

April 1, 2005

Dear Friends of Laguna Honda Hospital:

We are writing to all of you who have provided support to Laguna Honda over the years. We are contacting you because over the last few weeks we have witnessed several negative press reports about escalating costs and patient care issues at our important institution.

While financial experts, administrators, physicians, and the City are working very hard to address these issues, and are making good progress, we are concerned that those of us who know the institution best and understand the vital role it plays within our community not lose sight of what's truly important — The Patients and Families of Laguna Honda.

Transforming a 139-year-old health care institution is a complex task, but you and 73 percent of San Francisco voters agreed on the vision and saw the wisdom and the critical need of moving forward with the Replacement Project. The new Laguna Honda will ensure that the rehabilitation and long-term health care needs of our City's aging and disabled population will continue to be well-served, regardless of an individual's lack of financial means.

Make no mistake: Laguna Honda is facing many complex challenges. Rising construction costs, linked to unprecedented global and domestic demands on construction materials such as steel and cement, have resulted in financial pressures that go far beyond local fiscal control. The reported admission policy issues surrounding the patient population, which were related to the transfer of patients from San Francisco General Hospital, have now been resolved.

I want you to know that the Laguna Honda Foundation remains unwavering in its commitment to raising and applying private philanthropy prudently to the costs of the furniture, fixtures and equipment that are so essential to creating and complementing the healing environment. We also look forward to creating programs in nursing education and research.

On behalf of the Foundation Board of Directors, we pledge our continuing efforts to transform Laguna Honda from an institution that has served the City and County so well for 139 years into an innovative, national model of accessible adult care and rehabilitation.

We cannot lose sight of our goal. I welcome and value your continued support of the revitalization of this critical community resource. Working together, we will create a new Laguna Honda for the next generations of San Franciscans in need.

Sincerely.

Louise Renne

Chair

Laguna Honda Foundation

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Susan Cook Hoganson

President and Chief Executive Officer

Susan Cook Hoganson

Laguna Honda Foundation

www.lagunahondafoundation.org