

**MINUTES OF MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT
October 22, 2001**

Present:

Mr. Faro, President
Ms. Kane
Mr. MacNaughton
>Dr. Shefren

Also present:

Mr. Gibson, CEO
Ms. Vaskelis, Guest
Ms. Johnson (recorder)

Absent

Mr. Smith

CALL TO ORDER:

President Faro called the meeting to order at 1640 hours in the Board Room at Sequoia Hospital.

PUBLIC COMMENT:

There was no public comment.

CONSENT CALENDAR:

On a motion offered by Director MacNaughton and seconded by Director Kane, the Consent Calendar was approved as presented.

Referencing his October 22nd report to the Board and part of the Consent Calendar, Mr. Gibson reported that he received a letter from Samaritan House today with suggested names for the new Redwood City clinic. After discussion, it was the consensus of the Board to name the clinic "Samaritan House Free Clinic of Redwood City" with a plaque memorializing the District's support. An Open House for the new clinic is being finalized for late next month. Mr. Gibson also presented a funding/budget report tracking Samaritan House's year-to-date expenditures which are not to exceed \$500,000. Director Shefren suggested that the number of volunteer hours of physicians and nurses compared to paid staff hours be tracked routinely along with the number of patients being seen.

NEW BUSINESS

Fiscal 2000/01 Annual Audit:

Steven Carey and Heather Maire, CPAs, reviewed the 2000-01 audit report prepared by Pearson, Del Prete & Co. No areas of concern were identified and an unqualified opinion letter was issued. Ms. Maire stated that cash had increased due to a decrease in grants, an

increase in rental income and property taxes, and a gain in the investment portfolio (\$31.1 million for 2001 versus \$30.2 million for 2000). Ms. Maire noted that accounting rules mandate that the unrealized gain in the investment portfolio must be reflected at the end of the accounting period. After discussion, it was suggested that as a point of clarification, unrealized gains and losses be included in the footnotes. Director MacNaughton discussed funding the reserve account for property maintenance. Mr. Carey noted that the reserve for depreciation, although not separately funded is accounted for in the depreciation fund.

Director Shefren offered a motion to approve the 2000-2001 audit as presented. Director Kane seconded the motion which unanimously passed. A copy of the audited financial statements is maintained in the District office files.

Grand Jury Appearance:

At the request of the Grand Jury, last week Director Faro met with the Jury's Committee on Special Districts. The Committee members stated that they are trying to learn more about the District, how the tax revenue is structured, the District's relationship with CHW and the hospital, and the grants program. Director Faro said he explained the Board's fiduciary responsibility to provide healthcare services to residents of the District and that it is within the Board's authority to fund other projects or programs that the Board deems will promote the health of the community. Director Faro noted that no member of the Committee raised objections to his explanations and there were no points of contention with any of the Committee members. The Committee requested additional information, mostly relating to the transfer of assets to CHW and management of the hospital, and that information was provided to them last week.

Physicians Task Force Update:

Ms. Vaskelis stated that Dr. Marcus has devoted a great deal of time and effort to this Task Force. Management is reviewing all suggestions. In order to promote the hospital, the management team has been interviewing marketing consultants. In February ads focusing on Sequoia's cardiology programs and services will run in special health-related issues of Time, Newsweek, U.S. News & World Reports and Sports Illustrated. Another goal is to re-institute a Sequoia-only version of "LifeTimes," which will be mailed within our community on a quarterly basis. Management is actively working on managed care contracting, physician recruitment and nurse staffing issues. With the shortage of nurses nationwide, staffing shortages are not unique to Sequoia. Linda Bell was recently hired as Manager of Recruitment and Retention and is focusing on nurse staffing and recruiting. Management is moving forward with immediate changes to improve the hospital facility, creating an environment that promotes cleanliness and patient comfort. Aramark has been put on notice to improve the food for both patients and staff. Renovations to MSO and CSU are on track. Color schemes for patient rooms, corridor flooring, cabinets, etc. are being finalized. Two model patient rooms will be set up which can be assessed by physicians and the nursing staff prior to finalizing plans. Relocating the nursing stations in MSO and CSU is also being addressed. Sequoia's seismic plan was recently submitted to the Corporate Finance Committee; therefore, refurbishing plans for the hospital do not include tearing down walls. When pricing and a project timeline can be determined, Ms.

Vaskelis will report back to the Board. With regard to a Strategic Plan, Ms. Vaskelis reported that Roger Witalis, a consultant, has been hired to implement the process. Meetings will continue with a committee consisting of members of the physicians task force, hospital management, SHS and District Board members. Director Shefren commented that before he could commit District funds for improvements at the hospital, he would need assurance that both a short-term and a long-term plan are in place to insure survival of the hospital. He expressed his desire to see how all the pieces fit together before arbitrarily funding limited projects. Ms. Vaskelis indicated the committee would try to develop that continuity; however, this work would probably not lend itself to the full scope of work to be done.

ADJOURN:

At 1850 hours, President Faro adjourned the meeting. The next Regular Meeting of the Board of Directors is scheduled for 1630 hours, Monday, December 3, 2001 in the Administration Board Room at the Hospital.

Respectfully submitted,

Gerald Shefren, M.D.
Secretary