

TAHOE FOREST HOSPITAL DISTRICT MEASURE C GENERAL OBLIGATION BOND
CITIZENS OVERSIGHT COMMITTEE MEETING HELD ON MONDAY, MARCH 10,
2008 AT 4:00 PM IN THE WESTERN ADDITION LOBBY CONFERENCE ROOM

MEMBERS Randy Hill, John Moise, Paul Leyton, Caroline Ford, Sherrin Fielder,
PRESENT: Gary Davis, Leisa Peterson

OTHERS Rick McConn, Paige Nebeker, Bob Schapper, Gary Hicks, Crystal Betts,
PRESENT: Maia Schneider, Evangeline Van Skyhawk, Jeanne McAuliffe

Call to Order/Roll Call

Mr. Hill called the meeting to order at 4 p.m. All committee members were present.

Clear the Agenda/Items Not On The Posted Agenda/Input -- Audience

Mr. Hill stated that the date of the District Board meeting has been changed to Monday, 3/31 at 6 p.m. from Tuesday, 3/25. The Planning Committee meeting is on Monday, 3/24 at 1 p.m. here in this conference room if anyone is interested in attending.

Input from the audience was sought, but none was offered.

Approval of Minutes of 2/11/08

It was moved by Mr. Leyton and seconded by Ms. Ford to approve the minutes of 2/11/08 as presented. Motion carried unanimously.

History of TFH – Joseph Family Legacy

A DVD that the Foundation put together last year, through the hard work of Nancy Holliday was presented. It is a story about the history of how Tahoe Forest Hospital came about.

Ms. Schneider introduced Paige Nebeker, Director of Marketing and Evangeline Van Skyhawk, the Administrative Assistant for the Foundation.

Gary Hicks – Bond overview

Mr. Hill introduced Gary Hicks, who has been working with the District for quite some time. He will be working with the hospital as the bonds are released. Tonight Mr. Hicks is going to give a brief overview of the bond process. He will start with the basics and move on to specifics later on.

Mr. Hicks:

- Gave a general overview of general obligation bonds, GO Bond 101;

- The role of this committee is to make sure that the proceeds are being used according to the tax measure approved by the voters;
- There were two components provided to voters:
 - ✓ A 75 word statement; and
 - ✓ A broader statement.
- It is important to keep in mind that GO bonds, by State Constitution, can be used only for very specific kinds of projects: real estate and improvements to real estate. They cannot be used for personal property.
- Other pieces of equipment, radiology, laboratory or other equipment that is bolted to a structure, qualifies for use by GO bond funds.
- GO Bond money must be expended within 3 years of the time bonds are issued.
- The first series of bonds, we expect to be issued in August of this year.
- When bonds are issued, you must have the expectation that you will expend at least 85% of the proceeds within the next 3 year period.
- You have to have a bond counsel opinion in order to expend the money over a longer period of time.

A question and discussion was held about who manages the interest on the bond monies when it is received. Crystal Betts, the District's Chief Executive Officer will oversee the process, working with Gary Hicks, as the Financial Advisor. Ms. Betts was introduced to the committee.

Mr. Hicks continued:

- The tax measure the voters passed have authorized the District to issue as much as \$98.5 million worth of bonds. There is a limitation that once the bonds are issued, they must be paid off within 30 years.
- The plan of the District is to issue a series of three bonds, the first being issued this year.
- The tax rate in the bond measure was estimated based on the current market.
- He explained the competitive bid process

A question was asked regarding unknown risk to the District after issuance of the bonds. Mr. Hicks explained that once the bonds are sold, the interest rates and terms are locked in for the life of the bonds.

The question was asked, what the assumed interest rate was that was used at the time of the bond measure. Mr. Hicks responded that he does not have that information with him tonight, but the current market interest rate is what was used as an estimate.

Mr. Hicks continued:

- After the proceeds of the bonds have been received, obviously the bonds have to be repaid. The counties request a notice from the District on how much tax needs to be collected.
- With our bond closing date of August, 2008, the first interest payment date would be February 1, 2009 and the next August 1, 2009. That process continues for the life of the bonds.
- He explained that the taxes collected by the counties cannot be used for any purpose other than paying off the bond debt.

Questions and discussion was held regarding the amount of tax collected from tax payers over the life of the bonds.

The question was asked what the tax estimate was per property owner. Mr. Hicks responded that the average estimate was \$9 per \$100,000 of assessed value.

A question was asked and discussion held about Conflict of Interest by members of this committee.

Mr. Hicks reiterated that as an advisory committee, the role of this committee is to oversee the projects and make sure that the funds are used in accordance with the tax measure. The District is the owner of the project and makes decisions with respect to the project itself.

A question was asked and discussion held about how the amount of the bond is determined. Mr. Hicks responded that the amount is determined by the needs of the District over a 2-3 year period.

Mr. Hill suggested that the District Board amend the COC Bylaws to clarify the intent of the language in section 2(4) and section 4(d).

Mr. Hill asked if the bond schedule could be given to this committee. Mr. Hicks responded that there is a timeline if the committee is interested in receiving it. The committee didn't believe they need that specificity at this time.

Ms. Schneider asked Mr. Hicks to explain to the committee how the growth rate was assessed.

Mr. Hicks stated:

- He and Ms. Schneider met with Nevada County staff to discuss and determine how they assess the growth rate; ultimately 8.5% was used by the District Board.
- Historically, the growth rate has been much greater than that.
- After the analysis was completed, the District believes it was very conservative.
- The tax is based on the assessed value, not the fair market value of the property.

Mr. Leyton asked that the committee be provided with the information that was used for the assumptions. Mr. Hill suggested Mr. Hicks come back and present this information closer to the bond closing date in August.

Mr. Hicks excused himself from the meeting.

Communication Strategy

Mr. Hill stated that this committee is working its way down the list of topics about which it needs to become informed. Communication to the community is a very big part of this committee's responsibility. He introduced Paige Nebeker, Marketing Director for the District, who is going to provide assistance to this committee in developing a communication plan to the community.

Ms. Nebeker stated:

- She is looking forward to working with this committee.
- The handout in the packet is an outline to begin the work that needs to be done.
- All communication with the media, on behalf of Tahoe Forest Hospital District is funneled through the Marketing Department, in order to maintain one voice in order to tell the whole story to the community.
- She suggested that if someone from the media contacts any member of the committee individually, perhaps those requests be forwarded on to Randy Hill, as chair of the committee, in order for this committee to speak with one voice.

Mr. Hill stated that he wants to be very clear that Ms. Nebeker is advising and providing assistance to this committee, but this committee is separate from the District. Any communication from this committee will not be coming through the District Marketing Office.

It was agreed that Mr. Hill would be the point of contact for the committee with the media.

Mr. Hill stated that per the Bylaws (Ethics) when this committee speaks before the District Board, we speak with one voice. Any individual can go before the District Board and speak as an individual.

Ms. Nebeker continued:

- She met with Mr. Hill, Ms. Schneider and Mr. McConn regarding communication planning, which is really the how and what.
- She has reviewed the minutes of previous meetings in order to understand what is going on with this committee.
- In the context of a communication plan, she suggested a six month communication to the public as a good place to start, perhaps in the form of a newsletter.
- The first communication would be to introduce yourselves to the community, this is who we are, what we're doing and what we plan to do in the future.
- Perhaps a designated COC e-mail address could be set up in order to answer questions from the community;
- She offered to assist in developing the communication plan. There is one for the system. One could be developed for the COC that details the specific things you do as a committee.

A question was asked, if this committee has a budget. Ms. Schneider responded that the budget for the next year is being created. She has a community development cost center and COC hard costs will come out of that budget.

Ms. Ford stated that she believes the first communication to the community should come out sooner than six weeks before the bonds are issued.

Mr. Schapper:

- Clarified that what he is hearing is that Ms. Ford believes communication should come out in the next couple of months to introduce the COC instead of waiting until summertime.
- He explained about the Town Halls the District holds for all employees and how questions are then answered through the District newsletter, the Pacesetter.

- The District will assist in getting questions from the community answered if the committee needs assistance.

Ms. Ford suggested that a brief summary of Mr. Hicks' education this evening about GO bonds be summarized and presented to the community.

Mr. Leyton agreed with Ms. Ford. He stated that he gets many questions about what this committee is doing. He believes communication should be done about what has happened in the past regarding the Western Addition upgrades.

Discussion was held about what should be communicated to the community.

Summary of discussion about what should be included in communication to the community:

- Who the committee is;
- What the committee has been doing and learned over the last six months to prepare themselves;
- Include the actual bond text;
- GO Bond 101 Summary
- What the committee plans to do going forward.

It was suggested that a COC link be added to the District website; a place to post information, perhaps a frequently asked questions page.

Mr. Hill asked Ms. Nebeker if May is a doable time in order to get a newsletter out.

Ms. Nebeker responded:

- That May is doable, however work must begin on this right away.
- She suggested creating a logo for the committee. Something that identifies themselves.
- Based on what she has heard this evening, she has a pretty good idea of what the contents of the newsletter should be right now. Her preference would be to work with a couple of Committee members on the content and have a rough draft available at the next meeting.
- Once information is submitted, it takes about 2 – 2 ½ weeks at the printer.

Ms. Schneider reminded the committee that she and Ms. Nebeker are here as a resource to you, but the content of the newsletter should come from the committee.

This committee is distinct, separate and independent from the District and should be seen as “arms length”.

Mr. Hill suggested a two person Communications Committee be formed to develop content.

Discussion was held about the best way to do the first communication to the community. Mr. Hill is concerned that this is rushed. He believes more time should be spent in thinking through what is included.

Ms. Nebeker proposed, based on this discussion, she come to the next meeting with a shell of a newsletter with the subjects listed for the committee to fill in the content. Then a June or early July mailer can be sent out.

Next Scheduled Meeting, 4/14/08 – Topics, Tasks

Discussion was held about the date of the next meeting. Many committee members will be out of town, so the meeting was changed to Monday, April 21st at 4 p.m. in the WA Lobby Conference Room.

The Communication Plan will continue to be discussed.

The meeting adjourned at 5:10 p.m.

Randy Hill