

A regular meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, July 20, 2020 via Zoom in order to comply with Alameda County's orders as revised on June 18, 2020 to slow the spread of COVID-19 and reduce the rate of transmission by sheltering at home and continued social distancing. Director Wallace called the meeting to order at 6:02 p.m. and led those present in the Pledge of Allegiance.

CALL TO ORDER

Roll call was taken. Directors present: Michael Wallace; William Nicholson, MD; Jeannie Yee; Jacob Eapen, MD; Bernard Stewart, DDS

ROLL CALL

Absent:

Also present: Kimberly Hartz, Chief Executive Officer; Ed Fayen, Executive Vice President; Chris Henry, Vice President; Tina Nunez, Vice President; Stephanie Williams, Vice President; Paul Kozachenko, Legal Counsel; Dee Antonio, District Clerk, Donald Pipkin, Strategic Management; Gisela Hernandez, Community Relations; Lisalee Wells (Consultant); and Graham Beck (Consultant)

There were no oral communications.

COMMUNICATIONS

There were no written communications.

Kimberly Hartz introduced Chris Henry, Vice President and Chief Financial Officer, and Dan Nardoni, Chief Financial Officer for Washington Township Medical Foundation to give the Budget Presentation for Fiscal Year 2020-2021. Mr. Henry began with a description of the COVID-19 pandemic environment and the stress to federal and state budgets. The long-term impact on the economy is yet to be determined due to unknowns such as the potential of high unemployment for prolonged periods, possible significant increases in the uninsured, the potential to slip into and out of shelter-in-place restrictions, and the development of an effective vaccine. Mr. Henry also spoke about unfunded mandates such as the unreimbursed costs of homeless care.

*PRESENTATION:
BUDGET ESTIMATE
FOR FY 2020-2021*

Mr. Henry noted that we anticipate seeing significant reductions in revenues as volumes are reduced due to shelter-in-place orders and consumers exhibit anxiety about accessing hospital services. We will see increases in cost due to additional personnel needed to deal with issues specific to COVID-19 as well as an increase in facilities and equipment spending and increasing supply costs. Going forward, we will need to balance between focusing on the operations and managing the COVID-19 pandemic by securing PPE and other necessary supplies and equipment, improving the facility, and managing the financial resources.

Ms. Hartz talked about moving ahead with our Strategic Initiatives by developing and implementing growth strategies and marketing strategies for targeted services lines: Cardiac Services, Oncology, Maternal Child Health, Neurosciences, and Orthopedics. We will continue to expand and strengthen our physician alignment, develop Behavioral Health Services for the community, enhance the Patient Experience, and begin implementation of the third phase of the Facilities Master Plan.

Mr. Henry stated that this budget is our best estimate based on what we know today and noted that we may need to revise our estimates based on rapidly changing conditions.

Mr. Nardoni reviewed the FY 2020-21 provisions as outlined in the budget, the Income Statement, Volume Indicators, and Performance Indicators. He showed a comparison of Actual 2019, Projected 2020, and Budgeted 2021 numbers for Admissions, Admissions by Payor, Patient Days, Deliveries, Total Surgical Cases, Total Cath Lab Procedures, Emergency Room Visits, and Outpatient Visits (non-ER). He reviewed Patient Service Revenue and Operating Expense Summary.

His graph showed an operating expense trend of total expenses and total operating revenue meeting, then separating with Expenses surpassing Revenue. This is something we will be monitoring very closely. Mr. Nardoni covered the EBITDA numbers and gave a summary of the non-operating income and expense. He also reviewed the Capital Project Requests for facilities projects and IT projects and the Capital Requests for equipment.

Donald Pipkin, Chief of Strategic Management, and Ed Fayen, Executive Vice President and Chief Operating Officer, presented "Planning for the Future of Your Local Hospital." Washington Hospital Healthcare System is owned by all of the residents of the Washington Township Health Care District. The boundaries encompass the communities of Fremont, Union City, Newark, unincorporated Sunol and portions of the southernmost zip codes of Hayward. 75% of the patients that are seen at Washington Hospital live in these communities, the population of which is approximately 365,000 residents.

*PRESENTATION:
PLANNING FOR THE
FUTURE OF YOUR
LOCAL HOSPITAL*

California has mandated seismic regulations, Senate Bill 1953, which hospitals must comply with by specific deadlines; the facility master plan addresses these requirements and deadlines, along with the future health care needs of the community. It was noted that SB 1953 is an unfunded mandate which means that state and federal dollars are not available to assist hospitals in paying for necessary improvements.

Washington Hospital's main campus is located approximately 500 yards from the Hayward fault.

Washington Hospital has already completed facility improvements as part of a multi-phase approach given the health care needs of the District and the seismic mandates: Central Utility Plan (2011), Center for Joint Replacement (2012), Parking Garage (2016), and Morris Hyman Critical Care Pavilion (2018).

The next phase (Phase III) of the Facility Master Plan encompasses Surgery/ORs, Imaging, Pharmacy, Clinical Lab, PT/OT Rehab, Nursing/Med Surg, Intensive Care for Infants, Labor & Delivery, Pediatrics, and other support services. The budget for this phase is \$425M (excluding medical equipment). Mr. Fayen showed conceptual

renderings of the seismically compliant building that would be constructed to house many of these services.

Given the current seismic regulations, the Board of Directors is being asked to consider approval of a resolution for a \$425M General Obligation Bond Measure on the November 2020 ballot. This measure will provide for funds for the District to comply with current California seismic regulations in order to meet the un-funded 2030 deadline, and the future health care needs and growth of the community. In order to meet the 2030 deadline, planning needs to start now to complete facility design and the California OSHPD approval process. For Washington Township Health Care District residents, the rate would equate to 1 cent per \$100 of assessed value, or \$50 per year per household based on a median assessed value of a home within the District of \$500,000.

In accordance with District Law, Policies, and Procedures, Dr. Eapen moved for the adoption of Resolution No. 1213 whereby the Board of Directors orders an election to authorize the issuance of General Obligation bonds in an amount not to exceed \$425,000,000, setting forth the specifications thereof, requesting consolidation with other elections occurring on November 3, 2020, and authorizing certain actions and accountability measures with respect thereto.

Director Stewart seconded the motion.

Roll call was taken:

Michael Wallace – aye
William Nicholson, MD – aye
Jeannie Yee - aye
Jacob Eapen, MD - aye
Bernard Stewart, DDS – aye

The motion unanimously carried.

In accordance with District Law, Policies, and Procedures, Dr. Eapen moved for the adoption of Resolution No. 1214, which is the Budget Estimate for Fiscal Year 2020-2021. This Resolution provides for the necessary funds required for the operation of the District and for the continued support of the Washington Township Hospital Development Corporation in its operations to promote the charitable and community service mission of the District.

Director Stewart seconded the motion.

Roll call was taken:

Michael Wallace – aye
William Nicholson, MD – aye
Jeannie Yee - aye
Jacob Eapen, MD - aye
Bernard Stewart, DDS – aye

*CONSIDERATION OF
RESOLUTION No. 1213:
RESOLUTION
ORDERING ELECTION,
SETTING FORTH the
SPECIFICATIONS
THEREOF and
REQUESTING and
AUTHORIZING
CERTAIN ACTIONS and
ACCOUNTABILITY
MEASURES with
RESPECT THERETO*

*CONSIDERATION PF
RESOLUTION No. 1214:
BUDGET ESTIMATE FY
2020-2021*

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The motion unanimously carried.

None

ANNOUNCEMENTS

In accordance with Health & Safety Code Sections 32106 and 32155 and California Government Code 54956.9(d)(2), Director Wallace adjourned the meeting to closed session at 7:13 p.m., as the discussion pertained to a trade secret pursuant to Health & Safety Code section 32106 Continuing Program discussion and a Report of Medical Staff and Quality Assurance pursuant to Health & Safety Code Section 32155. Mr. Wallace stated that the public has a right to know what, if any, reportable action takes place during closed session. Since this is a Zoom call and we have no way of knowing when the closed session will end, the public was informed they could contact the District Clerk for the Board's report beginning July 21, 2020. He indicated that the minutes of this meeting will reflect any reportable actions.

ADJOURN TO CLOSED SESSION

Director Wallace reconvened the meeting to open session at 7:33 p.m. and reported that no reportable action was taken in Closed Session.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

There being no further business, Director Wallace adjourned the meeting at 7:33 pm.

ADJOURNMENT

DocuSigned by:

Michael Wallace

Michael J. Wallace
President

DocuSigned by:

Bernard Stewart

Bernard Stewart, DDS
Secretary