



**Minutes of the Open Session of the
Meeting of the El Camino Healthcare District Board of Directors
Tuesday, June 19, 2018
El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040
Conference Rooms F&G (ground floor)**

Board Members Present

Neysa Fligor
Peter C. Fung, MD, Chair
Julia E. Miller, Vice Chair
David Reeder
John Zoglin, Secretary/Treasurer

Board Members Absent

None

Members Excused

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the El Camino Healthcare District Board of Directors (the "Board") was called to order at 5:31pm by Chair Fung. A silent roll call was taken. All Board members were present.	
2. SALUTE TO THE FLAG	Chair Fung led the Board members, staff, and members of the public present in the Pledge of Allegiance.	
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Fung asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
4. PUBLIC COMMUNICATION	There were no comments from the public.	
5. COMMUNITY BENEFIT SPOTLIGHT: SUNNYVALE COMMUNITY SERVICES	<p>Barbara Avery, Director, Community Benefit, introduced Cari Pang Chen, Associate Director & Acting Executive Director at Rebuilding Together Peninsula.</p> <p>Ms. Chen thanked the Board for their support and provided an overview of Rebuilding Together Peninsula's Safe at Home senior falls prevention program, including repairs and customized home safety modifications for low income homeowners. She also highlighted the organization's work to measure their impact in the community.</p> <p>In response to Director Fung's question, Ms. Chen described Rebuilding Together's partnership with occupational therapists and the types of solutions and repairs used to address stairs.</p> <p>In response to Director Fligor's question, Ms. Chen described the outreach efforts and application process for interested parties.</p> <p>The Board thanked Ms. Chen and Rebuilding Together's team for their work.</p> <p>Motion: To approve <i>Resolution 2018-08</i>.</p> <p>Movant: Reeder Second: Fligor Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Resolution 2018-08 approved</i>
6. CONSENT CALENDAR	<p>Chair Fung asked if any member of the Board or the public wished to remove an item from the consent calendar. No items were removed.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of</p>	<i>Consent calendar approved</i>

	<p>the District Board Meeting (May 15, 2018); <i>Resolution 2018-09</i>: Establishing Tax Appropriation Limit for FY19; <i>Resolution 2018-10</i>: Appointment of Advisor to ECH Board Member Election Ad Hoc Committee; Proposed Revised Guidelines for Communication with the CEO and Other Staff Members; and for information: Community Benefit Audit.</p> <p>Movant: Miller Second: Fligor Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. PROPOSED FY19 COMMUNITY BENEFIT PLAN</p>	<p>Barbara Avery, Director of Community Benefit, described the gratitude of the grantees and the impact of the District's Community Benefit Plan program. She noted that the FY19 plan provides over \$7 million for the community.</p> <p>In response to Director Miller's questions, Ms. Avery also described the allocations between the three areas of emphasis from the Community Health Needs Assessment: Healthy Body, Healthy Mind, and Healthy Community.</p> <p>Motion: To approve the FY19 Community Benefit Plan.</p> <p>Movant: Reeder Second: Miller Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>FY19 Community Benefit Plan approved</i></p>
<p>8. FINANCIAL REPORT</p>	<p>a. ECHD FY18 Period 10 Financials</p> <p>Iftikhar Hussain, CFO, provided an overview of the April financials, highlighting:</p> <ul style="list-style-type: none"> - The strong cash position on the consolidated balance sheet; - Revenue is ahead of plan; variance is primarily due to \$14 million in unusual one-time items, higher volume. Total variance is \$88 million on net income. - On the District Standalone balance sheet, Mr. Hussain explained that deficit in the fund balance will decrease as tax levies are used to pay off General Obligation bonds. <p>In response to Director Miller's questions, Mr. Hussain noted that that the professional fees and purchased services line item reflects the management and community benefit program services that the Hospital provides to the District. Matt Harris, Controller, described the Donations to Outside Organization, which includes third party Community Benefit donations and programs run by CONCERN (patient transportation services, Health & Resource Library, Chinese Health Initiative). Director Miller requested that these items be separated out in future documents. Mr. Harris also described the Retiree Healthcare Plan referenced in the financials.</p> <p>b. FY19 ECH Capital and Operating Budget</p> <p>Mr. Hussain outlined the FY19 revenue, volume, and expense inflation assumptions in the budget, highlighting the charge increase (4.09% leaving out supplies and pharmacy) and forecasted growth.</p>	<p><i>ECHD FY18 Period 10 Financials, FY19 ECH Capital and Operating Budget, FY19 ECHD Budget, and Capital Outlay Fund Allocation approved</i></p>

He described the net change in operating margin of \$40 million from FY18 to FY19, noting that a 7% operating margin is healthy compared to benchmarks and in line with rating agency standards.

He highlighted the capital plan, which includes completion of the Integrated Medical Office Building and Behavioral Health Services building projects and the replacement of the Enterprise Resource Planning (ERP) system.

Mr. Hussain also described the Board-Designated Community Benefit Endowment Fund, \$900,000 for FY19.

In response to Director Fligor's question, Mr. Hussain explained the inflation trend and financial assumption for pharmacy.

In response to Director Miller's question, Mr. Hussain described the calculation of the projected increase in commercial payor mix.

c. FY19 ECHD Consolidated and Standalone Budget

Mr. Hussain provided an overview of the consolidated and standalone budget, highlighting 1) the growth of the assessed property values in the District; 2) the capital outlay allocation for the Women's Hospital; and 3) the Gann limit calculation for FY19.

In response to Director Miller's question, Mr. Harris discussed the redevelopment taxes line item.

Motion: To approve the ECHD FY19 Period 10 Financials, FY19 ECH Capital and Operating Budget, FY19 ECHD Consolidated and Standalone Budget

Movant: Zoglin

Second: Reeder

Ayes: Fligor, Fung, Miller, Reeder, Zoglin

Noes: None

Abstentions: None

Absent: None

Recused: None

d. Allocation of Capital Outlay Funds

Ken King, CASO, described the capital request as further detailed in the packet, allocating \$6,174,291 to the Women's Hospital Expansion Project.

In response to Director Fung's questions, Mr. Hussain described the use of funds for the imaging equipment replacement project in the FY19 ECHD Consolidated and Standalone budget and the forecasting for capital projects.

In response to Director Fligor's question, Mr. King discussed how funds received over the Gann limit must be allocated within two years to capital projects with certain criteria.

Motion: To allocate \$6,175,291 of capital outlay funds to the Women's Hospital expansion project.

Movant: Reeder

Second: Fligor

Friendly Amendment (Fligor): To clarify that the amount of the allocation is \$6,174,291.

Director Reeder accepted the Friendly Amendment.

Ayes: Fligor, Fung, Miller, Reeder, Zoglin

Noes: None

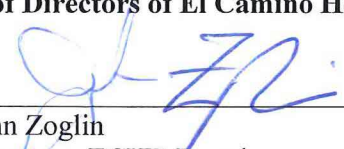
	<p>Abstentions: None Absent: None Recused: None</p>	
<p>9. DRAFT DISTRICT DIRECTOR VACANCY POLICY</p>	<p>Cindy Murphy, Director of Governance Services, described the development of a Draft District Director Vacancy policy as further detailed in the packet, including the two proposed alternatives and practices in other healthcare districts. She noted that the main difference between the proposals is the function of the Ad Hoc Committee, whether or not it would have the authority to narrow the field.</p> <p>Directors Fligor, Reeder, and Zoglin voiced their support of Alternative A and a transparent, open process.</p> <p>Director Fung commented that all applicants should have access to the same information.</p> <p>Director Zoglin suggested 1) allowing open conversation between candidates and Board members until an applicant formally applies for the position and 2) a process to provide further opportunities for the Board to reach consensus before the decision is handed over to the County.</p> <p>The Board discussed restricting or allowing communication with potential or actual applicants.</p> <p>Director Miller suggested removing paragraph 3.</p> <p>Motion: To approve District Director Vacancy Policy Alternative A, amended to remove paragraph 3.</p> <p>Movant: Miller Second: Fung</p> <p>Director Reeder expressed concerns about removing paragraph 3 in its entirety, stating his preference for the Ad Hoc Committee not conducting pre-interviews, and suggested that it be modified.</p> <p>Friendly Amendment (Reeder): To modify the sentence to read “Although individual sitting Board Directors may respond to communication initiated by any applicant, <i>they may not do so after an application has been submitted</i>, Board Directors shall not initiate contact with any applicant to discuss the Board vacancy and the Ad Hoc Committee shall not conduct pre-interviews of any applicant.”</p> <p>Director Miller did not accept the Friendly Amendment.</p> <p>Formal Amendment (Reeder): To keep Paragraph 3, but to modify the sentence to read “Although individual sitting Board Directors may respond to communication initiated by any applicant <i>prior to the submission of a formal application</i>, Board Directors shall not initiate contact with any applicant to discuss the Board vacancy and the Ad Hoc Committee shall not conduct pre-interviews of any applicant.”</p> <p>Second: Zoglin</p> <p>Director Fligor expressed concerns about the proposed amendment, noting that she would support language that would allow applicants the opportunity to reach out to Board members before and after the submission of their formal application.</p> <p>Ayes Zoglin, Reeder Noes: Fung, Fligor, Miller</p> <p>The amendment failed.</p>	<p><i>District Director Vacancy Policy Alternative A approved</i></p>

	<p>Motion: To approve District Director Vacancy Policy Alternative A, amended to remove paragraph 3.</p> <p>Movant: Miller Second: Fung</p> <p>Director Reeder expressed concerns about removing Paragraph 3. Director Fligor voiced her support of Paragraph 3 as written.</p> <p>Ayes: Miller, Fung Noes: Fligor, Reeder, Zoglin Abstentions: None Absent: None Recused: None</p> <p>Motion: To approve Alternative A as stated.</p> <p>Movant: Reeder Second: Fligor</p> <p>Director Miller expressed concerns about restricting the Ad Hoc Committee. Director Fligor clarified that Paragraph 3 as written limits Board members initiating contact with applicants, but applicants are free to reach out to Board members for additional information.</p> <p>Ayes: Reeder, Fligor, Fung Noes: Miller, Zoglin Abstentions: None Absent: None Recused: None</p>	
10. ECH BOARD AND BOARD CHAIR ASSESSMENT	<p>Chair Fung outlined the ECH Board and Board Chair assessment as further detailed in the packet, which extracted District Board members' feedback only from the FY18 Hospital Board Assessment. He discussed the assessment, highlighting recruitment of the new Hospital Board members and opportunities for improvement (greater strategic focus and dialogue, staying at the governance level, and delegating authority to the Advisory Committees).</p>	
11. APPOINTMENT OF LIAISON TO COMMUNITY BENEFIT ADVISORY COUNCIL (CBAC)	<p>Chair Fung acknowledged Director Miller's service as CBAC liaison.</p> <p>Motion: To approve the appointment Director Fligor as liaison to the Community Benefit Advisory Council.</p> <p>Movant: Reeder Second: Zoglin Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Director Fligor appointed as liaison to the Community Benefit Advisory Council</i>
12. PROCESS FOR ANNUAL PERFORMANCE REVIEW OF DISTRICT CEO AND CFO	<p>Ms. Murphy outlined the District CEO's responsibilities in the bylaws as further detailed in the packet.</p> <p>The Board discussed consolidating the evaluation process with the Hospital Board's process.</p> <p>Motion: To combine the annual performance review of District CEO and CFO with the Hospital Board's evaluation through the engagement of an outside firm to be completed before August 2018.</p> <p>Movant: Fung Second: Miller</p>	<i>Combined annual review approved</i>

	<p>Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
13. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 7:11pm pursuant to <i>Gov't Code Section 54957.2</i> for approval of Minutes of the Closed Session of the District Board Meeting (May 15, 2018); pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: Executive Session.</p> <p>Movant: Miller Second: Fung Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Adjourned to closed session at 7:11pm</i>
14. AGENDA ITEM 18: RECONVENE OPEN SESSION/REPORT OUT	<p>Open session was reconvened at 7:27pm. Agenda items 14-17 were addressed in closed session.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the District Board Meeting (May 15, 2018) by a unanimous vote in favor of all members present (Directors Fligor, Fung, Miller, Reeder, and Zoglin).</p>	
15. AGENDA ITEM 19: FY19 PACING PLAN	<p>Director Zoglin suggested and the Board agreed to use the December 2018 meeting for a report from the Ad Hoc Committee, if there is anything to report at that time.</p> <p>Director Fung suggested that the January topics be covered at the December meeting and canceling the January meeting. The Board discussed this proposal, but decided to allow more on-boarding time for potential new members, rather than swearing them in and having a substantive meeting on the same day.</p> <p>In response to Director Miller's question, Ms. Murphy explained that the District Board has historically approved its meetings for the next calendar year at its October meeting.</p>	
16. AGENDA ITEM 20: ADJOURNMENT	<p>Motion: To adjourn at 7:36pm.</p> <p>Movant: Zoglin Second: Fung Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Meeting adjourned at 7:36pm.</i>

Attest as to the approval of the foregoing minutes by the Board of Directors of El Camino Healthcare District:


Peter C. Fung, MD
Chair, ECHD Board


John Zoglin
Secretary, ECHD Board

Prepared by: Cindy Murphy, Director of Governance Services
Sarah Rosenberg, Contracts & Board Services Coordinator