



**Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, October 12, 2016
2500 Grant Road, Mountain View, CA 94040
Conference Rooms E, F & G**

Board Members Present

Lanhee Chen, via videoconference
Dennis Chiu, Vice Chair
Neal Cohen, MD, Chair
Jeffrey Davis, MD
Peter Fung, MD
Julia Miller
David Reeder
Tomi Ryba
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 Board of Directors of El Camino Hospital (the "Board") was called to order at 5:30pm by Chair Cohen. A verbal roll call was taken. Director Chen participated via videoconference. Director Davis joined the meeting via teleconference at 5:51pm during Agenda Item 6 (Resolution 2016-13, 2016 Plan of Finance), disconnected from the teleconference and then joined the meeting in person during the closed session consent calendar discussion. All other Board members were present.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Director Cohen asked if any Board members may have a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. BOARD RECOGNITION	<p>Motion: To approve Resolution 2016-12.</p> <p>Movant: Miller Second: Reeder Ayes: Chen, Chiu, Cohen, Fung, Miller, Reeder, Ryba, Zoglin Noes: None Abstentions: None Absent: Davis Recused: None</p> <p>Jodi Barnard, President of the El Camino Hospital Foundation, acknowledged sisters Janin Saadieh Branco, Janet Shaffer, Dona Somora, and their mother, Amy Saadieh, for their ongoing support to help raise money in memory and honor of Kai Saadieh to benefit the Cancer Center at El Camino Hospital.</p>	Resolution 2016-12 approved
4. FY17 PERIOD 2 FINANCIALS	<p>Iftikhar Hussain, CFO, reported that volume is low, both compared to last year and to budget. He also reported that the payor mix is stable, and operating margin is \$6 million ahead of plan. There were no additional questions from the Board on the Period 2 Financials.</p> <p>Motion: To approve the FY17 Period 2 Financials.</p> <p>Movant: Chiu Second: Ryba</p>	FY17 Period 2 Financials approved

	<p>Ayes: Chen, Chiu, Cohen, Fung, Miller, Reeder, Ryba, Zoglin Noes: None Abstentions: None Absent: Davis Recused: None</p>	
<p>5. FY16 FINANCIAL AUDIT</p>	<p>Brian Conner and Joelle Pulver from Moss Adams reviewed the results of the financial audits conducted for FY16. Mr. Conner outlined the scope of work performed for ECH including: FY16 consolidated financial statement audits (Hospital and District) and FY16 financial statement audits for the Foundation, CONCERN: EAP, and the Auxiliary. 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:</p> <ul style="list-style-type: none"> - Cash investments are down \$15 million with unrealized losses due to the change in the market value of the investments as of June 30, 2016. Most of those losses have been recovered subsequent to year-end. - Capital assets include purchases of \$87 million (including the land purchase in Santa Teresa) offset by depreciation of \$48 million, investments in other affiliates (Pathways, Surgery Center), and defined benefit plan asset. - Current liabilities have remained consistent over the last 3 years, with a decrease in \$7 million dollars for long-term liabilities (regularly scheduled payments on debt). - Net patient service accounts receivable (the most significant estimate in the audit) is up \$30 million from last year due to better charge capture with Epic and denial reversals. - From FY15 to FY16, there was a 2 percentage point increase in salaries, wages, and benefits under total operating revenues. - Management selected and applied significant accounting policies appropriately and consistent with those of the prior year; managements' estimates are reasonable. - There were no corrected or uncorrected audit adjustments; for internal controls, there were no material weakness and no significant deficiencies to communicate. - Moss Adams issued an internal controls letter with four best practice recommendations, including classification of contractual allowances and bad debt, credit balances in AR, reconciling items regarding period cutoff, and rental incomes and expenses. <p>Mr. Conner described the upcoming accounting updates (GASB-74 and -75), highlighting a significant change for financial reporting for post-employment benefit plans other than pension plans.</p>	
<p>6. RESOLUTION 2016-13</p>	<p>Chad Kenan, Citigroup Global Markets, and Jennifer Brown, Ponder & Co., outlined the Series 2016 Plan of Finance to capitalize on low interest rates and favorable market conditions. The plan includes:</p> <ol style="list-style-type: none"> 1. New Money Revenue Bonds: fund \$270 million of tax-exempt projects. Mr. Kenan explained that Ken King, Chief Administrative Services Officer, has identified additional projects (approximately \$20 million) that would be eligible. The \$290 million, including the additional \$20 million, would be spent over 	<p>Resolution 2016-13 approved</p>

	<p>the next 3 years on these projects.</p> <p>2. Series 2006 General Obligation Bonds: refinance and reduce interest costs (gross savings of approximately \$16 million).</p> <p>He provided an overview of the timeline (approvals and issuance), of historical bond transactions over the last 10 years (both General Obligation of the District and Revenue bonds of the Hospital), existing debt service on bonds, and a detailed cash flow benefit of refunding. Mr. Kenan reported that rating agencies have confirmed ECH's A+ rating, and that the team will be pricing the bonds in New York on Thursday, October 27, 2016.</p> <p>Director Zoglin highlighted that the savings on the District's General Obligation bonds will be passed on to the District property owners.</p> <p>Motion: To approve Resolution 2016-13, adopting the 2016 Plan of Finance, approving transactions for the funding of new projects at the Mountain View campus and paying costs of issuance plus a capitalized interest account not to exceed \$325,000,000.</p> <p>Movant: Chiu Second: Reeder Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Ryba, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>7. PROPOSED REVISIONS TO FY17 BUDGET</p>	<p>Iftikhar Hussain, CFO, explained that the long term plan noted the need to go to the bond market to fund capital projects, but that the exact timing had not been determined and was not included in the FY17 budget. Given the historically low rates and good access to the capital market, staff are proposing to issue bonds in the October/November time frame, and have included revisions to the FY17 budget to accommodate the impact of these bonds.</p> <p>Motion: To approved the revisions to the FY17 budget.</p> <p>Movant: Chiu Second: Fung Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Ryba, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>8. QUALITY COMMITTEE REPORT</p>	<p>Dave Reeder, Chair of the Quality Committee, reported that metrics remain relatively stable, noting a slight uptick in falls. The Committee approved the addition of sepsis to the exception report to replace specimen labeling errors; the metric will measure minutes from time of presentation to IV crystalloid fluid order, with a goal of less than or equal to 120 minutes. Director Reeder explained that the Committee continued to discuss and review pain management and reassessment and a countermeasure to assure narcotic safety.</p> <p>Director Reeder described the update from Dr. David Francisco regarding the Greeley report and peer review process; Medical Staff will continue work on this area, and will bring the report to the Board.</p>	

<p>9. FY16 COMMUNITY BENEFIT REPORT</p>	<p>Barbara Avery, Director of Community Benefit, explained that the Community Benefit report will be distributed to the community, stakeholders, and elected officials. She reported that the 2016 Health Needs Assessment has been conducted, and the report will inform funding for FY17-19.</p> <p>Ms. Avery reported that total community benefit financials totaled \$53 million; the largest categories were government-sponsored healthcare (uncompensated Medi-Cal), subsidized health services, and financial assistance.</p> <p>She outlined the FY16 grants and sponsorships: \$2,583,256 invested, 33,734 people served with 29 grants and 31 sponsors. She explained that 90% of metric targets were met, which was a 6% increase over the 6-month data. She noted that challenges include housing and commutes for staff in the area, delays in hiring, and language barriers.</p> <p>Ms. Avery described staff's efforts to better measure Community Benefit impact by exploring trends in grant making and speaking with global foundations, public health departments, and healthcare districts. Recommendations included: trusting judgment of program officers and encouraging innovation.</p> <p>She provided a snapshot of those helped in the community and areas targeted for each population:</p> <ul style="list-style-type: none"> - Seniors: isolation, depression, transportation barriers, falls prevention, case management and food security - Homeless/Uninsured: psychological services, medical respite - Youth: orthodontics for foster youth, early head start, school nurses, mental health counseling, nutrition and physical activity - Those At-Risk for Diabetes: awareness campaign, screening, education <p>She also discussed the impacts of certain programs, including:</p> <ul style="list-style-type: none"> - School nurses: connecting children with a physician if they fail a health screening (31% increase) - Playworks: affecting school climate; steady decrease in the number of office referrals with the implementation of Playworks - Challenge Diabetes: targeting awareness, testing messages, and engaging more community members in pre-diabetes initiative <p>Ms. Avery reported that grantees to audit have been identified, and the audit will be conducted in January 2017, after 6-month data has been received.</p> <p>Ms. Avery thanked and recognized the hard work of the Community Benefit staff, Sharan Johal and Anne Rabkin.</p> <p>Director Fung commended Ms. Avery and her team, highlighting the significant impact on the community as a whole, inside and outside of the District. He encouraged expanded efforts in health education, noting that prevention is the best treatment of any disease.</p> <p>Director Miller congratulated staff and described her positive site visit seeing the results of Playworks.</p> <p>Director Zoglin acknowledged the Department's quality work in holding groups accountable and simultaneously working with them to be</p>	<p><i>FY16 Community Benefit Report approved</i></p>
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	<p>successful.</p> <p>Motion: To approve the FY16 Community Benefit Report.</p> <p>Movant: Reeder</p> <p>Second: Miller</p> <p>Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Ryba, Zoglin</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: None</p> <p>Recused: None</p>	
10. PUBLIC COMMUNICATION	<p>Ms. Judy van Dyke thanked Director Ryba for her contributions to the Hospital.</p> <p>Mr. Hector D’Alba presented material to the Board regarding his sister’s care at the Hospital. He thanked the team that provided care, but cited problems with certain physicians.</p> <p>Ms. Catharine Walke, a certified Critical Care nurse at ECH LG and PRN board member, described her participation in the PRN MOU negotiation processes. She urged the Board to seek an improved tentative agreement that matches the philosophies considered for executive compensation.</p> <p>Mr. Christopher Platten, the attorney representing PRN in negotiations, asked that the Board remain flexible and open to options to resolve the collective bargaining negotiations. He cited the three consecutive certifications by the American Nursing Association for nursing magnet status.</p> <p>Ms. Olga Londa, an ECH nurse who works in Labor & Delivery, explained that she supports the comments from Ms. Walke and hopes negotiations will be resolved to everyone’s satisfaction.</p> <p>Director Cohen presented a certification of commendation to Director Ryba from Santa Clara County Supervisor Mike Wasserman.</p> <p>Director Ryba thanked the nurses for their remarkable work. She thanked Supervisor Wasserman for his commendation, staff for their work supporting the Board meetings, and the Board for their unwavering support of ECH. She highlighted the Hospital’s growth and achievements from the last five years.</p> <p>Geoffrey Mangers spoke regarding the timing of public communication and his concerns about transparency.</p> <p>A District resident asked for clarification about the District and commented that the District does not include South San Jose.</p> <p>Cindy Murphy, Board Liaison, read an anonymous written communication received that afternoon. The author expressed concerns about the recent union vote, stating not all PRN members received notification of the vote. The author emphasized that the process for voting and receiving information was not fair and equitable.</p>	
11. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:44pm pursuant to <i>Gov’t Code Section 54957.2</i> for approval of the Closed Session Minutes of the Hospital Board Meetings of September 14, 2016 and September 27, 2016 and the Closed Session Minutes of the Executive Compensation Committee Meeting of May 17, 2016; pursuant to <i>Gov’t Code Section 54956(d)(2)</i> – conference with legal counsel – pending or threatened litigation: FY16 Patient Safety Claims Report; pursuant to <i>Health and</i></p>	<p>Adjourned to closed session at 6:44 pm.</p>

	<p><i>Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Semi-Annual Physician Contract Report; pursuant to <i>Gov't Code Section 54956(d)(2)</i> – conference with legal counsel – pending or threatened litigation: FY16 Financial Audit; pursuant to <i>Health and Safety Code 32155</i> for deliberations concerning reports on Medical Staff quality assurance matters: Medical Staff Report; pursuant to <i>Health and Safety Code 32155</i> for deliberations concerning reports on Medical Staff quality assurance matters: Organizational Clinical Risks; pursuant to <i>Gov't Code Section 54957.6</i> for a conference with labor negotiator Kathryn Fisk: Labor Relations Update; pursuant to <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Expansion of Oncology Services; pursuant to <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Service Line Update; pursuant to <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Strategic Priorities; pursuant to <i>Gov't Code Sections 54957</i> and <i>54957.6</i> for report and discussion on personnel matters and <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: Informational Items; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters and <i>Health and Safety Code 32106(b)</i> for a report involving health care facility trade secrets: CEO Search Ad Hoc Committee Report; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters: CEO Separation agreement; pursuant to <i>Gov't Code Section 54957</i> for discussion and report on personnel performance matters: Executive Session.</p> <p>Movant: Ryba Second: Chiu Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Ryba, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>12. AGENDA ITEM 26: RECONVENE OPEN SESSION/REPORT OUT</p>	<p>Open session was reconvened at 9:29pm.</p> <p>During the closed session, the Board approved the Closed Session Minutes of the Hospital Board Meeting of September 14, 2016 (as amended) by a vote in favor of 7 members present (Directors Chen (by phone), Cohen, Fung, Miller, Ryba, Reeder, and Zoglin; Director Chiu abstained and Director Davis was absent). The Board also approved the Closed Session Minutes of the Hospital Board Meeting of September 27, 2016, the Closed Session Minutes of the Executive Compensation Committee Meeting of May 17, 2016, the FY16 Patient Safety Claims Report, and Semi-Annual Physician Contract Report and the Medical Staff Report by a unanimous vote in favor of 8 members present (Directors Chen (by phone), Chiu, Cohen, Davis, Fung, Miller, Ryba, Reeder, and Zoglin).</p>	
<p>13. AGENDA ITEM 27: CONSENT CALENDAR</p>	<p>Director Cohen asked if any member of the Board or the public wished to remove an item from the consent calendar. No items were removed.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Hospital Board Meetings of September 14, 2016 and September 27, 2016; FY17 Period 1 Financials; ED On-Call Orthopedic Panel (MV); Annual 403(b) Plan Audit; Participant Cash Balance Plan Audit; Policies: HR – Student Educational Experience, HIMS – Patient Access to</p>	<p><i>Consent calendar approved</i></p>

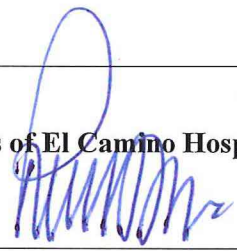
	<p>Protected Health Information, HR – Discrimination in Employment, HR – Harassment, HIMS – Retention and Destruction of Records, Executive Compensation Policy, Executive Base Salary Administration, Executive Performance Incentive Plan, Minutes of the Open Session of the Executive Compensation Committee; and the Medical Staff Report.</p> <p>Movant: Ryba Second: Chiu Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Ryba, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>14. AGENDA ITEM 28: RETENTION OF CEO SEARCH RECRUITMENT FIRM</p>	<p>Motion: To delegate authority to Chief Human Resources Officer to negotiate and sign a CEO search agreement with Russell Reynolds based on usual and customary terms.</p> <p>Movant: Cohen Second: Miller Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: Ryba Absent: None Recused: None</p>	<p><i>Russell Reynolds approved as CEO Search Firm</i></p>
<p>15. AGENDA ITEM 29: FY16 FINANCIAL AUDIT</p>	<p>Motion: To approve the FY16 Financial Audit.</p> <p>Movant: Ryba Second: Chiu Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Ryba, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>FY16 Financial Audit approved</i></p>
<p>16. AGENDA ITEM 30: CEO SEPARATION AGREEMENT</p>	<p>Cindy Murphy, Board Liaison, reported that she had copies of the Agreement available for the Board and for the public.</p> <p>Motion: To approve the CEO Separation Agreement.</p> <p>Movant: Zoglin Second: Chiu Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Zoglin Noes: None Abstentions: None Absent: None Recused: Ryba</p>	<p><i>CEO Separation Agreement approved</i></p>
<p>17. AGENDA ITEM 31: EXPANSION OF ONCOLOGY SERVICES</p>	<p>This agenda item was deferred.</p>	
<p>18. AGENDA ITEM 32: INFORMATIONAL ITEMS</p>	<p>There were no questions or comments on the informational items.</p>	
<p>19. AGENDA ITEM 33: BOARD COMMENTS</p>	<p>The Board members thanked Director Ryba for her service and significant contributions to the Hospital.</p>	

20. AGENDA ITEM 34: ADJOURNMENT	Motion: To adjourn at 9:37 pm. Movant: Chiu Second: Miller Ayes: Chen, Chiu, Cohen, Davis, Fung, Miller, Reeder, Ryba, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 9:37 pm.</i>

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



Neal Cohen, MD
Chair, ECH Board



Peter C. Fung, MD
ECH Board Secretary

Prepared by: Cindy Murphy, Board Liaison
Sarah Rosenberg, Board Services Coordinator