



**Minutes of the Open Session of the
El Camino Healthcare District Board of Directors**

Tuesday, October 18, 2016

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040
Conference Rooms E, F & G

Board Members Present

Dennis Chiu, Vice Chair
Peter Fung, MD, Chair
Julia Miller
David Reeder (via teleconference)
John Zoglin

Board Members Absent

None

Members Excused

None

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER	The open session meeting of the El Camino Healthcare District Board of Directors (the "Board") was called to order at 5:29 pm by Chair Fung.	
2. SALUTE TO THE FLAG	Director Fung led the Board members, staff, and members of the public present in the Pledge of Allegiance.	
3. ROLL CALL	A verbal roll call was taken. Director Reeder participated via teleconference. All Board members were present.	
4. 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.	
5. PUBLIC COMMUNICATION	<p>Gary Kalbach, Vice Chair of the ECH Governance Committee and member of the ECH Board Member Ad Hoc Committee of the District Board, described his concerns about elected District Board members appointed to the Hospital Board including inability to attract competent Board members and form partnerships with other organizations. He suggested that the Board find a good long-term CEO and change the Hospital Board structure.</p> <p>Peter Moran, member of the ECH Governance Committee, urged the Board to build a competency-based Hospital Board structure, noting the need for separation between the District and Hospital's Boards and that the District Board's main charge is to appoint a competency-based Hospital Board.</p>	
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 Sessions of the District Board Meetings (June 14, 2016, August 10, 2016); <i>Resolution 2016-09</i>: To set regular meeting dates for calendar year 2017; FY16 Year-End Consolidated and Standalone Financials.</p> <p>Movant: Chiu Second: Miller Ayes: Chiu, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None</p>	<i>Consent calendar approved</i>

	Recused: None	
7. COMMUNITY BENEFIT SPOTLIGHT: VALLEY HEALTH CENTER	<p>Barbara Avery, Director of Community Benefit, recognized the Santa Clara Valley Medical Center for partnering with the El Camino Healthcare District to provide comprehensive primary care services and dental services at Valley Health Center, Sunnyvale for low-income and working poor residents of the District.</p> <p>Sonia Menzies, RN, Director of Ambulatory Care and Community Health Services, Santa Clara Valley Medical Center, thanked the Board for the opportunities they and the District have provided and described the operations and growth of Valley Health Center including: expansion of express care, continuation of dental services, case management through nurse coordinators, and a financial counselor.</p> <p>Motion: To approve <i>Resolution 2016-10</i> recognizing Valley Health Center.</p> <p>Movant: Chiu Second: Miller Ayes: Chiu, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Resolution 2016-10 approved</i>
8. FINANCIAL REPORT	<p>a. <u>FY17 ECHD Financials Year-to-Date</u></p> <p>Iftikhar Hussain, CFO, reported that for the consolidated financials (including El Camino Hospital) through the month of August, the District is \$10 million ahead of plan due to lower, monitored expenses, better charge capture, and better revenue cycle operations.</p> <p>Mr. Hussain explained that the variances in revenue are due to the timing of IGT payments (matching funds from the state).</p> <p>Motion: To approve the FY17 El Camino Healthcare District Year-to-Date Financials.</p> <p>Movant: Zoglin Second: Chiu Ayes: Chiu, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> <p>b. <u>Proposed Revision to FY17 Budget</u></p> <p>Mr. Hussain explained that the long term plan noted the need to go to the bond market to fund capital projects, but that the exact timing had not been determined and was not included in the Hospital's FY17 budget. Given the historically low rates and good access to the capital market, staff are proposing to issue bonds in the October/November time frame, and have included revisions to the ECH FY17 operating budget to accommodate the impact of these bonds.</p> <p>Motion: To approve the revisions to the El Camino Hospital FY17 Budget.</p> <p>Movant: Chiu Second: Zoglin</p>	<i>FY17 ECHD YTD Financials approved</i>

	<p>Ayes: Chiu, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Revisions to ECH FY17 Budget approved</i></p>
<p>9. FINANCIAL AUDIT PRESENTATION</p>	<p>Brian Conner and Joelle Pulver from Moss Adams presented the results of the audit of the consolidated financial statements of the District. All reports include Moss Adams' unmodified opinion, the highest level of assurance they can provide. Mr. Conner reported that financial statements as prepared by management were fairly stated in all material respects.</p> <p>Ms. Pulver highlighted:</p> <ul style="list-style-type: none"> - Cash investments (standalone) are up \$9 million dollars, due to improvement in investment performance compared to prior years and IGT payments from the State. - Long-term liabilities have decreased slightly due to regular payments on General Obligation bonds. - Management selected and applied significant accounting policies appropriately and consistent with those of the prior year; managements' estimates are reasonable. - There were no corrected or uncorrected audit adjustments; for internal controls, there were no material weaknesses and no significant deficiencies to communicate; Moss Adams issued an internal controls letter with four best practice recommendations. <p>Mr. Conner described upcoming accounting updates that will affect consolidated financials moving forward – adjustments concerning post-employment benefit plans, which impact equity by \$6 -7 million.</p>	
<p>10. ECH BOARD MEMBER ELECTION AD HOC COMMITTEE REPORT</p>	<p>Director Reeder, Ad Hoc Committee Chair, reported that the Committee reviewed the competencies recommended by the Governance Committee and evaluations of Hospital Board members. He also reported Neal Cohen, MD, has communicated that he will not seek reappointment as an El Camino Hospital Board Member at the conclusion of his term in June 2017.</p> <p>Director Reeder reported the Committee's recommendation to follow the process for Election and Re-Election of Non-District Board Members to the El Camino Hospital Board of Directors and begin the search for a new ECH Board member in Q3 (January), especially in light of the search for a permanent CEO.</p> <p>Director Zoglin asked if there is additional work to do in Q2 to prepare and be ready to start actively in January.</p> <p>Director Miller requested to set another meeting of the Ad Hoc Committee to discuss preparations in Q2 for a search in Q3. Director Reeder requested the opportunity to discuss timing and organizational bandwidth with Kathryn Fisk, CHRO, and suggested a possible meeting could happen in December.</p> <p>Director Reeder highlighted the Nygren competency report provided in the packet, and emphasized the significant value that Director Cohen adds to the Board. He stressed that a replacement should have similar competencies, which may be challenging to find.</p>	<p><i>Resolution 2016-07 approved</i></p>

	No motion was made; the Board directed staff to follow the Board's written Process for Election and Re-Election of Non-District Board Members to the El Camino Hospital Board of Directors.	
11. DRIVEWAY EASEMENT	<p>Ken King, CASO, reported that in the development work for the Integrated Medical Office Building and all of the work along Hospital Drive, the City of Mountain View and ECH's planners have recommended combining driveways and adding a crosswalk improvement to improve pedestrian, cyclist, and vehicular safety. He explained that the easement would improve safety for those leaving the North Parking Garage.</p> <p>Mr. King explained that District is the title landowner of the property and must provide access approval. The Medical Office Association has signed off on this plan.</p> <p>In response to Dr. Fung's question, Mr. King clarified that he is not currently recommending an aggressive plan for redevelopment, but that it could be an investment to consider in the future.</p> <p>In response to Director Zoglin's question, Mr. King explained that the easement is a permanently granted easement, unless transitioned in the future.</p> <p>Motion: To approve the driveway easement.</p> <p>Movant: Chiu Second: Miller Ayes: Chiu, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Driveway easement at 2500 Hospital Drive approved</i>
12. RESOLUTION 2016-11	<p>Chad Kenan, Citigroup Global Markets, and Jennifer Brown from Ponder & Co. provided an overview of the General Obligation Bond refunding to reduce interest cost on Series 2006 General Obligation Bonds. Mr. Kenan explained that the initial estimated savings to the District via reduction of debt service is now slightly lower, as rates have moved up recently, but still represent significant savings.</p> <p>He provided an overview of the timeline (approvals and issuance), noting that the bonds will be priced in New York next week. Mr. Kenan emphasized that the market conditions are ideal for reducing cost to capital; rates have been higher 99% of the time over the last 30 years. He also outlined historical transactions over the last 10 years (both ECHD's General Obligation and ECH's Revenue bonds), existing debt service on bonds, and a detailed cash flow benefit of refunding.</p> <p>Mr. Kenan described next steps: pricing the bonds in New York next week and closing the transaction during the week of November 15th.</p> <p>In response to Director Fung's question, Mr. Kenan clarified that the approximately \$16.2 million dollars in savings for the District will be over the life of the bonds (20 years). He also explained the roles of various players in the transaction:</p> <ul style="list-style-type: none"> - Wells Fargo (trustee and paying agent) manages the taxes coming in and the payment going out on the GO bonds. - Citigroup (underwriter) markets and sells bonds, finds investors 	<i>Resolution 2016-11 approved</i>

	<p>in New York, obtains interest rates.</p> <p>In response to Director Chiu's and Director Miller's questions about Wells Fargo, Mr. Kenan clarified that trustee and paying agent services would not be impacted. Mr. Hussain added that ECH is monitoring services, Wells Fargo has maintained a relationship with the District and the Hospital for over 10 years, and the team assigned has done good work. He noted that there would need to be a compelling reason to change trustees/paying agents, especially at this point in the transaction. Mr. Hussain and Ms. Brown described the fees for Wells Fargo across the two roles for the issuance of bonds (\$16,000) and ongoing maintenance and payment processing (\$5,000/year).</p> <p>Motion: To approve <i>Resolution 2016-11</i> authorizing redemption of the Series 2006 General Obligation Bonds issued on December 13, 2006 in accordance with the terms of the 2006 General Obligation Bonds, the sale of not to exceed a total amount of \$115,000,000 aggregate principal amount of the 2016 General Obligation Refunding Bonds, the payment of the costs of issuance and the irrevocable deposit of a portion of the proceeds of the 2016 General Obligation Refunding Bonds to an escrow fund established pursuant to an escrow agreement.</p> <p>Movant: Zoglin Second: Chiu Ayes: Chiu, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>13. FY16 COMMUNITY BENEFIT PLAN REPORT</p>	<p>Barbara Avery, Director of Community Benefit, provided an overview of the FY16 Community Benefit Report.</p> <p>Ms. Avery outlined the FY16 budget, divided into sponsorships and grants to support key health priorities: healthcare access, mental health, healthy eating and physical activity, and community health education. She reported that FY16 included 68,000 people served, 38 grants, 9 new grants, 5 small grants, 26 sponsorships (40% increase). She explained that 90% of metric targets were met, and this year included 15% more metrics than FY15. She noted that challenges include housing costs and commutes for staff in the area, delays in hiring, and language barriers.</p> <p>Ms. Avery outlined the key health priorities and strategies used to address those issues:</p> <ul style="list-style-type: none"> - Healthcare access: community clinics (like Valley Health Center), dental health (seed funding made more dental visits possible), school-based health (increases in children seeing a provider for vision and hearing care) - Mental health: school-based counseling (decreases in disciplinary referrals and lost days of instruction), access for uninsured, legal support, peer support - Prevention campaign: hypertension <p>Ms. Avery reported that grantees to audit have been identified, and the audit will be conducted in January 2017, after 6-month data has been received.</p>	<p><i>FY16 Community Benefit Report approved</i></p>

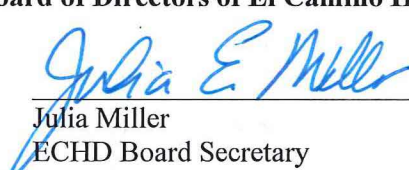
	<p>Ms. Avery thanked the Board for their support and communicated gratitude from the grantees.</p> <p>In response to Director Miller's question, Ms. Avery explained that Next Door Solutions was funded through the Hospital, as most of the patients are in the San Jose area. She reported that in FY17, Next Door Solutions has funding from both the Hospital and the District, and will be offering support groups in the District by connecting with several area partners.</p> <p>In response to Director Miller's question, Ms. Avery reported that from January through May, the Mayview Clinic saw double the number of uninsured patients that they had ever seen, including 1,000 patients from RotaCare. She noted that staff continues to monitor activities.</p> <p>Director Zoglin suggested including goals in the report and indicating whether or not those goals have changed/been met to evaluate performance over time. He also suggested that the Board look at the total cost (including administrative time and resources for monitoring metrics), not just the cash cost of supporting grantees.</p> <p>Motion: To approve the FY16 Community Benefit Report.</p> <p>Movant: Miller Second: Chiu Ayes: Chiu, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
14. FY17 PACING PLAN	<p>The next meeting of the El Camino Healthcare District Board of Directors will be on December 6, 2016 to swear in the newly re-elected Board members.</p> <p>In response to Director Zoglin's question, Ms. Murphy clarified that a notary will be present and anyone of the Board members' choice can swear in the members. If no notary is present, any officer of the court can perform the swearing in.</p> <p>Motion: To approve the FY17 pacing plan.</p> <p>Movant: Miller Second: Zoglin Ayes: Chiu, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>FY17 Pacing Plan approved</i>
15. BOARD COMMENTS	There were no additional Board comments.	
16. ASSOCIATION OF CALIFORNIA HEALTHCARE DISTRICTS REPORT	<p>Director Miller, ECHD and ACHD Board Member, described the ACHD meeting that she attended and her recent appointment as Chair of the Governance Committee and election as Vice Chair of the Board.</p> <p>Director Miller also summarized two ACHD-sponsored bills that were signed into law, highlighting Assembly Bill 2024 (Wood), which allows federally designated critical access hospitals to directly hire</p>	

	<p>physicians (ECH is not a critical access hospital).</p> <p>She thanked Ms. Murphy and Brenda Taussig, Director of Government and Community Relations for their assistance in preparing the report.</p> <p>Director Miller explained that she and Ms. Taussig are monitoring the Little Hoover Commission's activities, including a report update and a hearing to examine the structure, services, and value of special districts.</p>	
17. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:58 pm pursuant to <i>Gov't Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the District Board Meeting (June 14, 2016); pursuant to <i>Gov't Code Section 54956.9(d)(2)</i> for conference with legal counsel – pending or threatened litigation: FY16 Financial Audit; pursuant to <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: El Camino Hospital Governance; and pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters: Executive Session.</p> <p>Movant: Chiu Second: Zoglin Ayes: Chiu, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Meeting adjourned to closed session at 6:58 pm.</i>
18. AGENDA ITEM 24: RECONVENE OPEN SESSION	<p>Open session was reconvened at 8:07 pm. Director Reeder discontinued participation in the meeting at 8:07 pm.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the District Board Meeting of June 14, 2016 by a unanimous vote in favor by all members present (Directors Chiu, Fung, Miller, Reeder (by phone), Zoglin).</p>	
19. AGENDA ITEM 25: APPROVAL OF FY16 ECHD AUDIT	<p>Motion: To approve the FY16 ECHD Audit.</p> <p>Movant: Miller Second: Chiu Ayes: Chiu, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	<i>FY16 ECHD Audit approved</i>
20. AGENDA ITEM 26: ADJOURNMENT	<p>Motion: To adjourn at 8:09 pm.</p> <p>Movant: Miller Second: Fung Ayes: Chiu, Fung, Miller, Zoglin Noes: None Abstentions: None Absent: Reeder Recused: None</p>	<i>Meeting adjourned at 8:09 pm.</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



Julia Miller
ECHD Board Secretary

Prepared by: Cindy Murphy, Board Liaison
Sarah Rosenberg, Board Services Coordinator