SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
AND
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS JOINT MEETING
BUILDING PROJECT OVERVIEW

August 17, 2011
Modular Classroom C

A Joint Meeting of the San Gorgonio Memorial Healthcare District and San Gorgonio Memorial Hospital Board of Directors - Building Project Overview was held on Wednesday, August 17, 2011 in the Modular C Classroom, Banning, California.

Members Present: Lynn Baldi, Devin Borna, MD, Joe Dotan, MD, Dorothy Ellis (Healthcare District Chair), Farzad Farrokhhi, MD, Olivia Hershey, Ed Hiett, Jerilynn Kaibel (Hospital Chair), Estelle Lewis, DeNae Reagins, Irwin Reeves, Mark Turner (CEO), John Williams, MD

Absent: Mary Ann Martin Andreas

Construction Staff: HDR: Marcus Thorne, Tom Todd, Steve Josee, Shelley Porter
ProWest: Randy Craig, Jeff Rising, Leah Burch

Guests: Member of the Community, Representatives from Measure A Community Oversight Committee (Ron Rader, Bob Ewert), Hospital Foundation (John McQuown, Joy Smith), Hospital Auxiliary (June Bennett, Beverly Lewis, Martha Szolomayer), City of Banning (Don Robinson), Press Enterprise (Erin Waldner, Rodrigo Pena)

District Staff: Kay Lang (Project Manager), Richard Llewellyn (IOR), Carl Beyma (FF&E)

Hospital Staff: Dave Recupero (CFO), Lynn Gomez (Executive Director, Human Resources), Pat Brown (Interim CNO), Bobbi Duffy (Executive Assistant), Department Directors: John Alcantar (Food & Nutrition), Ranilo Blasco (Diagnostic Imaging), Mayda Cox (Patient Financial Services), Carole Dozier (BHC), Carrie Échols (OB), Hilary Falconer (Surgery/RM/UM/IC), Gayle Freude (Med/Surg/TCU), Byron Hazley (Laboratory), Rosemary Hepburn (Case Management), Dale Lepper (IT), Dan Mares (Plant Operations), Steffen Meland (Physical Therapy), Nancy Michna (ICU/DOU), Prince Nnah (Pharmacy), Linda Palmer (Health Information Management), Bob Perez (Materials Management), Guillermo Restrepo (EVS), Trish Ritarita (Emergency), Pat Ziegler (Performance Improvement), other members of the staff
Hospital Management Staff: EPIC representatives: John Goodman (President/CEO), Duane Whittington (Vice President)

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<td>Call To Order</td>
<td>NOTE: This update was preceded by a construction site tour which began at 4:00 pm.</td>
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<td>Healthcare District Board Chair Dorothy Ellis called the construction update to order at 5:00 pm. She introduced the Healthcare District Board members and Hospital Board Chair Jerilynn Kaibel. Chair Kaibel called the Hospital meeting to order and introduced the Hospital Board members, including Mark Turner, Chief Executive Officer.</td>
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<td>Welcome</td>
<td>Mark Turner welcomed everyone to the joint meeting/building project overview and thanked them for attending. He stated that we are excited about the construction project and the progress made so far. He stated that we will also be sharing the details of the building of the patient rooms/operating room suites. He introduced Kay Lang, Project Manager.</td>
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<td>Background</td>
<td>Kay Lang noted that the Healthcare District has been presenting quarterly construction updates since May 2009 and usually give an overview of everything that has occurred during the preceding 3 months. It was felt that at this time we should broaden the scope for this meeting and provide an overview of the entire project, including background of the project and reasons for building new patient services. A PowerPoint presentation was shown of which a copy is on file in Administration. Kay reviewed and spoke regarding the following slides: Driving Forces, Process, Key Players and Perspective.</td>
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<td>Phase 1 projects</td>
<td>Jeff Rising, ProWest Constructors, reviewed and spoke regarding the following slides: Phase 0 - Helipad &amp; Infrastructure, Phase 1A - New Oxygen Tank and Cooling Towers, Phase 1B - New Central Plant, Phase 1C - New Emergency Dept. and Intensive Care Unit and Roof Replacement Project.</td>
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<td>Phase 2 project</td>
<td>Marcus Thorne, HDR Architecture, Inc., reviewed and spoke regarding the following slides, noting that the proposed 6-story</td>
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<td>patient bed tower addresses the OSHPD mandated SB 1953: Phase 2A - Scope &amp; Design, Phase 2A - Site Plan, Phase 2A - Scope, Phase 2A - Scope by Level, Phase 2A - Level One, Phase 2A - Level Two, Phase 2A - Level Three - Six, Phase 2A - Building Area, Phase 2A - Exterior Design, Phase 2B - Scope (Dining Room Expansion), and Phase 2B - Building Area.</td>
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**Estimated costs**

Randy Craig, ProWest Constructors, reviewed and spoke regarding the following slides: Project Cost Projection - Phase 1, reviewing the cost for each:

- Hospital Related Projects - $7,045,018
- Preconstruction - $1,875,546
- Phase 0 - $3,172,538
- Phase 1A - $7,893,995
- Phase 1B - $26,812,274
- Spent/Accrued-Phases 2A & 3A - $4,854,103
- Phase 1C-ED/ICU - $37,315,936
- Re-Roof Existing Hospital - $3,275,148
- Phase 1E-A1 Kitchen Remodel - $10,105,882
- Phase 1D Loading Dock and Remaining Phase 1E Projects - $5,649,560

Totaling the $108,000,000 bond funds.

He reminded all that the Phase 1C Moveable Equipment & Furnishings totaling $2,261,613 are not, and may not, be included in the $108 million bond funds.

Randy then reviewed and spoke regarding the Project Cost Projection for Phase 2 (New Tower and Existing Remodels):

- Preconstruction - $725,000
- Phase 2A, 6 Story Tower Floors 1-4 - $132,974,635
- Phase 2A, 5th Floor Build-Out - $11,002,442
- Phase 2A, 6th Floor Build-Out - $11,006,113
- Angio Cath Lab Conversion (660sf) - $5,029,790
- Phase 2B, Dietary Expansion (151 Beds) - $11,655,295
- Phase 2C, Old Radiology/Remodel for Materials Management/EVS - $6,233,541
- Phase 2D, Laboratory Upgrade - $5,086,949
- Total - $183,713,765

Randy reported that estimated Moveable Equipment &
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<td>Furnishings Group 2 &amp; 3, not included in the above, would total $15,658,391. He stated that these figures assume that we will start construction on the tower in August 2013. He noted that once HDR was told to restart these plans, they were submitted to OSHPD as of May 31, 2011, a savings of 2 years time. The project is presently under review with OSHPD.</td>
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**Summary**

Kay Lang summarized by stating that the driving forces are still the same; we still need more patient space and we are on track to reach our goals. She stated that both Boards have stayed focused on our priorities.

Mark Turner informed the audience that fiscal year 2011 was the first year we exceeded 30,000 visits to our ED. Only six years ago we had 15,000 annual visits. Accommodating that kind of volume with 8 beds and 2 urgent care exam tables is quite a challenge that the new ED, which opens in a year and a half, will take care of much better. Our new ICU will also be needed since those ED patients requiring admission usually go straight to the ICU. And with our area population expected to double within 15 years we will also need the additional patient rooms in the new patient tower.

**Questions and Answers**

There were several questions regarding what will become of several existing blank areas on the site map. Kay noted that these will become courtyards for patients, visitors and staff.

In response to a question regarding funding for the new patient tower, Mark responded that we are still in the investigatory stages to determine where this funding will come from and we have no definitive answers at this time.

In response to a question regarding why we didn’t have enough funds in the $108 million to build the patient tower, Randy Craig gave a recap of the biggest categories, including that the scope of the project increased, we encountered a number of lengthy delays (i.e., City of Banning approval took 18 months, OSHPD), and very high cost escalation of approximately 20% during 2007. He also stated that the original cost estimates were done by a 3rd party not currently involved in the project and that the project was underestimated in the original budget. The original estimate for the project was $126 million, yet a bond measure of $108 million was pursued.
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<td>Kay Lang reported that we have carefully watched every dollar spent and all are accounted for in the summary provided.</td>
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<td>Kay reported that the next quarterly construction update will be held on Wednesday, November 16, 2011.</td>
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<td>Healthcare District Board Chair Ellis and Hospital Board Chair Kaibel both stated that the Boards were pleased to have so many of the community in attendance.</td>
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<td>Adjournment</td>
<td>Board Chairs Ellis and Kaibel adjourned the session at 6:00 pm.</td>
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ATTEST:  
Dorothy Ellis, Chair  
San Gorgonio Memorial Healthcare District Board of Directors

ATTEST:  
Jeriynn Kaibel, Chair  
San Gorgonio Memorial Hospital Board of Directors

Minutes respectfully submitted by Bobbi Duffy, Executive Assistant