

**MINUTES OF ANNUAL MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT
February 1, 2006**

Present: Mr. Faro
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 4:35 PM in the Sequoia Room at Sequoia Hospital.

PUBLIC COMMENT:

There was no public comment.

CONSENT CALENDAR:

Director Hickey requested the removal of agenda items 3.a (Minutes of December 7, 2005) and 3.b (Financial Statements for November and December 2005).

Director Faro offered a motion to accept item 3.c (CEO's report of January 25, 2006). Director MacNaughton seconded the motion, which unanimously passed.

DISCUSSION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

Item 3.a (Minutes of December 7, 2005): Director Hickey questioned if it is appropriate for the Secretary of the Board to sign the minutes if not prepared by the Secretary of the Board. Ms. Greenberg responded that it is normal to have minutes prepared by staff and after Board approval the Secretary of the Board signs the minutes as the signature designates the minutes as the official record approved by the Board. Director Faro offered a motion to approve the minutes of the December 7, 2005 meeting. Director Oblak seconded the motion, which passed by a 4-1 vote with Director Hickey opposed.

Item 3.b. (Financial statements for November and December, 2005): Director Hickey queried about the public relations expense. Ms. Scott noted that the expense is within approved budget and a summary of community outreach is in the CEO report.

Director MacNaughton moved to accept the financial statements for November and December. Director Faro seconded the motion, which passed by a 4-1 vote with Director Hickey opposed.

NEW BUSINESS:

5.a. Accept The District's Annual Audit For The Period Ending June 30, 2005 As Prepared By The CPA Firm Vavrinek, Trine, Day & Co., LLP.

Tom Brewer and Dennis Christian of the accounting firm Vavrinek, Trine, Day reviewed the audit report. It is the opinion of Vavrinek, Trine, Day, & Co., LLP that the information is fairly stated and the assets, liabilities and activities of the District are fairly presented, in all material respects, according to generally accepted accounting rules.

Director Hickey asked Mr. Brewer's opinion regarding the role of the District in the Pension Plan and expressed his interest in annuitizing the Plan. Director MacNaughton asked how it would be determined what portion of the Plan, if any, would be considered a liability. Mr. Brewer explained that it is required that public agencies conduct regular actuarial studies to estimate the disbursement of retiree benefits. Ms. Scott confirmed that the Pension Plan Committee includes an actuary who performs this analysis on an annual basis. Mr. Brewer is expecting that the District Pension Plan will not be considered a liability.

Regarding the cash balance in the deposit account, Ms. Scott reported that staff would be working with its financial and investment advisors to move an appropriate sum into the investment account.

Director Hickey offered a motion to accept the annual audit. Director Faro seconded the motion, which unanimously passed. It was noted that the audit footnotes would be corrected to reflect that on page 27 a reference to footnote 3 should be footnote 4. A copy of the audited financial statements is maintained in the District office files and included as part of these minutes.

5.b. Receive State Of The District Report.

Ms. Scott highlighted some of the key accomplishments for 2005 and goals for 2006, both for the District as an organization and its impact on the community:

The Community Advisory Panel was formed and was instrumental in identifying funding priorities that mapped the community healthcare needs for the District's Community Grants Program. The District performed a long-term financial analysis and adopted a formal budget. An endorsing report was received from the Civil Grand Jury. The District extended its presence in the community by joining collaborative efforts including Redwood City 2020, the Health Disparities Collaborative and Children's Health Initiative. Towards the goal of addressing the dearth in the healthcare workforce, the second cohort of students was admitted to the Sequoia Hospital/SFSU Satellite Bachelors Nursing Program at Cañada College funded by the Sequoia Healthcare District. Additionally, a matching grant was provided for allied health students. The District approved continued funding as primary benefactor to Samaritan House Medical Clinic of Redwood City, which also expanded its services to include eye and dental care.

In 2006 it is planned that development and support of proactive and innovative ways to promote health, wellness and disease prevention for our community continue. This includes drawing on the experience of other Community-Based Healthcare Districts, developing strategies for the District's role in the local effort in prevention, preparedness and response to unexpected public health challenges, continuing to participate and convene discussions concerning medically uninsured community members in the hope that a collaborative solution is not far off, and the continuation of the Community Grants Program. Ms. Scott reported that work would continue towards divestment of the medical office buildings in collaboration with Sequoia Hospital and improved outreach and communication efforts to support the mission of the District.

Director MacNaughton requested Ms. Scott present specific plans and timeframes regarding the District's goals for 2006. Ms. Scott said she would be pleased to make a presentation at the next Board meeting and can do it in conjunction with the report on outreach planning to support the District's activities.

Citing the reference to the Nursing Program, Director MacNaughton asked for detail regarding utilization of the District's funds for this program. Staff will arrange for a presentation to the Board on this topic at a future meeting.

5.c. Pursuant To Policies 4.5, 6.5 and 22, Confirm Current Slate of Board Officers For One-Year Term (February 2006 to February 2007).

Ms. Scott noted that at its February 2005 meeting, the Board appointed a slate of officers for a one-year term. The term of a slate of officers was discussed in connection with the policies and procedures in April 2005. It was determined that at the Board's annual organizational meeting in February of each year, officers shall be elected (Policy 6.5) and the term for each officer shall be two years (Policy 4.5). The current Board officers are: Board President - Kathleen Kane, Vice President - Malcolm MacNaughton, Secretary/Treasurer - Dr. John Oblak. It is recommended that the current slate of officers be confirmed for one more year, thus giving the slate a two-year term, as the policies envision. Director Faro offered a motion to approve the current slate of officers for a one-year term making their overall term two years and in conformance with the policy. Director Oblak seconded the motion that was unanimously passed.

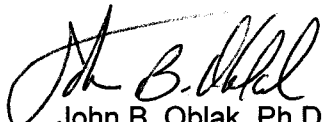
5.d. Appoint An Alternate Or Alternates To San Mateo County LAFCo Special District Selection Committee.

Ms. Scott reported that the Special District Selection Committee exists for the purpose of appointing special district members to LAFCo. Government Code Section 56332 provides that only presiding officers of Independent Special Districts or a board-appointed alternate (who must also be a board member) may vote for the special district member on LAFCo. A meeting of this Committee is scheduled for May 9, 2006. The appointment of an alternate or alternates is recommended in the case of the absence of an agency's presiding officer at the next Independent Special District Selection Committee meeting. Director Hickey volunteered to serve as an alternate in the event the President of the Board is unable to attend. Director MacNaughton offered a motion to appoint Director Hickey as alternate. Director Oblak seconded the motion, which unanimously passed.

6. ADJOURN:

Upon a motion duly made and seconded, President Kane adjourned the meeting at 5:30 PM. The next regularly scheduled meeting of the Sequoia Healthcare District Board of Directors is Wednesday, April 5, 2006, 4:30pm, Sequoia Room, Sequoia Hospital.

Respectfully Submitted,


John B. Oblak, Ph.D.
Secretary