



**Minutes of the Open Session of the
El Camino Healthcare District Board of Directors
Tuesday, October 20, 2020**

Pursuant to State of California Executive Order N-29-20 dated March 18, 2020, El Camino Health did not provide a physical location for this meeting. Instead, the public was invited to join the open session meeting via teleconference.

Board Members Present

Peter C. Fung, MD**
Gary Kalbach, Chair**
Julia E. Miller, Secretary/Treasurer**
George O. Ting, MD, Vice Chair**
John Zoglin**

Board Members Absent

None
****via teleconference**

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 5:30pm by Chair Kalbach. Chair Kalbach reviewed the logistics for the meeting. A verbal roll call was taken. All Board members were present and participated via videoconference pursuant to Santa Clara County's shelter in place order. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	<i>Call to Order at 6:30 pm</i>
2. SALUTE TO THE FLAG	Dan Woods, CEO, led all present in the Pledge of Allegiance.	
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Kalbach 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	None.	
5. CONSENT CALENDAR	<p>Chair Kalbach asked if any member of the Board or the public wished to remove an item from the consent calendar. Director Ting requested removal of Item 5a: Minutes of the Open Session of the District Board Meeting (9/10/2020).</p> <p>Director Zoglin left the meeting briefly during this agenda item and rejoined during Agenda Item 6: FY20 Year End ECHD Standalone Financials.</p> <p>Motion: To approve the consent calendar: FY20 Year-End Consolidated Financials; FY21 Pacing Plan; ECHD Conflict of Interest Code; FY20 Year-End Community Benefit Report; and for information: Sponsorships (July – September 2020)</p> <p>Movant: Ting Second: Fung Ayes: Fung, Kalbach, Miller, Ting Noes: None Abstentions: None Absent: Zoglin Recused: None</p> <p>Director Ting requested that the final vote to adjourn the meeting be corrected to reflect that he voted "Aye."</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the District Board Meeting (9/10/2020).</p> <p>Movant: Miller</p>	<i>Consent calendar approved</i>

	<p>Second: Ting Ayes: Fung, Kalbach, Miller, Ting Noes: None Abstentions: None Absent: Zoglin Recused: None</p>	
<p>6. FY20 YEAR END ECHD STANDALONE FINANCIALS</p>	<p>Carlos Bohorquez, CFO, provided an overview of the year-end financials, highlighting:</p> <ul style="list-style-type: none"> - On the District's standalone balance sheet, total fund balance improved by about \$9.2 million from the prior year. - \$85.6 million in assets included \$11.5 million in current assets, \$36.1 million in board-designated assets, \$10.7 million in capital assets, and assets held by trustees associated with debt service on General Obligation (G.O.) bonds - Liabilities included \$116.7 million in general obligation bonds; Mr. Bohorquez also noted the unrestricted fund balance of \$56.8 million . - District's total revenues included unrestricted property taxes (\$8.8 million), restricted property taxes (to be used for capital projects), dollars associated with funding interest and principal for G.O. bonds. He highlighted the payments into the IGT and PRIME programs and investment income of \$1.4 million. Net revenue was \$26.9 million. - The District had total net income of \$16.1 million, favorable to budget by \$3.7 million. <p>Mr. Bohorquez reviewed the fund balance activity in FY20 related to transfers for IGT/Prime and capital appropriations.</p> <p>In response to questions from the Board, Mr. Bohorquez noted that 1) funding to develop the District's property on El Camino could use a combination of District and Hospital monies and the size of the project would dictate the funding sources and 2) the budget for M&O property taxes was conservative; the actuals reflect normal inflation and an increase in valuation of assets in the District.</p> <p>Motion: To approve the FY20 Year-End District Standalone Financials.</p> <p>Movant: Miller Second: Fung Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>ECHD FY20 Year-End Standalone Financials approved</i></p>
<p>7. FY20 FINANCIAL AUDIT</p>	<p>Joelle Pulver from Moss Adams reviewed the scope of services (consolidated audit for the District, Hospital, Foundation, SVMD, and CONCERN, separate engagement for the Auxiliary).</p> <p>Ms. Pulver reported that the opinion given is an unmodified one, which is the highest level of assurance that can be given. The financials are accurate in all materials respects.</p> <p>She outlined the FY20 audit results including:</p> <ul style="list-style-type: none"> - \$8 million increase year over year for the last three years in cash and investments due to tax revenue and gains on investments. - There was a \$5 million decrease in liabilities, which reflects regular principal payments on the GO bonds. 	

	<ul style="list-style-type: none"> - Negative net position was due to the G.O. bonds being issued at the District level and assets were transferred to the Hospital (large construction projects) and reflected on the Hospital's books. - Revenue was predominantly property tax revenue, which was designated for debt service, community benefit, operating expenses, and capital expenditures. In addition, investment income was up \$2 million from the prior year. - Outflow of expenses included depreciation of capital assets, G.O. bond interest, and IGT and Community Benefit expenses. <p>Ms. Pulver explained that 1) Moss Adams does not opine on operating effectiveness of internal controls, 2) there were no significant accounting policy changes, and 3) management judgements and accounting estimates for the Hospital's books (there are none for the District) were reasonable.</p> <p>She reported that there were two audit adjustments related to 1) \$12 million increase to Net Patient Accounts Receivable and Net Patient Revenue due to \$7 million in unreconciled bad debt expense, which was reversed and \$5 million from additional reserves (2%) built into the forecasting modeling, which was not removed prior to booking the final year-end adjustments and 2) an investment that was recorded twice, so the investments were overstated by \$14 million.</p> <p>Ms. Pulver reported that Moss Adams issued a significant internal control deficiency related to the financial close reporting process and reconciliations.</p> <p>In response to Director Fung's question, Ms. Pulver explained that the 2% reserve in the model was unique to this year's forecasting tool.</p>	
8. ECHD FY21 YTD FINANCIALS	<p>Carlos Bohorquez, CFO, provided an overview of the District's FY21 Period 2 Financials:</p> <ul style="list-style-type: none"> - On the consolidated balance sheet, total cash and investments was \$1.384 billion, an improvement of \$49 million over the end FY20; total assets increased by \$64 million. - On the consolidated income statement, actual performance was trending favorable to budget; revenue was \$38 million favorable and \$4 million better than the same time in FY20. Net income was \$65 million, favorable to budget by \$75 million, primarily due to investment income. - The negative change in fund balance was due to allocation of \$7.8 million for capital appropriation projects. <p>Motion: To approve the FY21 Period 2 Financials</p> <p>Movant: Fung Second: Zoglin Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	FY21 Period 2 Financials approved
9. REPORT ON COVID-19 COMMUNITY TESTING PROGRAM	<p>Deb Muro, CIO, reported that the District program has provided over 7,700 tests as of October 18, 2020. Funding from insurance covers 92.3% of tests. She reviewed program elements and lessons learned: coordinated efforts with Santa Clara County, expanded appointment hours, additional laboratory options for testing and supplies, same-day and online scheduling, marketing of the program, and pop-up testing sites.</p> <p>Omar Chughtai, VP of Operations, further described pop-up testing. Ms.</p>	

	<p>Muro also reported that the partnerships with schools will be expanded to testing for students in addition to staff.</p> <p>Director Zoglin suggested implementing easier and more definitive communication of negative test results to all individuals whether they have a MyChart account or not. Ms. Muro commented that staff will look into additional communication options.</p> <p>In response to questions from the Board, Mr. Chughtai noted that 1) El Camino Health is acquiring new equipment to bring additional testing in house, but the equipment needs to be validated and will not be available until later in 2020, 2) rapid testing supplies are being allocated and distributed by the federal government and are not readily available to ECH, and 3) costs for the program include additional staff and new infrastructure. The Board encouraged the team to increase the number of tests and the speed for obtaining results and to use as much of the allocated funding as possible.</p>	
10. FY21 EL CAMINO HOSPITAL BOARD MEMBER ELECTION AD HOC COMMITTEE CHAIR APPOINTMENT	<p>Chair Kalbach reported that he has appointed Director Ting as Chair of the FY21 El Camino Hospital Board Member Ad Hoc Committee.</p> <p>In response to Director Zoglin's question, Chair Kalbach explained that he, Don Watters, and Lanhee Chen all have Hospital Board terms ending during FY21.</p>	
11. APPOINTMENT OF LIAISON TO THE COMMUNITY BENEFIT ADVISORY COUNCIL (CBAC)	<p>Chair Kalbach nominated Director Ting to serve as the District CBAC liaison.</p> <p>Motion: To approve the appointment of Director Ting as the District Board's Liaison to the CBAC.</p> <p>Movant: Zoglin Second: Kalbach</p> <p>The Board discussed the upcoming election, timing of the next CBAC meeting, and Director Ting's interest in the role.</p> <p>Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Director Ting appointed as the District Board's CBAC Liaison</i>
12. CEO's INFORMATIONAL REPORT ON CBAC's GUIDING PRINCIPLES	<p>Dan Woods, CEO, described the review of the overall Community Benefit Program and processes, including the District's mission, CBAC's purpose, scope, and current membership structure.</p> <p>Recommended changes to the process and structure:</p> <ul style="list-style-type: none"> - Strategic Alignment: Evaluate whether the three current funding categories (healthy body, healthy mind, and health community) align with El Camino Health's strategic plan. - Application Process: streamline standardize, and digitize applications; establish specific criteria and clearly identify dual (both Hospital and District) funding applicants for both the Hospital and District Boards - Oversight and Funding Process: restructure CBAC membership (9 community members, 2 staff as voting members) appointed by the CEO of the District, where community members could be members of the Board; institute CBAC member term limits (3 years terms, 2 terms max); enhance transparency and documentation of conflicts of interest and recusals - Performance and Stewardship Process: reporting on at least an 	

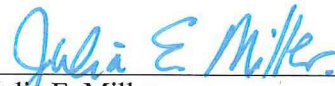
	<p>annual basis, especially because funding is granted on an annual basis</p> <p>The Board discussed 1) term limits for incumbent members, to be implemented immediately, and a phased approach for replacing current members who have served six years, 2) appointment of Board members to the “community” seats, and 3) the role of a Board liaison.</p> <p>Director Fung suggested that the guiding principles emphasize how the Community Benefit Grant Program is having an impact and improving the health of the community.</p> <p>In response to Director Zoglin’s question, Cecile Currier, VP of Corporate & Community Health Services and President, CONCERN:EAP described the non-monetary guidance the Community Benefit program provides to grantees related to metrics development, evidence-based methods evaluation, and bring groups together to share best practices and ideas.</p> <p>Director Zoglin expressed concerns with the District CEO appointing a District Board member to serve as a voting member of CBAC. He commented that the member would not be representing the full Board and could have a disproportionate voice. He also suggested having a process where the CBAC has a full discussion in on all grant funding available.</p> <p>Director Ting, Mr. Woods, and Ms. Currier discussed 1) the desire to define and refine the process for how funds are strategically guided and their overall impact, 2) review of the triennial Community Health Needs Assessment, and 3) a cohesive approach to the entire grant program.</p> <p>Director Miller noted the recent improvements in the application process, opportunities for additional branding, and commended staff for their work reviewing this process.</p> <p>Mr. Woods explained that staff is creating internal operational metrics (communication, distribution of funds) to monitor performance and enhance the experience for grantees.</p>	
13. COMMUNITY BENEFIT AD HOC COMMITTEE REPORT	<p>Motion: To approve the redlines to the El Camino Healthcare District Community Benefit Grants Policy.</p> <p>Movant: Miller</p> <p>Second: Fung</p> <p>Ayes: Fung, Kalbach, Miller, Ting, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: None</p> <p>Recused: None</p>	<i>Revised Community Benefit Grants Policy approved</i>
14. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 7:07 pursuant to <i>Gov’t Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: FY20 Financial Audit; pursuant to <i>Gov’t Code Section 54957.2</i> for approval of the Minutes of the Closed Session of the District Board Meeting (6/16/2020); pursuant to <i>Gov’t Code Section 54957</i> for discussion and report on personnel performance matters – CEO: FY20 CEO Performance Review; 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</p> <p>Second: Fung</p>	<i>Adjourned to closed session at 7:07pm</i>

	Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	
15. AGENDA ITEM 21: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 7:30pm by Chair Kalbach. Agenda Items 15-20 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 (6/16/2020) by a unanimous vote in favor of all members present and participating in the meeting (Directors Fung, Kalbach, Miller, Ting, and Zoglin).</p>	
16. AGENDA ITEM 22: FY20 FINANCIAL AUDIT	<p>Motion: To approve the FY20 Financial Audit.</p> <p>Movant: Zoglin Second: Fung Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: Ting Abstentions: None Absent: None Recused: None</p>	
17. AGENDA ITEM 23: BOARD COMMENTS	Director Fung thanked the Board and staff for the presentation and discussion at this meeting. Director Miller thanked the Board for their response to the Ad Hoc Committee's work.	
18. AGENDA ITEM 24: ADJOURNMENT	<p>Motion: To adjourn at 7:36pm.</p> <p>Movant: Miller Second: Zoglin Ayes: Fung, Kalbach, Miller, Ting, 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:

DocuSigned by:


Gary Kalbach
Chair, ECHD Board


Julia E. Miller
Secretary, ECHD Board

Prepared by: Cindy Murphy, Director of Governance Services
Sarah Rosenberg, Contracts Administrator/Governance Services EA