



**Minutes of the Open Session of the
Meeting of the El Camino Healthcare District Board of Directors
Tuesday, October 22, 2019
El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040
Conference Rooms F&G (ground floor)**

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

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. A silent roll call was taken. Director Ting arrived at 5:34pm during Agenda Item 5: Consent Calendar. All other Board members were present at roll call.	
2. SALUTE TO THE FLAG	Chair Kalbach led the Board members, staff, and members of the public 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	Chair Kalbach asked if any member of the Board or the public wished to remove an item from the consent calendar. Director Miller requested that Item 5c: Sponsorships (July-October 2019) be removed for discussion. Motion: To approve the consent calendar: Minutes of the Open Session of the District Board Meeting (6/18/2019); FY19 Year-End Consolidated Financials; and for information: Movant: Miller Second: Zoglin Ayes: Fung, Kalbach, Miller, Zoglin Noes: None Abstentions: None Absent: Ting Recused: None In response to Director Miller's questions, Barbara Avery, Director of Community Benefit, explained that staff was asked to prepare a list of sponsorships from July to October 2019, and the list only includes District sponsorships. Ms. Avery explained 1) why some organizations may not qualify for District sponsorships, 2) that sponsorships are funded over the course of the year, and 3) that any unused sponsorship funds are available for the following year. Director Miller and Chair Kalbach requested clarification about which community events are sponsored by the Hospital versus the District and the funding level provided for each group. Motion: To approve the consent calendar: for information: Sponsorships (July-October 2019).	Consent calendar approved

	Movant: Fung Second: Miller Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	
6. COMMUNITY BENEFIT SPOTLIGHT: CRISTO REY	Barbara Avery, Director, Community Benefit, introduced Tom Myers, Executive Director of Community Services Agency (CSA) Mountain View-Los Altos. Mr. Myers provided an overview of CSA, a community-based non-profit serving Mountain View and Los Altos with three areas of core programming: homeless prevention services, on-site and mobile food and nutrition, and senior services. He explained that District grant funding supports senior intensive case management, providing comprehensive services to address readmissions. Mr. Myers also described client success stories and sources of funding for the organization. In response to Director Fung's comments, Mr. Myers described the changing trends in poverty and homelessness in the area. The Board thanked Mr. Myers and the CSA MVLA staff for their work. Motion: To approve <i>Resolution 2019-09</i>. Movant: Fung Second: Miller Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Resolution 2019-09 approved</i>
7. FINANCIAL REPORT	a. ECHD FY19 Year-End Standalone Financials Iftikhar Hussain, CFO provided an overview of the year-end financials, highlighting: - \$125 million in General Obligation bonds, serviced with tax revenue - Revenues and expenses: revenues are mainly taxes; there has been variation in IGT funding; expenses are on budget - The fund balance activity between the District and the Hospital - The Gann limit calculation, which totaled \$8.4 million in FY19, with \$7.7 million available in Community Benefit b. ECHD FY20 YTD Financials In response to Director Fung's questions, Mr. Hussain described activity on the balance sheet and changes in short term investments, Community Benefit fund, and Board-Designated funds for capital appropriations. Director Miller requested 1) a breakdown of professional fees and services related to Community Benefit support from ECH ahead of the Board's review of the budget for FY21 and 2) to agendaize a detailed Board review of organization memberships in May. Mr. Hussain explained that the expenses for the memberships are part of the District budget reviewed and approved by the Board. Director Zoglin expressed concerns about using Board time to review a \$25,000 expense. Cindy Murphy, Director of Governance Services, noted that the itemized memberships were part of the	<i>FY19 Year-End Standalone and FY20 YTD Financials approved</i>

	budget presented to the District Board for review and approval in June. Motion: To approve the ECHD FY19 Year-End Standalone Financials and the ECHD FY20 Year-to-Date Financials. Movant: Miller Second: Fung Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	
8. FY19 FINANCIAL AUDIT	Joelle Pulver reviewed the scope of services (consolidated audit for the District, Hospital, Foundation, SVMMD, and CONCERN, separate engagement for the Auxiliary). She explained that Moss Adams is providing non-attest and consulting services to ECH, but that Moss Adams remains independent of the organization for audit purposes. Ms. Pulver reported that 1) the opinion given is an unmodified one, which is the highest level of assurance that can be given and 2) Moss Adams found ECH's financial statements to be fairly stated in all material respects. She outlined the FY19 District standalone results, including: - Cash and investments had a \$20 million dollar increase related to investment gains. - There was an \$8 million decrease in liabilities, which reflect regular principle payments on the General Obligation (GO) bonds. - On the income statement, revenue is predominantly property tax revenue, which is designated for debt service, community benefit, operating expenses, and capital expenditures. - Outflow of expenses include: depreciation of capital assets, GO bond interest, IGT and Community Benefit expense. Ms. Pulver explained that the financial statements are the responsibility of management and Moss Adams does not opine on operating effectiveness of internal controls. She reported that there were no accounting policy changes and management judgments and accounting estimates are reasonable. She reported that there was one corrected misstatement related to construction in progress (CIP) retention accrual (5-10% for construction invoices that was not made), resulting in a \$15 million adjustment, which was not material to the consolidated financial statements as a whole. Ms. Pulver noted that there were no uncorrected misstatements, and for internal controls, no material weaknesses and one significant deficiency related to cutoff accrual. In response to Director Miller's questions, Ms. Pulver explained that 1) last year, there were significant deficiencies related to accounts receivable, which were corrected and 2) related party transactions describe transactions between the entities. In response to questions from the Board, Ms. Pulver described the \$11.6 million total increase in aggregate employee benefits and Mr. Hussain explained that there is a PTO pay down period. Director Miller requested additional information on a PTO cap. Director Zoglin requested an update on Satellite for the Hospital Board. In response to Board questions, Ms. Pulver and Mr. Hussain further	

	explained: - The loss of defeasance of bonds payable, that sits on the balance sheet and is amortized over the life of the future bonds. - A cash management program that has a 2.5% return - The measurement date for the assets of the pension plan is December 31, 2018. The fair value of the plan was better as of June 30, 2019. - Beneficiaries who receive lifetime healthcare are employees; it is a frozen plan with no new participants being added who are receiving Supplemental Medicare insurance. - The Los Gatos campus is in compliance with seismic requirements until 2030. Director Zoglin requested additional information about the Board approval in 2012 to fund the Foundation's salaries, wages, and benefits. Mr. Hussain explained that the intent was for 100% of donations to the Foundation to go toward their intended purpose rather than for Foundation operational expenses. Director Zoglin asked for more information about this approval. In response to Director Miller's questions, Ms. Pulver noted that the recommendation regarding authorized signatories was an operational/administrative deficiency, not a significant one, and has been corrected. Mr. Hussain described the steps taken to address employee departures including a new process.	
9. CAPITAL FUNDING REQUEST: MV CAMPUS COMPLETION PROJECT	Ken King, CASO, explained that the Hospital Board reviewed and approved this proposal and noted that the final phase will exceed \$25 million. He provided an overview of the initial funding request for the Mountain View campus completion project. He described the two phases of work related to the demolition of the Old Main Hospital Building and the construction of a temporary Shipping & Receiving Yard, including design, permitting, and execution. Mr. King explained that staff is considering options for the final campus configuration (Phase III). In response to Director Miller's question, Mr. King explained that the funding for Phase III will be requested in early 2020 and the total cost for Phase III depends on the scope of the project/building development; a straightforward replacement could run between \$45-50 million and an expansion could cost around \$80-90 million. Motion: To approve the initial funding for the Mountain View Campus completion project at a cost not to exceed \$24.9 million, while management develops the scope, cost, and recommendation for the final phase. Movant: Miller Second: Fung Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>MV Campus Completion project funding approved</i>
10. REVIEW OF COMMUNITY BENEFIT GRANT MAKING PROCESS	Barbara Avery, Director of Community Benefit, explained that if there are revisions that the full Board would like to make to the Community Benefit grant making process, staff needs to know by the middle of December in order to implement them for the next funding cycle.	<i>Ad Hoc Committee formed</i>

The Board and Cecile Currier, VP, Corporate & Community Health Services and President, CONCERN:EAP, and Ms. Avery discussed:

1. Membership of the Community Benefit Advisory Council (CBAC), including their qualifications and expertise, selection of members, tenure, and term limits (two 3-year terms). Ms. Miller suggested that CBAC members should live full-time in the District, there should be fewer members, and composition should be revisited on an annual basis. The Board discussed the role of the CBAC and the balance of District Board input and accountability.
2. Social determinants of health (SDOH): Director Zoglin suggested that grants should provide value-added health services and training and be more aligned with institutional goals. Ms. Currier and Ms. Avery reported that 3.9% of FY19 grants went toward programs addressing SDOH.
3. Should District monies be supporting Hospital-operated programs (HOPs)? Ms. Currier explained that approximately 10% of District funding goes toward HOPs.
4. Metrics reporting requirements and how for small organizations it can be burdensome, but in some cases has helped those groups to become better at data collection, management, and analysis.
5. Small grants: Director Zoglin suggested having a smaller number of partners with deeper relationships. Ms. Currier noted that the small grants program was started at the request of the CBAC.
6. Guiding principles for staff to determine grant funding, including the current formal, structured process based on the Community Health Needs Assessment (CHNA), how the District can be most effective in leveraging assets to make a difference, and alignment with the mission of the District in providing healthcare access, delivery of care, and education.

The Board suggested the formation of an ad hoc committee to review the process in more detail and propose recommendations to the full Board. Director Fung suggested soliciting public comment and feedback from staff.

Motion: To form an ad hoc committee consisting of Director Fung and Director Miller.

Movant: Miller

Second: Fung

Chair Kalbach suggested using local publications to solicit public comment.

In response to clarification from counsel, Chair Kalbach appointed Director Miller as Chair of the Ad Hoc Committee.

In response to Board questions, Chair Kalbach outlined the purpose of the ad hoc committee: to come up with suggestions for improvements to the community benefit grant making process and to make sure the suggestions are wide-ranging options, not conclusions, but a series of alternatives.

Director Ting expressed concerns about addressing these questions through an ad hoc committee. The Board discussed how the ad hoc committee can discuss options with staff.

Ayes: Fung, Kalbach, Miller, Ting, Zoglin

Noes: None

Abstentions: None

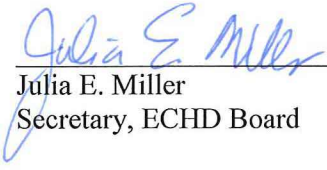
Absent: None

	Recused: None Barbara Avery suggested also soliciting input from a healthcare grant making association.	
11. FY19 COMMUNITY BENEFIT REPORT	Barbara Avery, Director of Community Benefit, provided an overview of the District's \$7.2 million investment in the community in FY19 in grants and sponsorships. Ms. Avery reported that the FY19 Community Benefit program had 54 grants and 23 sponsorships and highlighted the success of the microsite. She described the process of aligning the program with the triennial Community Health Needs Assessment (CHNA) and mapping those needs to three health care priorities (Healthy Body, Health Mind, and Healthy Community). Ms. Avery reported that the 54 grantees achieved 90% of annual targets of for their 194 metrics. She outlined areas served, including 1) clinics and community health (\$5.8 million, 26,900 people served by medical, dental, nutrition education/access, and older adult programming and 2) health in schools (\$3.3 million, 110,990 students across 255 schools and 28 school districts served by school nurse, exercise, and nutrition programs). Ms. Avery thanked the Board for their support. Motion: To approve the FY19 Community Benefit Report. Movant: Miller Second: Fung Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	Board Officers elected
12. HOSPITAL BOARD MEMBER ELECTION AD HOC COMMITTEE REPORT	Director Miller, Ad Hoc Committee Chair, reported that the Ad Hoc Committee unanimously recommended reappointment of Bob Rebitzer and Julie Kliger to the Hospital Board. In response to Director Zoglin's questions, Cindy Murphy, Director of Governance Services, explained that the other non-District Hospital Board members' terms expire as follows: Lanhee Chen and Gary Kalbach: June 31, 2021; Jack Po: June 30, 2022; and Don Watters: December 4, 2020.	
13. RE-ELECTION OF EL CAMINO HOSPITAL BOARD MEMBERS	Motion: To re-appoint Bob Rebitzer and Julie Kliger to the El Camino Hospital Board of Directors each for a three-year term, expiring June 30, 2023. Movant: Zoglin Second: Ting Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	ECH Board Members re-elected
14. FY20 PACING PLAN	Ms. Murphy explained that the January District Board meeting will be on January 28, 2020.	
15. ADJOURN TO CLOSED SESSION	Motion: To adjourn to closed session at 7:36pm pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters –	Adjourned to closed

	Senior Management: FY19 Financial Audit; pursuant to <i>Gov't Code Section 54957.2</i> for approval of Minutes of the Closed Session of the District Board Meeting (6/18/2019); pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – CFO: Annual Evaluation of the ECHD CFO; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – CEO: Annual Evaluation of the ECHD CEO; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters – Senior Management: Executive Session. Movant: Ting Second: Zoglin Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>session at 7:36pm</i>
16. AGENDA ITEM 23: RECONVENE OPEN SESSION/REPORT OUT	Open session was reconvened at 8:22pm. Agenda items 16-22 were addressed in closed session. During the closed session, the Board approved the Minutes of the Closed Session of the District Board Meeting (6/18/2019) by a unanimous vote in favor of all members present (Directors Fung, Miller, Kalbach, Ting, and Zoglin).	
17. AGENDA ITEM 24: APPROVAL OF FY19 FINANCIAL AUDIT	Motion: To approve the FY19 Financial Audit. Movant: Zoglin Second: Fung Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>FY19 Financial Audit approved</i>
18. AGENDA ITEM 25: BOARD COMMENTS	Director Miller wished everyone a happy Halloween.	
19. AGENDA ITEM 26: ADJOURNMENT	Motion: To adjourn at 8:27pm. Movant: Ting Second: Miller Ayes: Fung, Kalbach, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 8:27pm</i>

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


Gary Kalbach
Chair, ECHD Board


Julia E. Miller
Secretary, ECHD Board

Prepared by: Cindy Murphy, Director of Governance Services
Sarah Rosenberg, Contracts & Board Services Coordinator