

**MINUTES OF MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT
OCTOBER 6, 2004**

Present: Mr. Faro (by conference telephone)
Mr. Hickey
Ms. Kane, President
Mr. MacNaughton
Dr. Oblak

Also present: Ms. Scott, CEO
Ms. Greenberg, Counsel
Ms. Johnson, Recorder

Excused: None

CALL TO ORDER:

President Kane called the meeting to order at 4:45 PM in the Sequoia Room at Sequoia Hospital.

PUBLIC COMMENT:

Director Hickey asked Legal Counsel whether Director Oblak's appointment to the board was legally valid. Ms. Greenberg stated that it was. She explained that the action to appoint Dr. Oblak occurred within the requisite 60-day period and that the taking of the oath of office was separate from the appointment process and not required to be done within the same period of time.

Director Hickey asked what role the District had played in the decision by the County Elections Department not to extend the candidate filing period for the seat with the two-year term. Ms. Greenberg explained that the District had played no role, that County Counsel, not the District, was the legal advisor to the County Elections Department, and that County Counsel, not the District, made the decision that the law did not allow for extension of the filing period. The letter from the District to the County Elections Department merely stated that the District did not disagree with County Counsel. Ms. Greenberg noted that she had spoken with County Counsel and had been told that this filing issue had come up several times before and that it was the County's consistent legal position that the filing deadline could not be extended.

President Kane welcomed Director Oblak to the Board.

Linda Craig from the League of Women Voters announced that the League had held a recorded candidates forum on September 30th. She listed the dates that the video of the forum will be shown on local television stations and stated that the video is accessible on the www.smartvoter.org website. Director MacNaughton thanked Ms. Craig for the League's sponsoring the forum and suggested that the District's website include a link to the voter information website. President Kane also thanked the League for all of the work they do.

Ms. Vaskelis provided a hospital project update. She clarified that despite what several news articles and candidate statements have incorrectly declared of late, CHW does not own Sequoia Hospital. She reported that good progress is being made with plans to rebuild the hospital and that SHS will be submitting a pre-application package to Redwood City in the near future.

Director MacNaughton asked Ms. Vaskelis to comment on CHW's position regarding statements and opinions from various sources that CHW should wholly fund the rebuild and govern the Hospital without District participation. Ms. Vaskelis said CHW welcomes the participation of the District, as CHW is able to commit approximately \$100 million towards a project that is estimated to cost over \$130 million.

President Kane said the public has made it clear that they want a voice in this Hospital. Ms. Vaskelis stated that CHW enjoys an excellent relationship with the District.

CONSENT CALENDAR:

Director Hickey requested the removal of all of the items from the consent calendar. Those items are 3.a (Minutes of August 4, 2004 Board of Directors Meeting), 3.b. (Financial Statements For July and August 2004) and 3.c. (CEO's Report Of September 27, 2004).

Referring to item 3.a (Minutes) Director Hickey said he did not state that the District's web site should include photos of Kaiser Permanente.

A motion was duly made and seconded to approve the minutes of August 4, 2004 as corrected. Director MacNaughton seconded the motion, which unanimously passed. President Kane called the question. Roll call vote:

AYES:	Directors Faro, Hickey, Kane, MacNaughton, Oblak
NOES:	None
ABSTAIN:	None
ABSENT:	None

Referencing Item 3.b (Financial Statements for July and August), Director Hickey questioned the July expenditures under Purchased Services, Administration and Community Affairs. Ms. Scott responded that Purchased Services is the final payment to All Bay Valuation for the appraisal of the District's medical office buildings; Administration expense is for wages, benefits and employment tax; and the Community Affairs expense is for Fineman PR.

Director MacNaughton offered a motion to approve the financial statements for July and August. Director Oblak seconded the motion, which unanimously passed. President Kane called the question. Roll call vote:

AYES:	Directors Faro, Hickey, Kane, MacNaughton, Oblak
NOES:	None
ABSTAIN:	None
ABSENT:	None

Referencing item 3.c. (CEO's Report of September 27, 2004), Director Hickey said he would like copies of the invoices from Fineman PR and asked that the Board authorize him to access the invoices and copies of cancelled checks. Ms. Scott responded that the invoices from Fineman are explained in her CEO report.

Director Oblak moved to approve the CEO's report of September 27, 2004. Director MacNaughton seconded the motion, which was unanimously passed. President Kane called the question. Roll call vote:

AYES:	Directors Faro, Hickey, Kane, MacNaughton, Oblak
NOES:	None
ABSTAIN:	None
ABSENT:	None

NEW BUSINESS:

5.a. (i) Consider Resolution 04-6 To Fund Sequoia Healthcare District Employee Pension Plan In The Amount Of \$3.026 Million For Plan Year 2004 As Recommended By Pension Plan Committee And Its Enrolled Actuary

A motion was duly made and seconded to waive reading of the resolution. Roll call vote:

AYES: Directors Faro, Hickey, Kane, MacNaughton, Oblak
NOES: None
ABSTAIN: None
ABSENT: None

Ms. Scott reported that due to the continued underperformance in the market, the Pension Plan Committee and the Plan's actuary recommends an infusion of \$3.026 million for the plan year 2004. Director Hickey said he thought the Board should look for ways to get out of involvement in this Plan. President Kane responded that the District has fiduciary oversight of the Plan, but as stipulated in the District's Agreement with Sequoia Health Services (SHS), it is the responsibility of SHS to reimburse the District for contributions made to the plan. Director Faro suggested legal counsel to the Pension Plan Committee provide a letter of explanation to the Board so that clarification shall not become necessary when reference is made to the Pension Plan. The Directors concurred. Director Oblak offered a motion to approve Resolution 04-6. Director MacNaughton seconded the motion, which passed unanimously. President Kane called the question. Roll call vote:

AYES: Directors Faro, Hickey, Kane, MacNaughton, Oblak
NOES: None
ABSTAIN: None
ABSENT: None

5.a. (ii) Consider Resolution 04-7 Requesting Sequoia Health Services To Reimburse Sequoia Healthcare District For Funding Employee Pension Plan In The Amount Of \$3.026 Million

A motion was duly made, seconded and unanimously passed to waive reading of the resolution. Roll call vote.

AYES: Directors Faro, Hickey, Kane, MacNaughton, Oblak
NOES: None
ABSTAIN: None
ABSENT: None

Director MacNaughton offered a motion to approve the resolution, which makes a formal demand to Sequoia Health Services for reimbursement of the District's contribution to the Sequoia Healthcare District Employees Pension Plan in the amount of \$3.026 million. Director Oblak seconded the motion, which unanimously passed. President Kane called the question. Roll call vote:

AYES: Directors Faro, Hickey, Kane, MacNaughton, Oblak
NOES: None
ABSTAIN: None
ABSENT: None

5.b. Nomination And Appointment To SHS Board - Per The Bylaws Of Sequoia Health Services, The District Is Required To Nominate Candidates For Appointment To The Sequoia Health Services Board. Director MacNaughton's Seat Requires Consideration For Nomination Of Reappointment.

5.b. (i) Consider Nominating and Recommending Candidate for the SHS Board Subject to the Approval of SHS

President Kane noted that Director MacNaughton's nomination for reappointment to the SHS Board should have been on the agenda for the August meeting and was overlooked. Director Oblak offered a motion to nominate Director MacNaughton for reappointment to the SHS Board. Director Faro seconded the motion. Director MacNaughton suggested his nomination for reappointment be deferred until after the election as this Board may choose to appoint another candidate. President Kane called for the question. Roll call vote:

AYES: Directors Faro, Kane, Oblak
NOES: Directors MacNaughton, Hickey
ABSTAIN: None
ABSENT: None

5.b. (ii) Consider Appointing Nominee to the SHS Board Subject to SHS Board Approval

President Kane reminded the Directors that consideration of 5.b.ii at today's meeting eliminates the need for it to come back to this board again. Director Oblak offered a motion to appoint Director MacNaughton to the SHS Board for a 3-year term (ending September 2007) subject to SHS Board approval. Director Faro seconded the motion. President Kane called for the question. Roll call vote:

AYES: Directors Faro, Kane, Oblak
NOES: Directors MacNaughton, Hickey
ABSTAIN: None
ABSENT: None

5.c. Consider For Ratification Employment Agreement For Stephani F. Scott

President Kane noted legal counsel (not the District's general counsel, but outside counsel specializing in employment law) prepared the contract for Ms. Scott's employment. Ms. Scott is an at-will, full-time employee. Her base salary is \$83,000 annually. Benefits paid by the District include paid time off (PTO), health insurance, long term disability insurance, retirement plan, life insurance, bereavement leave and educational fees. A copy of the contract is included as part of these minutes. Director Hickey proposed further review of Ms. Scott's contract as he believed that with Ms. Scott's benefits the District would be paying Ms. Scott closer to the same amount the District was paying her predecessor. Director Oblak replied that he has worked with many independent contractors and they are generally much more expensive than a full-time employee, as the contractor must pay for their own benefits. Ms. Scott reminded Director Hickey that if her predecessor, who was contracted for part-time employment for \$120,000 annually, were contracted for full-time employment, he would have been compensated \$240,000 annually.

Director Oblak offered a motion to ratify Ms. Scott's employment contract, retroactive to July 1, 2004. Director MacNaughton seconded the motion. President Kane called for the question. Roll call vote:

AYES: Directors Faro, Kane, MacNaughton, Oblak
NOES: Director Hickey
ABSTAIN: None
ABSENT: None

5.d. Consider Resolution 04-8 Consider Resolution 04-8 To Approve The Filing Of An Application For Elective Coverage Under Section 709 Of The CUIC (California Unemployment Insurance Code

Ms. Scott informed the Board that there is no cost to the District for the State's disability coverage as it is an employee-paid tax. A motion was duly made, seconded and unanimously passed to waive reading of the resolution. Roll call vote:

AYES:	Directors Faro, Hickey, Kane, MacNaughton, Oblak
NOES:	None
ABSTAIN:	None
ABSENT:	None

Director MacNaughton offered a motion to approve the resolution for State disability insurance coverage. Director Hickey seconded the motion, which unanimously passed. President Kane called the question. Roll call vote:

AYES:	Directors Faro, Hickey, Kane, MacNaughton, Oblak
NOES:	None
ABSTAIN:	None
ABSENT:	None

Director Hickey, citing New Business, asked the Board to authorize his access to the District's records, including the check register and invoices. President Kane noted that Director Hickey's request is not an agenda item and therefore cannot be discussed.

Prior to adjournment of the meeting, Director Oblak commented that as a point of information, he has served on many different Boards. He finds the lack of civility toward others and the numerous unsubstantiated insinuations and comments made throughout this Board meeting to be disturbing and insulting and he hopes this manner will not continue at future meetings.

The meeting was adjourned at 5:40 PM. The next regular meeting of the Sequoia Healthcare District Board of Directors is scheduled for Wednesday, December 1, 2004 at 4:30 PM, Sequoia Room, Sequoia Hospital.

Respectfully Submitted,

John B. Oblak, Ph.D.
Secretary