy - Anesthesia

Steven A. La Fond, M.D. – Associate – Medicine (includes Villa)

Daniel F. Mulvihill, II, M.D. – Active - Medicine

Manal M. Schoellerman, M.D. – Active - Radiology

Allie Simon, M.D. – Associate – Medicine (includes Villa)

Mark J. Spiro, M.D. – Active - Emergency Medicine

Farah Zeeda, M.D. – Active – Medicine (includes Villa)

Advancements to Active Category:

Sudabeh Moein, M.D. – 06/08/2009-09/30/2010

Resignation:

Jeffrey M. Spier, M.D. - Urology

Expiration of Membership:

Theodore Schafer, M.D. (06/30/2009)

Teja Singh, Jr., M.D. (06/30/2009) (includes Villa)

Allied Health Professional Reappointments: (07/01/2009 – 06/30/2011)

Katherine Bradshaw, P.A.- C – Sponsor Dr. Conrad

David Hustosky, P.A.-C – Sponsors Dr. Bried, Dr. Cohen, Dr. Balikian & Dr. Winternitz

Allied Health Professional Resignation:

Xavier I. Valdez, P.A.-C

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

PALOMAR
POMERADO
HEALTH
FOUNDATION

GIFT ACCEPTANCE POLICIES AND GUIDELINES

PALOMAR POMEARDO HEALTH FOUNDATION GIFT ACCEPTANCE POLICIES AND GUIDELINES

I.	INTRODUCTION	3
II.	GENERAL POLICY	3
III.	PPHF'S RESPONSIBILITY	4
	A. Conflict of Interest	4
	B. Responsibility to Donors	4
	C. Ethics	5
	D. Use of Legal Counsel	5
	E. Confidentiality:	6
	F. Acceptance of and Restrictions on Gifts	7
IV.	TYPES OF GIFTS	7
	A. Acceptable Gifts	7
	B. Criteria governing acceptance of gift form	8
	1. Cash:	8
	2. Pledges	8
	3. Tangible Personal Property:	8
	C. Property Acceptance Guidelines	8
	1. Real Estate:	10
	2. Real Property With Retained Life Estate	15
	3. Bargain Sale of Real or Personal Property	16
	D. Other Gift Types	17
	1. Securities:	17
	2. Beneficial Interest in Life Insurance	19
	3. Charitable Gift Annuities:	20
	4. Charitable Remainder Trusts:	21
	5. Retirement Plan Beneficiary Designations	24
	6. Bequest by Will	24
	7. Interest in Limited Partnership and Limited Liability Companies	25
V.	APPROVAL OF PLANNED GIFTS	26
VI.	TRUST ADMINISTRATION	28
VII.	PAYMENT OF FEES	29
VIII.	RECOGNITION	30
	I. Changes to Policies	31
IX.	APPENDIX A	32
	DONOR BILL OF RIGHTS	32
X.	APPENDIX B	33
	ENVIRONMENTAL HAZARDS TRUST PROVISIONS	33

PALOMAR POMERADO HEALTH FOUNDATION
GIFT ACCEPTANCE POLICIES AND GUIDELINES

I. INTRODUCTION

Palomar Pomerado Health Foundation (PPHF), a not for profit organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts to PPHF for purposes that will help PPHF to further and fulfill its mission:

The Palomar Pomerado Health Foundation is committed to the enhancement of individual and community health through the philanthropic support of Palomar Pomerado Health (PPH).

The foundation's sole purpose for existing is the total and complete support of PPH.

Consistent with this purpose for being, Palomar Pomerado Health Foundation (PPHF) seeks to offer gift opportunities that will create a broad base of support for the PPH health system, and to that end has established a Planned and Major Giving Program. The principal purpose of the Planned and Major Giving Program is to assist donors in making gifts to PPH by informing them of institutional needs, gift opportunities, and techniques of outright and planned giving.

Although PPHF may be named as a beneficiary of a planned gift created without the assistance of the PPHF, these Gift Acceptance Policies are intended to serve as guidelines for accepting and administering gifts in a manner consistent with the fiduciary duties of the PPHF. *These policies are intended to provide direction solely to PPHF employees and should not be distributed to donors.*

II. GENERAL POLICY

PPHF encourages, solicits, and considers the acceptance of contributions of cash, tangible personal property, real property, appreciated securities, and other assets through outright and planned giving vehicles permitted by the Internal Revenue Code. PPHF has established a Gift Acceptance Committee to monitor and assure that planned and major gifts received and contemplated for receipt by PPHF are appropriate legally and ethically.

III. PPHF'S RESPONSIBILITY

PPHF recognizes a multi-faceted responsibility in soliciting and accepting gifts: first, it must be aware of its continuing obligations to its patients, its medical staff, and the community to fulfill its health care mission; and, second, it must be concerned with its fiduciary obligation to donors whose gifts are conditioned on the receipt of regular income payments; and, third, we have a responsibility to be good stewards of the contributions entrusted to the PPHF for use as intended by our benefactors. Accordingly, PPHF should adhere to the following principles:

A. *Conflict of Interest*

In all matters involving donors or prospective donors, the interest and concerns of the donor shall come before that of PPHF and any individual acting on its behalf, consistent, however, with PPHF's public duty to avoid private inurement, self-dealing, and misuse of funds provided to PPHF. PPHF does not permit actual or potential conflicts of interest. The Gift Acceptance Committee shall have responsibility for review and recommendations to the PPHF Board of Directors should such occasion arise. In all cases, ultimate approval or rejection of a gift rests with the PPHF Board of Trustees.

B. *Responsibility to Donors*

1. PPHF must be aware of and sensitive to the donor's financial needs and concerns.
2. The staff must use their best financial judgment in helping donors make appropriate gifts and should disclose any known advantages or disadvantages that could reasonably be expected to influence the decision of the donor to make the gift. In particular, the possibility of income from planned gifts subject to variability (e.g. market value and income payments) must be discussed and disclosed.
3. The donor is responsible to furnish property appraisals for tax purposes; PPHF will not knowingly participate in a transaction in which the value of a gift is inflated above its true market value to obtain a tax advantage for the donor.

C. *Ethics*

PPHF has adopted the Donor Bill of Rights promoted by the Association of Fundraising Professionals (AFP) (See Appendix A). Planned Gift development and cultivation activities on behalf of PPHF shall be conducted within the framework guidelines provided and defined by this document. Staff members of PPHF shall conduct all activities undertaken on behalf of PPHF in accordance with accepted professional standards of accuracy, truth, integrity, and good faith.

D. *Use of Legal Counsel*

PPHF shall seek the advice of legal counsel in all matters pertaining to the planned giving program and will not execute an agreement without the advice of an attorney representing the PPHF.

1. Each prospective donor should be urged in writing to engage his or her own counsel to review the income, gift, and estate tax consequences of the gift, the terms of any trust or annuity agreement, and the advisability of the gift in light of the donor's overall estate plan. In the event that PPHF or any affiliated party agrees to pay any legal fees in connection with any proposed gift to PPHF, no member of the PPHF Board of Directors or the Gift Acceptance Committee, or any person affiliated with such member, may serve as legal counsel for PPHF or any prospective donor in connection with such proposed gift.
 - a. If a donor determines not to engage counsel in regard to a planned gift, the donor, prior to PPHF's acceptance of the gift, must sign a knowing and intelligent waiver acknowledging that he or she has been provided an opportunity to obtain independent counsel, understands the consequences related to not utilizing outside counsel, and has determined not to exercise that option.
 - b. If reasonable grounds exist to believe that a donor does not understand the effects or meaning of a knowing and intelligent waiver, PPHF must advise the donor of the option the donor has to

retain independent counsel and PPHF may suggest up to three attorneys to serve in this capacity.

2. If PPHF is requested by a donor to prepare trust, annuity, or other gift documents, PPHF's counsel will be called upon to draft those documents subject to approval by the donor's counsel. If the donor does not engage counsel to review our drafts, and chooses to use PPHF's documents, the donor must sign a waiver indicating that the donor chooses not to engage counsel for independent review. While PPHF's counsel will not draft a donor's will or codicil, PPHF's counsel may prepare suggested language pertinent to a bequest to PPHF to be submitted to the donor's counsel for inclusion in the donor's will or codicil.
3. PPHF's counsel may also be called upon to review and comment upon documents drafted by the donor's counsel.
4. Staff members of the foundation shall not give legal or financial planning advice to prospective donors.
5. Review by counsel is recommended for:
 - a review of closely held stock transfers that are subject to restrictions or buy-sell agreements
 - b review of all gifts involving contracts, such as bargain sales or other documents requiring PPHF to assume an obligation
 - c review of all transactions with potential conflict of interest that may invoke IRS sanctions and such other instances in which use of counsel
 - d and such other instances in which the use of counsel is deemed appropriate by PPHF

E. Confidentiality:

Information learned by any representative of PPHF about a donor or the donor's assets or philanthropic intentions, shall be held in strict confidence. Donors will be encouraged to notify PPHF of their planned gifts, including bequests, and all

such information will be kept confidential unless written permission to release it is obtained from the donor or his/her counsel.

F. Acceptance of and Restrictions on Gifts

PPHF will accept unrestricted gifts, and gifts for specific programs and purposes. The PPHF Gift Acceptance Committee reserves the right to refuse a gift it finds inappropriate or inconsistent with its stated mission, purposes, and priorities. PPHF will not accept gifts that are too restrictive in purpose. The PPHF Gift Acceptance Committee shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal. A donor may expect any representative of PPHF to reflect the dignity and respect the charitable purposes of PPHF dictate.

IV. TYPES OF GIFTS

B. Acceptable Gifts

The following gifts are acceptable:

1. Cash
2. Pledges
3. Tangible Personal Property
4. Securities
5. Real Estate
6. Real Property With Retained Life Estate
7. Bargain Sales
8. Life Insurance
9. Charitable Gift Annuities
10. Charitable Remainder Trusts
11. Charitable Lead Trusts
12. Retirement Plan Beneficiary Designations
13. Bequests
14. Interest in Limited Partnership; and Limited Liability Companies

B. Criteria governing acceptance of gift form

The following criteria govern the acceptance of each gift form:

1. **Cash:** Cash is acceptable in any form. Checks shall be made payable to PPHF and shall be delivered to PPHF's administrative offices.
2. **Pledges** require a signed pledge card or letter from donor.
3. **Tangible Personal Property:** All gifts of tangible personal property shall be examined in light of the following criteria:
 - a. Does the property fulfill the mission of PPHF?
 - b. Is the property marketable?
 - c. Are there any undue restrictions on the use, display, or sale of the property?
 - d. Are there any carrying costs for the property?

The responsibility of securing any documentation regarding the valuation of tangible personal property shall be that of the donor.

C. Property Acceptance Guidelines

The following guidelines will apply in determining the kinds of property that will generally be acceptable by PPHF to fund planned gifts:

1. Planned gifts must not be funded with interests in property which may lead to prohibited transactions described in the Internal Revenue Code, Treasury Regulations, and other laws, as determined from advice of counsel.
2. The income, if any, which the donor expects to receive prior to the maturity of the planned gift shall be considered in evaluating the types of assets which are appropriate for funding of the gift. If the assets will not be income producing at the time of the gift, PPHF should evaluate the

prospects for conversion of those assets into other assets, which will generate sufficient income to meet the expectations of the donor.

3. Tangible personal property to be retained for use in PPHF's program will generally not be accepted without the prior approval of the Gift Acceptance Committee.
4. Prior to acceptance of real property, PPHF or its agent shall review a title search and current deed.
5. Prior to the recordation of a new deed and acceptance of real property, PPHF shall take steps that are reasonably necessary to ascertain whether there is any environmental risk associated with the property and, if so, to determine the potential liability of PPHF arising from that risk. These steps include Phase I Environmental Assessment and Geological Assessments.
6. PPHF will not accept a gift that would require PPHF to serve as guardian or conservator of an individual or an individual's estate.
7. A planned gift that has the potential to create unrelated business income tax liability for a charitable remainder trust may not be approved for acceptance because of potential adverse tax consequences that result to the trust and the income beneficiary (in a year in which a charitable remainder trust and the income beneficiary, the trust loses its tax exempt status for the entire year).
8. Stock in a Subchapter-S corporation may be accepted after a thorough analysis of the individual situation by the donor's and PPHF's financial advisors.
9. Donors may choose to restrict the use of their planned gifts to any purpose consistent with the charitable purposes of PPHF. If the restriction is general in nature and not contingent on specified future acts by the PPHF, the President of the PPHF may accept the restriction and bind PPHF to its provisions. Donors may offer successively less limiting restrictions if they wish. Each donor will be asked to agree that, should the restrictions the donor chooses not be appropriate at the time of the maturity of their gift or

thereafter because of changes in healthcare or other conditions beyond the control of PPHF, PPHF may use the gift in a manner that meets the then-current greatest need of PPH.

Property Types:

1. **Real Estate:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Real estate shall be defined to include all surface and/or mineral assets which are donated or bequeathed to PPHF regardless of type, location, or designated use of the funds to be derived. Prior to acceptance of non-residential real estate, PPHF shall require an initial environmental review of the property to insure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential problem, PPHF shall retain a qualified inspection firm to conduct an environmental audit.

Where appropriate, a title binder shall be obtained by PPHF prior to the acceptance of any real property.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee of PPHF and be reviewed by PPHF's legal counsel. Criteria for acceptance of the property shall include:

- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

a. Acceptance Criteria

Criteria for acceptance of real property shall be as follows:

- 1) Review of prior uses of property.
- 2) A proposed gift of real estate to PPHF will be evaluated for its potential for immediate or future sale or retention. Such a gift will be accepted if proceeds of sale can be realized in a timely manner relative to the expenses and efforts required to hold, maintain, and manage the property until disposition or there exists an effective direct use of the real estate.
 - a.) An evaluation of the return expected from a gift of real estate shall include but not be limited to such factors as income potential, development characteristics, type of property interest, holding costs, management requirements, holding period, taxes, maintenance fees and location.
- 3) Gifts of real estate shall be accepted if the donor makes adequate provision for all expenses of management and disposition. Whenever possible the donor should be encouraged to contribute funds for the management of the property until disposition occurs. Any unreimbursed costs of management or sale of the property including disposal will be charged either against income earned by the property or proceeds from the sale of the property as appropriate.
- 4) Gifts of real property may be considered for retention when there is a prospect for direct use by an approved PPH program.
- 5) It shall be the preference of PPHF to accept interests in real estate if such ownership will result in PPHF's owning 100% interest in the property. Lesser interests in real estate will be accepted when a clear benefit to PPHF can be demonstrated.

- 6) Gifts of real estate shall not be accepted if donor places limitations on PPHF's ability to own, manage, and dispose of the property.
 - 7) Gifts of mortgaged or encumbered property will not be accepted until the Gift Acceptance Committee and/or the PPHF Executive Committee or Board of Directors has reviewed and approved the acceptance of the gift and unless the following can be demonstrated: there is a solid expectation that the property can be readily sold; a source of funds to meet all requirements is dedicated to that purpose; or acceptable terms of the mortgage or the encumbrance exist.
 - 8) PPHF will not subordinate its fee simple interest in any holding of real estate absent extraordinary circumstances.
- b. Procedures for Acceptance of Gifts of Real Estate
- 1) A Preliminary Title Report shall be ordered. The Report shall be reviewed for:
 - (a) Proper legal conditions or restrictions, that would affect the property's value or use or that would preclude PPHF's ability to sell it;
 - (b) The existence of any covenants, conditions, or restrictions that may affect its value or use;
 - (c) The rights which any other party may have in the use of the surface, air, or subsurface of the property through easements, options, or the like;
 - (d) The existence of any tax or judgment liens or encumbrances.
 - 2.) Prior to acceptance of a proposed gift of real estate the donor should provide the following information:
 - (a.) Map showing location of the property
 - (b.) Legal description of the property

- (c.) Proof of ownership (deed)
 - (d.) Statement of condition, or a condition report
 - (e.) Statement of current and prior uses of property known to donor
 - (f.) Survey of subject property
 - (g.) List of improvements
 - (h.) Copies of current leases, if any
 - (i.) List of encumbrances, including deed restrictions or covenants, liens, and current expenses, if any
 - (j.) Proof of payment of taxes and association fees, if any
 - (k.) Copy of title policy or a recent title commitment
 - (l.) Recent appraisal by a certified appraiser
 - (m.) A written statement from donor identifying any known waste disposal sites or spills of hazardous waste material on the property, or a statement to the contrary
 - (n.) Successful completion of a Phase I Review
 - (o.) Written statement from donor outlining the purpose of the gift.
- 3.) Prior to the acceptance of a proposed mineral gift, the following should be provided by the donor:
- (a.) Map, plot, or survey of the property
 - (b.) Legal description of the property
 - (c.) Proof of ownership (deed or assignment)
 - (d.) Copies of current oil and gas leases, if any
 - (e.) Division orders
 - (f.) List of all encumbrances, including any liens and copies of the corresponding documentation
 - (g.) Abstracts of title or title opinions
 - (h.) Geological or geophysical records

- (i.) Lease ratification and lease assignments
- (j.) Copies of appraisals or reserve studies
- (k.) Copies of documents relating to past or present litigation directly affecting the mineral gift or bequest
- (l.) Copies of insurance coverage carried by the well operator relative to environmental damage.
- (m.) Successful completion of a Phase I Review
- 4) PPHF shall obtain an appropriate report from a title insurance company.

c. Environmental Hazards

All proposed direct gifts of non-residential real property, or gifts in trust, shall be subject to a Phase I Environmental Review (“Phase I Review”). Where appropriate or recommended either by Counsel or the Gift Acceptance Committee, a Phase II Environmental Review (“Phase II Review”) shall be required.

- 1) Phase I Review.... Assessment by qualified experts of the potential environmental contamination in the proposed gift property resulting from past or present land use. The environmental assessment should be based on site inspections and interviews, adjacent land use surveys, regulatory program review, aerial photograph evaluations, and other background research. The scope of the review is usually limited to analysis of existing data and core sampling of physical testing.
- 2) Phase II Review.... Subsurface investigation of the proposed gift property through selected soil samples, laboratory analytical data, and testing, followed by a detailed report with conclusions and recommendations.
- 3) If the proposed gift of real property is in trust, it is recommended that the trust document contain provisions

relating to environmental hazards, as set forth in the attached, Appendix B.

d. Standards and Procedures for Real Estate Appraisal

The appraisal must be prepared not earlier than sixty (60) days prior to the date that the contribution is made, and must be prepared not later than (a) the due date of the return on which the deduction is claimed, or b) the date that an amended return is filed if the amended return is the first return on which the deduction is claimed. In some cases, such as bargain sale, PPHF cannot accept the asset until a certified appraiser has verified value.

- 1) The appraisal must be prepared, signed, and dated by a certified appraiser and shall include the name, address, and taxpayer identification number of the qualified appraiser.
- 2) The appraiser must sign and complete Internal Revenue Service Form 8283, Section B, denoted, "Appraisal Summary".
- 3) The donor must file a completed Form 8283, Section B, Appraisal Summary, signed by the certified appraiser and PPHF, and should attach the form to the gift tax return on which the donor reports the gift.
- 4) The President of the PPHF shall have discretion in the approval of funding for the donor's cost of appraisal based upon full disclosure to the donor of the tax implications of this action.

2. Real Property with Retained Life Estate

An agreement between a donor and PPHF in which the donor deeds certain kinds of real estate to PPHF such as a personal residence, farm or vacation home but reserves the right to use or reside on the property for life. Gifts of this type shall only be accepted if the donor makes adequate provisions for any ownership expenses (e.g. mortgages, taxes, insurance,

and utilities) and if they are in accordance with the guidelines for acceptance of outright gifts of real property as set forth above. At the death of the donor, PPHF may use the property or reduce it to cash.

3. Bargain Sale of Real or Personal Property

A method whereby a person can sell appreciated property at a lower price than the fair market value to PPHF, with PPHF realizing the difference as a gift subject to the approval of the Gift Acceptance Committee. Each individual proposed bargain sale will be evaluated on its own merits.

Considerations will include but are not limited to:

- a. Clear title and any encumbrances on the property
- b. Amount of indebtedness
- c. Spread between offered price and fair market value (decision needs to be whether gift element involved warrants risk of not being able to resell the property.)
- d. Prevailing real estate conditions and ability to resell property or use for institutional purposes.
- e. Prior uses of realty property.

All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- PPHF must obtain an independent appraisal substantiating the value of the property.
- If PPHF assumes debt with the property, the debt ratio must be less than 50% of the appraised market value
- PPHF must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt

- PPHF must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

D. Other Gift Types

1. **Securities:** PPHF can accept both publicly traded securities and closely held securities.
 - a. **Publicly Traded Securities:** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Finance Committee. In some cases applicable securities laws may restrict marketable securities; in such instance the Gift Acceptance Committee of PPHF shall make the final determination on the acceptance of the restricted securities.
 - b. **Closely Held Securities:** When a donor makes a gift of stock in a closely held corporation, the following considerations shall apply:
 - 1.) A cooperative effort should be made to obtain repurchase provisions in the donative instrument when securities are donated for which the donor or related parties are the primary market. Tax consequences to the donor should be considered.
 - 2.) As applicable, the following criteria must be met in order for PPHF to approve or accept gifts of closely held stock:
 - a.) A written donative instrument stating the donor's intention to make the gift and its purpose.

- b.) The donor must provide financial/valuation information on the stock, including appraisals and/or statements of value.
- c.) Copies of any shareholder agreements/buy-sell agreements that PPHF would be subject to as shareholders should be provided, especially those that include any restrictions on the transfer of the stock, i.e. rights of first refusal, and formulas for determining stock price.
- d.) The donor must provide a written copy of any related offer to purchase the stock, including the purchase price per share.

Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in partnerships and Limited Liabilities Companies or other ownership forms, can be accepted subject to the approval of the Gift Acceptance Committee of PPHF. However, gifts must be reviewed prior to acceptance to determine that:

- There are no restrictions on the security that would prevent PPHF from ultimately converting those assets to cash,
- The security will not generate any undesirable tax consequences or liability exposure for PPHF.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The Gift Acceptance Committee of PPHF shall make the final determination on the acceptance of closely held securities where necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

2. Beneficial Interest in Life Insurance

A person may make a gift for the benefit of PPHF by naming PPHF as the beneficiary or owner of an insurance policy. PPHF prefers to accept paid up policies naming PPHF as both the owner and beneficiary. A donor may give a life insurance policy to PPHF that is not paid up if the policy has a current cash value, or if PPHF is assured that there is a reasonable expectation that the donor will continue to make gifts that will be at least equal to the cost of premiums for that policy.

A donor may purchase a new whole life-type insurance product and name the PPHF as the owner and beneficiary. In this case, all premium payments are deductible as a charitable contribution.

- a. Should a contributed life insurance policy require additional premiums to be paid by PPHF to remain in force, PPHF shall determine the advisability of accepting such contributions through an economic evaluation.
 - 1.) The procedure for accepting a gift of a life insurance policy:
 - (a.) PPHF must be named owner and beneficiary of the policy on the life of the insured donor.
 - (b.) Only those who are authorized by PPHF's Corporate Resolution to execute documents may sign to accept Life Insurance gifts on behalf of the hospital.
 - (c.) Premium notices will be mailed directly to the PPHF.
 - (d.) Premiums must be paid annually on or before the anniversary date of the policy.

- (e.) PPHF will request that the Prospect Manager send a letter requesting reimbursement from the donor.
- (f.) Upon receiving the premium reimbursement, Donor Services will send a gift receipt to the insured/donor and the Prospect Manager will send a thank you letter to the insured/donor.

PPHF must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve or cash surrender value, for financial accounting purposes, but valued at its full face amount for recognition purposes. If the donor contributes future premium payments, PPHF will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, PPHF may:

- convert the policy to paid up insurance, or
- surrender the policy for its current cash value, or
- seek a life settlement

3. **Charitable Gift Annuities:**

PPHF may offer charitable gift annuities. The minimum gift for funding shall be \$5,000. Generally, the minimum age for life income beneficiaries of a gift annuity shall be 55, or determined by the PPHF Gift Acceptance Committee based on the future market conditions. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall generally be 45. No more than two life income beneficiaries will be permitted for any gift annuity.

Annuity payments will generally be made quarterly, but can be made monthly, semi-annual, or annually.

PPHF Gift Acceptance Committee will determine whether or not to accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. PPHF Gift Acceptance Committee may determine acceptance of real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as the value of the property is reasonably certain, and the PPHF Gift Acceptance Committee approves the arrangement. Further, the PPHF Gift Acceptance Committee may accept a gift of Retained Life Estate, where a Charitable Gift Annuity is exchanged for the remainder interest of the property.

Funds contributed in exchange for a gift annuity shall be set aside and invested according to the terms of the current trust agreement between PPHF and its institutional trustee as required by the California Insurance Commission.

4. **Charitable Remainder Trusts:** PPHF may accept designation as remainder beneficiary and serve as trustee of a charitable remainder trust with the approval of the Gift Acceptance Committee of PPHF. A copy of the Trust Agreement shall be delivered to PPHF's administrative offices. Prior to accepting trusteeship of any trust arrangement, the PPHF Gift Acceptance Committee must review the opportunity and be in agreement of acceptance of such responsibility.
 - a. **Charitable Remainder Annuity Trust:**

A trust creating the right of one or more persons to receive fixed annual payments for a term of years or for life. Once established, no addition may be made to a Charitable Remainder Annuity Trust. Whatever remains in the trust at the end of the term of years or the death of the last income beneficiary becomes the property of

the charity. Where PPHF is to serve as the trustee of a Life Income Arrangement, the following will apply:

- 1.) Life Income Arrangements must be for one or two lives, the younger of which may be no less than 50 years of age, and initial funding of the trust must be of assets with fair market value of at least \$100,000. PPHF must generally be the irrevocable beneficiary of at least 55% of the remainder value if PPHF is to act as Trustee.
- 2.) Payments will be received from the trust either quarterly, semi-annually, or annually. An annual statement will be provided to payment beneficiaries as to the nature of payments received (ordinary income, capital gains, other/tax-free income, or tax-free return of principal.).
- 4.) Assets acceptable for funding include cash or equivalents, marketable securities, and real estate. Gifts of stock under restriction and contracts of sale will be reviewed on a one-by-one basis by the Gift Acceptance Committee. In the case of real estate, the property must be free and clear of all encumbrances at the time the trust is funded.
- 5.) No generation skipping transfer will be accepted.
- 6.) Each trust will be responsible for its own expenses.

PPHF is willing to consider accepting and administering life income gifts in which another charitable institution is co-beneficiary of the principal, so long as PPHF has a substantial interest in the remainder interest of the gift (generally at least 55%). Such proposals should be referred to the Gift Acceptance Committee

b. Charitable Remainder Unitrusts:

A trust that is similar to the charitable remainder annuity trust except that the income is a percentage of the fair market value of the property determined annually. Where PPHF is to serve as the trustee of a Charitable Remainder Unitrust, the following will apply:

- 1.) Life Income Arrangements must be for one or two lives, the younger of which may be no less than 50 years of age, and initial funding of the trust must be of assets with fair market value of at least \$100,000. PPHF must generally be the irrevocable beneficiary of at least 55% of the remainder value.
- 2.) Payments will be received from the trust either quarterly, semi-annually, or annually. An annual statement will be provided to payment beneficiaries as to the nature of payments received (ordinary income, capital gains, other/tax-free income, or tax-free return of principal.).
- 3.) Assets acceptable for funding include cash or equivalents, marketable securities, and real estate. Gifts of stock under restriction and contracts of sale will be reviewed on a one-by-one basis by the Gift Acceptance Committee. In the case of real estate, the property must be free and clear of all encumbrances at the time the trust is funded.
- 4.) No generation skipping transfer will be accepted.
- 5.) Each trust will be responsible for its own expenses.

c. Flip Trust

A Charitable Remainder Unitrust which is funded with assets other than cash or marketable securities (e.g. real estate) should be established as a Flip Trust. A Flip Trust converts a net income with make up Charitable Remainder Unitrust to a standard payout once the property has been sold and converted to cash.

d. Charitable Lead Trusts

PPHF may accept a designation as income beneficiary of a charitable lead trust. A copy of the Trust Agreement shall be delivered to PPHF's administrative offices. Prior to accepting trusteeship of any trust arrangement, the PPHF Gift Acceptance

Committee must review the opportunity and be in agreement of acceptance of such responsibility.

5. Retirement Plan Beneficiary Designations:

Donors and supporters of PPHF shall be encouraged to name PPHF as beneficiary of their retirement plans. Such designations shall not be recorded in the accounting records as gifts to PPHF until such time as the gift is irrevocable; however, such bequests shall be recognized as gifts to PPHF for public reporting and internal gift reporting regardless of their net present value and irrevocability. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded in the accounting records at the time the gift becomes irrevocable. A copy of the signed gift agreement shall be delivered to PPHF's administrative offices.

6. Bequest by Will

A Bequest by Will or Living Trust is a gift arrangement in which a donor includes a provision in his will or living trust directing that PPHF receive a designated gift upon death. Bequests may be stated as a portion of the residue of the estate, as a percentage of the estate or as a specific dollar amount.

In working with donors who desire to name PPHF in their Will or Living Trust, or as the beneficiary of a Payable on Death Account, the PPHF representative, to avoid conflict of interest and assure legal sufficiency of the document shall:

- a. Strongly encourage the donor to have the will prepared by his or her attorney, or be reviewed, as appropriate by the donor's legal advisor.
- b. Decline to have any PPHF employee named personal representative for the donor.

- c. Decline to have PPHF serve as executor or administrator of an estate because of the potential for conflicts of interest and the scope of the required duties.
- d. Decline to act as a witness for the donor (as it may invalidate the bequest).
- e. Not prepare any beneficiary form or signature card for Payable on Death accounts.

Bequests shall not be recorded in the accounting records as gifts to PPHF until such time as the gift is irrevocable; however, such bequests shall be recognized as gifts to PPHF for public reporting and internal gift reporting regardless of their net present value and irrevocability. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded in the accounting records at the time the gift becomes irrevocable. A letter of intent from the donor or donor's attorney shall be delivered to PPHF's administrative offices as well as a copy of the paragraph in which the PPHF is indicated as a beneficiary.

7. Interest in Limited Partnership and Limited Liability Companies

- a. The Gift Acceptance Committee may accept a gift of Interest in a Limited Partnership but, only after a thorough analysis. As part of the review PPHF must receive a copy of the limited partnership agreement, the proposed assignment of interest, and financial documentation sufficient to describe the assets of the partnership and their value.
- b. In analyzing a proposed gift of an interest in a limited partnership, the intent is to confirm that there is a real benefit to be derived by PPHF that is commensurate with any potential risks associated with the gift. Among the factors that must be considered are the following:
 - 1.) What are the assets owned by the partnership?

- 2.) What are the partnership's business activities?
 - 3.) Has the partnership been profitable?
 - 4.) Can PPHF be held liable for debts of the partnership?
 - 5.) Does the partnership appear to be adequately capitalized in light of its activities? Does it maintain liability insurance?
 - 6.) Is there presently a calculable guaranteed minimum amount that will be distributed to PPHF during the existence of the limited partnership?
 - 7.) What administrative obligations would be assumed by PPHF? (i.e., would any of the activities of the partnership require the PPHF to monitor for additional unrelated business income tax reporting?)
 - 8.) Will PPHF receive a guaranteed annual income from the partnership interest sufficient to defray administrative costs? In lieu of an annual income payment, is there a cumulative payout made in the form of a preferred return before distributions to other partners at the termination of the partnership?
 - 9.) Does the partnership agreement provide for a defined distribution or specify a termination event/date?
 - 10.) Does PPHF have any obligation to make capital contributions to the partnership?
- c. Prior to acceptance of a limited partnership, a review and approval of the Gift Acceptance Committee is required.
 - d. As part of the agreement between the donor and PPHF, PPHF shall receive a full accounting for the partnership on an annual basis.

V. APPROVAL OF PLANNED GIFTS

The acceptance of planned gifts will follow these general principles:

- A. All ordinary unrestricted planned gifts such as charitable remainder trusts, and charitable gift annuities, shall be subject to approval by the Director(s) of Major and Planned Gifts and the President of the PPHF.
- B. The gift shall be subject to approval by the Gift Acceptance Committee . Such approval is unnecessary if the donor or an independent institution serves as the Trustee. In the event that PPHF is to serve as trustee of a trust established as a vehicle for the planned gift, the Gift Acceptance Committee, or the Board of Directors must approve the institution or individual selected to serve as trustee.
- C. The Gift Acceptance Committee may, through the President of the PPHF, seek legal or tax advice it feels would be helpful or appropriate in any given circumstance.
- D. The President of the PPHF the Board of Directors will be advised of any request by a proposed donor to receive special recognition outside PPHF's recognition policy in respect to a planned gift in this case. The planned gift shall not be approved without specific approval by the President of the PPHF and the Board of Trustees.
- E. It is the responsibility of the PPHF Gift Acceptance Committee, in its discretion, to recommend the acceptance or non-acceptance of bequests.
- F. Prior to recommending acceptance of a planned gift, the Gift Acceptance Committee shall determine whether the economic risks associated with the proposed gift are appropriate. Determination of this issue should involve consideration of required cash expenses on the part of PPHF unrelated business income taxes, present and contingent liabilities, and donor requirements which may result in risk of loss, as well as the source of funds available to cover such expenses and liabilities.
- G. Gifts of interest in limited partnerships and working interests will normally not be accepted. However, after a thorough legal and financial analysis and approval by the Gift Acceptance Committee, the gift may be accepted. *However, these gifts may not be accepted as assets in a charitable remainder trust since they may create unrelated business income tax liabilities for the trust.* Agreements funded

by a gift of business interests or a portion thereof must be consistent with federal and state law.

- H. The business interest must not be engaged in activities or practices that would cause harm to the image of PPHF, and there must be a reasonable expectation that the business or portion donated to the PPHF can be sold at fair market value. PPHF should not hold or own any interest in an operating business not directly associated with PPHF's charitable purpose for any period of time, other than the time required for an expeditious sale.
- I. The President of the PPHF and the Directors of Major & Planned Gifts together may request that the Gift Acceptance Committee consider a particular planned gift that is not provided for specifically in these policies. Consideration may occur at a regular or special meeting of the Committee. Approval of the Gift Acceptance Committee shall be sufficient to recommend PPHF's acceptance of such planned agreements. If the Chair of the Gift Acceptance Committee determines that his or her committee cannot respond in a time period satisfactory to the donor, he or she may convene a meeting of the President of the PPHF the Director(s) of Major and Planned Giving, PPHF's legal counsel and other persons deemed relevant by the Chair to consider the proposal. In all instances, final approval rests with the PPHF Board of Trustees.

VI. TRUST ADMINISTRATION

For each trust established for the ultimate benefit of PPHF, the question of the appropriate individual or institution to act as trustee will be reviewed. The President of the PPHF will recommend to the Gift Acceptance Committee one of the following: that PPHF should serve as sole trustee, that PPHF should serve as co-trustee with an independent institution or individual, or that an independent institution or individual should serve as sole or co-trustee. The following guidelines should be observed:

PPHF may, as is allowed under law, serve as trustee so long as at least **55%** of the remainder interest benefits.

- A. PPHF may serve as trustee without compensation. If allowed by the trust instrument, PPHF may employ a professional fiduciary (bank, individual, or trust company) to assist in the administration of the trust.
- B. Contact with the donor and income beneficiaries shall be made through the PPHF.
- C. When PPHF is involved with the creation of trust, all trust documents shall be reviewed and approved by the PPHF's legal counsel.
- D. Trust assets will be managed in accordance with the guidelines established by PPHF's Finance Committee.
- E. When PPHF is not a trustee or co-trustee of a trust, periodic reports shall be requested from the trustee to enable PPHF to monitor the administration of the trust. PPHF will request a copy of the trust document from the trustee for the PPHF's files.

VII. PAYMENT OF FEES

Fees and expenses connected with the transfer of assets should generally be borne by the donor. However, situations may arise in which PPHF will consider paying some or all of these expenses. PPHF may choose to pay a portion or all of the fees related to the preparation of trust documents based on being named an irrevocable remainder beneficiary for generally a minimum of **fifty-five percent (55%)** of the remainder value. Payment of such fees in amounts not exceeding \$5,000 may be approved by the President of the PPHF, with payment of fees in excess of that amount requiring approval by the Gift Acceptance Committee. If the donor fails to exercise his or her right to have the trust document reviewed by his or her attorney prior to execution, a waiver must be obtained.

The Gift Acceptance Committee may recommend to the Board of Directors on a case-by-case basis that some costs associated with the establishment of a planned gift benefiting PPHF be borne by PPHF. The Board of Directors will approve any costs at its discretion. A letter of understanding will be signed by the prospective donor stating what the services are, their costs and that the prospective donor will reimburse PPHF for these costs if they do not complete the gift.

A. Finders Fees

PPHF will not pay finders fees related to planned or major gifts.

VIII. RECOGNITION

Planned gifts are usually the largest and most helpful gifts PPHF receives. To express PPHF's gratitude for this generous support, the President of the PPHF is authorized to offer recognition of the donor's philanthropy in the following manner, consistent with the Foundation and Hospital recognition policies:

- A. Charitable Remainder Trusts will be recognized at the full fair market value of the initial gift amount, and any additions to trusts will be recognized at full fair market value.
- B. Charitable Gift Annuities will be recognized at the value of the gift amount in the transaction.
- C. Charitable Lead Trusts will be recognized at the value of the projected income stream over the life of the trust.
- D. Gifts that are irrevocable because of their nature, such as a paid up life insurance contract, will be recognized at the full value of the gift amount when the gift is made.
- E. Gifts by arrangements that are revocable in which the donor has reserved the right to change the charitable remainderman will be *conditionally* recognized at full value. Such recognition will be rescinded should the gift be directed to another charity.
- F. Revocable gifts of any nature will be acknowledged and treated as "conditional". Permanent public recognition will be offered but will be rescinded should the gift be directed elsewhere. Revocable planned gifts will be formally recognized upon signed documentation. It is the intent of the PPHF that donors of revocable planned gifts be included in all of our efforts to express our appreciation for generous support including formal, public recognition in the form of plaques and donor walls consistent with recognition policies.

- G. Responsibility for IRS Filings upon sale of gift items: PPHF is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by PPHF where the charitable deduction value of the item was \$5,000 or greater. PPHF must file this form within 125 days of the date of sale or disposition of the asset.
- H. Acknowledgement of all gifts made to PPHF and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of PPHF.
- I. Changes to Policies
These policies and guidelines have been reviewed and accepted by the Board of Directors of PPHF. The Board of Directors of PPHF must approve any changes to or deviations from these policies.

Approved on the 21st day of March, 2005.

Revised and reaffirmed on the 28th day of May, 2009

Chair, Board of Directors, PPHF

DONOR BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes that they are asked to support, we declare that all donors have these rights:

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and receive prompt, truthful and forthright answers.

The Donor Bill of Rights was created by the American Association of Fund Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP) and the Council for Advancement and Support for Education (CASE). It has been endorsed by numerous organizations.

ENVIRONMENTAL HAZARDS TRUST PROVISIONS

A. Monitoring of Property

To periodically inspect, review and monitor, or require the inspection, review and monitoring of any and all trust property for the purpose of determining compliance with any law, rule, or regulation affecting such property, with all expenses of such inspection, review, and monitoring to be paid from the income or principal of the trust estate.

B. Cleanup of Trust Property

To take any and all action reasonably necessary to prevent, abate, “clean up,” or otherwise respond to any actual, potential, or threatened violation of any federal, state, or local law, rule, or ordinance affecting any property held in the trust related to the generation, use, treatment, storage, disposal, release, discharge or contamination by any materials or substances that are prohibited or regulated by federal, state or local law or that are known to pose a hazard to the environment or human health; and to use trust assets to pay such costs. Such actions may be taken prior to the initiation of enforcement action by a federal, state or local agency.

C. Power to Disclaim

To disclaim any power which will or may cause the Trustee to be considered an “owner” or “operator” of property held in the trust, under the provisions of the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) as amended from time to time, or which shall otherwise cause the Trustee to incur liability under CERCLA or any other federal, state, or local law, rule, or regulation.

D. No Personal Liability

The Trustee shall not be personally liable to any beneficiary or any other party for any decrease in value of assets in the trust by reason of the Trustee’s compliance with any environmental laws, specifically including any reporting requirements under such laws.

Palomar Medical Center West

Naming Opportunities

Naming Opportunity	Amount	Number	Comments
Name Hospital	\$300,000,000	1	
West Wing	\$50,000,000	1	
East Wing	\$35,000,000	1	
Emergency Department and Imaging Floor	\$10,000,000	1	Entire Floor
Community Room	\$5,000,000	1	Shelled
Main Lobby (3 stories)	\$5,000,000	1	
Surgery Center	\$5,000,000	1	
Café Floor	\$5,000,000	1	
Conference Center	\$3,000,000	1	
Operating Department	\$3,000,000	1	
Restaurant	\$3,000,000	1	
Main Garden/North Labyrinth	\$3,000,000	1	
Multi-Slice CT Scanner	\$3,000,000	3	
Med/Surg & Acuity Adaptable Patient Floor	\$2,000,000	1	
Med/Surg & Acuity Adaptable Patient Floor	\$2,000,000	1	
Med/Surg & Acuity Adaptable Patient Floor	\$2,000,000	1	
Med/Surg & Acuity Adaptable Patient Floor	\$2,000,000	1	
Med/Surg & Acuity Adaptable Patient Floor	\$2,000,000	1	
Med/Surg & Acuity Adaptable Patient Floor	\$2,000,000	1	
MRI Equipment	\$2,000,000	2	
PET/CT Equipment	\$2,000,000	2	
Nuclear Medicine Equipment	\$2,000,000	1	
Graphic & Info Wall	\$1,500,000	1	
ED Waiting	\$1,500,000	1	2596 sf
Conference Center - Waiting	\$1,500,000	1	
Interventional Radiology/Cath Department	\$1,500,000	1	
Operating Room Suite	\$1,500,000	2	
Resource Center	\$1,500,000	1	
Cardiac/AngioRadiology	\$1,500,000	4	
Med IV Robotic Packing System	\$1,250,000	1	
ED Lobby and Courtyard	\$1,000,000	1	
Gift Shop	\$1,000,000	1	Shelled
Med/Surg Patient Floor	\$1,000,000	1	
Acuity Adaptable Patient Floor	\$1,000,000	1	
Med/Surg Patient Floor	\$1,000,000	1	
Acuity Adaptable Patient Floor	\$1,000,000	1	
Med/Surg Patient Floor	\$1,000,000	1	
Acuity Adaptable Patient Floor	\$1,000,000	1	
Med/Surg Patient Floor	\$1,000,000	1	
Acuity Adaptable Patient Floor	\$1,000,000	1	
Med/Surg Patient Floor	\$1,000,000	1	

Palomar Medical Center West

Naming Opportunities

Naming Opportunity	Amount	Number	Comments
Acuity Adaptable Patient Floor	\$1,000,000	1	
Med/Surg Patient Floor	\$1,000,000	1	
Acuity Adaptable Patient Floor	\$1,000,000	1	
Acuity Adaptable Patient Floor	\$1,000,000	1	
Acuity Adaptable Patient Floor	\$1,000,000	1	
Entryway Drive and Drop-off	\$1,000,000	1	
Healing Garden	\$1,000,000	1	
Meditation Garden	\$1,000,000	1	
Ultrasound Equipment	\$1,000,000	1	
Rooftop Garden	\$800,000	1	
Diagnostic Imaging Digital X-Ray Unit	\$750,000	3	
Conference Center - Large Conference Room	\$500,000	2	
Surgery Center Waiting	\$500,000	1	
Resource Center - Library	\$500,000	1	
Rersource Center - Physician Reading Room	\$500,000	1	
Chapel	\$500,000	1	
Physician's Dining	\$500,000	1	
Vascular Ultrasound Equipment	\$500,000	1	
Ultrasound Cardiac Imaging	\$500,000	3	
Digital Radiology Unit	\$500,000	4	
Gamma Camera	\$500,000	3	
Trauma Operating Room	\$350,000	1	
Family Waiting & Family Terrace	\$350,000	6 total	1 on levels 4-9
Family Waiting & Family Terrace	\$350,000	6 total	1 on levels 4-9
Family Waiting & Family Terrace	\$350,000	6 total	1 on levels 4-9
Family Waiting & Family Terrace	\$350,000	6 total	1 on levels 4-9
Family Waiting & Family Terrace	\$350,000	6 total	1 on levels 4-9
Family Waiting & Family Terrace	\$350,000	6 total	1 on levels 4-9
Cath Lab Monitoring System	\$300,000	3	
Imaging Waiting Lounge	\$250,000	2	
ED and Trauma Patient Care Station	\$250,000	3	
ED Courtyard (2stories high)	\$250,000	1	
Imaging Courtyard (2 stories high)	\$250,000	1	
Conference Center - Small Conference Room	\$250,000	2	
Interventional Radiology/Cath Room	\$250,000	6	
Operating Room	\$250,000	12	
Patient Care Station	\$250,000	12	
Resource Center - Consult Room	\$250,000	2	
Family Waiting	\$250,000	6 total	
Family Waiting	\$250,000	6 total	
Family Waiting	\$250,000	6 total	

Naming Opportunity	Amount	Number	Comments
Family Waiting	\$250,000	6 total	
Family Waiting	\$250,000	6 total	
Family Waiting	\$250,000	6 total	
Multipurpose Ultrasound Imaging	\$250,000	4	
Trauma Treatment Suite	\$250,000	1	
ED Family Garden	\$125,000	1	
ED Critical Treatment Room (large)	\$100,000	12	
Reception	\$100,000	1	
ED Family & Children's Waiting	\$100,000	1	
Surgery Conference Room	\$100,000	1	
Family Terrace (2 stories high)	\$100,000	6 total	
Acuity Adaptable Room	\$100,000	120 total (all floors)	
Family Terrace (2 stories high)	\$100,000	6 total	
Acuity Adaptable Room	\$100,000	120 total (all floors)	
Family Terrace (2 stories high)	\$100,000	6 total	
Acuity Adaptable Room	\$100,000	120 total (all floors)	
Family Terrace (2 stories high)	\$100,000	6 total	
Acuity Adaptable Room	\$100,000	120 total (all floors)	
Family Terrace (2 stories high)	\$100,000	6 total	
Acuity Adaptable Room	\$100,000	120 total (all floors)	
Family Terrace (2 stories high)	\$100,000	6 total	
Acuity Adaptable Room	\$100,000	120 total (all floors)	
Acuity Adaptable Room	\$100,000		
Family Terrace (2 stories high)	\$100,000	6 total	
Acuity Adaptable Room	\$100,000		
Family Terrace (2 stories high)	\$100,000	6 total	
Surgical Spinal Table	\$100,000	1	
Cardiac Computer Information System	\$100,000	1	
ED Family Consult Room	\$75,000	2	
Surgery Family Consult Room	\$75,000	3	
Family Consult	\$75,000	11 total (all floors)	
Family Consult	\$75,000	11 total (all floors)	
Family Consult	\$75,000	11 total (all floors)	
Family Consult	\$75,000	11 total (all floors)	
Family Consult	\$75,000	11 total (all floors)	
Family Consult	\$75,000	11 total (all floors)	
Family Consult Room	\$50,000	10 total (all floors)	
Imaging Waiting Lounge	\$50,000	1	
ED Conference Room	\$50,000	1	
ED Children's Waiting Aquarium	\$50,000	1	On Hold
Small Conference Room	\$50,000	10 total (all floors)	

Palomar Medical Center West

Naming Opportunities

Naming Opportunity	Amount	Number	Comments
Satellite Pharmacy	\$50,000	1	
Conference Room	\$50,000	10 total (all floors)	
Conference Room	\$50,000	10 total (all floors)	
ICU Patient Room	\$50,000	110 total (all floors)	
Balconey (Med/Surg Side)	\$50,000	11 total (all floors)	1 on floor 4
Conference Room	\$50,000	10 total (all floors)	
ICU Patient Room	\$50,000	110 total (all floors)	
Balcony (ends of floor)	\$50,000	11 total (all floors)	2 on floor 5
Conference Room	\$50,000	10 total (all floors)	
ICU Patient Room	\$50,000	110 total (all floors)	
Balcony (ends of floor)	\$50,000	11 total (all floors)	2 on floor 6
Conference Room	\$50,000	10 total (all floors)	
ICU Patient Room	\$50,000	110 total (all floors)	
Balcony (ends of floor)	\$50,000	11 total (all floors)	2 on floor 7
Conference Room	\$50,000	10 total (all floors)	
ICU Patient Room	\$50,000	110 total (all floors)	
Balcony (ends of floor)	\$50,000	11 total (all floors)	2 on floor 8
Conference Room	\$50,000	10 total (all floors)	
ICU Patient Room	\$50,000	110 total (all floors)	
Balcony (ends of floor)	\$50,000	11 total (all floors)	2 on floor 9
Balcony (ends of floor)	\$50,000	11 total (all floors)	1 on floor 10
Balcony	\$50,000	11 total (all floors)	1 on floor 11
Physician's Lounge	\$25,000	1	
RT Lounge	\$25,000	1	
Staff Lounge	\$25,000	15 total (all floors)	
Staff Lounge	\$25,000	15 total (all floors)	
Med/Surg Patient Room	\$25,000	167 total (all floors)	
Consult Room	\$25,000	6 total (all floors)	
Staff Lounge	\$25,000	15 total (all floors)	
Med/Surg Patient Room	\$25,000	167 total (all floors)	
Consult Room	\$25,000	6 total (all floors)	
Staff Lounge	\$25,000	15 total (all floors)	
Med/Surg Patient Room	\$25,000	167 total (all floors)	
Consult Room	\$25,000	6 total (all floors)	
Staff Lounge	\$25,000	15 total (all floors)	
Med/Surg Patient Room	\$25,000	167 total (all floors)	
Consult Room	\$25,000	6 total (all floors)	
Staff Lounge	\$25,000	15 total (all floors)	
Med/Surg Patient Room	\$25,000	167 total (all floors)	
Consult Room	\$25,000	6 total (all floors)	
Staff Lounge	\$25,000	15 total (all floors)	

Palomar Medical Center West

Naming Opportunities

Naming Opportunity	Amount	Number	Comments
Med/Surg Patient Room	\$25,000	167 total (all floors)	
Consult Room	\$25,000	6 total (all floors)	
Staff Lounge	\$25,000	15 total (all floors)	
ED Critical Treatment Room	\$15,000	6	
Surgery Consult Room	\$15,000	1	
Interventional Consult Room	\$15,000	1	
Emergency Treatment Room	\$10,000	48	
ED Triage Room	\$10,000	3	
Decentralized Nursing Station	\$10,000	288 total (all floors)	Floors 4 - 9
Decentralized Nursing Station	\$10,000	288 total (all floors)	Floors 4 - 9
Decentralized Nursing Station	\$10,000	288 total (all floors)	Floors 4 - 9
Decentralized Nursing Station	\$10,000	288 total (all floors)	Floors 4 - 9
Decentralized Nursing Station	\$10,000	288 total (all floors)	Floors 4 - 9
Decentralized Nursing Station	\$10,000	288 total (all floors)	Floors 4 - 9

Information: Internal Audit and Compliance Committee OIG Work Plan

TO: Board of Directors

MEETING DATE: Monday, June 8, 2009

FROM: Internal Audit and Compliance Committee

Background: There are not any current OIG investigations related to the District at this time. As a proactive measure to minimize compliance risks, a subcommittee of the Compliance Oversight Committee evaluated the 2009 OIG Work Plan and assessed the relevant risks to PPH. As part of the process, several sets of issues were distributed to Directors responsible for specific subject issues including Home Health, Skilled Nursing Facilities, and Patient Financial Services. The subcommittee agreed that it would be valuable for the Compliance Officer and/or Compliance Auditor to perform audits of selected OIG risk areas on a regular basis throughout the year in order to maintain awareness of potential risks. This action would fall under the “monitoring” element of the compliance program.

Budget Impact: N/A

Staff Recommendation: N/A

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Information: Governance Committee
Political Activity on PPH Property (Gov 27)**

TO: Board of Directors

MEETING DATE: Monday, June 8, 2009

FROM: Governance Committee

Background: The policy regarding what political activities may or may not take place on PPH grounds was reviewed and minor suggestions for spelling/grammar corrections and clarification were made.

Section III, item G was discussed to clarify the meaning of political activity. The League of Women's voters has been allowed on PPH property as a non partisan group. PPH cannot support individuals or political parties.

Budget Impact: N/A

Staff Recommendation: N/A

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Information: Governance Committee
Media Relations (Gov 21)**

TO: Board of Directors

MEETING DATE: Monday, June 8, 2009

FROM: Governance Committee

Background: The policy regarding media relations was presented and approved by the committee.

Budget Impact: N/A

Staff Recommendation: N/A

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Synopsis of HR Committee Meeting 5-28-09

Informational: HR Quarterly Report –

1. Brenda Turner presented a PowerPoint documentation on the status of the HR initiatives. A copy of the presentation may be found in the Board packet.

Informational: Loan Forgiveness –

1. PPH does not have a loan forgiveness program.
2. Nursing scholarships are available through the McLaughlin fund.
3. PPH has a tuition reimbursement program providing \$1,500 in exchange for a one year commitment to work for PPH. Anyone can apply

Informational: Recruitment Campaign –

Janet Wortman, Employment Director, reviewed the national campaign that PPH is currently using: “Journey”

1. The approach is an integrated media approach.
2. Results from the FY 08 campaign unprecedented 297 RN hires; FY 09 continues to meet our high standards with RN hires to date 257. The large nursing need has been dramatically reduced.
3. Direct mail and specialty websites have been powerful in filling our open specialty positions/hard to recruit positions.
 - a. All Imaging and Radiology positions, Pharmacy positions, skilled nursing positions have been filled.
 - b. The Rehab campaign (“Destiny”) has successfully filled all open positions. Per Diem staff continues to be hired.
4. HR staff have successfully partnered with the managers as well as the outside world to achieve the hiring needs.
5. The Journey campaign utilizes a fully integrated marketing approach. The campaign partnered with the media strategy is the foundation of our recruitment plan that goes beyond the opening of the Hospital of the Future.
6. Two San Diego radio stations and one in the Temecula/Murrieta area are airing the radio spots.
7. A video was shown on the national Nurse TV show, showcasing PPH nurses doing their job. Another national 30 second spot has been redirected to three area movie theaters.
8. Nurse Week had a special opportunity sponsored by Johnson and Johnson. A video crew came to PPH to video the story of 5 PPH journey stories. The video is currently showing on Nurse.com. and KTLA.
9. Janet also shared a sample of one of the PPH Journey ads as well as the new web page.

MEMORANDUM

TO: Nicole Dennis, Assistant to the Board
Nancy Wood, Assistant to the CEO

FROM: Tanya Howell, Assistant to the Board Finance Committee

DATE: 6/1/2009

RE: Board Finance Committee – MAY 26, 2009, MEETING SUMMARY

INFORMATION ITEMS:

Policies and Procedures for Corporate Credit Cards: Discussed current policies and procedures in place for reimbursement of expenses for travel, whether incurred personally or through use of corporately issued credit cards. Provided guidance to management regarding updates to the procedure and/or the policy, to be submitted for review by the Audit and Compliance Committee prior to presentation to the Board.

ACTION ITEMS:

Independent Citizens' Oversight Committee (ICOC):

- **Approval of Minutes from the Mid-Year Meeting on Tuesday, April 21, 2009:** Recommended approval of the minutes from the Mid-Year Meeting of the ICOC, held on Tuesday, April 21, 2009, for inclusion in the public records of the PPH Board as required by the Procedures, Policies & Guidelines of the ICOC.
- **Recommendations for Appointees:** After review of applications and careful consideration of all applicants' qualifications, the Board Finance Committee nominated all four applicants for appointment to the ICOC, to the recommended positions noted below:

John Amodeo – At Large
Alex Galenes – At Large
Barry I. Newman – At Large
Ronald D. Klingensmith – Taxpayers' Organization Representative

Approval of these nominations will bring the total membership to eleven (11), which exceeds the required minimum of nine (9) members.

Delegation of Expenditure & Requisition Approval Authority: Recommended approval of the following authorities as delegated by CEO Michael Covert in accordance with §III.G. of Board Policy FIN-12 – Expenditure and Requisition Approval Authority:

- Approval of expenditures and requisitions under \$100,000 for transactions involving Change Orders involving construction projects already approved and funded through an existing CIP project:
 - o Mike Shanahan – Director, Facilities Planning & Development
 - o Bob Elster – Senior Project Manager OSHPD Expeditor
- Approval of expenditures and requisitions under \$50,000 for transactions involving Change Orders involving construction projects already approved and funded through an existing CIP project:
 - o Clark Ward – Manager, Facilities Master Plan

April 2009 and YTD FY2009 Financial Report: Utilizing the standard Financial Reporting Packet, reviewed April financial performance and YTD, which reflected an \$18.1 million bottom line net income YTD, which is \$7.6 million greater than last year. Cash collections hit an all-time high for one month at \$41.5 million.

PPH Board Subcommittee Activity Summary

May 19, 2009

Internal Audit Committee

ACTION ITEMS:

- None

INFORMATION ITEMS:

- **Update on RAC Revenue Audit Contractors:** was provided.
- **Status of Dir of Corporate Compliance search** was given.
- **Status of the Compliance Hotline** was discussed.
- **Update on OIG Work Plan** was given.
- **Report on Internal Audit Services** was given.
- **Report on Executive Expenses YTD** was given.

PPH Board Subcommittee Activity Summary

May 19, 2009

Governance Committee

ACTION ITEMS:

- **Policy on Media Relations (Gov 21)** was reviewed and approved.

INFORMATION ITEMS:

- **Policy on Political Activities on PPH Property (Gov 27):** was reviewed.

PPH Board Subcommittee Activity Summary

May 05, 2009

Strategic Planning Committee

ACTION ITEMS:

- None

INFORMATION ITEMS:

- **Update on PMC West:** was provided. Michael Shanahan presented programmatic updates on the PMC East campus. The facilities master plan highlighted PMC West, the incremental expansion of Pomerado, the reconfiguration of Palomar Medical Center and the establishment of the satellite facilities. The opportunities for facility improvements at PMC East were outlined and potential program specialties in support of strategic planning were discussed. Potential future collaborative projects for PMC East and the Rehabilitation service line vision were reviewed.
- **Strategic Foci:** were reviewed.
- **Criteria for Collaborations, Partnerships and Affiliations:** was discussed.