



**MINUTES OF MEETING  
BOARD OF DIRECTORS  
SEQUOIA HEALTHCARE DISTRICT  
JUNE 23, 2004**

Present: Mr. Faro, President  
Mr. Hickey  
Ms. Kane  
Mr. MacNaughton

Also present: Mr. Gibson, CEO  
Ms. Greenberg, Counsel  
Ms. Scott, Recorder

Excused: None

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**CALL TO ORDER:**

President Faro called the meeting to order at 4:30 PM in the Sequoia Room at Sequoia Hospital.

**PUBLIC COMMENT:**

Director Hickey stated the public is entitled to rely on regularly scheduled meetings of this Board.

**CONSENT CALENDAR:**

Director Hickey requested the removal of items 3.c. (Accept Financial Statements For March And April 2004) and 3.d. (Accept CEO's Report Of June 23, 2004) from the Consent Calendar. On a motion duly made and seconded the remaining items on the Consent Calendar were unanimously approved.

Director Hickey asked if the appraisals performed for the medical office buildings will change the Property, Plant and Equipment figures reflected on the Income Statements. Mr. Gibson responded that an appraisal will not impact the District's financial statements.

Director Hickey, in reference to the CEO Report of June 23, 2004, inquired as to who attended the June 9, 2004 meeting with CHW. Also in reference to the CEO Report, Director Hickey added he opposed the use of District funds to support the nursing education program. Mr. Gibson said Stephani Scott, Penny Greenberg, Allen Briskin, Gerry Hinkley, President Faro and Director MacNaughton were in attendance at the meeting with CHW. Regarding the nursing education program, Mr. Gibson explained that the District has a funding priority to serve the community. Residents and hospitals within the District will benefit from the program through an increased number of nurses and therefore better access to healthcare in the future.

Director Hickey added he would like the District to resume distributing a newsletter to the community if it included a minority report.

On a motion duly made and seconded, items 3.c. and 3.d. were unanimously approved.

President Faro moved to agenda item 6.b.

**Accept Report On Matching Grant For FY 03/04 From Sequoia Hospital Foundation – Consider And Approve Request For Matching Grant Up To \$1 Million For FY 04/05 – Mr. Gibson**

Mr. Gibson explained that in June 2003 the Board approved a matching grant up to \$1M to the Sequoia Hospital Foundation, if the Foundation realized their fundraising goal of \$1M, which they have. On a motion duly made and seconded, the report on the matching grant for FY 03/04 was approved. Ms.

Claudia Keys, Executive Director of the Sequoia Hospital Foundation, was presented with the District's \$1M check. Ms. Keys thanked the Board for their support. The funds are to be used for the purchase of imaging, angiography and nuclear medicine equipment among other projects. Director Kane spoke in support of the grant request for the next fiscal year ending June 30, 2005. Director MacNaughton offered a motion to approve the request for a matching grant up to \$1M for the fiscal year ending June 30, 2005, which passed with a 3-1 vote, with Director Hickey opposed.

**OLD BUSINESS:**

**5.a. Consider And Adopt Resolution 04-2 Supporting The Rebuild Of Sequoia Hospital And Approving a \$25 Million Contribution For The Funding Of New Construction At Sequoia Hospital (2<sup>nd</sup> Reading) – President Faro**

Mr. Gibson spoke to a recent article in a local newspaper, which incorrectly declared the District Board allocates funds to CHW. Mr. Gibson informed those present the District assists in financial support to Sequoia Health Services (SHS), an independent public benefit corporation that is not a religious institution.

President Faro spoke in support of the \$25M contribution to Sequoia Hospital.

Director Hickey offered a motion to amend the Resolution, suggesting it include language which would allow for the District to disaffiliate from SHS, loan the funds to SHS. The motion failed for lack of a second. President Faro explained that the public would need to vote for a change in the governance of SHS and if the District were to be dissolved; there would no longer be public support for healthcare in the community. Director MacNaughton offered a motion to waive the reading of Resolution 04-2, which passed by a 3-1 vote, with Director Hickey opposed.

Merla Murdoch addressed the Board and expressed she felt it was proper for the District to offer financial assistance in support of Sequoia Hospital.

Roseanne Robertson commended the Board for their efforts and asked that the Board vote to support Sequoia Hospital, its staff and patients.

Dr. Jane Marmor, President of the physician staff at Sequoia Hospital, echoed Ms. Robertson's remarks.

Dr. Herbert, a physician at Sequoia Hospital, addressed the Board and spoke to the uniqueness and special place she felt Sequoia Hospital was in comparison to other healthcare facilities in which she has worked and asked that the Board vote in favor of supporting Sequoia Hospital.

Daniela Gasparini said the notion that the District ought to be dissolved is a minority opinion and the community is supportive of the District, which represents residents like herself. The District is vital for securing access to healthcare, which is what voters intended when the District was formed. Ms. Gasparini urged the Board to continue to support Sequoia Hospital.

Director Hickey said he felt CHW could independently support the rebuilding of Sequoia Hospital. President Faro informed Director Hickey and those present that funds for rebuilding the Hospital would come from Sequoia Hospital's bottom line, not CHW. Director Kane offered a motion to adopt Resolution 04-2, which was seconded and passed with a 3-1 vote. President Faro called the question. Roll call vote:

AYES: Directors Faro, Kane, MacNaughton  
NOES: Director Hickey

ABSTAIN: None  
ABSENT: None

**5.b. Consider And Adopt Resolution 04-3 Declaring That The District's Real Properties Located At 2900 Whipple And 525 Veterans Boulevard Are Surplus And Authorizing The Sale Of The Properties (2<sup>nd</sup> Reading) – President Faro**

Mr. Gibson explained that upon Board ratification of Resolution 04-3, the buildings would, by law, initially be offered to public entities. If there is no interest on the part of the public entities, the buildings will be placed on the open market. Mr. Gibson designated as reasons for selling the District properties favorable market conditions and the District's role in the community as providing healthcare support rather than property management. A motion was offered to waive the reading of Resolution 04-3, which passed with a 3-1 vote, with Director Hickey opposed. Director MacNaughton offered a motion to adopt Resolution 04-3, which was seconded by Director Kane and passed with a 3-1 vote, with Director Hickey opposed. President Faro called the question. Roll call vote:

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

**5.c. Consider and Accept Recommendation from CEO Replacement Committee – Director Kane**

Director Kane spoke to her extensive experience as a human resources professional with regards to her qualifications as a member of the CEO Replacement Committee. Director Kane offered a motion to accept the recommendation of the Committee to appoint Stephani Scott as the District's CEO, effective July 1, 2004. Mr. Gibson said Ms. Scott was hired with the intention that she would be considered as a possible successor to Mr. Gibson. Director MacNaughton seconded the motion offered by Director Kane, which passed with a 3-1 vote with Director Hickey opposed.

Ms. Scott thanked the Board and said she looked forward to serving the Board and the community in this role.

**NEW BUSINESS:**

**6.a. Consider And Approve Contracting With Vavrinek, Trine, Day & Co., LLP (Formerly Pearson, del Prete, LLP) For Provision Of The District's Annual Audit For Fiscal Year Ending 6/30/04 In The Amount Of \$12,750 (5% Increase Over Last Year) – Mr. Gibson**

Mr. Gibson clarified that Pearson, del Prete, LLP merged with Vavrinek, Trine, Day & Co., LLP, and the auditors would be the same individuals who performed the audit in the past. Director Kane offered a motion to approve contracting with Vavrinek, Trine, Day & Co., LLP, for the provision of the District's annual audit for the fiscal year ending June 30, 2004. The motion was seconded and unanimously passed.

**6.c Consider And Adopt Resolution 04-4 Adopting Provisions For Healthcare District General Election – Mr. Gibson**

Mr. Gibson advised that the adoption of Resolution 04-4 will affirm the District's compliance of San Mateo County's legal requirements with regards to election information. Director Hickey offered a motion to waive the reading of Resolution 04-4, which was seconded by Director Kane and unanimously passed. Director Hickey offered a motion to adopt Resolution 04-4, which was seconded by Director MacNaughton and unanimously passed. President Faro called the question. Roll call vote:

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

**6.d. Accept Amendment To Bring District 457(b) Governmental Deferred Compensation Plan Into Compliance With IRS Ruling 2004-12 – Mr. Gibson**

Mr. Gibson explained that Lincoln Financial Group, which manages the District's 457(b) Deferred Compensation Plan, recommends adoption of the amendment to the Plan, which will allow participants access to funds rolled into the plan without the restrictions previously placed on access to such funds. Director Kane offered a motion to accept the amendment to bring the District 457(b) Governmental Deferred Compensation Plan into compliance with IRS Ruling 2004-12, which was seconded and unanimously passed.

**6.e. Accept Resignation Of Dr. Edward Katz And Appoint A Committee For The Purpose Of Interviewing Candidates And Making A Recommendation To The Board For Appointment – President Faro**

President Faro explained the importance of selecting a qualified representative to sit on the Board, and that this person will run as an appointed incumbent in the November 2004 election.

A member of the public present suggested the Board appoint someone who had run in the last election.

Ms. Merla Murdoch expressed she felt it was sensible to appoint an individual who was qualified and knowledgeable about healthcare.

Director Hickey said he would like to reconsider the appointment policy he voted to approve in 2003. Director MacNaughton said since the Board had just voted to support Sequoia Hospital, it is essential to take this opportunity to appoint someone who will continue to support the District and the Hospital for the overall benefit to the community. President Faro noted that the public will have the option in the November election to decide if they would like the appointed incumbent to continue in their position on the District Board.

Director Kane offered a motion to accept the resignation of Dr. Katz, which was seconded and passed by a 3-1 vote, with Director Hickey opposed. Mr. Gibson requested the Board form a committee for the purpose of interviewing candidates and making a recommendation to the Board for appointment at its next meeting. President Faro suggested Directors MacNaughton and Kane constitute such a committee. Director Kane offered a motion to approve the appointment of the committee. Director MacNaughton seconded the motion which passed with a 3-1 vote, with Director Hickey opposed.

**6.f. Effective July 1, 2004, Remove Current CEO As Pension Plan Administrator And Designate The Person Selected To Replace The Current CEO As The New Pension Plan Administrator – President Faro**

On a motion duly made, seconded and unanimously passed, the Board approved the removal of the current CEO as Pension Plan Administrator and designated Ms. Scott to replace Mr. Gibson as the new Pension Plan Administrator.

**6.g. Effective July 1, 2004, Remove Current CEO As Authorized Signatory On Behalf Of Sequoia Healthcare District As To All Banks And Other Financial Institutions And Designate The Person Selected To Replace The Current CEO As Being Such Authorized Signatory – President Faro**

President Faro offered a motion to approve agenda item 6.g., which was seconded and passed with a 3-1 vote, with Directory Hickey abstaining from the vote.

**6.h. Confirm That After June 30, 2004, The Current CEO Shall Have No Further Authority To Act On Behalf Of Or To Bind The Sequoia Healthcare District With Respect To Contracts, Other Written Instruments, Or Otherwise And That Effective July 1, 2004, The Person Selected To Replace The Current CEO Shall Have All Such Authority As Consistent With Existing Practices – President Faro**

Director MacNaughton offered a motion to approve agenda item 6.h., which was seconded and passed with a 3-1 vote, with Directory Hickey opposed.

**6.i Accept Arthur J. Faro's Resignation As Board President And Elect New Board President For Remainder Of Office Term (First Meeting In December 2004)**

President Faro said his professional obligations have become such that he could no longer dedicate the same amount of time that is necessary for the position of Board President. President Faro thanked Mr. Gibson for his contributions and thanked the community and Board for their support during his tenure as Board President. Director Kane thanked President Faro for his dedication to Sequoia Hospital and the Sequoia Healthcare District and expressed she is pleased that he will remain on the Board. Director MacNaughton offered a motion to nominate Director Kane as the new Board President, which was seconded by President Faro and unanimously passed.

Ms. Vaskelis thanked the Board for the \$25M contribution.

At 6:30 PM, President Faro adjourned the meeting. The next regular meeting of the Sequoia Healthcare District Board of Directors is scheduled for Wednesday, August 4, 2004, 4:30 PM, Sequoia Room, Sequoia Hospital.

Respectfully Submitted,

Kathleen M. Kane  
Secretary