

**MINUTES OF SPECIAL MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT
October 15, 2008**

Sequoia Room, Ground Floor, Sequoia Hospital
170 Alameda de las Pulgas
Redwood City, CA 94062

Directors Present

Director Faro
Director Hickey
Director Horsley
Director Kane
Director MacNaughton

Directors Excused

Also Present

Mr. Mahadevan, Interim
Executive Director
Mr. Hudak, Legal Counsel
Ms. Johnson, Recorder

1. Call to Order

By: President Kane
Time: 4:35 PM

2. Public Comment/Non-Agenda Items

Director Faro stated that parts of Director Hickey's candidate statement are false.

3.a. Discuss Sequoia Healthcare District Dissolution Ramifications Memorandum

Mr. Hudak discussed the memorandum he had presented to the Board, including the process for dissolving a healthcare district and the manner in which current assets and future taxes would be distributed. He explained that current assets (cash, real property, and the right to receive net operating revenues from CHW) would either be distributed to the cities located within the District and to San Mateo County, where they could be used for any purpose, or to a successor agency to be used for healthcare purposes, depending on the recommendation of LAFCo. State law prohibits returning these assets to taxpayers. He also explained that, if the District dissolved, the increment of taxes allocated to the District under Proposition 13 would be reallocated to all taxing agencies within the District, resulting in no tax savings for residents. He noted that, because very few special purpose districts have dissolved, there was some possibility of a different result, but this was his best analysis and was consistent with the opinion of the attorney for Los Medanos Healthcare District, which had considered dissolving. He also stated that the District could decline to collect its share of taxes one year at a time, which would result in a savings to residents.

Director MacNaughton, noting that a majority of the participants in the strategic planning process expressed support for the District to continue to serve the healthcare needs of District residents, thought it important for the Board to go on record that the District will remain in existence.

Mr. Hudak was directed to prepare a resolution to reflect the current Board's position and present it for consideration at the next Board meeting.

3.b. Deliberate and Agree on Strategic Plan Based on the Camden Group's Revised Draft of September 15, 2008.

The Board thanked Panos Lykidis of the Camden Group for their work in assessing the District's current situation through interviews with the Board, community members, physicians and grant recipients; analyzing published data as well as market factors and trends, and presenting the findings, conclusions and recommendations based upon their analysis for the Board's consideration.

Motion: To adopt Version A as the District's Mission Statement as follows: "Sequoia Healthcare District's mission is to improve the quality of life for District residents by enhancing access to healthcare services and by supporting and encouraging programs and activities designed to achieve health, wellness, and disease prevention."

By: Director Faro

Seconded by: Director MacNaughton

Vote: 4-1 with Director Hickey opposed.

Motion Passed

3.c. Consider Matching Grant to Sequoia Hospital Foundation in the Amount of \$2 Million

Ms. JoAnn Kemist, President of the Foundation, stated that in the past the District's matching grants were not restricted. However, if the Board now chose to direct District funds to a specific program, the Foundation would be receptive.

Director Horsley said it would be helpful if the Board members were informed as to the fund raising goals of the Foundation and the specific programs to which the Foundation will direct the funds.

Motion: To table this item and and invite the Foundation back in December with a specific plan.

By: Director Horsley

Seconded by: Director MacNaughton

Vote: 4-0-1 with Director Hickey abstaining

Motion Passed

4.a. Executive Director's Position: Decide Whether Position Will Be Full-Time or Part-Time

Motion: The Executive Director position shall be up to full-time; the job description will be updated to incorporate goals and objectives of the new strategic plan.

By: President Kane

Seconded by: Director MacNaughton

Vote: 5-0

Motion Passed

4.b. Executive Director's Position: Consider Appointment of New Executive Director.

The Board decided to defer action on this item.

4.c. Executive Director's Position: Consider Engaging HFS consultants to Perform a Search for New Executive Director

Motion: To engage the services of HFS Consultants to perform a search for the District's new Executive Director position for a fee not to exceed \$45,000 plus expenses.

By: Director Horsley

Seconded by: Director Faro

Vote: 3-2 with Directors Hickey and MacNaughton opposed.
Motion Passed

5. Adjourn

Motion: At 5:40 PM, adjourn meeting.

By: Director Faro

Seconded by: Director Horsley

Vote: 5-0

Motion Passed

Respectfully Submitted,

Don Horsley, Secretary