

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

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

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 26, 2009

1. AGENDA ITEM

| DISCUSSION | CONCLUSION/ACTION | FOLLOW UP/RESPONSIBLE PARTY | FINAL? |
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CALL TO ORDER

- The meeting – held in Conference Rooms B&C at 15255 Innovation Drive, San Diego, CA, was called to order at 6:36 p.m. by Chair Ted Kleiter

ESTABLISHMENT OF QUORUM

- See roster

PUBLIC COMMENTS

- There were no public comments

INFORMATION ITEM(S)

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| <ul style="list-style-type: none"> None | <i>Information Only</i> | Forwarded to the June 8, 2009, Board of Directors meeting as Information | |
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1. APPLICATIONS FOR INDEPENDENT CITIZENS’ OVERSIGHT COMMITTEE (ICOC)

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| <ul style="list-style-type: none"> Bob Hemker reviewed the requirements for ICOC membership, stating that there were two positions coming vacant on June 30th – one At Large and one for a required seat representing a <i>bona fide</i> Taxpayers’ Organization. There were four applicants for the two positions, and all four were invited to attend tonight’s meeting <ul style="list-style-type: none"> John Amodeo – At Large – in attendance Alex Galenes – At Large – in attendance Ronald D. Klingensmith – Taxpayers’ Organization OR At Large – in attendance Barry I. Newman – Taxpayers’ Organization OR At Large – unable to attend due to a prior commitment Their credentials and reasons for wanting to serve were provided in the agenda packet There must be a minimum membership of 9, but membership has been as high as 11 Options for nominations: <ul style="list-style-type: none"> Could consider recommendation to the Board for the minimum requirement of 2, 1 of whom would have to represent a Taxpayers’ Organization Could recommend all four individuals, as there is no maximum to the membership <ul style="list-style-type: none"> Having more than required minimum of members would be advantageous <ol style="list-style-type: none"> If a single member resigns or their term expires, application and review process wouldn’t be necessary If a required Taxpayers’ Organization representative were to resign, the qualified At Large member could be moved into that seat, again either forestalling a need for application and review process or creating a need only for the easier-to-fill At Large seat There were no questions posed to the candidates | <p>MOTION: By Director Rivera, seconded by Director Bassett and carried to nominate John Amodeo, Alex Galenes and Barry I. Newman to At Large seats on the ICOC. All in favor. None opposed.</p> <p>MOTION: By Michael Covert, seconded by Dr. Martin and carried to nominate Ronald D. Klingensmith as the Taxpayers’ Organization representative on the ICOC. All in favor. None opposed.</p> | Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval | Y |
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| <ul style="list-style-type: none"> Chairman Kleiter thanked the applicants for attending the meeting, noting that the ICOC is an important committee for PPH and thanking them all for their interest in serving | | | |
| 2. ICOC MINUTES – MID-YEAR MEETING ON TUESDAY, APRIL 21, 2009 | | | |
| <ul style="list-style-type: none"> No discussion. | MOTION: By Michael Covert, seconded by Director Bassett and carried to recommend approval of the draft minutes from the ICOC Mid-Year Meeting held on Tuesday, April 21, 2009, for inclusion in the Board's public records. All in favor. None opposed. | Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval | Y |
| 3. MINUTES – TUESDAY, APRIL 28, 2009 | | | |
| <ul style="list-style-type: none"> No discussion. | MOTION: By Director Bassett, seconded by Dr. Martin and carried to approve the minutes of the April 28, 2009, Board Finance Committee meeting as presented. All in favor. None opposed. | | Y |
| 4. WOUND CARE CENTERS AGREEMENT– RESTORATIVE WOUND HEALING AND HYPERBARIC MEDICAL GROUP | | | |
| <ul style="list-style-type: none"> Sheila Brown and Ann Moore had not finalized negotiations with the physicians and requested that the agreement be pulled from the agenda <ul style="list-style-type: none"> It will be presented at a future meeting | N/A | | N |
| 5. DELEGATION OF EXPENDITURE & REQUISITION APPROVAL AUTHORITY | | | |
| <ul style="list-style-type: none"> Bob Hemker stated that the additional authorities were being requested related to Facilities Master Plan (FMP) expenditures only to ensure there were no delays on certain expenditures <ul style="list-style-type: none"> ADD E-4 outlines authorities by amount, name and title Not in conflict to current Board policy, just additional Has already been reviewed through the Facilities & Grounds Board Committee Authority for the CEO remains the same David Tam was provided authority up to \$1M by earlier action Action provides more flexibility to avoid construction delays | MOTION: By Director Bassett, seconded by Director Rivera and carried to recommend approval of the delegated approval authorities as presented. All in favor. None opposed. | Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval | Y |
| 6. REQUEST FOR ADDITIONAL FUNDING TO COMPLETE NICU EXPANSION | | | |
| <ul style="list-style-type: none"> David Tam & Mike Shanahan reviewed the original approved funding, which crossed over 2 fiscal years with total funding of \$1.6M, expanding the NICU from 6 to 12 beds <ul style="list-style-type: none"> Costs have gone up to \$1.9M, so the additional \$300K funds are being requested out of the FY09 routine capital budget NICU is now licensed and ready to be used | MOTION: By Director Rivera, seconded by Director Bassett and carried to recommend approval for additional funding in the amount of \$300,300 to complete the NICU expansion at PMC. All in favor. | Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval | Y |

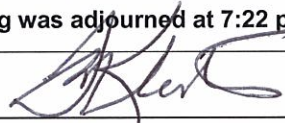
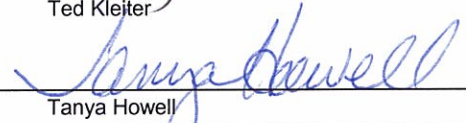
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| <ul style="list-style-type: none"> • Mr. Shanahan stated that during the course of inspecting the newly expanded area, OSHPD inspectors also inspected the existing areas and required unanticipated renovations <ul style="list-style-type: none"> ◦ Among other items (<i>detailed on Attachment 1</i>), electrical upgrades and asbestos abatement were required • Based on lessons learned in this renovation, Mr. Shanahan stated that future renovations will include a recommendation to raise the overage for contingency to 20% for PMC projects | None opposed. | | |

7. POLICIES & PROCEDURES FOR CORPORATE CREDIT CARDS

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| <ul style="list-style-type: none"> • Bob Hemker stated that this topic originated at the Board Audit & Compliance Committee. As a public entity, there are often requests for accountings of Board and executive expenses. Information needs to be compiled from numerous sources to meet the requests, because expenses can originate in many different ways. The question arose regarding how we can more easily reconcile dollars spent on reimbursable expenses. <ul style="list-style-type: none"> ◦ There are several ways to expend funds: <ul style="list-style-type: none"> – PPH generated from accounts payable – Use of a corporate credit card, assigned to individuals – Use of a personal credit card, expense reimbursement to user after the fact ◦ If expenditures for a single trip are made by more than one of these methods, reconciliation can be difficult to track <ul style="list-style-type: none"> – Can only tell from review of cost center to which expenditures expended for travel and training are charged – Corporate credit card statement could be reviewed for other charges <ul style="list-style-type: none"> 1) Credit card statement wouldn't necessarily name traveler, because a single card—such as Governance—is utilized for multiple individuals ◦ Cleanest method would be for individual incurring expenses to pay with a personal check or credit card, then submit a detailed expense claim <ul style="list-style-type: none"> – Most organizations require that all expenses for one trip be reimbursed on one claim form – Downside is lag time between expenditure via personal account and reimbursement timeline ◦ The District has expanded the use of corporate credit cards <ul style="list-style-type: none"> – Example: Mr. Hemker is using part of his travel/training budget to pay for multiple people in his division to attend a function, online registration for which requires a credit card, so Tanya pays for all attendees with her card (<i>ADD F4 to F6</i>) ◦ Do we need to formulate a definitive plan for how expenses should be incurred and reimbursed? • Should a procedure/policy be formulated whereby all expense claims are filed at gross (e.g., airfare, registrations, meals, etc.), itemized to show amounts for items already paid via corporate credit card as deductions, and amounts paid via personal accounts as reimbursable? | <p><i>Guidance was provided to management regarding possible updates to current policies and procedures.</i></p> | <p>Forwarded to the June 8, 2009, Board of Directors meeting as information.</p> <p>Management will review and update the current policies and procedures for presentation to the Board Finance Committee and then to the Board Audit & Compliance Committee for review and comment.</p> | N |
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| 8. APRIL 2009 AND YTD FY2009 FINANCIAL REPORT | | | |
| <ul style="list-style-type: none"> • Utilizing the presentation included in the agenda packet as Addendum G, Bob Hemker presented the April 2009 and YTD FY2009 financial statements. Only select slides were presented for discussion. • April 2009 Month-to-Date Income (<i>ADD G-19</i>) <ul style="list-style-type: none"> o No major changes to revenues o Continued negative variance in Supplies o Property Tax Revenues had a negative variance of \$200K <ul style="list-style-type: none"> ■ Some reassessments are affecting tax revenues received by the County o Investment Income has been up and down during the month, ending with a negative variance of \$504K for the month • Fiscal Year-to Date Income Statement (<i>ADD G-18</i>) <ul style="list-style-type: none"> o Operating Income shows a positive YTD variance of \$380K o Investment Income reflects a negative YTD variance of \$2.4M o Net Income is \$18.1M, short of budget by \$2.2M – all from investment income o YTD Supply Expenses showed a negative variance of \$3.6M <ul style="list-style-type: none"> ■ Reviewed to determine if issue is rate/volume related <ul style="list-style-type: none"> ▲ It is volume – especially outpatient procedures ▲ Volume variance is \$6M for POM/PMC <ul style="list-style-type: none"> (a) \$2.7M less for a rate variance, showing that we're buying more efficiently (b) Implantable cases budgeted by UOS <ul style="list-style-type: none"> (i) PMC budgeted for 2092, actually at 3354 (ii) POM budgeted for 1463, actually at 1674 o Cash Collections (<i>ADD G-54</i>) <ul style="list-style-type: none"> ■ IOU received from the State in March was paid in April ■ \$41M for the month – a new record ■ Have already collected about \$38M in May ■ If June holds to that trend, should be approximately \$5M surplus resulting from Revenue Cycle strategies | <p>MOTION: By Director Rivera, seconded by Dr. Martin and carried to recommend approval of the Financial Report for April 2009 and YTD FY2009 as presented. All in favor. None opposed.</p> | <p>Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval.</p> | <p>Y</p> |
| ADJOURNMENT | The meeting was adjourned at 7:22 p.m. | | |
| SIGNATURES: | | | |
| • COMMITTEE CHAIR |  _____ Ted Kleiter | | |
| • COMMITTEE SECRETARY |  _____ Tanya Howell | | |

ATTACHMENT 1

