



**Minutes of the Open Session of the
Meeting of the El Camino Healthcare District Board of Directors
Tuesday, October 17, 2017**
El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040
Conference Rooms F&G (ground floor)

Board Members Present

Neysa Fligor
Peter Fung, MD, Chair
Julia Miller, Vice Chair
David Reeder
John Zoglin

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 5:32pm 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	<p>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.</p> <p>Director Fung requested that Agenda Item 11: Draft District Director Vacancy Policy be removed from this meeting's agenda and brought back in January. He asked the Board for a motion in support of this request.</p> <p>Motion: To table Agenda Item 11: Draft District Director Vacancy Policy until the Board's January meeting.</p> <p>Movant: Miller Second: Fung</p> <p>In response to Director Zoglin's question, Director Fung explained that this would not impact the current ECH Board member recruitment process. He also noted that he would provide the results of his research to the full Board.</p> <p>Ayes: Fligor, Fung, Miller, Zoglin Noes: None Abstentions: Reeder Absent: None Recused: None</p>	<i>Agenda Item 11: Draft District Director Vacancy Policy deferred</i>
4. PUBLIC COMMUNICATION	There were no comments from the public.	
5. CONSENT CALENDAR	<p>Chair Fung asked if any member of the Board or the public wished to remove an item from the consent calendar. Ms. Fligor asked that Agenda Item 5d: FY17 Year-End Consolidated and Standalone Financials be removed.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the District Board Meeting (August 16, 2017); Minutes of the Open Session of the District Board Meeting (August 23, 2017); and Resolution 2017-13: Setting Regular Meeting Dates for CY18.</p> <p>Movant: Zoglin Second: Reeder Ayes: Fligor, Fung, Miller, Reeder, Zoglin</p>	<i>Consent calendar approved</i>

	<p>Noes: None Abstentions: None Absent: None Recused: None</p> <p>In response to Director Fligor's questions, Iftikhar Hussain, CFO, presented the standalone District financials and described the ground lease, professional fees and purchased services for the District, and how capital appropriation projects relate to the Gann limit.</p> <p>In response to Director Fung and Director Miller's questions, Mr. Hussain explained that the services related to managing the District's Community Benefit programming are provided by ECH employees and the fees are based on estimated time and resources used for work specifically related to the District.</p> <p>In response to Director Miller's question, the Board and staff discussed the protocol for staff responses to written questions from the Board and distribution of the answers. Mary Rotunno, General Counsel, advised that if information regarding business of the Board is communicated to a quorum or more of the Board, then that information would also need to be made available to the public. Director Reeder suggested adding the topic to an agenda at a later meeting if it is something the full Board would like to discuss. The Board requested that staff provide a legal opinion on questions and answers between the Board and staff and the Brown Act implications at the January meeting.</p> <p>Director Miller requested a clarifying note on the financials to further explain that there are no employees of the District, but that the District purchases professional services from a related entity, El Camino Hospital.</p> <p>Motion: To approve the FY17 Year-End Consolidated and Standalone Financials.</p> <p>Movant: Reeder Second: Miller Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Staff to add discussion on written question and answer protocol to January agenda</i></p>
<p>6. COMMUNITY BENEFIT SPOTLIGHT</p>	<p>Motion: To approve <i>Resolution 2017-14</i>.</p> <p>Movant: Miller Second: Zoglin Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> <p>Barbara Avery, Director, Community Benefit, recognized the Family & Children Services of Silicon Valley for its commitment to helping victims of domestic violence with professional, bilingual support services.</p> <p>Jill Howard-Maher, LMFT, Director of Positive Solutions at the Family & Children Services of Silicon Valley, a division of Caminar, thanked the Board for their support of the FCS programming, and provided an overview of their work in domestic violence survivor services, including case management, advocacy, and counseling sessions.</p>	<p><i>Resolution 2017-14 approved</i></p>

<p>7. ECHD FY18 FINANCIALS YTD</p>	<p>Iftikhar Hussain presented the FY18 YTD consolidated and standalone Financials for the District highlighting:</p> <ul style="list-style-type: none"> - Cash position is strong, with 460 days of cash on hand. - For consolidated operation results, net income is \$10 million ahead of plan, with \$4 million of the positive variance from expenses; IT expenses for system maintenance will be coming in later in the year, and none of the \$5 million set aside for the strategic fund has been used yet. Investment income is \$5 million ahead, higher than the prior year. - The District's standalone financials are \$2.7 million ahead of plan, largely due to the timing of Community Benefit donations, which are paid primarily in August and February, but spread out evenly in the budget. <p>In response to Director Miller's question, Director Zoglin noted that the Finance Committee also requested review and detail of the "Other Board-Designated Reserves" line item. Mr. Hussain explained that he will bring back further detail to the next District Board meeting.</p> <p>Motion: To approve the ECHD FY18 Year-to-Date Financials.</p> <p>Movant: Fligor Second: Reeder Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p>FY18 ECHD YTD Financials approved</p> <p>Staff to provide additional detail on Other Board-Designated Reserves</p>
<p>8. FY17 FINANCIAL AUDIT</p>	<p>Brian Conner and Joelle Pulver from Moss Adams presented the results of the audit of the consolidated financial statements of the District, Foundation, CONCERN:EAP, and Auxiliary, as required by financial reporting standards. Mr. Conner explained that 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 standalone results, including:</p> <ul style="list-style-type: none"> - Cash investments had a slight increase year-over-year - There was a small decrease in capital assets related to depreciation expense. - Long-term liabilities have decreased slightly due to regular payments on General Obligation bonds. - On the income statement, revenue is predominantly property tax revenue, which is designated for debt service, community benefit, and capital expenditures. - The timing of IGT payments skewed the outflow of expenses; Ms. Pulver noted that she expects this to normalize in 2018 <p>Mr. Conner outlined the required communications to those charged with governance; he noted that management selected and applied significant accounting policies appropriately and consistent with those of the prior year; managements' estimates are reasonable, including valuation of investments.</p> <p>Ms. Pulver reported that Moss Adams' proposed adjustments related to: (1) charges posted in July related to services in June (\$3 million) and (2) negative balances in accounts receivable (\$2 million); management considered these to be immaterial and Moss Adams concurred with that</p>	

	<p>assessment.</p> <p>Director Fung requested that staff remove two pages related to Moss Adams' conference when publishing the approved audit results.</p>	
<p>9. REVISED BUDGET FOR MAJOR CAPITAL PROJECTS (BHS AND IMOB)</p>	<p>Ken King, CASO, described the additional funding needs for the Behavioral Health Services building (\$4.6 million) and Integrated Medical Office Building (\$27.1 million).</p> <p>He outlined the project budget approvals from August 2016, noting that only the Phase I construction costs were finalized at the time. He described the status of the Phase II construction costs, including approved and permitted plans and 99% finalized construction GMPs.</p> <p>Mr. King reported that, in the last year, cost increases were related to changes in: the scope of construction, which were required for agency approvals (increased cost of \$12.2 million); schedule extensions while waiting for agency reviews (\$6.5 million); and escalation, including additional OSHPD process and inspection requirements and the competitive Bay Area construction market (\$13 million).</p> <p>In response to Director Fung's questions, Mr. King explained that a portion of the IMOB (a connector) is subject to OSPHD review, and the rest of the construction is permitted by the City of Mountain View. He also explained that clinical services in the IMOB will be provided on an outpatient basis, which will be compliant with OSHPD 3 requirements. Mr. King noted that the budget increase will not use District funds or taxpayer dollars; the funding will come from the Hospital's cash reserves and bond financing.</p> <p>In response to Director Fligor's question, Mr. King described the calculation of costs related to schedule extension (directly related to more time than originally planned) versus escalation (cost of construction and materials). He explained that GMPs can be finalized following the District Board's approval.</p> <p>In response to Director Miller's questions, Mr. King reported that ECH pays prevailing wage on all work done on the Hospital.</p> <p>He explained that if ECH had waited to start demolition, site preparation, and utility work until the completion of the permitting process, all of the costs would have escalated.</p> <p>Motion: To approve the additional capital expenditures to be expended by the El Camino Hospital Corporation: not to exceed \$4.6 million for a total project budget of \$96.1 million for the Behavioral Health Services project and not to exceed \$27.1 million for a total project budget of \$302.1 million for the Integrated Medical Office Building.</p> <p>Movant: Reeder Second: Zoglin Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Revised Capital Project Budget approved</i></p>
<p>10. ECH BOARD MEMBER ELECTION AD HOC COMMITTEE REPORT</p>	<p>Director Zoglin, Chair of the Ad Hoc Committee, outlined the three recommendations from the Ad Hoc Committee on the Proposed Revised Process for Election and Re-Election of the Non-District Board members to the ECH Board of Directors, the re-election of Lanhee Chen to the ECH Board, and the proposed ECH Board Member Position Specification</p>	<p><i>Process for Election and Re-Election of NDBM to</i></p>

	<p>and subsequent process for filling the two new ECH Board seats as further detailed in the packet.</p> <p>In response to Director Fung's questions, Director Zoglin described the advantages and disadvantages of staggering appointments or on-boarding two new Board members at the same time. He explained that the Ad Hoc Committee supported on-boarding the two new Board members at the same time if there are two strong candidates. The Board discussed that the advertisements for the seats should note that there are two openings and how many are filled will be based on evaluation of the candidate pool. Director Zoglin commented that the Ad Hoc Committee will come back with a recommended process in January for deciding how many seats to fill and appointment/on-boarding timing.</p> <p>In response to Director Miller's question, the Board and staff clarified that there have been non-competitive re-elections historically and that the Ad Hoc Committee's current recommendation to re-elect Mr. Chen to the ECH Board is consistent with the Process.</p> <p>Director Fligor requested that staff review and/or add clarifying language to the Process to ensure that the Ad Hoc Committee does not include a quorum of the Governance Committee.</p> <p>Motion: To approve the Proposed Revised Process for Election and Re-Election of Non-District Board members to the El Camino Hospital Board of Directors; to re-elect Lanhee Chen to the El Camino Hospital Board of Directors for a second term of three (3) years, effective July 1, 2018; to approved the proposed ECH Board Member Position Specification.</p> <p>Movant: Reeder Second: Zoglin</p> <p>Friendly Amendment (Fligor): Subject to any changes that staff may make to the Process to ensure that the Ad Hoc Committee does not include a quorum of the Governance Committee.</p> <p>Second: Fung</p> <p>Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> <p>Director Zoglin explained that the Ad Hoc Committee recommended adding "healthcare experience preferred, but not required" to the Qualifications section of the Position Specification.</p> <p>Motion: To approve the Proposed Revised Process for Election and Re-Election of Non-District Board members to the El Camino Hospital Board of Directors, subject to any changes that staff may make to the Process to ensure that the Ad Hoc Committee does not include a quorum of the Governance Committee; to re-elect Lanhee Chen to the El Camino Hospital Board of Directors for a second term of three (3) years, effective July 1, 2018; to approved the proposed ECH Board Member Position Specification.</p> <p>Movant: Reeder Second: Zoglin Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None</p>	<p><i>the ECH Board approved; Lanhee Chen re-elected to the ECH Board; ECH Board Member Position Specification approved</i></p>
--	--	---

	Abstentions: None Absent: None Recused: None	
11. DRAFT DISTRICT DIRECTOR VACANCY POLICY	This item was deferred until the Board's January 2018 meeting.	
12. FY17 COMMUNITY BENEFIT PLAN REPORT	<p>Ms. Avery acknowledged her staff Anne Boyd Rabkin and Sharan Johal for their work on the report.</p> <p>Ms. Avery provided an overview of the FY17 Community Benefit Report. She outlined the performance framework (volume and impact metrics with 6-month and annual targets), and the FY17 investment, divided into sponsorships and program grants, which totaled \$6.4 million, a 10% increase over the prior year. She explained that 89% of metric targets were met.</p> <p>Ms. Avery discussed the distribution of funds across key health priorities for this year, and highlights of FY17 grants:</p> <ul style="list-style-type: none"> - Healthy body includes: clinical positions and school nurses (\$3.4 million, 21 grants); healthy mind school-based counselors, programs related to domestic violence and homelessness: (\$1.2 million, 18 grants) and healthy community includes: Road Runners, Chinese Health Initiative, South Asian Heart Center, work on falls prevention (\$1.6 million, 14 grants) - Cultivating health at school: \$1.5 million invested in 16 grants across 6 Districts, which includes 35 schools, 130 program sites, and 75,000 students - Helping older adults live fuller lives: \$925,000 invested in 13 programs, which serves 5,500 individuals and provides 16,000 services - Mobile services to bring care where it is needed: \$250,000 reached 800 people with 4,000 services - Oral health, with expanded evening hours, bilingual services and mobile sites: \$450,000 served 1,400 patients with 6,300 services <p>Ms. Avery described the hypertension initiative public awareness campaign, which reached over 100,000 District residents.</p> <p>Director Fung highlighted the impact of the hypertension initiative and commented that prevention is the way to reduce illness and increase wellness in the community.</p> <p>Motion: To approve the FY17 Community Benefit Report.</p> <p>Movant: Miller Second: Fligor Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<i>FY17 CB Plan Report approved</i>
13. FY18 PACING PLAN	<p>The Board requested that discussion on the Draft District Director Vacancy Policy and protocol for questions and answers be paced for January.</p> <p>Motion: To approve the FY18 Pacing Plan with the above changes.</p> <p>Movant: Miller</p>	<i>Pacing Plan approved</i>

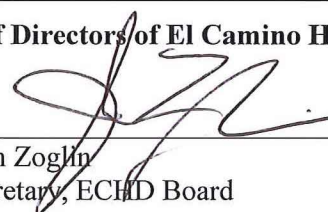
	Second: Zoglin Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	
14. BOARD COMMENTS	There were no additional comments from the Board.	
15. ADJOURN TO CLOSED SESSION	Motion: To adjourn to closed session at 7:07pm. Movant: Miller Second: Zoglin Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Adjourned to closed session at 7:07pm</i>
16. AGENDA ITEM 21: RECONVENE OPEN SESSION/REPORT OUT	<p>Open session was reconvened at 7:52 pm. Agenda items 16-20 were addressed in closed session.</p> <p>Director Fung introduced Dan Woods, CEO. Mr. Woods thanked the Board and the community for the warm welcome to ECH.</p> <p>During the closed session, the Board approved the Minutes of the Closed Session of the District Board Meeting (June 20, 2017) by a unanimous vote in favor of all members present (Directors Fligor, Fung, Miller, Reeder, and Zoglin).</p>	
17. AGENDA ITEM 22: FY17 FINANCIAL AUDIT APPROVAL	Motion: To approve FY17 Financial Audit. Movant: Reeder Second: Zoglin Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>FY17 Financial Audit approved</i>
18. AGENDA ITEM 23: PROPOSED STRUCTURE FOR COMMUNITY BENEFIT ADVISORY COUNCIL (CBAC)	Motion: To terminate the current ECHD Community Benefit Advisory Council Charter and confirm that the CBAC is a committee advisory to staff. Movant: Reeder Friendly Amendment (Fligor): To add that the ECHD CBAC is governed by a documented governance policy. <p>Staff stated that this governance policy would not be approved by the Board.</p> Second: Miller Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None Motion: To terminate the current ECHD Community Benefit Advisory Council Charter and confirm that the CBAC is a committee advisory to staff that is governed by a documented governance policy. Movant: Reeder	<i>CBAC Charter terminated and CBAC confirmed as a staff committee</i>

	Second: Zoglin Ayes: Fligor, Fung, Reeder, Zoglin Noes: None Abstentions: None Absent: Miller Recused: None	
19. AGENDA ITEM 24: ADJOURNMENT	Motion: To adjourn at 7:56 pm. Movant: Reeder Second: Zoglin Ayes: Fligor, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 7:56 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



John Zoglin
Secretary, ECHD Board

Prepared by: Sarah Rosenberg, Contracts & Board Services Coordinator