

**Amended portions in bold and underlined  
on pages 1 & 3.**

**MINUTES OF MEETING  
BOARD OF DIRECTORS  
SEQUOIA HEALTHCARE DISTRICT  
August 9, 2006**

Present: Mr. Hickey  
Ms. Kane, President  
Mr. MacNaughton  
Dr. Oblak

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

Excused: Mr. Faro

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**CALL TO ORDER:**

President Kane called the meeting to order at 4:40 PM in conference rooms D and E at Sequoia Hospital.

**PUBLIC COMMENT:**

There was no public comment.

**CONSENT CALENDAR:**

Director Hickey requested the removal of agenda items 3.a (Minutes of June 13, 2006) and 3.b (Financial Statements for May and June 2006).

**DISCUSSION OF ITEMS REMOVED FROM THE CONSENT CALENDAR**

Item 3.a (Minutes of June 13, 2006): Director Hickey presented the Board with a document with proposed corrections to the minutes (a copy of which is included in the District's Minutes Book). Director Hickey asked that the Public Comment of the minutes be amended to add that he requested that when meetings are rescheduled as a result of director unavailability, the unavailable director(s) should be named. Additionally, he proposed that Agenda Items 6.d and 6.g failed to pass.

Director MacNaughton joined the meeting at 4:50.

**After considerable discussion**, legal counsel suggested that the language in the June 13 minutes be amended from "the motion passed 2-1 with Director Hickey opposed" to "the motion was approved by a majority of the quorum with Director Hickey opposed."

Director Hickey offered a motion to change the minutes pursuant to his recommendations. There was no second to his motion.

Director MacNaughton moved to amend the minutes as suggested by legal counsel and to accept Director Hickey's change to Public Comment contingent upon clarification from the tape of that meeting. Director Oblak seconded the motion, which carried with Director Hickey opposed.

Item 3.b. (Financial statements for May and June, 2006): Director Hickey asked to see invoices for administration, web site, legal fees and public relations expenses for May and June.

Director Oblak offered a motion to accept the financial statements for May and June. Director MacNaughton seconded the motion, which unanimously passed.

**Item 3.c. Biennial Review of Conflict of Interest Code.**

Director Hickey offered a motion to approve item 3.c. of the Consent Calendar. Director MacNaughton seconded the motion, which unanimously passed.

**5. CEO REPORT:**

In addition to her written report, Ms. Scott announced attendance increased by 70% at a recent informational meeting regarding the nursing program. The increase was largely due to an ad the District placed in local newspapers aimed at attracting more local applicants.

Ms. Scott announced the hiring of Pamela Kurtzman as the new District HeartSafe Program Coordinator.

**NEW BUSINESS:**

**6.a. San Mateo Medical Center (SMMC) Proposal: Fair Oaks Medical Clinic.**

President Kane reported that County officials encouraged the District to look into how it could assist San Mateo Medical Center. President Kane read the following statement from Director Faro: "I would like to state that I have reviewed the proposal from the San Mateo Medical Center for support in the amount of \$5,310,700.00 for the operational costs and facilities improvement of the Fair Oaks Clinic. I am wholeheartedly in support of the proposal. The Fair Oaks Clinic provides invaluable health services to the constituency of our District and conforms to the purpose and mission of the District. I believe that it is imperative for the District to help support the County in its efforts to provide health care services to the residents of our District."

President Kane introduced Nancy Steiger, CEO of San Mateo Medical Center (SMMC) to present her proposal to the Board (a copy of which is included in the District's Minutes Book). Ms. Steiger discussed some of the challenges facing SMMC in operating the county's public hospital and clinics.

Ms. Steiger reported that the existing Fair Oaks clinic and school clinics are no longer viable. Ms. Steiger is looking for funds to build a new, larger combined facility.

Under the SMMC proposal, the District would pay a total of about \$2 million for the new facility, in addition to the cost of indigent care in the District for two years, estimated at about \$1.7 million annually.

Director MacNaughton asked if SMMC is also seeking funds from hospitals in the area. Director Oblak expressed concern about the sustainability of the clinic and asked to see further details.

Staff was instructed to present the District's long-range financial outlook so that the Board may see how funding the Fair Oaks Clinic project would impact the District's cash flow, given its current and future financial commitments. Ms. Steiger will provide further details for the project including a list of potential sources of funding for the project and a list of medical facilities most impacted if the Fair Oaks Clinic closed.

Director Oblak moved to continue this agenda item to a special meeting to allow the questions at this meeting to be addressed and provide the Board with more time to consider the funding request. Director MacNaughton seconded the motion, which was approved by a 3-1 vote with Director Hickey opposed.

**6.b. Sequoia Hospital Rebuild Update.**

Ms. Glenna Vaskelis discussed the hospital rebuild project and reported that costs had increased from \$130 million to over \$200 million. The project is currently going through the EIR process and going to OSHPD in late 2006. The hospital's MRI department will be moving into the main hospital in December 2006. Pending permit approvals from Redwood City, construction on phase one of the project (the parking garage) is scheduled to begin late Spring/Summer of 2007.

**6.c. Resolution 06-3 Authorizing Paychex, Inc. To Provide 401(k) Plan Services For Sequoia Healthcare District Employees.**

Ms. Scott explained that this resolution would allow Paychex to provide 401(k) services to District employees. Director Oblak offered a motion, which unanimously passed, to waive reading of the resolution. Director Oblak offered a motion to adopt Resolution 06-3. Director MacNaughton seconded the motion. Discussion: Director Hickey questioned the cost for this service. The motion was approved 3 to 1. Roll call vote:

- Ayes: Directors Kane, MacNaughton, Oblak
- Noes: Director Hickey
- Absent: Director Faro

**6.d. Resolution 06-4 Clarification Of Voting Requirements.**

Ms. Greenberg reported that Resolution 06-4 would standardize and clarify the meaning of the various references to the majority of the board in the District's policies. Director Oblak offered a motion, which unanimously passed, to waive reading of Resolution 06-4. Director Oblak offered a motion to adopt Resolution 06-4. President Kane seconded the motion. After discussion, it was concluded that at a future meeting the Board ratify agenda items passed with a 2-1 vote at the June 13 meeting. **Director Hickey stated that he will walk out of a meeting to avoid a 2-1 vote on an agenda item.** The motion to adopt Resolution 06-4 was approved 3-1. Roll call vote:

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

**6. e. Item Requested By Director Hickey:**

**“Item: Revision of District Policies and Procedures to provide first refusal for the Presidency of the Board to be offered to the elected Director receiving the most votes in the election.**

**Action: Shall the District Policies and Procedures be revised as follows: 4.1 The District officers shall be President, Vice President, and Secretary/Treasurer. The Presidency shall first be offered to the elected Director receiving the most votes in the regularly scheduled election.”**

Director Hickey offered a motion to approve agenda item 6.e.. Director MacNaughton seconded the motion. President Kane read the following statement from Director Faro: “I have given considerable thought regarding Director Hickey’s revision of the Policies and Procedures to allow that the Presidency first be offered to the elected Director receiving the most votes in the regularly scheduled election. I would like to share with the Board that I do not believe the District would be well served by the adoption of such a change. It is conceivable that an individual with no experience either in public office or with health care experience could become the President of the Board.”

Call for the question. Directors Kane, MacNaughton and Oblak were opposed and Director Hickey was in favor, thus the motion failed (3-1).

**6. f. Adjourn To A Closed Session Under Government Code Sections 54957 And 54957.6 For The Following Purposes:**

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (54957)

Title: Chief Executive Officer Of Sequoia Healthcare District

CONFERENCE WITH LABOR NEGOTIATORS (54957.6)

Agency Designated Representative: Kathleen Kane, Board President

Unrepresented Employee: Chief Executive Officer of Sequoia Healthcare District

**6.g. Reconvene To Open Session And Report On Any Action Taken In Closed Session.**

No action was reported upon return to open session.

**7. ADJOURN:**

Upon a motion duly made and seconded, President Kane adjourned the meeting at 7:25 PM. The next regularly scheduled meeting of the Sequoia Healthcare District Board of Directors is Wednesday, October 4, 2006, 4:30pm, Sequoia Room, Sequoia Hospital.

Respectfully Submitted,

Arthur J. Faro  
Secretary