



Palomar Pomerado Health
BOARD OF DIRECTORS
SPECIAL BOARD MEETING
Palomar Medical Center, Graybill Auditorium
Thursday, January 08, 2009

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	5:08 pm Quorum comprised: Directors Bassett, Greer, Kaufman, Kleiter, Krider, Larson, Rivera Also present: Michael Covert, Bob Hemker, David Tam, M.D., Lori Shoemaker, Gerald Bracht, Mike Shanahan		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None		
FACILITIES MASTER PLAN UPDATE – INCLUDING CONSTRUCTION COSTS <i>Presenter: David Tam, MD</i>	<p>An update was given by David Tam, M.D. on the facilities master plan. The construction costs were summarized and the variances were explained for the PMC-West project. Possible courses of action for reducing the costs was presented and discussed.</p> <p>An update on the Pomerado Hospital construction and costs was also given.</p> <p>The presentation concluded with four potential courses of action to consider. 1. Consider moving forward with VE items. 2. Outsourcing of the Central Plant 3. Consider delaying the construction of the Pomerado Tower and 4. Finalize the DPR contract with incentives for savings and schedule goals.</p> <p>The Board discussed the presentation at this point.</p> <ul style="list-style-type: none"> • Director Kleiter suggested creating a task force or BD sub-committee comprised of members from the finance, facilities/grounds and strategic planning committees. • Chairman Krider asked that the whole Board be involved instead of a sub-committee with Ted as chair. • Director Bassett agreed that the whole Board should have the opportunity to be involved in those meetings. Director Bassett emphasized that saving money now on certain items needed to be evaluated so that they would not end up costing more in upkeep later. • Director Rivera agreed but does not want to delay meetings because the whole Board cannot attend. Director Rivera clarified that PPH was still on 		PowerPoint presentation is available for review on the Leadership drive.

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	<p>schedule, PMC-West was still a priority, it was appropriate to re-evaluate other projects and that the Board needed to maintain discipline in regards to budget.</p> <ul style="list-style-type: none"> • Director Larson wanted the Board to take an expansive look at how PPH is serving the community outside of the list provided in the presentation. A list of potential opportunities is much broader than that provided. • Director Kaufman clarified that the presentation was to show what PPH had to do to get back to the original \$983million budget. 		
<p>UPDATE ON FINANCIAL AND CAPITAL PLAN – INCLUDING UPDATE ON PLAN OF FINANCE <i>Presenter: Bob Hemker, CFO</i></p>	<p>An update was provided by Bob Hemker on the financial and capital plans. A summary was provided to show capital expenditures for 2008 through 2018. The expenditures included both expansion and replacement projects as well as routine and strategic expenditures. PPH’s credit position was discussed and observations and challenges were highlighted. Critical capital, fundraising and borrowing assumptions were also discussed.</p> <p>A review of PPH’s capital position analysis was presented and it identified the cashflow that would be required. Key ratios were summarized for debt service coverage, days cash on hand, EBIDA margin and cash to debt.</p> <p>A review of the PPH finance plan showed the planned issuance of bonds and highlighted general obligation financing events through March of 2009. An overview was provided of the PPH interest rate swap and showed where the market had been during that time.</p> <p>A representative from Kaufman Hall presented an overview of the capital markets from the time period of 2007-2008 and how it affected PPH. The market’s implications for all of the healthcare industry was highlighted.</p> <p>The presentation concluded with Kaufman Hall’s observations on PPH’s financial and capital plans.</p> <p>Bob Hemker put before the Board several items from the presentation for approval. Mr. Hemker proposed approval of the financial and capital plans including the plan of finance. The second item present for approval was issuance of the 2009 G.O. Bonds in the first quarter of calendar year 2009 pursuant to plan of finance. The third item brought for approval was a continuation of monitoring the 2006 ARS and the possible restructuring to a fixed rate instrument based on the fiscal impact and market conditions. The final item requesting approval was the solicitation, identification and recommendation of a co-banker solution to provide enhanced market access for issuance of G.O. and Revenue bonds.</p>	<p>MOTION: By Kleiter, 2nd by Bassett to approve all four items as presented and carried to approval.</p> <p>All in favor. None opposed.</p>	<p>PowerPoint presentation is available for review on the Leadership drive.</p>

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BOARD COMMENTS			
ADJOURNMENT		MOTION: by Krider to adjourn at 7:40 p.m.	
SIGNATURES <ul style="list-style-type: none"> <li data-bbox="142 423 302 483">▪ Board Secretary <li data-bbox="142 578 302 638">▪ Board Assistant 	 <hr/> Nancy Basset, R.N., M.B.A.  <hr/> Nicole Dennis		