

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation was held on October 13, 2014 in the Board Room of Washington Hospital, 2000 Mowry Avenue, Fremont, California. Chairman Sah called the meeting to order at 7:33 am.

*CALL
TO
ORDER*

Present: Russ Blowers, Shirley Buschke, Miro Garcia, James Stone, Benn Sah, M.D.

*ROLL
CALL*

Absent: Nancy Farber, Chief Executive Officer

Also present: Kimberly Hartz, Sr. Associate Administrator, Ambulatory Care Services; Chris Henry, Associate Administrator/CFO; Tina Nunez, Associate Administrator, Ambulatory Care Services; Michael Engle, Sr. Director Ambulatory Care Services; Vanessa Terrasas, Recording Secretary

A motion was made by Director Blowers, seconded by Director Garcia to approve the minutes of the meeting of June 9, 2014. The motion was carried by the following vote:

*APPROVAL OF
MINUTES OF
June 9, 2014*

Ayes: Directors Blowers, Buschke, Garcia, Sah and Stone
Noes: None
Absent: None
Abstain: None

No oral or written communications were received.

COMMUNICATIONS

Ms. Hartz provided the President and Chief Executive Officer Report on behalf of Ms. Farber who was not present.

*PRESIDENT & CHIEF
EXECUTIVE OFFICER
REPORT*

Ms. Hartz explained that WHHS continues to not meet budget targets due to the impact of the Affordable Care Act in conjunction with significant reductions in Medicare reimbursements and increases in expenses. In the course of the fiscal year, WHHS began to take action in many areas knowing we were experiencing lower volumes along with reductions in reimbursement. WHHS initiated a project with VHA to achieve greater efficiencies in purchasing. In addition, vacant position in which the lower volumes substantiated we could do without were not filled. Also, a voluntary retirement program was offered to employees who filled positions that we could do without being filled. Through attrition, WHHS was able to reduce the workforce by 196.2 FTEs or 12%. Because of the measures taken early in the process, WHHS was able to substantially reduce the number of positions subject to the reduction in force which equated to 2% or 31 positions.

Ms. Hartz noted our operations and programs will continue to be reviewed for improvement and cost reduction. The fiscal impacts mean we must continually work to become more efficient in how we provide our services. In October 2014, WHHS will embark on its Lean transformation journey, which is based on the Toyota Production System. Lean focuses on driving waste from our operations while enhancing high quality health care. Rona Consulting Group,

Lean healthcare consultants, will be onsite to begin educating the management staff on the Lean process.

*PRESIDENT & CHIEF
EXECUTIVE OFFICER
REPORT CONT'D*

Ms. Hartz reported that WHHS is focusing on our collaboration with UCSF and developing initiatives such as a Liver Transplant Clinic and Pediatric Specialty clinics. The goal of this collaboration is to improve access for District residents.

Currently, WHHS is in negotiations with SEIU. The discussions have stalled over our request that employees pay a small portion of the premium costs for providing benefits to cover a spouse or family members. Employees who only need coverage for themselves will continue to pay nothing toward premiums for benefit coverage. Overall, the contribution proposed is modest compared to what most other hospitals in the greater Bay Area require their employees to pay for premiums to cover the employee only or to provide coverage that includes their family members. We could be criticized if we are not good stewards of the District's assets by not being aligned with the market.

Ms. Hartz reported that Ms. Farber established an Ebola taskforce in reaction to the recent situation with the nurse in Texas who tested positive for Ebola. This taskforce is comprised of nurses, physicians and staff, and will ensure that the initiatives implemented meet federal guidelines and will be coordinated with the County of Alameda's Public Health Department. Washington Hospital will participate in a nationwide conference call the CDC has scheduled to assure we have the most up-to-date information. There will be mandatory training on precautions and the removal of masks and gowns for all hospital employees system wide including clinical staff at the off-sites.

Ms. Hartz reported the Joint Commission unannounced survey in August was a success with minor issues requiring follow up.

Ms. Hartz provided an update on the crosswalk between Washington West and the Hospital's Emergency Room. Although several modifications have been made to the lanes, a safety light activation system installed and pine trees removed that lined Civic Center, motorists continue to be confused. Due to more construction occurring at the existing Hospital in the future, producing more traffic, the District Board of Directors voted at its last meeting to install a traffic signal light to improve the crosswalk safety. Ms. Farber is working with the City of Fremont for this long term resolution.

Ms. Hartz announced as of September 1, 2014, Washington Hospital entered into a contract with Aetna. Since the new contract was implemented, Washington has experienced some volume increase. There is still an ongoing lawsuit against Aetna for incorrect reimbursement for services provided prior to termination. A scheduled mediation will be forthcoming.

In accordance with Sections 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California

ADJOURN TO CLOSED SESSION

Government Code, Chairman Sah adjourned the meeting to closed session at 7:57 a.m.

Chairman Sah adjourned the meeting to open session at 8:56 a.m.

ADJOURN TO OPEN SESSION

Director Blowers moved to appoint Chris Henry to the Washington Outpatient Surgery Center Board of Directors. Chris Henry would replace Neil Marks who had recently resigned. On a second from Director Stone, the motion was carried with the following vote:

APPOINTMENT TO WASHINGTON OUTPATIENT SURGERY CENTER BOARD OF DIRECTORS

Ayes: Directors Blowers, Buschke, Garcia, Sah and Stone
Noes: None
Abstain: None
Absent: None

The Washington Township Hospital Development Corporation fiscal 2014/2015 budget was presented for approval. The budget included total operating revenue of \$31,274,956 and total expenses of \$29,649,299 for a budgeted net income of \$56,056 after minority interest in Washington Outpatient Surgery Center.

WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION BUDGET ESTIMATE FY 2014-2015

Director Buschke moved to accept the Washington Township Hospital Development Corporation Budget Estimate Fiscal Year 2014-2015. On a second from Director Stone, the motion was carried with the following vote:

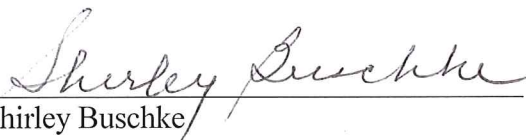
ADJOURNMENT

Ayes: Directors Blowers, Buschke, Garcia, Sah and Stone
Noes: None
Abstain: None
Absent: None

There being no further business, the meeting adjourned at 9:02 a.m. The next meeting is currently scheduled for Monday, November 10, 2014 at 7:30 am.



Benn Sah, M.D.
Chairman



Shirley Buschke
Secretary