

EL CAMINO HEALTHCARE DISTRICT

BOARD OF DIRECTORS

Regular Meeting – June 18, 2013

1. CALL TO ORDER/ROLL CALL

The meeting of the Board of Directors of the El Camino Healthcare District (the “District”) was called to order by John Zoglin, Chairman, at 5:30 pm on Wednesday June 18, 2013 in Conference Rooms E, F, and G, ground floor, El Camino Hospital, 2500 Grant Road, Mountain View, California

Roll call was taken. The Directors present were Dennis Chiu, Patricia Einarson, MD, Julia Miller, David Reeder and John Zoglin.

2. CONFLICT OF INTEREST DISCLOSURES:

Director Zoglin asked if there was any Board member or anyone in the audience who believes any Board member may have a conflict of interest on any of the items on the agenda. Director Chiu noted he is the attorney for the Asian Americans for Community Involvement (“AACI”). If AACI were to be a prospective grantee under the proposed Community Benefit Plan he would have a conflict of interest. No other conflict was stated.

3. CONSENT CALENDAR:

Director Zoglin asked if anyone wanted to remove an item from the consent agenda. Director Miller requested that the Minutes of the March 19, 2013 Regular Meeting be removed from the consent calendar and requested that the section titled “Application of the Health and Safety Code” be corrected to read:

“Director Miller stated that during the onboarding process, she noted that stipends were permitted to be paid to District Board members under the *Health and Safety Code* but the Bylaws prohibited such payments, and these documents need to be reconciled. A report was provided by staff which demonstrated that other hospitals and special districts do provide such stipends.”

Director Miller requested that a copy of the report be attached to the Minutes.

There was no public comment.

Action: Director Miller made a motion, seconded by Director Chiu and approved by a vote of five Directors in favor to approve the Minutes of the March 19, 2013 Regular Meeting as corrected.

Action: Director Miller made a motion, seconded by Director Einarson and approved by a vote of five Directors in favor to approve the Minutes of the May 1, 2013 Special Meeting.

4. INFORMATIONAL ITEMS AND POSSIBLE MOTION ITEMS

A. Election of El Camino Healthcare District Board Officers

The Directors expressed their opinions and discussed the advantages and disadvantages of employing various election processes including a competency-based approach and a rotational approach consistent with recent past practices and certain municipalities.

There was no public comment.

Action: Upon motion made by Director Zoglin, seconded by Director Miller and approved by a vote of five Directors in favor, the Board adopted the following election process:

1. Vice Chair will move into the Chair position.
2. Nominations from the floor will be taken for the Vice Chair and the Secretary/Treasurer positions.

Action: Upon motion made by Director Chiu, seconded by Director Miller, and approved by a vote of five Directors in favor, Director Einarson was elected to the position of Board Chair.

Following the election of Director Einarson, Director Reeder nominated Director Chiu for the position of Vice Chair and Director Chiu nominated Director Miller for the position of Vice Chair. The Directors discussed the nature of the role, the nominees' relevant experience and their other commitments. Director Chiu, noting both his professional and other community service commitments, declined the nomination for vice chair.

Action: Upon motion made by Dennis Chiu, seconded by Julia Miller and approved by a vote of five Directors in favor, Director Miller was elected to the position of Vice Chair.

Following the election of Director Miller, Director Einarson nominated Director Chiu to the position of Secretary/Treasurer. Director Chiu accepted the nomination.

Action: Upon motion made by Director Einarson, seconded by Director Miller and approved by a vote of five Directors in favor, Director Chiu was elected to the position of Secretary/Treasurer.

B. ECHD Community Benefit Plan

Cecile Currier, VP of Corporate and Community Health Services, presented the District's proposed Community Benefit Plan that recommended total program funding in the amount of \$6.5 million. She outlined the county wide needs assessment used to identify 13 primary health needs and 4 priority health areas: Healthcare Access, Mental Health, Obesity Reduction and Health Literacy. Following the needs assessment, there was a metrics driven process used to identify grant recipients. The Community Benefits Advisory Council ("CBAC") participated in the process extensively.

Significant resources will be dedicated to improving access to primary health care (which will decrease hospital admissions and decrease community health care costs) and oral health care.

She pointed out that under the proposed Plan, the district will provide services in seven school districts, noting that individuals feel safe seeking their health care there. Ms. Currier also explained the importance of addressing health disparities in the South Asian (high levels of heart disease) and Chinese communities (Asymptomatic Hepatitis B) through the South Asian Heart Center and the Chinese Health Initiative.

In response to Director Miller's question Ms. Currier stated that they are planning to expand the CBAC, and that they have reached out to two current City of Sunnyvale officials. Ms. Currier also explained that any addition to the CBAC would be undertaken in accordance with the established policy with final approval by the District Board. Director Zoglin congratulated Ms. Currier and her team for putting together a very comprehensive plan. Director Zoglin noted that the Asian Americans for Community Involvement ("AACI") is not a prospective grantee under the proposed Community Benefit Plan and that Director Chiu would therefore be permitted to vote on this agenda item.

There was no public comment.

Action: Upon motion made by Director Miller, seconded by Director Einarson and approved by a vote of five Directors in favor, the proposed El Camino Healthcare District Community Benefit Plan was approved.

C. ECHD April 2013 Consolidated Financials

Mike King, CFO, referring to the Joint Consolidated Statement of Revenue and Expense, reported that the operating revenue is \$43 million ahead of budget and expenses were 4.4% over budget as a result of increased volume at the Hospital Corporation that also drove the increase in revenue. Overall, the operating margin is at 9.4% against an expected 6.5%. He also noted that the balance sheet shows an unrestricted fund balance of \$31 million and advised the Board that he would explain that in further detail during the budget presentation later in the evening.

Turning to the ECHD Stand Alone Statement of Revenue and Expense, Mr. King discussed the variances from budget including approximately \$800,000.00 in professional fees due almost entirely to the LAFCo Service Review. He also reported that tax revenues were more favorable than expected, probably due to rising property values within the District, as well as the unexpected share of the reallocation of tax revenue from Redevelopment Agencies.

D. Capital Outlay Fund (Behavioral Health Services)

Ken King, Chief Administrative Services Officer, El Camino Hospital, presented the Hospital's request that the District allocate \$3.3 million from its Capital Outlay Fund from the 2011 fund year in support of the Behavioral Health Services ("BHS") building renovation and reconstruction project. He noted that the BHS projects qualifies for this use as it is allocated to building, land or equipment that costs greater than \$100,00 and has a useful life of more than 10 years.

There was no public comment.

Action: Director Reeder made a motion seconded by Director Chiu, and approved by a vote of five Directors in favor to approve designation of \$3,368,342.00 from the District's Capital Outlay Fund for the 2011 fund year for the BHS building renovation and reconstruction project.

E. 2013-2014 ECHD Stand Alone & Consolidated Budget

Mike King, CFO, presented the 2013-2014 Budgets. He reported that the ECH Board has reviewed and recommended approval of the Hospital budget (which is part of the District's consolidated budget). He explained that the District's budget is largely driven by recurring expenses, but there were some differences for this past year including the costs related to the Service review and the election. There are also three new budget items: administration of the District's Community Benefit Fund, allocation for Board member's educational expenses, and allocation for possible Board member stipends. He reported that the District's \$17.2 million in income is derived primarily from tax receipts, with amounts from lease payments (from the Hospital Corporation) and investments.

Mr. King explained that operating expenses (budgeted at \$849,000.00) are a relatively small part (7%) of the District's budget, bond expenses are 39% of the budget and the Community Benefit Donations represent 54% of the budget. Mr. King explained how the District appears to "make" \$5.5 million and what the \$31 million Opening Fund Balance is and how those monies will be spent. He also explained that the District has no employees and therefore no pension fund; however the Hospital's pension plan is very well funded. He addressed the way the District calculates its annual Gann limit. He informed the Board that the District does not intend to spend any capital on District expenses this year.

Director Chiu commented that the District is required to have a Consolidated Statement of Revenue and Expense and he thanked Mr. King for, in addition, breaking the District budget out so that Board and the public can see how the tax dollars are being spent.

There was no public comment.

Action: Director Einarson made a motion, seconded by Director Chiu and approved by a vote of five Directors in favor to approve the 2013-2014 El Camino Healthcare District Consolidated and Stand Alone Budgets as presented.

F. LAFCo Update

Brenda Taussig, Manager, Government Relations reported that the District submitted its response to LAFCo on May 7, 2013, and since that time staff representing ECHD and LAFCo staff have had productive interactions regarding next steps. Ms. Taussig reported that, although she had hoped the District's Response would have been on LAFCo's June 5, 2013 agenda, it will be on LAFCo's August 7th agenda instead. She also informed the Board that the District received a letter from LAFCo dated June 14, 2013 regarding the District's Gann Act Limit, and that staff would need to work over the coming days with Director Chiu and Zoglin (as members of the LAFCo ad hoc Committee) to prepare a response. Ms. Taussig further reported that she recommends that Director Reeder attend the August 7th presentation of the District's Response due to his lengthy tenure on the Board and because he attended the LAFCo hearing last year.

G. Resolutions 2013-7 and 2013-8

Director Zoglin, referring to proposed Resolutions 2013-7 (amending Article II Section 2.3, Article IV Section 4.5 (A)(II) and Article VII, Section 7.6 of the Bylaws of El Camino Hospital) and

2013-8 (amending Resolution 2012-19 for the purpose of ending the initial or any future terms of the 2012 Directors on June 30th rather than September 30th), opened the floor for commentary. There was no commentary from any of the Board members or the public.

Action: Director Miller made a motion, seconded by Director Einarson and approved by a vote of five Directors in favor to adopt Resolutions 2013-7 and 2013-8.

H. Election of a Director to the El Camino Hospital Board of Directors

Director Zoglin reviewed the process the Board employed to elect the 2012 Directors. The Directors discussed the reasons to use a three year term for the 2012 Directors, and whether or not to use term limits. Director Zoglin commented that the immediate question for decision was whether or not to re-elect Jeffrey Davis M.D. to a three year term as a member of the El Camino Hospital Board of Directors.

There was no public comment.

Action: Director Reeder made a motion, seconded by Director Chiu, and approved by a vote of five Directors in favor to elect Jeffrey Davis, MD to the El Camino Hospital Board of Directors for a three year term effective July 1, 2013.

I. Resolution 2013-9

Mike King, CFO, explained that the Limitations Appropriations for FY 2013-14 recommended in proposed Resolution 2013-9 is based on (1) the change in cost of living measurement published by the state this year (5.12%) and (2) a choice between two measures to incorporate the change in population that are provided by the state. Mr. King recommended the District use "the change in population within the District" measurement (1.97%) because that is the highest amount and allows the District more unrestricted funds available to use for community benefit donations compared to the measure for the "change in population within the county."

There was no public comment.

Action: Director Chiu made a motion, seconded by Director Miller, and approved by a vote of five Directors in favor to adopt Resolution 2013-9 as presented.

J. Board Comments

Director Miller thanked staff for working hard to assist her with telephone conference participation in the June 12, 2013 Hospital Board meeting.

Director Chiu thanked Tomi Ryba, CEO and the El Camino Healthcare District and the El Camino Hospital for supporting the Victory Institute's (a 501(c)(3) organization) celebration of the LGBT elected officials.

5. PUBLIC COMMUNICATION

There was no Public Communication.

6. ADJOURN TO CLOSED SESSION

Action: Director Chiu made a motion, seconded by Director Miller, and approved by a vote of five Directors in favor to adjourn to closed session at 7:00pm.

7. RECONVENE OPEN SESSION

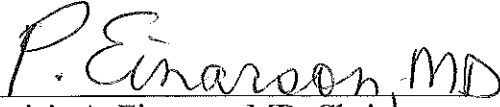
Open Session was reconvened at 7:23pm. Director Zoglin reported that the closed session Minutes of the May 19, 2013 Regular Meeting of the Board of Directors were approved in closed session.

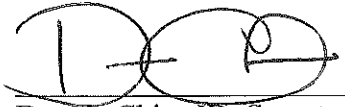
Board Comments

Director Miller requested that Board Comments be reopened and inquired about the facility's ability to web-cast Board meetings. Tomi Ryba, CEO stated she would ask Ken King, Chief Administrative Officer, El Camino Hospital and Greg Walton, Chief Information Officer, El Camino Hospital to address the Board regarding this topic.

8. ADJOURNMENT

Action: Upon motion made by Director Einarson, seconded by Director Reeder, and approved by a vote of five directors in favor, the meeting was adjourned at 7:27 pm.


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


Dennis Chiu, JD, Secretary
ECHD Board of Directors