

**Resolution of the California Pacific Medical Center (CPMC)
Board of Directors
Regarding Its Response to the Recommendations of the
Blue Ribbon Panel on the Future of St. Luke's Hospital
September 25, 2008**

In accordance with California Nonprofit Corporation Law, the Board of Directors of California Pacific Medical Center (CPMC), a California nonprofit public benefit corporation ("Corporation"), hereby consents to and adopts the following resolution.

WHEREAS, there is a national health care crisis with a high and growing rate of uninsured citizens, diminishing capacity in primary care, and a broken system of health care financing;

WHEREAS, this crisis has threatened the viability of St. Luke's, a venerable institution with a history and mission of serving those in need;

WHEREAS, leaders in healthcare, labor, business, governance, community, physicians and staff at St. Luke's, through the Blue Ribbon Panel (BRP) process have recommended that CPMC, the leading private health system in San Francisco, continue to support St. Luke's mission, rebuild St. Luke's, and integrate this campus into CPMC's City-wide plan;

WHEREAS, CPMC, a national center of excellence in tertiary and quaternary care, has committed to innovation and excellence in community health improvement as a priority;

WHEREAS, CPMC recently won the American Hospital Association's NOVA Award for its innovative partnership with San Francisco community clinics to serve those in need;

WHEREAS, CPMC recognizes the power and necessity of public-private partnerships so that every San Franciscan has access to quality, affordable healthcare;

WHEREAS, CPMC desires to support the City and County of San Francisco in the implementation of the Healthy San Francisco Initiative and has committed to providing charity care to patients needing inpatient hospitalization; and

WHEREAS, the BRP has submitted to the Board of Directors of CPMC recommendations to revitalize St. Luke's as an essential part of health care delivered to South of Market communities, in partnership with the City and County of San Francisco and other community providers, and as a component of CPMC's City-wide Institutional Master Plan;

THEREFORE, BE IT RESOLVED THAT:

1. Approval.

- A. The Board approves and authorizes management to proceed with planning for implementation of the activities recommended by the BRP as documented in Exhibit A.
- B. This authorization is subject to the successful, timely, and cost effective entitlement and final permitting of CPMC's City-wide Institutional Master Plan.
- C. This authorization is subject to approval of the required funding by the CPMC and Sutter Health Boards of Directors.
- D. The Board wishes to express its sincere appreciation to all who contributed to the success of this process (Exhibit B).

2. Authorization.

The Board hereby authorizes and empowers the officers of California Pacific Medical Center to perform any and all acts, including the execution of any and all documents, as may be necessary to carry out the purposes and intent of the foregoing resolution.

3. Effectiveness.

This resolution will become effective immediately upon its passage, subject to any further approval rights of Sutter Health.

PASSED and ADOPTED this 25th day of September 2008.

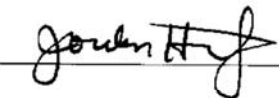

Secretary

Exhibit A
CPMC Board Approved Recommendation

1. As a critical component of CPMC's City-wide Plan for health care delivery, the St. Luke's campus will be fully integrated into the broad mission, strategies and operations of the CPMC system.
 - Near term, the CPMC and St. Luke's medical staffs will increase their alignment and coordination. The future objective is to have fully integrated physician staffs, at a pace to be determined by the Medical Executive Committees of the two organizations.
 - Regarding nursing integration, there will be a single standard of nursing practice across all campuses. Staff nurses will have representation on organizational wide nursing councils with integrated nursing orientation, staff development, reward and recognition activities.
 - The St. Luke's campus will be an integral provider of primary and secondary care within the CPMC system, complemented and supported by provision of tertiary/quaternary services at the other campuses.
 - An employed/staff model will be implemented relative to the South of Market Area (SOMA) need for primary care physicians and health care providers.

2. A new acute care community hospital will be built on the site of the St. Luke's campus.
 - The new hospital will be sized appropriately and flexibly to accommodate utilization projections, Blue Ribbon Panel recommendations, and growth opportunities.
 - In order to ensure continuity of access to acute services, the location of the new hospital will be such that existing hospital operations can be maintained until the opening of the new hospital.
 - At the time of opening of the new hospital, the existing hospital tower will be demolished.

3. In order to address the needs of the community, opening services on the new St. Luke's campus will include, but not be limited to:
 - OB/GYN
 - Medical/Surgical
 - Emergency Department
 - ICU
 - Urgent Care
 - Primary and Urgent Pediatrics
 - A Center of Excellence on Senior Health

This service mix may evolve over time in response to changes in the market and the needs of the community.

4. There is a recognized need for skilled nursing beds in San Francisco and to serve seniors at St. Luke's. CPMC will ensure that the needs of the St. Luke's patient population will be served through partnership with a quality community provider either on or proximate to the St. Luke's campus.
5. The BRP identified and the Board agrees that certain service needs (inpatient psychiatric and sub-acute care) are multi-system and regional in nature. Additionally, these services place an extraordinary financial burden that will impede St. Luke's ability to achieve long-term viability. Thus, these services will not be offered at the new St. Luke's. At the same time, the Board hereby directs CPMC management to engage in collaborative problem solving with the community relative to:
 - In-patient Psychiatric services.
 - Regional Sub-Acute services.
 - The effective distribution of primary care providers.
6. With respect to outpatient services, St. Luke's will focus on developing culturally competent primary care disease prevention and health promotion programs that reduce the need for hospitalization. St. Luke's will become a Center of Excellence in Community Health by:
 - Creating new community clinics in growth areas to serve diverse populations.
 - Extending the HealthFirst model of utilizing well-trained lower-cost community health workers under the leadership of physicians to provide chronic disease management.
 - Creating a health service research program to pilot and evaluate innovative care models.
7. In rebuilding St. Luke's, CPMC will support the principle of work force retention.
 - Training dollars will be maximized to create promotional opportunities with lowest employment tier.
 - There will be preferential hiring into other campus jobs, and strong market competitiveness for technical jobs.
 - Seniority, benefits, and working rules will be combined or integrated for maximum mobility across campuses.
8. CPMC will pursue all available means to ensure that the future St. Luke's is both clinically excellent in its focused service areas, and financially sustainable.

Exhibit B

Blue Ribbon Panel, Community Outreach Task Force, and Presenting Participants:

Blue Ribbon Panel and Community Outreach Task Force Leadership:

- Blue Ribbon Panel Chair - Stephen Shortell, PhD, MPH, Dean, School of Public Health, University of California, Berkeley
- Blue Ribbon Panel Vice - Chair - Rt. Reverend Marc Handley Andrus, Bishop, Episcopal Diocese of California
- Facilitator - John Golenski, EdD, Executive Director, George Mark Children's House
- Co- Facilitator - Nancy Shemick , MPA, Shemick and Associates Health Care Consulting
- Community Liasion for the Community Outreach Task Force – Stephen Lockhart, MD, PhD, Medical Director, Surgical Services, CPMC

Blue Ribbon Panel Members:

- The Honorable Michela Alioto-Pier, Supervisor, District 2, San Francisco Board of Supervisors
- Damian Augustyn, MD, Chief of Staff, Medical Executive Committee, CPMC and Member, CPMC Board of Directors
- Kenneth Barnes, MD, for savestlukes.org
- Kevin Barnett, DrPH, MCP, Senior Investigator, Public Health Institute
- Dan Bernal, District Director for Congresswoman Nancy Pelosi, Speaker of the House
- Edward Chow, MD, Chinese Community Health Plan and San Francisco Health Commissioner
- Catherine Dodd, PhD, RN, Deputy Chief of Staff for Health and Human Services, Mayor's Office
- Steve Falk, President & CEO of the San Francisco Chamber of Commerce
- Cheryl Fama, Executive Director, Peninsula Health Care District, former CEO of St. Francis Hospital
- Anna Eng, Senior Organizer, Bay Area Organizing Committee
- Jean Fraser, Esq., Former CEO of San Francisco Health Plan
- Roma Guy, MSW, Former President of the Health Commission, designee to the Blue Ribbon Panel by Supervisor Tom Ammiano
- Louis J. Giraud, Esq., Co-founder and Principal of GESD Capital Partners
- John Gressman, President and CEO of the San Francisco Community Clinic Consortium
- Sandra Hernandez, MD, CEO of the San Francisco Foundation
- Mitchell Katz, MD, Director of Public Health for the City and County of San Francisco
- Edward Kersh, MD, Vice Chief of Staff, St. Luke's Medical Executive Committee

- Paul Kumar, Administrative Vice President, United Health Workers (SEIU)
- David Lawrence, MD, former CEO of Kaiser Permanente
- Michael Lighty, Director of Public Policy, California Nurses Association
- Gabriel Metcalf, Executive Director, San Francisco Planning and Urban Research Association
- Anthony Miles, Member CPMC Board of Directors
- Jacob Moody, MDiv,MSW, Executive Director, Bayview Hunter's Point Foundation
- Robert Morales, National Director, International Brotherhood of Teamsters
- Laura Norrell, MD, St. Luke's Women's Center, designee to the Blue Ribbon Panel by Supervisor Michela Alioto-Pier
- Tim Paulson, Executive Director, San Francisco Labor Council
- Bob Prentice, PhD, Director, Bay Area Regional Health Inequities Initiative
- Anthony Wagner, former Vice President of Labor Relations, Kaiser Permanente and former Executive Administrator, San Francisco Department of Health
- Jim Wunderman, CEO, Bay Area Council and Member CPMC Board of Directors

Blue Ribbon Panel Presenting Participants:

- Mayor Gavin Newsom
- Barbara Bishop, MD, Medical Director, St. Luke's SNF Program
- Martin Brotman, MD, President and CEO, CPMC
- Mark Dubow, Senior Partner, The Camden Group
- Laura Jacobs, Senior Partner, The Camden Group
- Mary Lanier, Vice President of Post-Acute Services, CPMC's
- William Miller, MD, Chief Medical Executive, St. Luke's
- Geoffrey Nelson, Director of Enterprise Development, CPMC
- Allan Pont, MD, Vice President of Medical Affairs, CPMC
- Steve Short, Architect/Consultant
- Stephen Weber, MD, PhD, Director, Institute of International Studies, UC Berkeley

Community Outreach Task Force Members:

- Rosario Anaya, Executive Director, Mission Language Vocational School
- Rev. Joseph Bryant, Jr., Calvary Hill Community Church*
- Anni Chung, MSW, President & CEO, Self Help for the Elderly
- Charlene Clemens, MPA, Director, Children, Youth, and Families Division, Family Service Agency of San Francisco
- Pat Coleman, Executive Director, Arthur H. Coleman Medical Center
- Olivia Fe, Executive Director, Latina Breast Cancer Agency
- Donald Frazier, Deputy Executive Director, Westside Community Services

* Did not meet attendance criteria to sign final Community Outreach Task Force Report

- Suzanne Fowler Palmer, Development Director, Episcopal Community Services
- Estela Garcia, DMH, Executive Director, Instituto Familiar de la Raza
- Karen Garrison, Director of Senior Services, Bernal Heights Neighborhood Center
- Gillian Gillett, Co-Chair, The San Jose/Guerrero Coalition to Save Our Streets
- Fr. John Hardin, Executive Director, St Anthony's Foundation
- Mai-Mai Q. Ho, LCSW, Executive Director, APA Family Support Services
- Judy Li, DrPH, MBA, Vice President, Chief Administrative Officer, St. Luke's
- Stephen Lockhart, MD, PhD, Medical Director, Surgical Services, CPMC
- Marilyn Metz, MD, Founder, Arthur H. Coleman Community Foundation
- Ana Perez, Executive Director, CARECEN*
- Raye Richardson, MD, Founder, Marcus Books
- Rev. Shad Riddick, Metropolitan Baptist Church
- Jim Salinas, President, Carpenter's Union Local 22*
- Ahsha Safai, Mission Language and Vocational School
- Gladys Sandlin, Former CEO, Mission Neighborhood Health Center
- Maria Vicente-Puletti, LCSW, St. Luke's Women's Center, and CPMC Board of Trustees

CPMC Executive Leadership:

- Martin Brotman, MD, President and CEO, CPMC
- Jack Bailey, FACHE, Executive Vice President and Administrator, CPMC

CPMC Project Team:

- Cynthia Chiarappa, MBA., Senior Director Communications, Marketing and External Affairs
- Julie Clayton, RN, MSN, Chief Administrative Officer, California Campus
- Linda Isaacs, Vice President, Human Resources, CPMC
- Diana Karner, RN MSN CNAA, Vice President Nursing and Chief Nursing Officer, CPMC
- Jeani Kowalski, FACHE, Executive Staff Associate to the President and CEO
- Judy Li, DrPH, MBA, Vice President, Chief Administrative Officer, St. Luke's
- Stephen Lockhart, MD, PhD, Medical Director, Surgical Services, CPMC
- Christopher Willrich, MBA, Vice President, Strategy and Business Development, CPMC