

**MINUTES OF GROSSMONT HEALTHCARE DISTRICT
INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE
Regular Meeting
November 16, 2006**

The Independent Citizens' Bond Oversight Committee of the Grossmont Healthcare District held a regular meeting on November 16, 2006, at 6:00 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 6:00 p.m., by Interim Chairman Ernie Ewin.

B. PLEDGE OF ALLEGIANCE:

Mr. Ewin asked Committee member Michael Emerson 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 Gossmont Healthcare District next called the roll. Mr. Jantz noted that Peter Hansen had a conflict this evening and would be unable to attend the meeting. All other Committee members and alternates were present.

D. APPROVAL OF AGENDA:

Motion to approve the agenda was made by member James Johnson, seconded by member Michael Emerson and unanimously carried.

E. APPROVAL OF MINUTES OF THE OCTOBER 18, 2006 MEETING:

Motion to approve the minutes of the inaugural meeting of October 18, 2006 was made by member Joseph Powell seconded by Ellen Arcadi and unanimously carried.

F. PUBLIC COMMENTS:

No member of the public addressed the Committee

G. PRESENTATIONS:

1. G.O. Bond Process – Robyn Helmlinger Esq., Bond Counsel

Mr. Jantz introduced Robyn Helmlinger Esq., with the firm of Sidley, Austin in San Francisco. Mr. Jantz noted the Ms. Helmlinger's firm had been retained by the District to provide Bond Counsel services for the G.O. Bonds that were to be issued as a result of the passage of Proposition G. Ms. Helmlinger provided the Committee with a general overview of the Bond process.

Ms. Helmlinger explained that District had been working with its selected underwriter in determining the amount of the first issuance which should be approximately \$100 million. The District Board will adopt a resolution authorizing the issuance of the Bonds and setting forth the interest and maturity dates. Next, an Official Statement will be prepared and the underwriter will market the Bonds. Considerable Committee discussion followed: Discussion included the length of maturity of the Bonds, the amount which will be placed on the tax rolls for the residents and the difference between a negotiated and competitive bond sale. Ms. Helmlinger noted that the District Board had elected to work with an underwriter and utilize a negotiated process. Goldman, Sachs is the underwriter for the District and Mr. Steven Hollis is the lead individual working with the District. Counsel Jeff Scott stated that Mr. Hollis had a long-term relationship with the District and will be available to address the Committee at the January 18, 2007 ICBOC meeting.

Ms. Helmlinger also indicated that the Bonds will be tax-exempt and once the Bonds are marketed, the funds will be placed in a trust account. Discussion and questions also followed involving the requirement for utilizing a Joint Powers Authority in the negotiated sale process. Ms. Helmlinger stated that there also will be on-going obligations after the funds are received which will include fund control measures and ensuring appropriate use is made of the bond proceeds.

2. Grossmont Hospital Facilities Master Plan

Michele Tarbet, the Chief Executive Officer of Grossmont Hospital next addressed the Committee and provided an overview of the Grossmont Hospital Facilities Master Plan. Ms. Tarbet stated that the plan has developed over several years with the help of architectural firm NBBJ. The plan is in three phases and not all of the funding for the plan will come from G.O. Bonds. Phase I was the construction of the shell space and lower floors of the new Emergency Department and Critical Care Center, completed in 2004. Phase II includes hospital improvements from 2006 to 2013. Phase III are the improvements beyond 2013. Phase II is the only phase in which G.O. Bond funding will be used. The total investment for all three phases is estimated to be over \$1 billion.

Phase II, for which Bond funding will be utilized, will consist of the build-out of floors 2, 4, and 5 of the ED/Critical Care Tower, the Central Plant Expansion, East Tower Renovations, the diagnostic and treatment (surgical link) building and new labs and pharmacies. In addition, part of the Phase II improvements include the new Medical Office Building (MOB) and parking structure. No G.O. Bonds funds will be used for the MOB or parking structure.

When completed the hospital will be adding 24 critical care beds. New elevators and headwalls will be constructed in the East Tower as well as the installation of new plumbing and electrical. The Master Site Plan through 2013 will also provide a net increase in bed capacity of 74 beds.

In February of this year NBBJ did an estimate of costs which was used for the Bond election. In August of this year the hospital obtained Office of Statewide Healthcare Planning & Development (OSHPD) approval for plans and specifications for the build-out of floors 2, 4, and 5 of the ED/CCU building. Requests for Proposal for design services for the central plant upgrade and diagnostic and treatment building are being completed and the hospital is pulling together user groups for input on the diagnostic treatment center. Ms. Tarbet noted that the District has engaged a firm to provide peer review services which should be completed in December.

Interim Chairman Ewin suggested that it would be helpful to have the hospital provide a blended timeline which shows where we are relative to the Bond offerings and the construction phaseology. Kari Cornicelli indicated that the hospital should be able to provide an updated timeline in January. After further Committee discussion and questions, Mr. Ewin thanked Ms. Tarbet for her presentation.

H. DISCUSSION/ACTION ITEMS:

1. Report on the November 6, 2006, District Board Meeting – CEO Jantz

Mr. Jantz reported that District Board has added an additional meeting the first Monday of each month to ensure that the Board keeps current with G.O. Bond matters. Mr. Jantz distributed a memo highlighting the actions taken by the District Board at the November 6, 2006 meeting. Actions included holding off joining a North County Health Facilities JPA until the agreement had been reviewed, the retention of a Financial Advisor to assist the Board in the Bond process, the Peer Review contract, and the RFP for Architectural/Engineering Services for the new Health Occupations Training Center.

2. Update on Liability Insurance for Committee – Counsel Scott

Mr. Scott stated that the ICBOC Committee members are covered under the Grossmont Healthcare District's liability coverage agreement with the Special District Risk Management Authority (SDRMA). SDRMA is a public agency formed under the Government Code to provide comprehensive liability and errors and omission coverage for public agencies throughout California. The District's coverage is \$5 million. SDRMA has confirmed that ICBOC members are covered under the SDRMA policy. In addition, the Grossmont Hospital Corporation has a Director's and Officer's policy covering the District with a minimum coverage of \$500,000 with similar language. Neither of the policies have a waiver of subrogation provision. Mr. Scott indicated that he was very comfortable representing to the Committee that each of the members are well protected.

3. Consideration of Draft Bylaws – Interim Chairman Ewin

Mr. Ewin indicated that he appreciated all the comments that were received and invited the Committee's attention to item 2.a. on page 4 relating to the Committee reviewing a "performance audit" conducted by the District. Ms. Helmlinger stated that a "performance audit" had specific legal meaning that was not intended in this situation. The recommended change was to replace the reference with "Receive and review the independent third-party program review conducted by the District at the request of the Committee." Mr. Ewin also reviewed the suggested changes relating to staggered terms which would insure that the Board would have continuity. Discussion also followed concerning the process for replacement of Committee members and the minimum number of members necessary to qualify as a quorum and the minimum number of members necessary to conduct business. It was the consensus of the Committee that 50% plus 1 of the Committee members will need to be present to qualify as a quorum and regardless of the number present, a minimum of 4 members will be required to transact business. After further Committee discussion, **it was moved by Jim Schmidt, seconded by Patrick Donnelly and unanimously carried to adopt the bylaws as revised.** The bylaws will go to the District Board for approval.

4. Roundtable discussion and closing comments

Mr. Ewin asked if there was interest in moving the meeting time to 5:30 p.m. instead of 6:00 p.m. It was the consensus of the Committee to leave the meeting time at 6:00 p.m. Michele Tarbet noted that the next meeting on January 18, 2007 will be at the Cancer Center which is the building on the right just before you enter the hospital. The Committee discussed the future status of a web site dedicated to ICBOC activities and information. Chairman Ewin wished the members a happy Thanksgiving and thanked them for their attendance.

G. ADJOURNMENT:

There being no further business, on motion duly made, seconded, and unanimously carried, the Committee adjourned at 8:30 p.m.

Respectfully submitted,

Ernest Ewin, Interim Chairman