

**MINUTES OF SPECIAL MEETING
BOARD OF DIRECTORS
SEQUOIA HEALTHCARE DISTRICT
November 18, 2021
Conference Room, 525 Veterans Boulevard
Redwood City, CA 94063**

**Directors Present via
teleconference**

Director Faro
Director Griffin
Director Nayfack
Director Martinez
Director Shefren

Directors Excused

Also Present via teleconference

Pamela Kurtzman, CEO
Mr. Hudak, Legal Counsel
Ms. Stamper, Recorder

Per Resolution 2021-02, this meeting was held
via Zoom teleconference

1. Call to Order

President Shefren called the meeting to order at 8:31 AM.

2. Public Comment/Non-Agenda Items

President Shefren asked if there was public comment on non-agenda items. There was none.

**3.a. Approve Resolution 2021-03 To Authorize Teleconferencing
Meetings of the Sequoia Healthcare District Legislative Bodies
for the Period of November 19 - December 19, 2021**

Motion: To approve Resolution 2021-03.

By: Director Nayfack

Seconded by: Director Griffin

Vote: Ayes -- Faro, Griffin, Martinez, Nayfack, Shefren

Nos --

Abstain --

Absent --

Motion Passed: 5-0-0-0

4. Adjourn to Closed Session

Adjourn to Closed Session:

- a. CONFERENCE WITH LEGAL COUNCIL- EXISTING LITIGATION
(Subdivision (a) of Section 54956.9)
Name of Case - Sequoia Healthcare District v. Common Spirit
Health, Dignity Health, et al., JAMS Ref. No. 1100108469 - One
case - Mr. Hudak

5. Reconvene To Open Session

The Board reconvened to open session at 9:05a. President Shefren reported that during the closed session the Board considered a settlement proposal from Dignity Health to resolve disputed issues under the 2007 development agreement between the District and Catholic Healthcare West, an existing arbitration action filed by the District against Dignity Health, and an earlier lawsuit filed by Dignity Health against the District. The Board voted 3-1-1-0..

Directors Faro, Nayfack and Shefren voted in favor the settlement. Director Griffin voted against the settlement, and Director Martinez abstained from voting

Motion: To approve the terms of the settle agreement.

By: Director Faro

Seconded by: Director Nayfack

Vote: Ayes -- Faro, Nayfack, Shefren

Nos -- Griffin

Abstain -- Martinez

Absent --

Motion Passed: 3-1-1-0

The substance of the settlement is as follows: the District will receive a total of \$19,025,000 from Dignity Health, with \$2M paid now and \$1.02M paid annually over the next 20 years. These annual payments will be combined with a prior unrelated settlement to provide a total of \$22.4M payable to the District. Except for the initial payment, the total settlement will be divided into 2 parts: half will be used by the District to fund its own programs, the other half will be jointly administered by the District and Sequoia Hospital to fund programs to address unmet or underserved needs. The settlement funds will replace the potential revenue sharing payments under the 2007 development agreement. All other provisions of the development agreement regarding operation of Sequoia Hospital will remain in effect. The majority of the Board believes that this settlement is in the best interests of the District and its residents.

Director Shefren explained that litigation is uncertain and the issues involved in this legal dispute were complex. With the settlement, the District will be guaranteed additional funds to spend on community needs that otherwise might never have been earned under the development agreement. Directors in favor of the settlement said they look forward to working with the hospital on the joint funds. There are many exciting projects that we can accomplish together.

That concludes the report out from closed session. Any Director is free to make a comment about the settlement at this time, but should not disclose the discussions from the closed sessions or advice received from our attorneys. Since the decision has been made, this is not a time or place to debate it further. It should be noted that any Director's comments represent his or her own opinions and are not taken as the official position of the Board or the District. Once the Directors have commented, any member of the public may comment.

Legal counsel stated that there is nothing more from a procedural standpoint that needs to be added, and that Dignity Health has already signed the settlement agreement, and once signed by Pamela Kurtzman as the CEO, it will be the final agreement in place later today.

Director Faro commented that he strongly supports the agreement. He also said that legal counsels, Frank Cialone and Mark Hudak, gave excellent legal advice, and President Shefren did an outstanding job leading. Director Faro believes this agreement is in the best interests of the District.

Director Faro left the meeting at 9:40am.

Director Griffin emphasized that she voted no on the settlement agreement, and that she believes that this was a matter that had been sequestered under closed session for 5 years and involves a substantial loss of funds to the District. She believes that it is atrocious that there has been a lack of participation and transparency to the public, the District residents, and the people that pay taxes to the District. The lack of participation and lack of transparency is totally unfair to the District Residents.

Director Nayfack commented that although he has not been involved in negotiations since the beginning, in the time that he has been involved in the efforts to come to a compromise agreement, he's confident that this is a good solution that will benefit the Hospital, the District, and the residents that both entities serve on a daily basis.

Director Martinez commented that he has not been around long as a Director of the District and lacked the sufficient knowledge and understanding of the dispute that he felt he needed to vote on the settlement. For that reason, he chose to abstain from voting.

President Shefren commented that this is a complex long-standing dispute of a complicated agreement that was reached with Dignity around 2006. He is confident that the Board has always acted appropriately under the Brown Act and has not provided further information to the Public for appropriate legal reasons throughout the process. He also believes that with any complex disagreement there is a spectrum of how people will decide on an issue, and although there is a proportion of the Board that may be way out on one end of the spectrum and another portion of the Board that is on another end of the spectrum, the fact is that 3 members of the Board approved this and this will be the agreement going forward.

President Shefren opened the meeting for public comment.

Bill Graham, President of Sequoia Hospital, commented that he was pleased that Dignity Health and the District were able to reach this settlement, and that it is a very positive step in what is a long and very important relationship that supports the health care needs of our community. He is looking forward to working with the District over the next 20 years on programs and services to meet the unmet health needs of our community with a focus on those most vulnerable in our community.

CEO Kurtzman commented that over the last 3 years she has witnessed Directors Shefren and Faro fight hard for the District on this complex issue. There's a chance we could win the dispute and of course that would be ideal; but we could lose and end up with nothing; even having to pay a very large sum for legal fees on both sides. Therefore, they weighed the risk and made the difficult decision to come to a compromise. They did their best negotiating and landed at this number. We could have kept pushing, possibly winning more money for the district, but decimating our relationship with the Sequoia Hospital. The end-dollar amount is more than a number; our relationship with the hospital is an important one, and as CEO, this agreement allows me to bring new programs forward with the hospital that will significantly benefit our community. She hopes for a long and productive relationship with the Hospital. She thanked Directors Shefren and Faro and legal counsel.

6. Adjourn

Motion: At 9:48 AM adjourn meeting.

By: Director Nayfack

Seconded by: Director Shefren

All in favor

Motion Passed

The next meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 4:30 PM, Wednesday, December 1, 2021, District Conference Room, 525 Veterans Blvd., Redwood City, CA.

Respectfully Submitted,

Aaron Nayfack M.D.
Secretary

