

**MINUTES OF GROSSMONT HEALTHCARE DISTRICT
INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE
Inaugural Meeting
October 18, 2006**

The Independent Citizens' Bond Oversight Committee of the Grossmont Healthcare District held its inaugural meeting on October 18, 2006, at 7:00 p.m., in the Main Auditorium of Grossmont Hospital, 5555 Grossmont Center Drive, La Mesa, California.

A. CALL TO ORDER:

The meeting was called to order at 7:00 p.m., by Interim Chairman Ernie Ewin.

B. PLEDGE OF ALLEGIANCE:

Mr. Ewin asked Ellen Arcadi to lead in the pledge of allegiance. Chairman Ewin declared a quorum for the transaction of business

C. ROLL CALL:

Mr. Barry Jantz, CEO of the Grossmont Healthcare District next called the roll. Mr. Jantz noted that Patrick Donnelly is excused, as he had called indicating he would be unable to attend the meeting.

D. APPROVAL OF AGENDA:

**Motion to approve the agenda was made by member Knutson,
seconded by member Powell and unanimously carried.**

E. PUBLIC COMMENT:

No members of the public addressed the Board.

F. DISCUSSION/ACTION ITEMS:

1. Welcoming Greeting/Introduction of Committee Members and Grossmont Healthcare District/Grossmont Hospital Staff

Mr. Ewin welcomed everyone and indicated that the committee members should identify themselves not with the Healthcare District, not with the Hospital, but as advocates for the Citizenry of the District.

Each of the members of the committee and each of the staff members of the Grossmont Healthcare District and Grossmont Hospital introduced themselves.

2. Review of Information in Committee Member Handbooks

Mr. Ewin and Mr. Jantz reviewed the ICBOC Handbook for the Committee members. Sections included the Brown Act, Conflicts of Interest, Ethics Policy Statement, Robert's Rules of Order, the Grossmont Healthcare District Handbook and copies of the Resolutions ordering the June 6, 2006, election and criteria for the ICBOC. Mr. Ewin noted that the Handbook has valuable information that can be expanded upon and he encouraged each of the members to take it with them and review it.

3. Overview of Proposition G

Mr. Jantz provided an overview of Proposition G for the Committee. Mr. Jantz noted that the Exhibit "A" of the Full Text Measure lists the specific projects that the Bond proceeds will be used to construct. Michele Tarbet, CEO of Sharp/Grossmont Hospital reviewed the planned projects for the Committee. In addition, Mr. Jantz noted that the measure referenced the accountability provisions which include the establishment of the ICBOC.

4. Discussion of Committee *independence, oversight, processes, objectives and structure*

Mr. Ewin reviewed for the Committee the ICBOC membership criteria which was attached as Exhibit "A" to District Board Resolution No. 04-06. Mr. Ewin indicated that the role of the ICBOC is to represent, advocate and promote the interests of the District taxpayers, and in so doing is not expected to be an advocate on behalf of the District, its Board, the hospital or Sharp HealthCare. Mr. Ewin stated that the Committee's function is oversight, not project management. Mr. Ewin stressed that understanding the process was very important to the independence of the Committee. Oversight means seeing and also understanding what is being done. The structure of how the Committee goes about its oversight role is something that the Committee will develop as we progress.

5. Discussion of Bylaws

Mr. Ewin indicated that, with the permission of the Committee, he and Mr. Jantz would draft a set of bylaws for review and consideration at the next meeting.

6. Discussion of Future Election of Chair and Vice Chair

Mr. Ewin stated that it might be appropriate for the Committee to get a few meetings under its belt and perhaps at the first meeting next year the Committee could consider the election of officers. In the interim, Mr. Ewin asked that the Committee consider electing James Schmidt as an interim vice chair in case of his absence. **It was moved by member Hawkins, seconded by member Powell, and unanimously carried to elect Mr. James Schmidt as interim vice chair.**

7. Discussion and Adoption of Ethics and Conflicts of Interest Policy of Committee

Mr. Ewin next asked that the Committee members review the Ethics Policy Statement and if agreeable sign the Statement. All the members present reviewed and signed the Ethics Policy Statement and provided the originals to Mr. Jantz.

8. Discussion of the Application of the Ralph M. Brown Act

Mr. Jeff Scott, Attorney for the Grossmont Healthcare District next addressed the Committee. Mr. Scott noted that the Brown Act had been in place since 1952. The Brown Act is the California law that requires meetings of public bodies be open and public. Mr. Scott invited the Committee's attention to the user guide which was in their Handbook and is published by the League of California Cities and League of Women Voters. Mr. Scott indicated that the Brown Act serves a very important purpose in our state and suggested that the Committee take time to review the pamphlet.

9. Discussion of Liability Insurance for the Committee

Mr. Scott noted that his office was working on obtaining Directors and Officers Liability Insurance for the Committee and assured the Committee that D&O coverage would be obtained and he would report on the status at the next meeting. Mr. Ewin indicated that the Committee would take no formal action until the coverage is in place. Mr. Scott was also requested to look into a waiver issue as it relates to coverage.

10. Discussion of the Proposition G Participants (including project management, program management and their roles, accountability, goals and agendas, and objectives)

Mr. Jantz provided a brief overview of the Proposition G participants. Mr. Jantz stated that all contracts will be with the District. The District will be relying on the Hospital staff for input but the District plans on having their own Project Manager to help coordinate the projects. In addition, the District has allocated up to \$100,000 to assist the ICBOC in administering its needs. It may be that the same Project Manager firm serves the needs of the ICBOC. Committee discussion followed with respect to the appropriate oversight role of the ICBOC. Mr. Ewin stressed that the Committee function was oversight and not policy making or direction. The Committee will have additional discussion in this regard.

11. Discussion of Funding Plan – How it happens; when it happens/timing; estimated dollar amount of first phase of construction; role of property tax values, assessments and resulting amounts; bond rate mechanics

Mr. Jantz explained how the tax rate was annually set. Mr. Jantz indicated that the tax rate for the first year has been set at \$13.15 per \$100,000 of assessed valuation. This amount will provide sufficient funds to pay debt service on an approximate \$100 million bond issuance for the first year. Mr. Ewin noted that other matters referenced in this item will be coming to the Committee at future meetings. Mr. Scott stated that Bond Counsel will be making a presentation to the Committee at the next meeting.

12. Bond Expenditures to Date

Ms. Tarbet stated that the Hospital had spent under \$1 million on Architectural fees for the design of the 2nd, 4th and 5th floors of the Emergency Department/Critical Care Unit tower. This amount included payment of fees to the state. By continuing the design of the tower when the lower two floors were done, over \$1 million was saved. The money was spent in anticipation of a successful Bond measure. Under the law this type of expenditure is eligible for reimbursement. Mr. Jantz noted that the election costs to have the measure on the ballot (approximately \$92,000) were also eligible for reimbursement.

13. District Reporting Methodology; Accounting and Fund Controls

Mr. Jantz reported that Mr. Tom Saiz, the District's CPA will be reporting to the Committee on this item at a future meeting.

14. Selection Process for Independent Auditor

This will be discussed in detail at a future meeting.

15. Requirements for a Labor Compliance Plan

Mr. Scott stated that the Labor Compliance Plan provisions in the state law apply to College Districts but do not apply to California Healthcare Districts

16. Value Engineering

Mr. Lou Smith, a Registered Civil Engineer and Vice President of Facilities for Sharp HealthCare next addressed the committee. Mr. Smith explained the difference between the peer review process which involves a technical review of the plans and specifications by another Architect and a constructability review which is similar but is typically done by a contractor. The constructability review can show where you can save money on a project.

Mr. Dan McDaniel, Director of Campus Planning and Facilities Development next reported on the status of the Peer Review Request for Proposals. Mr. McDaniel indicated that the Hospital had received four proposals from qualified firms. The scope of review is to look at the design drawings for the 2, 4, 5 build-out and to look at the Hospital's criteria and how the plans and specifications comply with that criteria. It is anticipated that a recommendation for a firm will be made to the District Board at the November 2, 2006, Special Board meeting.

17. ICBOC Website

Mr. Ewin posed the question to the Committee of why have a website? Mr. Ewin stated that it is important to have information available to the public as well as to the Committee members. In addition, a website saves paper and provides an important historical document. Mr. Ewin suggested that this item be discussed in more detail at a future meeting.

18. Establishing an ICBOC Meeting Schedule

After discussion **it was moved, seconded and unanimously carried that the Committee would meet on the 3rd Thursday of each month at 6:00 p.m.** with the understanding that the Committee would be dark in the month of December. The next meeting will be Thursday November 16, 2006 at 6:00 p.m.

19. Roundtable discussion and closing comments

After a Committee discussion, Chairman Ewin thanked the members for their attendance.

G. ADJOURNMENT:

There being no further business, on motion duly made, seconded, and unanimously carried, the Committee adjourned at 9:30 p.m.

Respectfully submitted,

Ernie Ewin, Interim Chairman