

**Minutes of the Regular Meeting
Board of Directors
of The El Camino Healthcare District
Tuesday, October 29, 2013**

1. **Call to Order.** The Open Session meeting of the Board of Directors of El Camino Healthcare District ("Board") was called to order by Chair Patricia A. Einarson, MD at 5:30 pm on Tuesday October 29, 2013, Conference Rooms A, B and C at El Camino Hospital, 2500 Grant Road, Mountain View, California.

2. **Roll Call.** Roll call was taken. Board members present were Dennis Chiu; Patricia A. Einarson, MD; Julia Miller and John Zoglin. David Reeder participated in the meeting via telephone conference call. It was discovered by staff after the meeting concluded that, although Director Reeder had provided staff with an address from which he would be participating well in advance of the meeting, staff had not included the address on the Public Agenda and Notice of the meeting. None of the Directors were aware of the error during the meeting.

3. **Potential Conflict of Interest Disclosures.** Director 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. **Consent Calendar.** Director Chiu made a motion, seconded by Director Zoglin and approved by a vote of four Directors in favor (Chiu, Einarson, Miller, and Zoglin) (Director Reeder's vote not counted) to approve the following items on the consent calendar: Minutes of the Regular District Board Meeting, June 18, 2013; Resolution 2013-10 Setting Calendar Year 2014 Meeting Dates; Non –Designated Public Hospital Intergovernmental Transfer; and Appointment of Lisa Rosenblum to the Community Benefit Advisory Council.

5. **FY 2013 Community Benefit Year End Report.** Cecile Currier, VP of Corporate and Community Health Services reported that, in fiscal year 2013, the ECHD Community Benefit program invested over \$5.8 million to provide healthcare services to those most in need in a way that has a meaningful impact on the community. She also reported that in making grants the program focuses on partnering with significant and large community institutions such as schools, safety net programs and community service agencies, providing a range of services including prevention, early intervention and other services along the continuum of care.

Ms. Currier highlighted the following program successes: Access to primary care services (prevention and chronic disease management) for the working poor who have no insurance; access to dental care; mental health services (1,600 received service through school CHAC programs); Playworks; School nurse program; Respite care; and Roadrunners.

In response to Director Miller's questions Ms. Currier noted that the District invested approximately \$300,000 – \$400,000 more this year than last, there is still a very large waiting list for dental care, the schools would like more finding for mental health services, some schools

could still use more school nurses to get to an ideal nurse: student ratio and many schools would like to add Playworks.

In response to Director Chiu's question, Barbara Avery, Director of Community Benefit, explained that the Healthy Kids program did not meet its goals because it reduced its outreach to providers compared to the prior year. A portion of that grant was returned to the District.

Action: Director Chiu made a motion, seconded by Director Miller and approved by a vote of four Directors in favor (Chiu, Einarson, Miller, and Zoglin), Director Reeder not voting, to accept the FY 2013 Community Benefit Report.

6. **Financials.** Ned Borgstrom, Interim CFO, gave a summary report on the Q1 FY 2014 financial statements of the District's consolidated entities stating that the income statements show that the consolidated entities were on budget, except for the investment portfolio which is ahead of budget.

He also gave the report on the District's stand-alone financials. He noted that there is an operational reserve fund of \$1 million, and a capital appropriations reserve fund of \$8 million. There is a decrease from June to September which reflects an approved transfer of funds for the Behavioral Health Services project. Mr. Borgstrom also stated that he would defer to Brian Connor of Moss Adam's upcoming report on the Audit in regards to the FY 2013 Financials, but would answer any questions the Directors might have.

Action: Director Zoglin made a motion, seconded by Director Chiu and approved by a vote of four Directors in favor (Chiu, Einarson, Miller, and Zoglin), Director Reeder not voting, to approve the FY 2013 Financials and the Q1 (July 1, 2013 – September 30, 2013) FY 2014 ECHD Financials.

7. **FY 2013 ECHD Financial Audit.** Brian Connor of Moss Adams reported on the FY2013 audit. Mr. Connor explained to the Directors that the Auditors' opinions are on the consolidated financial statements and that it is an unmodified opinion which means that the Auditors believe that the audited financial statements are fairly stated in all material respects. This is the best category of opinion; formerly the highest category was an unqualified opinion.

With respect to the "District only" statements, the most significant change in FY 2013 was an increase in \$7 million in cash and investments to be retained for future use. He noted that the District's primary revenue source is property tax revenue that is designated for Community Benefit programs, operating expenses and future capital projects and property tax revenue designated for debt service. District expenses include the IGT payment, professional fees, purchased services, depreciation and amortization, GO bond debt service and capital transfers to the Hospital which had made the Community Benefit expenditures.

Mr. Connor reported that there were no significant changes to accounting policies, that management estimates in the financial statements are reasonable, that there were no material weaknesses in the control structures and that there were no disagreements or difficulties with the management team while performing the engagement.

Mr. Connor also explained that there will be three changes to accounting standards in coming years (GASB Statements numbers 65, 68 and 69) and the potential effect of those changes on ECHD's financial statements.

Action on this item was deferred until after the executive session in closed session.

8. **Communications with the CEO.** Chair Einarson stated that this item is on the agenda for a Board discussion regarding how Board members should communicate with the CEO, what matters (i.e. requests for work) should be brought to the CEO by individual Board members and what matters should be brought to the Chair first and to consider whether the Board should adopt a policy or guidelines regarding communication with the CEO. Director Einarson commented that Governance matters should come to the CEO via the Board Chair.

The Directors discussed factors that may have given rise to the timing of this discussion and whether ministerial and policy matters should be treated differently or whether it is appropriate for individual Board members to bring any matter directly to the CEO. The Directors also discussed what impact the Management Services Agreement with the Hospital might have on this discussion.

The Board members also discussed whether it might undermine transparency if a Board member were to request a significant amount of work to be done by staff that had not been discussed by the Board in public.

The Directors also discussed whether it might be useful to have a policy or guidelines in place to prevent the expenditure of significant staff resources without full Board approval. Director Zoglin suggested that it might be worthwhile for one of the Board members to put together a draft policy, submit it to staff to get comments from the other Board members and for staff to then revise the draft taking the Board members comments into consideration and bring it back to the next Board meeting.

9. **Joint Powers Authority Status.** – Legal Counsel Mitchell J. Olejko of Buchalter, Nemer reported on the history of a Joint Powers Authority (“JPA”) involving Santa Clara County and the El Camino Healthcare District and explained that all bonds issued by the JPA have been paid. In response to the Directors questions he explained that there is no material reason to maintain the JPA and incur the expenses associated with it.

Action: Director Miller made a motion, seconded by Director Chiu and approved by a vote of four Directors in favor (Chiu, Einarson, Miller, and Zoglin), Director Reeder not voting, to terminate the Joint Powers Authority and approve Board Resolution 2013-11.

10. **Board Comments.** Director Einarson asked the Board members to offer ideas for the Board's pacing calendar. Director Miller suggested that the Board should look at how it can increase Community Benefit and would like the Board to consider the process for expanding the District's boundaries at its next meeting. Director Miller requested that that matter be added to the District's next agenda. Director Reeder commented he did not believe the matter was urgent enough to be placed on the Board's next agenda and that a pacing calendar should be developed first and items for consideration should be prioritized.

Action: Director Reeder made a motion seconded by Director Einarson to bring a pacing calendar to the next Board meeting for review and that the issue of expanding the District boundaries should be included on the pacing calendar for prioritization but a discussion of the merits of expanding the District boundaries will not be on the agenda.

Following the motion, Director Chiu stated that if any Director had requested an item be placed on an agenda he would support that request.

Directors Reeder and Einarson voted in favor of the motion and Directors Zoglin, Chiu and Miller opposed the motion. The motion failed, and would also have failed if Director Reeder's vote had not been counted.

Tomi Ryba, CEO asked the Board what information the Board would like staff to provide to the Board in regards to this topic at its next meeting. The Board members indicated that they would like to see factual information regarding what impact expansion of the District's boundaries would have, including a legal review of the process and consequences as warranted.

11. **Public Communication.** Mr. Geoffrey Mangers handed printed material to each of the Director's present.

12. **Adjourn to Closed Session.** Director Chiu made a motion, seconded by Director Zoglin and approved by a vote of four Directors in favor (Chiu, Einarson, Miller, and Zoglin), Director Reeder not voting, to adjourn to closed session at 7:20 pm. Director Reeder indicated that, due to the lateness of the hour at his location, he would discontinue his teleconference participation in the meeting.

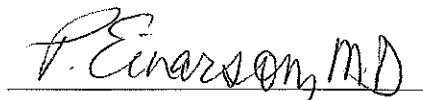
13. **Agenda Item 18 – Reconvene Open Session.** Open session was reconvened at 8:32 pm. Director Reeder was absent during the reconvened open session.

14. **Agenda Item 19 - FY 2013 ECHD Financial Audit.** Director Chiu made a motion, seconded by Director Zoglin and approved by a vote of four Directors in favor (Chiu, Einarson, Miller, and Zoglin), one absent (Reeder) to approve the FY 2013 ECHD Financial Audit.

15. **Agenda Item 20 - Compliance Issue Review Process.** Chair Einarson announced that this matter will be deferred until the January meeting.

16. **Agenda Item 21 - Adjournment.** Director Chiu made a motion, seconded by Director Miller, and approved by a vote of four members in favor (Chiu, Einarson, Miller, and Zoglin), one absent (Reeder) to adjourn the meeting. There being no further business, the meeting was adjourned at 8:35 p.m.

**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