

Minutes of the Regular Meeting
El Camino Healthcare District Board of Directors
Tuesday, June 17, 2014
El Camino Hospital 2500 Grant Road, Mountain View, CA 94040
Conference Rooms E, F and G

1. **Call to Order.** The Open Session meeting was called to order by Chair Patricia A. Einarson, MD at 5:33 pm.

2. **Roll Call.**

Board Members Present: Dennis Chiu; Patricia A. Einarson, MD; Julia Miller; and John Zoglin.

Board Members Absent: David Reeder

3. **Potential Conflict of Interest Disclosures.** Chair Einarson asked if any Board member or anyone in the audience believes that a Board member may have a conflict of interest on any of the items on the agenda. No conflict was reported.

4. **Board Recognition – Resolution 2014-04.** Michael Podlone, MD presented the Resolution of the Board and a commemorative statue to Christine Imazumi in honor of her late husband, Mark O’Connor, District Board member from 1994-2010. Wes Alles, former ECHD Board member, also made some remarks regarding Mr. O’Connor.

Motion: To approve Resolution 2014-04.

Movant: Chiu

Second: Miller

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

5. **Community Benefit Spotlight: Sunnyvale School District – Resolution 2014-05.** Barbara Avery, Director, Community Benefit, presented the Resolution of the Board honoring the Sunnyvale School District (“SVSD”) for the success of its programs that receive funding through the ECHD Community Benefit Plan, to SVSD Superintendent Ben Picard and SVSD Board of Education President Reid Myers.

Motion: To approve Resolution 2014-05.

Movant: Miller

Second: Chiu

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

6. **Consent Calendar.** Chair Einarson asked if any Board member or member of the public wished to remove an item from the consent calendar. Director Miller requested that item 6.a “Minutes of the Regular Meeting of the District Board – March 5, 2014” be removed and Director Zoglin requested that item 6.e “Resolution 2014-07: To Establish Tax Appropriation Limit For FY 2015” be removed from the consent calendar.

Director Miller requested that the Addendum to the Minutes of March 5, 2014 be removed from the Minutes and that the Minutes be corrected to reflect the removal.

Motion: To approve item 6.a “Minutes of the Regular Meeting of the District Board – March 5, 2014” as corrected.

Movant: Miller

Second: Chiu

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

Director Zoglin requested additional information regarding the basis for the calculations contained in Resolution 2014-07. Matt Harris, Controller, stated he could provide the additional information. Item 6e was deferred until later in the meeting.

Motion: To approve Consent Calendar items 6.b “Minutes of the Special Meeting of the District Board, March 18, 2014”; 6.c Minutes of the Special Meeting of the District Board, March 25, 2014”; 6.d “Resolution 2014-6: To Approve Proposed Amendments to the El Camino Hospital Bylaws Section 6.8, 7.1 and 7.3”; and 6.f “Resolution 2014-8 To Approve Proposed Amendments to El Camino Healthcare District Bylaws Article III Sections 3 and 4 and Secretary/Treasurer Job Description.”

Movant: Miller

Second: Zoglin

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

7. **Financial Report.**

a. **ECHD FY 2014 Period 10 Financials.** Ned Borgstrom, Interim CFO, reported on the District’s revenues and expenses for FY 2014 YTD. Mr. Borgstrom highlighted the unbudgeted expense for the Intergovernmental Transfer Payment for the Medi-Cal Program explaining that the Hospital transferred \$2m to the District, the District then transferred \$2m to the State, and the State, through a federally funded matching program, transferred \$4m to the Hospital. He also

noted that tax revenues are higher than expected, likely because property valuations have exceeded expectations at the time of budgeting. Finally, he explained several other transfers between the Hospital and the District. The Board members did not have any questions.

Motion: To approve the ECHD FY 2014 Period 10 Financials

Movant: Chiu

Second: Zoglin

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

b. FY 2015 El Camino Hospital Operating and Capital Budget. Mr. Borgstrom advised the Board that the El Camino Hospital Board approved the proposed budget on June 11, 2014 and that it is now presented to the District Board for approval as required by the Hospital's Bylaws. He highlighted the proposed income statement for FY 2015, noting that the budgeted operating margin for FY 2015 is \$67.7m and explaining that this is less than the actual activity in FY 2014 because in FY 2014 the Hospital benefitted from one-time cost report settlements and investment returns were unusually good.

Mr. Borgstrom next described the Hospital's Proposed Capital Budget, explaining that these are commitments to be made in FY 2015, but expenditure of the funds will actually take place over several years.

Motion: To approve the Proposed FY 2015 El Camino Hospital Operating and Capital Budget.

Movant: Chiu

Second: Zoglin

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

c. ECHD FY 2015 Stand Alone and Consolidated Budget. Mr. Borgstrom reported that management provided a draft of this budget to LAFCo as requested and have not received any questions back from LAFCo yet. He also explained the budget assumptions including (1) in excess of \$200,000 for the November 2014 election, (2) \$2m for the Intergovernmental Transfer Program which management is fairly certain the State will administer this year and (3) the Proposed Community Benefit Plan expenditures.

Directors Miller and Einarson asked for clarification regarding the approximately \$200,000 expense for the November election. Mr. Borgstrom reported that it reflects the fee charged by the County of Santa Clara for holding the election for the District Board of Directors.

Mr. Borgstrom also called attention to the budgeted capital outlay for the Behavioral Health Services Building that will specifically be presented to the Board for approval later on the agenda.

Motion: To approve the ECHD FY 2015 Stand Alone and Consolidated Budget
Movant: Chiu
Second: Miller
Ayes: Chiu, Einarson, Miller and Zoglin
Noes: None
Abstentions: None
Absent: Reeder
Recused: None

d. Capital Outlay Fund. Mr. Borgstrom requested that the Board approve a transfer of \$8,093,042.00 from its capital outlay fund to the Hospital to pay for expenses related to design and construction of a new Behavioral Health Services Building. In response to Director Miller's question, Mr. Borgstrom explained that the capital outlay fund consists of tax revenues in excess of the Gann Limit that can only be used for capital expenditures or must be returned.. He also explained that the Behavioral Health Building is expected to be a \$53m project, and so far the Hospital has approved \$9m for design costs. Of the requested amount, any portion not required for design would be applied to initial construction costs.

Director Chiu commented that, since the Hospital Corporation loses money every year on the Behavioral Health Department and it is a desperately needed service for the District's residents he can see no better way of using tax revenue than to fund the behavioral health program.

Motion: To approve the Capital Outlay Fund
Movant: Miller
Second: Chiu
Ayes: Chiu, Einarson, Miller and Zoglin
Noes: None
Abstentions: None
Absent: Reeder
Recused: None

8. **Agenda Item 6.e – Resolution 2014-07 – (Consent Calendar).** In response to Director Zoglin's request, Matt Harris, Controller, provided some additional documentation to the Board members and explained the basis for the calculations reflected in the Draft Resolution as follows: Each year the State provides two categories of price and population information that are used in the calculations for the Prop 13 Tax Appropriation (Gann) Limit (unrestricted portion of tax revenues). The variables from which the District may select for the first category (cost of living) are the percentage change in the California per capita personal income from the preceding

year or the percentage change in local assessment due to nonresidential new construction from the previous year. This year the District selected the per capita percentage increase which was a negative .23% as that was the best option. The variables from which the District may select for the second category (change in population) are the change within the District (0.0079) or the change within the County (1.0150).

This year the District selected the County figure as that was the highest of the two. Mr. Harris explained that multiplication of the two variables resulted in a multiplier of 1.0127 which was then multiplied by last year's limit of \$6,736,462 resulting in the recommended limit for FY 2015 in the amount of \$6,822,015 as reflected in the Draft Resolution.

Motion: To approve Resolution 2014-07 with the addition of the calculations provided by Mr. Harris.

Movant: Zoglin

Second: Miller

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

9. **Agenda Item 8 - Approval of Compensation Agreement: Mountain View Revitalization Authority.** Gregory Caligary of Cox, Castle and Nicholson explained that the City of Mountain View, as the successor agency to the now winding down Mountain View Revitalization Authority, developed a long range management plan which has been approved by the State. Pursuant to the proposed Compensation Agreement, the City of Mountain View has proposed to reclaim two parking structures for public use, operate and maintain the properties and share any revenues received with the District and the other taxing entities. In response to Director Miller's question, Mr. Caligari explained that, although the District could opt out of the agreement, once the Compensation Agreement is signed, there should not be any further administrative costs to the District.

Motion: To authorize the CEO to execute the proposed Compensation Agreement with the proviso that the signature line on page 10 be revised to reflect the name of the District as the El Camino Healthcare District.

Movant: Chiu

Second: Miller

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

10. **Agenda Item 9 - District Accountability.**

a. District: Purpose. Chair Einarson suggested that the Board might want to consider the District from an aspirational and strategic standpoint. The Board then discussed the District's "Purpose" as set forth in Article I of its Bylaws. Director Zoglin commented that the Board should take some time at a future meeting to further explore the District's purpose.

b. FY 2015 Community Benefit Plan. Barbara Avery, Director, Community Benefit, reported on and recommended that the Board approve the Proposed FY 2015 ECHD Community Benefit Plan. She explained that the Plan is based on a Community Health Needs Assessment that is done every three years, last in 2013. The data in the assessment was presented to ECHD's Community Benefit Advisory Council ("CBAC"). CBAC identified health priority areas to guide the grant making process. The proposed plan was presented to the CBAC for advice prior to coming to the Board.

Ms. Avery explained that the mid-year review shows that for FY 2014 grantees metrics are 82% met.

Ms. Avery reviewed the health disparities in the various geographic regions of the District and the distribution of services related to those disparities. She also highlighted the grant programs included in the Proposed Plan.

Ms. Avery also noted that the District Board has historically supported funded El Camino Hospital-operated programs as long as they meet the following criteria: (1) addresses an identified community need, (2) are open to the whole community, and (3) follow the same grant-making process as external programs. She noted that the CBAC recently raised a question as to whether this is an appropriate use of community benefit funds and that the breakdown in the proposed FY 2015 is 65% to community partners and 35% to Hospital-operated programs. Director Miller suggested that the Board may, at a future meeting, want to consider a policy regarding allocation of District funds to Hospital-operated programs.

Motion: To approve the Proposed FY 2015 El Camino Healthcare District Community Benefit Plan.

Movant: Zoglin

Second: Chiu

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

c. Proposed Annual Update by El Camino Hospital Board Chair and CEO. Tomi Ryba, CEO, suggested that the CEO and the Chair of the Hospital Board come to the District Board annually with a report on topics such as strategy, risks, health care reform and community benefit. The

Directors responded favorably to the suggestion and noted the timing of such a report should be left to the discretion of the CEO and the District Board Chair.

Motion: To approve the addition of an annual update by the El Camino Hospital Board Chair and CEO to the ECHD Master Calendar and Pacing Plan.

Movant: Miller

Second: Zoglin

Ayes: Chiu, Einarson, Miller and Zoglin

Noes: None

Abstentions: None

Absent: Reeder

Recused: None

The Board requested that staff identify a date for an additional Board meeting in August to further discuss some of the issues presented and discussed in this section of the agenda.

11. **Agenda Item 10 - Marketing and Branding.** Chris Ernst, VP, Marketing and Corporate Communications gave a report regarding how the benefit and impact of the District is being communicated to the community. She reported on current tactics and suggested possible new tactics including paid media opportunities such as direct mail and paid advertising in local newspapers. Director Chiu asked if staff had any feedback on the success of direct advertising. Ms. Ernst responded that this would be a new tactic for the District and she would like some feedback regarding whether the Board would like her team to do more research and explore this option. Ms. Ernst suggested a quarterly report to the residents of the District would be one direct mail option.

Chair Einarson indicated that she would support a multifactorial approach to communication that includes direct mail. Director Miller questioned whether direct mail was an efficient means of communication in view of the high costs. Director Chiu indicated that spending money by assisting community partners to advertise in a way that reflects ECHD funding of their programs is of great value. Ms. Ernst and Ms. Ryba explained that staff is currently preparing "advertising tool kits" that will be given to community benefit partners to use onsite to demonstrate that the District is a program sponsor. Director Zoglin and Chair Einarson stated that they would like to see outcome metrics rather than process metrics to evaluate the effectiveness of marketing efforts. Director Zoglin suggested staff should also explore using electronic media as well as print media for advertising. Director Miller suggested that Ms. Ernst and her staff monitor advertising by healthcare organizations and Ms. Ernst confirmed her staff is doing that.

12. **Agenda Item 11 - Master Calendar/Pacing Plan.** Chair Einarson explained that the Master Calendar is intended as a rolling 2-year calendar of items that regularly come before the Board, and requested that staff add item 9c "annual update" to the Master Calendar and a meeting in August 2014 to the Pacing Plan.

Motion: To approve the Draft ECHD Master Calendar and Pacing Plan as revised.

Movant: Miller

Second: Chiu
Ayes: Chiu, Einarson, Miller and Zoglin
Noes: None
Abstentions: None
Absent: Reeder
Recused: None

13. **Agenda Item 12 - Appointment of ECHD Board Members to ECH Board Member Election Ad Hoc Committee.** In response to Chair Einarson's request for a volunteer, Director Zoglin volunteered to serve with her on the Ad Hoc Committee. The Directors engaged in a discussion regarding how the Governance Committee of the Hospital Board might work with the Ad Hoc Committee.

Motion: To Appoint Board Chair Einarson and Director Zoglin to serve on an Ad Hoc Committee of the District Board to evaluate a process for evaluating the reappointment or appointment of Hospital Board members who do not also serve on the District Board.
Movant: Chiu
Second: Miller
Ayes: Chiu, Einarson, Miller and Zoglin
Noes: None
Abstentions: None
Absent: Reeder
Recused: None

Director Einarson asked staff to include an item in the Pacing Plan for the August meeting regarding a possible amendment to the Hospital Bylaws to provide for language that would distinguish between the members of the Hospital Board who are also members of the District Board and those who are not.

14. **Agenda Item 13 - Board Chair Assessment.** The Board members discussed the Draft Board Chair Assessment. Director Zoglin suggested that the assessment should be done nine months after the beginning of the Chair's term. The Board members discussed a possible modification to query #7 in the Draft ECHD Board Chair Assessment contained in the Board packet and whether the Board should retain Nygren Consulting to perform the survey only or to also facilitate feedback sessions.

Motion: To approve a Board Chair assessment tool as follows: (1) to be implemented biannually beginning in 2016 nine months after the Chair assumes that office, (3) Nygren Consulting to perform the survey and facilitate a feedback session, review the list of 15 assessment questions in the Board packet, and revise assessment query # 7 to read "Has a collaborative and constructive relationship with the CEO" and (4) budget limited to \$12,000.00.

Movant: Miller
Second: Chiu
Ayes: Chiu, Einarson, Miller and Zoglin
Noes: None
Abstentions: None
Absent: Reeder
Recused: None

15. **Agenda Item 14 - Public Communication.** Mr. Geoffrey Mangers handed the Board members written communication and spoke about his concerns related to Lithotripsy, Hospital billing rates, and his desire for a response from the Board.

16. **Agenda Item 15 - Board Comments.** None

17. **Adjourn to Closed Session.**

Motion: To adjourn to closed session pursuant to *Government Code Section 54957.2* for approval of the Closed Session Minutes of the following meetings: Regular Meeting of March 5, 2014, the Special Meeting of March 18, 2014 and the Special Meeting of March 25, 2014 and for a report and discussion on personnel matters pursuant to *Government Code Section 54957*: Executive Session.

Movant: Chiu
Second: Miller
Ayes: Chiu, Einarson, Miller and Zoglin
Noes: None
Abstentions: None
Absent: Reeder
Recused: None

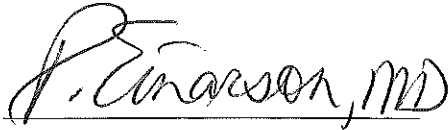
The Closed Session began at 8:12 pm.

18. **Reconvene Open Session.** Open session was reconvened at 8:39 pm. Mary Rotunno, Associate General Counsel, reported that the Board approved the Closed Session Minutes of the following meetings by a vote of four Directors in favor (Chiu, Einarson, Miller and Zoglin), one absent (Reeder): Regular Meeting of March 5, 2014, the Special Meeting of March 18, 2014 and the Special Meeting of March 25, 2014 during the closed session.

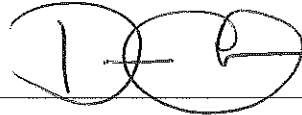
19. **Adjournment.**

Motion: To adjourn at 8:40 pm
Movant: Chiu
Second: Miller
Ayes: Chiu, Einarson, Miller and Zoglin
Noes: None
Abstentions: None
Absent: Reeder
Recused: None

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



Patricia A. Einarson, MD
Chair, ECHD Board of Directors



Dennis Chiu
ECHD Board Secretary