

**MINUTES OF MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT
AUGUST 4, 2004**

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

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

Excused: None

CALL TO ORDER:

President Kane called the meeting to order at 4:40 PM in the Sequoia Room at Sequoia Hospital.

PUBLIC COMMENT:

President Kane spoke to the report recently published by the Southern San Mateo County Task Force on New Hospital Construction. She applauds the efforts of the task force and acknowledges that everyone is seeking to do what is best for the District. The Board will be exploring ways to increase public awareness as to the District's role in providing healthcare in our community. As noted in the report, District will consider collaborating with the county regarding healthcare services in our community, as it has done in the past. Referring to frequent references to the District's cash reserves, President Kane noted that the agreement entered into in 1996 between the District and CHW allows for public oversight of the Sequoia Hospital. Not implying that CHW would choose to vacate their role, the District does have the first right of refusal; therefore, the District must maintain reserve funds in the event they are needed to assume total responsibility for the hospital.

The report suggests that District funds be used to address charity care. The District currently funds the Samaritan House, a free health clinic located in Redwood City serving the uninsured and working poor. From January through June of 2004 there were 1,922 visits to the clinic. Without the clinic, these people would have gone to San Mateo Medical Center, which is already strapped for cash, or a more costly emergency room visit, or may not have received any care at all.

The report also questions philanthropic funds distributed by the District. President Kane acknowledged that the District does distribute funds for the purpose of ensuring access to healthcare for District residents. Over \$1 million per year is given to the Children's Healthcare Initiative (CHI). These funds were granted as a result of a direct request by the County, providing healthcare to children who cannot otherwise obtain it, and fulfills the Report's suggestion of reaching out to provide for indigent care.

The Report recommended that the District explore more options to further develop the health care workforce. It is likely the Task Force was not aware that the Sequoia Healthcare District and Sequoia Hospital have already formed a strategic partnership with Cañada College and San Francisco State University (SFSU). This program was initiated two years ago and is designed to alleviate the nursing shortage in the District by educating and training more nurses. This joint venture between schools, the District and Sequoia Hospital is one of the most innovative programs within the State. The District granted up to \$10 million or \$25,000 per student for the cost of educating 300 to 400 students over the next ten years. The first classes begin later this month. There were 80 applicants for this program and we could only accept 33.

Noting that the District has contributed over \$10 million directly to Sequoia Hospital, President Kane noted that the funds have been instrumental in the renovation of the OB Unit and of patient rooms, capital equipment such as the Linear Accelerator and the new Angiography Suite.

Over the past decade, the healthcare delivery system has become decentralized. The 88 California healthcare districts now have a broader scope of responsibility to the communities they serve. Certainly, our Hospital District Founders envisioned much more responsibility than in 1947. It is because of these added responsibilities, that the State of California changed the designation of these entities such as ours from "Hospital Districts" to "Healthcare Districts".

President Kane ended her comments by stating that she is proud of the ways in which the District's tax dollars are spent. District residents pay approximately \$80 per parcel per year to support Sequoia Hospital and health-related services. Without the District residents would continue to pay the same amount in taxes to the County's General Fund. The tax would not be refunded and there is no assurance that the funds would be used in our District or for healthcare.

Director Hickey commented that there are ways to give tax money back to the taxpayers but he was not going to elaborate on that at this time. He stated that the hospital district was surreptitiously turned into a healthcare district in 1996. Voters never voted to turn the District into a philanthropic organization using tax money. He's opposed to that so he's going to ballot in November to seek to replace this board.

CONSENT CALENDAR:

Director Hickey requested the removal of items 3.a (Minutes of June 23, 2004 Board of Directors Meeting), 3.b. (Accept Financial Statements For May and June 2004) and 3.c. (Accept CEO's Report Of July 27, 2004) from the Consent Calendar.

Referring to item 3.a (Minutes) Director Hickey said that under "Public Comment" he had stated that public is entitled to rely on regularly scheduled meetings. Citing his comments regarding the newsletter, he said that he would like the District to resume distributing a newsletter to the community if it included a minority report. Referring to his motion to amend the Resolution (under Old Business, item 5.a) he said that he did not make any reference to dissolving the District as part of his language to amend this resolution.

Director Faro offered a motion to approve the minutes of June 23, 2004 as corrected. Director MacNaughton seconded the motion, which unanimously passed.

Referencing Item 3.b (Financial Statements for May and June), Director Hickey indicated that the annual cost of the Board's health insurance seems excessive. He questioned the makeup of Purchased Services asking if Ms. Scott's salary is included in the dollar amount shown. President Kane answered that Ms. Scott is a District employee and her salary and benefits are not included under Purchased Services. Ms. Scott's employment agreement will be brought to the Board for approval when it has been finalized.

Referencing item 3.c. (CEO's Report of July 27, 2004), Director Hickey said that all agenda items should be added as links to the District's web site. He suggested that the site also include information on Kaiser Permanente as well as other hospitals and medical facilities within the District and not just Sequoia Hospital. Director Faro asked that the minutes reflect that this is Director Hickey's opinion and is not shared by the other Board members.

Director Faro moved to approve the financial statements for May and June 2004 and the CEO's Report of July 27, 2004. Director MacNaughton seconded the motion, which unanimously passed.

Director Hickey made a motion to move to agenda item 6.c. stating that when he was elected he expected to be seated on the SHS Board and was told that there was no vacancy. Director Faro responded that Director Hickey's position, as an elected official on the District's board, is not automatic entitlement to serve on the SHS Board. Director Hickey's motion to move to agenda item 6.c. failed for a lack of a second.

OLD BUSINESS:

5.a. Consider and Approve Recommendation from Subcommittee Selected to Interview Candidates to Fill Board Vacancy – President Kane

As a member of the subcommittee, Director MacNaughton thanked all of the people who applied for the Board seat to fill the vacancy created when Dr. Katz resigned. Candidates were interviewed for not only their sincerity and experience but also their willingness to run in the November election. It was also important that the candidate be an advocate of the District and Sequoia Hospital and understand the significance of the District's financial support which will allow for the rebuilding of the hospital. It is the subcommittee's recommendation that John Oblak, President of Notre Dame de Nemur University in Belmont, be appointed to fill the vacancy on the District Board. Director MacNaughton offered a motion to appoint Mr. Oblak to the Board for the remainder of Dr. Katz' term (December 2004). The motion was seconded and passed by majority vote. President Kane called the question. Roll call vote:

AYES: Directors Faro, Kane, MacNaughton

NOES: None

ABSTAIN: Director Hickey

ABSENT: None

Director Hickey asked if there were any candidates interviewed by the subcommittee in attendance at today's meeting who wished to address the Board.

Warren Gibson identified himself as a person who favors the dissolution of the District. It is his opinion that the District should not limit its support solely to Sequoia Hospital but include other hospitals within its boundaries as well.

Dr. Tanya Spirtos spoke to the Board, stating she felt honored to serve as the District's representative to the SHS Board. She is a strong supporter of Sequoia Hospital and the District and the important role the District plays in providing healthcare services within the community. She cited the District's grants to Samaritan House, the Children's Health Initiative, rebuilding Sequoia Hospital, and the nursing program. Dr. Spirtos is pleased with the Board's appointment of John Oblak and looks forward to working with him in the future.

NEW BUSINESS:

6.a. Nominate And Elect A New Board Secretary To Replace Kathleen Kane Who Is Now Board President.

Director MacNaughton offered a motion to nominate Director Hickey as Board Secretary. Director Hickey declined the nomination. Director Faro nominated John Oblak to serve as Board Secretary. President Kane seconded the motion, which was unanimously approved.

6.b. Biennial Review Of Conflict Of Interest Code; Consider And Approve Resolution 04-5 "Resolution Amending Conflict Of Interest Code" To Change The Filing Officer And Location To Sequoia Healthcare District's Clerk And Address.

District counsel, Ms. Greenberg, explained that Resolution 04-5 is a housekeeping matter requested by the County. The County Clerk will no longer act as the filing officer for Statement of Economic Interests forms (FPPC Form 700) and such forms shall now be filed with the District staff. This change necessitates amending the District's Conflict of Interest Code, hence Resolution 04-5.

Director Hickey said the language referencing consultants should be revised in that it should not be left to the Board President to determine whether or not a consultant can be excluded from complying with the Statement. Ms. Greenberg replied that there are specific laws which set out the criteria as to whether or not a consultant participates in the decision-making process of an entity, and this is not a unilateral decision by the Board President. Ms. Greenberg offered to provide Director Hickey with additional information on this requirement. If further action is required, she will bring the matter back to the Board.

A motion was offered and unanimously passed to waive the reading of Resolution 04-5. Director Faro offered a motion to adopt Resolution 04-5. The motion was seconded by Director MacNaughton and unanimously passed. President Kane called the question. Roll call vote:

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

6.c. Nomination And Appointment to SHS Board to Fill Seat Currently Held by Nancy Kaher, DDS – President Kane

i. Consider Waiving Board Policy to Establish an Ad Hoc Committee to Interview Candidates

President Kane explained that Dr. Kaher has indicated she does not plan to seek another term serving on the SHS Board as the District's representative. President Kane summarized the process for filling this position according to District policy. Since the full Board is considering those persons who have expressed an interest in the position, President Kane requested a waiver of the policy to establish an ad hoc committee to interview candidates. Director Faro offered a motion to waive the ad hoc committee to interview candidates. Director MacNaughton seconded the motion. Director Hickey stated he would vote in favor if this Board would nominate him to fill the vacancy on the SHS Board. The motion offered by Director Faro passed with a 3-1 vote with Director Hickey opposed.

ii. Consider Nominating and Recommending Candidate for the SHS Board Subject to the Approval of SHS

Director MacNaughton stated that he would nominate Director Hickey although he is concerned that this Board could be embarrassed if the SHS Board did not approve the nomination. Director Faro and President Kane responded that they would not be in favor of nominating Director Hickey for this position.

Director MacNaughton offered a motion to nominate Mr. Joseph Akerman to the SHS Board as the District's representative to serve the remainder of Dr. Kaher's term (September 2007). Director MacNaughton summarized Mr. Akerman's background and experience – very civic-minded, a Woodside resident for more than 20 years, and a strong supporter of Sequoia Hospital and the District. Director Faro seconded the motion, which passed with a 3-1 vote with Director Hickey opposed.

iii. Consider Appointing Nominee to the SHS Board Subject to SHS Board Approval.

Ms. Greenberg explained that due to similarities in District policy and the SHS by-laws, filling a District vacancy on the SHS Board is a multi-step, and somewhat convoluted process. However, if SHS approves the nomination of Mr. Akerman, consideration of 6.c.iii at today's meeting eliminates the need for it to come back to this board again.

Director MacNaughton offered a motion to appoint Mr. Joseph Akerman to the SHS Board as the District's representative for a 3-year term (September 2007) subject to SHS Board approval. Director Faro seconded the motion, which passed with a 3-1 vote with Director Hickey opposed.

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

Respectfully Submitted,

John B. Oblak
Secretary