

**MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT
December 7, 2011**

Conference Room, 525 Veterans Boulevard, Redwood City, CA 94063

Directors Present

Director Faro
Director Griffin
Director Hickey
Director Kane
Director Shefren

Directors Excused

Also Present

Mr. Michelson, CEO
Mr. Hudak, Legal Counsel
Ms. Johnson, Recorder

1. Call to Order

By: President Griffin

Time: 4:30 pm

2. Public Comment/Non-Agenda Items

Karen Franconi of Hope House spoke to the importance of the District's grant in providing a variety of benefits to the facilities residents.

3.a. - 3.b. Consent Calendar

Motion: To approve the Consent Calendar

By: Director Faro

Seconded by: Director Kane

Vote: 5-0

Motion Passed

4. CEO/Staff Reports

Mr. Michelson reported the EBIDA income was less than projected due to a drop in Sequoia Hospital's profit margin from bad debt.

A payroll error occurred due to PayChex computer conversion, resulting in two employees being double paid for their in-lieu health benefit and a third employee being underpaid. When discovered, staff reported the problem to the District's auditors. Now have signed agreements with the two employees to repay funds. A form will be completed and submitted to PayChex for future changes in salary and/or benefits.

Two classes for the new chronic disease management program have been scheduled at Little House in Menlo Park.

Healthy Schools Initiative: Ms. Kurtzman introduced two new wellness directors, Dr. Karen Li, Sequoia Union High School District and Andrea Garen, Redwood City School District. Coordinators from all the school districts are working with school administrators, counselors, staff and community partners to align priorities with the CSH model.

HeartSafe: Six Lucas devises purchased with District assistance have been instrumental in saving lives. An additional six devises will be purchased and supplied to the fire departments/districts within our geographic area.

5.a Accept The District's Annual Audit For The Period Ending June 30, 2011

Mr. Michelson introduced Ali Gharaibeh and Dennis Christian of Vavrinek, Trine and Day. Mr. Gharaibeh reported that the District received an unqualified opinion which is the highest level of assurance and the District is in a very solid financial position. The internal

control report notes a weakness in the District's payroll process relative to the in-lieu health insurance benefit. In reference to the in-lieu benefit concern discussed in the CEO report above, Mr. Christian acknowledged that District staff reported the problem to him when he began his field work for the annual audit. Mr. Michelson stated that a form has been developed that specifically spells out all changes of employee salaries and benefits and requires signatures of employee and CEO.

Motion: To accept the June 30, 2011 annual audit.

By: Director Kane

Seconded by: Director Griffin

Vote: 4-1 with Director Hickey opposed

Motion Passed

5.b Investment Update

Mr. Michelson introduced Eric Reynolds, the District's financial advisor with Fiduciary Trust International (FTI).

Mr. Reynolds reported that risk is being aggressively managed and the portfolio is well diversified. He stated that the District's investments are in compliance with State guidelines and the District's investment policy. The portfolio's performance for the period ending 10/31/11 was presented.

Year-to-date, the portfolio increased in value by 2.39%, compared to the average Local Agency Investment Fund (LAIF) rate of 0.40%. The portfolio's market value totaled \$14,844,000. (A copy of the written report is included with the original of these minutes.)

5.c. Accept 2011 Sequoia Hospital Campus Redevelopment Project Annual Report

Ms. Vaskelis reported that the rebuild project is within guidelines but experienced delays due to OSPOD permitting process. Costs will increase from the delays but hopefully not in excess of 7.5%. An updated cost estimate is targeted for the early part of 2012.

Motion: To accept the 2011 Campus Redevelopment Project Annual Report.

By: Director Kane

Seconded by: Director Griffin

Vote: 5-0

Motion Passed

5.d. Update: Ravenswood Family Health Center

Mr. Michelson introduced Luisa Bauda, CEO. She spoke to the importance of the District's current grant which has allowed the clinics to expand services. Of the 13,276 patients receiving care at Ravenswood, 3,080 are District residents. However, the clinics are now completely at capacity. A new \$16.1 million health center is in the planning. Funding sources include \$1.3 million in committed capital gifts, \$11.1 million in prospective capital gifts and \$3.7 million low cost loans. A new facility will provide 100% increase in access for District's residents; increased quality of care for patients and reduced costs to local healthcare system. Construction can begin in 2013 and will take 18-24 months.

Adjourn

Motion: At 6:05 PM adjourn meeting.

By: Director Faro

Seconded by: Director Griffin

Vote: 5-0

Motion Passed

The next regular meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 4:30 PM, Wednesday, February 1, 2012, District Conference Room, 525 Veterans Blvd., Redwood City, CA.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Kathleen Kane".

Kathleen Kane
Secretary