

**MINUTES OF THE ANNUAL MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT
February 5, 2014
Conference Room, 525 Veterans Boulevard
Redwood City, CA 94063**

Directors Present

Director Faro
Director Griffin
Director Hickey
Director Shefren

Directors Excused

Director Kane

Also Present

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

1. Call to Order

By: President Shefren

Time: 4:30 PM

2. Public Comment/Non-Agenda Items

President Shefren asked if there was any public comment on non-agenda items. He announced that public comment would be taken on each agenda item.

Director Hickey made a statement about Director Health premiums.

3.a - 3.b Consent Calendar

President Shefren asked if there was any public comment on the Consent Calendar.

Director Hickey questioned the HeartSafe budget. Mr. Michelson replied that the current budget was approved by the Board prior to the decision to continue the HeartSafe program.

Motion: To approve the Consent Calendar

By: Director Faro

Seconded by: Director Griffin

Vote: 4-0

Motion Passed

4. CEO/Staff Reports

State of the District: In addition to the Michelson's written report, he emphasized that the District is financially strong with more than \$14 million in unrestricted reserves. The District's website is being revamped and will be much improved and easier to navigate. An email newsletter and social media are also in process.

District Programs: Ms. Kurtzman provided update on the Community Grants.

HeartSafe: Mr. Michelson reported that staff is getting ready to begin the process to build out the training classroom.

In reply to a recent Board inquiry, Mr. Michelson reported that in 2011, twenty AEDs were placed; 2012, twelve AEDs and in 2013, seven AEDs. He will research as to how many of the units were paid for by the District.

President Shefren announced a change to the agenda in that item 5.f will follow item 5.c.

5.a Fiduciary Investment Report

Mr. Michelson introduced Jeff MacDonald, the District's financial advisor at Fiduciary Trust.

Mr. MacDonald discussed the current view on fixed income investments as well as the future outlook. Investment themes and portfolio strategies are based on duration, yield curve positioning and sector focus.

Year-to-date, the portfolio increased in value by 0.47%, compared to the average Barclays Treasury benchmark of 0.36%. Mr. MacDonald stated that the District's investments are in compliance with State guidelines and are somewhat conservative, with Fiduciary favoring credit risk rather than interest rate risk.

5.b. Report Update on San Mateo Medical Center

Dr. Susan Ehrlich, Jonathan Mesinger and Dr. Jeanette Avila presented an update on the new Fair Oaks Health Center which opened December 16. The new center replaces three clinics and is expected to serve over 17,000 patients in the first year and the majority of patients live within the boundaries of the District.

5.c. Consider Request From Children's Health Initiative To Extend Funding For An Additional Three Years At \$1,350,000 Per Year

President Shefren asked if there was public comment on this item. There was none.

Ms. Srija Srinivasan and Ron Robinson spoke to the goals and accomplishments of the Children's Health Initiative. Ninety-five percent of the children in San Mateo County are insured and continuing this success requires the ability in the coming year to maximize the benefits of the Affordable Care Act. It is estimated that 1,254 children living within the District's boundaries aged 6-18 will be enrolled in Healthy Kids which is the local product under CHI. A grant of \$1.35 million will cover 82% of the costs of covering these children with other funders covering the remaining 18%. The District's grant would represent around 19% of the CHI budget.

Peninsula Healthcare District, San Mateo County Board of Supervisors and First Five Commission have committed continued support.

Motion: To extend funding for an additional two years not to exceed \$1,350,000 per year with the contingency that the other three local funders commitments also continue at the same level. CHI will present an update to the Board annually to show enrollment, program costs and funder commitments.

By: President Shefren

Seconded by: Director Faro

Vote: 3-1 Director Hickey Opposed

Motion Passed

5.f. EBIDA Update

President Shefren reviewed the notes of a telephone conversation with Dave Roberson of HFS regarding new EBIDA income projections for the District.

Mr. Michelson reported that the District's auditors cannot make any judgments on the financial information provided to them without researching further additional accounting records of Sequoia Hospital. Ms. Glenna Vaskelis and Ms. Gratia Barton assured Directors that all financial information requested by District auditors would be provided and Ms. Barton offered to be available to explain the details of any of the information.

President Shefren suggested that he, Director Griffin and Mr. Michelson research further and come back to the Board with a recommendation as to whether or not have new projections done by HFS.

5.d. Report Update On Mission Hospice

Mr. Dwight Wilson introduced Mr. Steven Weller from the Mission Hospice Board and Dr. Gary Pasternack.

There are no hospice houses in San Mateo County and in discussions with care providers it has been determined that the community needs and would utilize a 12-bed hospice house that would provide a full range of services to patients in San Mateo and Santa Clara County. It is anticipated that Hospice House would generate revenue to meet approximately 80 percent of the operating expenses and their fundraising would cover remaining expenses. The estimated required cost of the initial project is between \$5-\$7 million. Mr. Weller said the Mission Hospice Board is fully behind new project and fundraising efforts will begin soon. Mr. Wilson said they are looking for partners to invest in the costs of project or the building itself and would like to return to a future Board meeting when they are ready to present a request for a commitment.

5.e. Proposal to Provide Audit Services from Vavrinek, Trine, Day for 2013-14, 2014-15 and 2015-16.

Motion: To accept the proposal to provide audit services for an additional three fiscal years at \$17,000 per year.

By: Director Faro

Seconded by: Director Griffin

Vote: 4-0

Motion Passed

6. Adjourn to Closed Session

Motion: Adjourn to Closed Session.

By: President Shefren

Seconded by: Director Faro

Vote: 4-0

Motion Passed

7. Reconvene to Open Session

Reconvene to Open Session.

Motion: To amend Mr. Michelson's employment agreement to increase his salary to \$192,800 retroactive to April 27, 2013 and to increase his PTO accrual rate to provide 5 additional days of PTO per calendar year retroactive to April 27, 2013.

By: President Shefren

Seconded by: Director Faro

Vote: 3-1 with Director Hickey opposed.

Motion Passed

8. Adjourn

Motion: At 6:40 PM adjourn meeting.

By: Director Kane

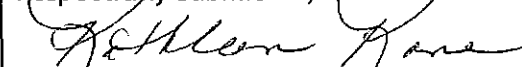
Seconded by: Director Faro

Vote: 4-0

Motion Passed

The next regular meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 4:30 PM, Wednesday, April 2, 2014, District Conference Room, 525 Veterans Blvd., Redwood City, CA.

Respectfully Submitted,



Kathleen Kane

Secretary