

**MINUTES OF ANNUAL MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT
June 13, 2006**

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

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

Excused: Mr. MacNaughton, Dr. Oblak

CALL TO ORDER:

President Kane called the meeting to order at 3:35 PM in the Sequoia Room at Sequoia Hospital.

PUBLIC COMMENT:

President Kane announced that Ms. Linda Kresge was not available to attend today's meeting to report on Sequoia Hospital/SFSU Baccalaureate Nursing Program at Cañada College. Due to time constraints, agenda item 6.b. will be the first item of business followed by Public Comment.

NEW BUSINESS:

6.b. Report On \$1M Matching Grant For FY 05/06 From Sequoia Hospital Foundation And Request For Matching Grant Up To \$1.5 M For FY 06/07.

Ms. JoAnn Kemist, President of the Sequoia Hospital Foundation, thanked the board for its ongoing commitment to healthcare within the community. The Foundation has met the District's matching grant challenge by surpassing \$1 million. Projects that benefited from the District's matching grant included renovation of the cardiac catheterization lab, purchase of high-tech patient beds and nursing scholarships. Plans for the upcoming year include the purchase of wireless telemetry units, patient ventilators and cardiovascular equipment.

Ms. Kemist asked the Board to consider increasing the matching grant to the Foundation by 50 percent -- up to \$1.5 million for fiscal year 2006-2007 to further stimulate the increase in both donors and donations.

President Kane noted that by approving the District's proposed budget for fiscal year ending June 30, 2007, the \$1.5 million grant to the Foundation would be passed.

PUBLIC COMMENT ON NON-AGENDA ITEMS:

Director Hickey said that there should be a public explanation as to why a Board meeting is rescheduled. In particular, when meetings are rescheduled as a result of director unavailability, the unavailable directors should be named.

President Kane announced that she attended the commencement ceremony at Cañada College, accepting an award on the District's behalf as Cañada's 2006 Outstanding Business Partner.

CONSENT CALENDAR:

Director Hickey requested the removal of agenda items 3.a (Minutes of April 5 and April 26, 2006 and 3.b (Financial Statements for January, February, March and April 2006).

DISCUSSION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

Item 3.a (Minutes of April 5 and April 26, 2006): Director Hickey said the tapes of the meetings should be available to directors free of charge. Ms. Greenberg responded that if the Board wants to make this an agenda item for consideration at a future meeting, the Board could do so.

Item 3.b. (Financial statements for January, February, March and April 2006): Director Hickey asked to see invoices for legal fees and public relations for February, March and April. President Kane said she would consider this request.

Director Faro offered a motion to approve the Consent Calendar. President Kane seconded the motion, which unanimously passed.

6.c. Report On 2006/2007 Strategic Goals.

Ms. Scott reviewed the 2006/2007 Strategic Action Plan. The Action Plan displayed District programs, goals, objectives and measurements for success of a program and the District. Ms. Scott stressed the importance of the link between public awareness and a program's success. Linking people to District programs and services requires planning and a variety of communication efforts. Website information, direct mail, press releases, community events and meetings are all necessary for the success of the District towards its vision of providing access to healthcare.

6.d. Adopt Proposed Budget for Fiscal Year Ending June 30, 2007.

Ms. Tammy Staeden referred to the budget narrative and discussed key items therein. Ms. Scott noted that D&O insurance would be increased to reflect an expense of \$54,000. Directors questioned why the 2006-projected investment income of \$163,400 appeared to be low. Ms. Scott replied that Eric Reynolds of Fiduciary Investment is due to provide an annual update and can address the Board's questions or concerns.

President Kane questioned the increase in the District's Community Grants program from \$625,000 to \$1.5 million. Ms. Scott answered that a large number of highly qualified agencies applied for grants last year and, with the addition of a new focus area and multiple year grants for the coming year, the proposed grant budget was increased accordingly.

Director Faro offered a motion to adopt the proposed budget for fiscal year ending June 30, 2007. The motion was seconded by President Kane and approved by a majority of the quorum with Director Hickey opposed.

6.e. Adopt Resolution 06-1 Adopting Provisions For Healthcare District General Election

Ms. Greenberg noted that the resolution recites the requirements of the County's Election Department for the November 2006 general election. Director Faro offered a motion, which unanimously passed, to waive reading of the resolution. Director Faro offered a motion to adopt Resolution 06-1. President Kane seconded the motion. Discussion: Director Hickey stated he would like the District, rather than the candidates, to pay for the candidates' statements. Ms. Greenberg replied that considering such a change would be more appropriate after this year's election. Roll call vote:

Ayes: Directors Faro, Hickey and Kane
Noes: None
Absent: Directors MacNaughton and Oblak

6.f. Adopt Resolution 06-2 Accepting Amendment To Eliminate Automatic Small Benefit Distributions From Sequoia Healthcare District Employees Plan And Bring Plan Into Compliance With IRS Notice 2005-05

Director Faro offered a motion to waive reading of the resolution. Director Hickey seconded the motion, which unanimously passed. Director Faro offered a motion to adopt Resolution 06-2. President Kane

seconded the motion. Discussion: Director Hickey asked for a copy of Resolution 98-1 referred to in Resolution 06-2. The motion was approved by a majority of the quorum with Director Hickey opposed. Roll call vote:

Ayes: Directors Faro and Kane
Noes: Director Hickey
Absent: Directors MacNaughton and Oblak

6.g. (1) 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. Directors Kane and Spirtos' Seats Require Consideration For Nomination Of Reappointment.

Director Faro offered a motion to nominate Kathleen Kane for reappointment to the SHS Board. President Kane seconded the motion, which was approved by a majority of the quorum with Director Hickey opposed. Director Faro offered a motion to nominate Dr. Tanya Spirtos for reappointment to the SHS Board. President Kane seconded the motion, which was approved by a majority of the quorum with Director Hickey opposed.

6.g. (2) Consider Appointing Nominee to the SHS Board Subject to SHS Board Approval.

President Kane reminded the Directors that consideration of 6.c (2) at today's meeting eliminates the need for the item to come back to this board again. Director Faro offered a motion to appoint Kathleen Kane and Dr. Tanya Spirtos to the SHS Board for 3-year terms (ending September 2009) subject to SHS Board approval. President Kane seconded the motion which was approved by a majority of the quorum with Director Hickey opposed.

6.h. Item Requested By Director Hickey: "Proposal to provide individual Sequoia Healthcare District property owners with elective power to designate recipients of District charity dollars currently Granted by the Board of Directors. Such election would be made on their property tax bill by providing the taxpayer I.D. # of the eligible organization. Failure to exercise this elective power would result in Grants defaulting to those determined by the Board. Amount of grants would be pro-rated and would not exceed a total maximum of all Grants to be set by the Board."

President Kane reported that legal counsel is of the opinion that implementation of this agenda item is most likely unconstitutional. Director Hickey volunteered to research the item as a representative of the District Board. President Kane and Director Faro told Director Hickey that if he is to research his initiative, he is to do so as a private citizen and not as a representative of the Board. Director Faro offered a motion to defer action on this item. The motion unanimously passed.

7. ADJOURN:

Upon a motion duly made and seconded, President Kane adjourned the meeting at 4:55 PM. The next regularly scheduled meeting of the Sequoia Healthcare District Board of Directors is Wednesday, August 2, 2006, 4:30pm, Sequoia Room, Sequoia Hospital.

Respectfully Submitted,

John B. Oblak, Ph.D.
Secretary