

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, September 13, 2017 in the Conrad E. Anderson, MD Auditorium, 2500 Mowry Avenue, Fremont, California. Director Nicholson called the meeting to order at 6:00 pm and led those present in the Pledge of Allegiance.

CALL TO ORDER

Roll call was taken: Directors present: William Nicholson, MD; Bernard Stewart, DDS; Michael Wallace; Patricia Danielson, RHIT; Jacob Eapen, MD. Directors absent:

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Timothy Tsoi, Chief of Medical Staff; Debbie Jackson, Service League 1st President; Dee Antonio, District Clerk

Guests: Ed Fayen, Kimberly Hartz, Chris Henry, Bryant Welch, Stephanie Williams, Tina Nunez, Kristin Ferguson, Mary Bowron, Albert Brooks MD, Dan Nardoni, Larry Bowen, John Lee, Rob Lanci

Nancy Farber, Chief Executive Officer and Chris Henry, Chief Financial Officer introduced Bonnie Crawford, Braden Illingworth, Ross Illingworth, Marisa Franks, Keely Maloney, and Jenna Vierra. These representatives from 4H Junior Live Stock Auction held at the 2017 Alameda County Fair gave a presentation on 4H and FFA (Future Farmers of America) and shared their experiences raising and marketing their animals.

*EDUCATION SESSION:
4H – How Agriculture
Impacts Our Daily Lives*

Director Stewart moved for approval of the minutes of August 9, 21, 23, 28, and 29, 2017.

*APPROVAL OF
MINUTES OF August 9,
21, 23, 28, and 29, 2017*

Director Danielson seconded the motion.

Roll call was taken:

William Nicholson, MD - aye
Bernard Stewart, DDS - aye
Michael Wallace – aye
Patricia Danielson, RHIT – aye
Jacob Eapen, MD – aye

The motion unanimously carried.

There were no oral communications.

*COMMUNICATIONS:
ORAL*

The following written communication received from Timothy Tsoi, MD., Chief of Staff, dated August 28, 2017 requesting approval of Medical Staff Credentialing Action Items as follows:

*COMMUNICATIONS:
WRITTEN*

Appointments

Hamilton, Graham DPM; Huyhn, Tracy MD; Pantell, Matthew MD; Wartman, Sara MD

Temporary Privileges

Pantell, Matthew MD; Wartman, Sara MD; Wood, William MD; Shafi, Nabil MD

Reappointments – Two Year

Beilin, Natasha MD; Bhargava, Aditya MD; Bindra, Archana MD; Bindra, Sanjay MD; Brook, Michael; Burke, Patrick MD; Burrs, Demetra MD; Cocalis, Mark MD; Espiritu, Chiara MD; Evey, Crystal MD; Feng, Peggy MD; Ge, Benjamin MD; Jackson, David MD; Leatherbury, Robert CCP; Li, Walter MD; Mah, Christopher DPM; Mathew, Lincy MD; Obayashi, Derek MD; Ouye, Kai MD; Pang, David MD; Patel, Divyang DPM; Sawhney, Rishi MD; Serpa, Nancy MD; Stuart, Jeffrey MD

Non-Reappointments – Deemed to have Resigned

Jain, Sanjeev MD

Transfer in Staff Category

Brook, Michael MD; Cocalis, Mark MD; Espiritu, Chiara MD; Franzino, Stephen MD; Obayashi, Derek MD; Szajer, Michael CCP; Woomer, Bethany MD; Zhou-Stine, Ming MD

Completion of Proctoring & Advancement in Staff Category

Brook, Michael MD; Cocalis, Mark MD; Obayashi, Derek MD; Szajer, Michael CCP

Completion of Proctoring Prior to Eligibility for Advancement in Staff Category

Bryan, George PA-C; Gunda, Narayana MD

Extension of Proctorship and Provisional Category

Alvarez, Marcos MD; Doshi, Neeti MD; Hein, Lance PA-C

New Privilege Requests

Moran-Gates, Taylor MD; Shafi, Nabil MD; Obayashi, Derek MD; Umopathy, Krishnamurthy MD; Wood, William MD

Delete Privilege Requests

Alpert, Marjorie MD; Burke, Patrick MD; Burrs, Demetra MD; Brook, Michael MD; Bryan, George PA-C; Dobbs, Sara MD; Espiritu, Chiara MD; Feng, Peggy MD; Lada, Samuel MD; Li, Walter MD; Van Tassel, Jason, MD

Resignations

Cooper, Michael MD; Luh, George MD; Miller, David MD; Pham, Alexander MD; Stark, Lauren PA-C

Director Wallace moved for approval of the credentialing action items presented by Dr. Tsoi.

Director Stewart seconded the motion.

Roll call was taken:

William Nicholson, MD – aye
Bernard Stewart, DDS – aye
Michael Wallace – aye
Patricia Danielson, RHIT – aye
Jacob Eapen, MD – aye

The motion unanimously carried.

Debbie Jackson, Service League, presented the Service League Report. The Gift Shop is getting ready for Fall and Halloween. Founding member, Peg Tate, celebrated her 100th birthday. There were 40 new volunteers in orientation, ten college and twenty-four high school students; six adults. The total volunteer staffing hours for the month of August 2017: 2,953.

*SERVICE LEAGUE
REPORT*

Dr. Timothy Tsoi reported there are 606 Medical Staff members which includes 340 active members.

*MEDICAL STAFF
REPORT*

The Hospital Calendar video highlighted the following events:

*HOSPITAL CALENDAR:
Community Outreach*

Past Health Promotions & Outreach Events

On Tuesday, August 15th, as part of the Stroke Education Series, Melissa Reyes, RN, presented, "Life After a Stroke." 13 people attended

On Thursday, August 16th, as part of the Women Empowering Women series, Dr. Victoria Leiphart, gynecologist, presented "Throw on Your Athletic Shoes and Let's Get Moving." This special presentation included a half mile walk to Shinn Historic Park where participants practiced tai chi before returning to Washington West. 12 people attended

On Tuesday, August 29th, Dr. Kadeer Halimi, emergency medicine, and Dr. Rohit Arora, intensivist presented "Learn the Signs and Symptoms of Sepsis." 34 people attended

On Wednesday, August 30th, Lucy Hernandez, Community Outreach Project Manager presented information on the 2016 Community Health Needs Assessment to the Newark Optimist Club. 12 people attended

Upcoming Health Promotions & Community Outreach Events

On Friday, September 15th, from 3 to 5 pm, Dr. Alexander Sah, orthopedic surgeon, will present "Updated Treatments for Knee Pain and Arthritis."

On Saturday, September 16th, from 10 am to 3 pm, Washington Hospital staff will provide blood pressure screenings along with health and nutrition information at the Masonic Home of California Harvest Fest in Union City.

On Sunday, September 17th from 12 to 4 pm, Washington Hospital and Washington Township Medical Foundation staff will provide information on health related programs and services during the Community Information Faire at the City of Newark's 62nd Annual Newark Days celebration.

On Tuesday, September 19th from 6 to 8 pm, Dr. David Lee, hematologist / oncologist, will present "Strategies to Reduce the Risk of Cancer Recurrence"

On Thursday, September 21st from 7 to 8:30 pm, as part of the Women Empowering Women series, Dr. Victoria Leiphart, gynecologist, will present "A Balanced Approach to Pain Management."

On Thursday, September 28th from 6 to 8 pm, Dr. Victoria Leiphart, gynecologist, will present "Vitamins and Supplements: How Useful Are They?"

On Tuesday, October 3rd from 10 am to 12 pm, Kristi Caracappa, Health Insurance Information Service Coordinator, will present "Medicare Open Enrollment: What You Need to Know".

Also on Tuesday, October 3rd from 10 am to 12 pm, as part of the Stroke Education Series, Melissa Reyes, RN, will present, "Stroke Prevention."

On Wednesday, October 4th from 6 to 8 pm, Kristi Caracappa, Health Insurance Information Service Coordinator, will present "New To Medicare? What You Need to Know".

On Thursday, October 5th, from 6 to 8 pm, as part of the Diabetes Matters Series, Dr. Steven Zonner, family practice and sports medicine specialist, will present "Exercise IS Medicine.

On Tuesday, October 10th from 1 to 3 pm, Kristi Caracappa, Health Insurance Information Service Coordinator, will present "Medicare Part D: Your Prescription Drug Coverage".

Washington Hospital Healthcare Foundation

On Saturday, October 14th, the Washington Hospital Healthcare Foundation will host the 31st annual Top Hat dinner dance. This year's gala will be chaired by Debbie Jackson, President of the Washington Hospital Service League, Dr. William Dugoni, general surgeon, Washington Township Medical Foundation, medical director of the women's center, and Gary Charland, President and CEO of Masonic Homes.

Proceeds from the evening will benefit Washington Hospital's Radiation Oncology Center by supporting the purchase of a new linear accelerator. This treatment modality will increase the Hospital's ability to provide advanced radiation therapy to patients here in our own community.

Washington Hospital Employee Association, W.H.E.A.

On August 5th and 6th, WHEA held their biggest fundraiser of the year. During the Fremont Festival of the Arts, employees requested a \$5 donation for festival attendees to park in the Washington West parking lot. The event raised more than \$5,700. Proceeds will benefit charitable projects and organizations in the District.

WHEA's Back to School Drive, "Fill a Backpack Challenge," was a huge success. WHEA proudly donated 20 backpacks and 15 gift cards to SAVE and 20 backpacks and 14 gift cards to Abode Services

Gurshaan Bariana was the recipient of the 2017 Don Pickinpaugh Memorial Scholarship recipient in the amount of \$2,000. Gurshaan is the son of Parminder Bariana, RN from the Special Care Nursery. He graduated from Milpitas High School and will attend UC Berkley in the Fall.

*HOSPITAL CALENDAR:
Washington Hospital
Foundation Report*

*WASHINGTON
TOWNSHIP
HEALTHCARE
DISTRICT:
Washington Hospital
Employee Association,
W.H.E.A.*

On Friday, September 8th, WHEA hosted the American Red Cross blood drive in the Conrad E. Anderson, MD. 38 employees registered and 37 pints of blood were donated.

Washington On Wheels Mobile Health Clinic, W.O.W.

During the month of August, the Washington On Wheels Mobile Health Clinic (W.O.W.) continued to serve community members at the Fremont Senior Center, Fremont Family Resource Center and the Ruggieri Senior Center in Union City. Washington On Wheels continued with the Summer's free glucose screenings at Centro de Servicios in Union City and at the Viola Blythe Community Center in Newark, in addition to all regularly scheduled community sites.

*HOSPITAL CALENDAR:
Washington On Wheels
Mobile Health Van*

In August, W.O.W. provided 106 glucose screenings and of those 23% had higher than normal glucose levels and are undergoing further testing and treatment for Diabetes.

The total number of community members receiving health care from the Washington On Wheels Clinic during the month of August was 170.

Internet and Social Media Marketing

Washington Hospital's website serves as a central source of information for the communities the District serves and beyond. The most viewed pages include: Employment, About WHHS, Programs and Services, and Physician Finder.

*HOSPITAL
CALENDAR:
Internet and Social
Media Marketing*

InHealth - Channel 78

During the month of August, Washington Hospital's cable channel 78, InHealth, captured new programming including a Health and Wellness program titled "Learn the Signs and Symptoms of Sepsis"

*HOSPITAL
CALENDAR:
InHealth*

In addition, InHealth aired three Health and Wellness programs titled "Digestive Health: What You Need to Know," Balance and Falls Prevention" and "Solutions for Managing Weight" and the August Board of Directors meeting.

Awards and Recognitions

Washington Hospital and Washington Township Medical Foundation physicians were recipients of the Best of Newark 2017 Awards and Honors.

Readers of the Bay Area News Group newspapers cast votes online to determine recipients.

Washington Hospital was the recipient of the best hospital award.

Dr. Vanessa Wilson received best doctor; Dr. Alexander Sah received the best orthopedic surgeon; and Dr. William Dugoni received the best surgeon award.

*HOSPITAL
CALENDAR:
Awards & Recognitions*

In addition, Washington Hospital Healthcare System was recognized with Best Group Health Provider honors and Washington Township Medical Foundation was honored best health provider award.

Additional Events and Announcements

Washington Hospital opened its cooling center on Friday, September 1st and Saturday, September 2nd to benefit the residents of the Tri-City Area. The Washington Community Health Resource Library becomes the designated community cooling center when outdoor temperatures in the Tri-City Area reach, or are expected to reach, 90 degrees Fahrenheit. The pet friendly center provided community members with an option to get away from the extreme heat to help prevent heat-related health issues.

With the recent occurrence of several natural disasters, including hurricanes, tornados, and earthquakes, now is a good time to create or update your disaster plan and emergency kit.

When a major disaster occurs, it is impossible for emergency services to respond to everyone's needs immediately. You should be prepared to take care of yourself and your family for at least the first 3 days, and possibly for an entire week. When making a family disaster plan, remember to include any special needs for children, seniors, people with disabilities, and pets. Also include an out-of-state contact person in case local communication is limited.

Items to keep on hand may include:

- 1 gallon of water per person per day
- Flashlight, battery-operated radio, extra batteries
- Whistle
- Dust mask
- Ready-to-eat food and a manual can opener
- Cash in small denominations
- Copies of important documents and phone numbers
- First Aid kit
- Prescription medications, eyeglasses, hearing aids, or other vital personal items
- Personal hygiene items including toilet paper, diapers, soap and feminine products
- Warm clothes, hats, rain gear, sturdy shoes (socks), and heavy gloves
- Plastic sheeting, duct tape and utility knife for covering broken windows
- Large plastic bags
- Paper, pens, tape for leaving messages

Employee of the Month

Marlene began working for Washington Hospital in 2004 as a travel nurse. As a traveler, she experienced several hospitals before knowing that Washington was the right place for her. Her dedication to the patients of our community knows no limits. "I tell the team, 'Treat each patient as if it were your Mom in the ER. Think of the things that would bring comfort to your Mom: a short wait time, information about what is happening—and maybe a warm blanket.' The Patient First Ethic is a natural flow from this advice."

*HOSPITAL
CALENDAR:
Additional Events and
Announcements*

*HOSPITAL
CALENDAR:
Employee of the Month –
Marlene McGee*

Marlene has an unusual commute to work—her home is in North Carolina. She works 10 days here and then goes to her other family for 20 days. When in North Carolina, she spends time with her husband Rick, her son Richie, and her three grandchildren, Richie, Amerie, and Caden. Together, the family hikes, enjoys the beach, and cooks great meals. The McGee table welcomes many guests—especially at the holidays.

Nancy Farber introduced Kimberly Hartz, Sr. Associate Administrator. Ms. Hartz presented Lean Certificates and Pins to Carmen Williams MSN, RNC-OB; Mary Bowron DNP, RN, CIC, CNL, CPHQ; Tina Nunez MPH; and Trevin Hunt MPA, RN upon completion of their Lean Certification Training. This is a 12-18 month process that requires proficiency in Lean concepts and tools. To date, we have certified twenty-six Managers and two Physicians.

*LEAN/KAIZAN
UPDATE
Lean Leadership*

Ed Fayen presented the construction update on the Morris Hyman Critical Care Pavilion sharing photographs of the PBX room on the ground floor showing painted walls and floor prep in progress; installation of equipment racks in the MDF room on the ground floor; installation of wall tile in the women's restroom on the ground floor; installation of wall protection and energized permanent power on the ground floor; doors in place on the resuscitation room on the first floor; doors installed on the psych exam rooms on the first floor; doors installed on first floor elevators; rebar and waterproofing for curbs and planters for the landscape garden area on the second floor terrace; medication room, clean supply room and nourishment room in the CCU, second floor; installed flooring on the third floor; assembly scaffold in stairway #1; and the current Site View. The construction timeline was reviewed and Mr. Fayen noted that the construction is proceeding on time.

*CONSTRUCTION
REPORT
Construction Update*

Mary Bowron, Senior Director of Quality and Resource Management presented the Quality dashboard for the quarter ending June 2017 comparing WHHS statistics to State and National benchmarks. Venous Thromboembolism: We were above the State and National benchmarks for all measures. Stroke: Our performance was better than State and National benchmarks with perfect compliance (100%). Central Line Associated Bloodstream Infections: Our infection rate was lower than predicted. C-Difficile: We were higher than predicted for four of the past six quarters. Catheter Associated Urinary Tract Infections: We had less CAUTI events than predicted. MRSA Bloodstream Infections: We had no MRSA Bloodstream infections. Hospital Acquired VRE Infections: We had no VRE infections which was better than our internal benchmark. Surgical Site Infections: We had no infections following colon surgery or abdominal hysterectomy surgery, which was below the expected number of infections.

*QUALITY REPORT:
Quality Dashboard for
Quarter Ending June
2017*

Ms. Bowron reported that our pressure ulcer prevalence was below the CalNOC benchmark. Our moderate fall with injury rate was above the CalNOC benchmark for the quarter.

The National Patient Safety Goals were reviewed. The Hand Off Communication was better than the Joint Commission Goal of 90% for the last quarter, as well as over the past two years. Patient Identification was at 100% compliance in the last

quarter. The Procedure Time Out was slightly below the goal of 100% compliance. Hand Hygiene was at 97.8% and it was noted that since implementation of this tool in 2014, we have consistently performed better than goal.

We had a lower percent of 30-day medicare pneumonia readmissions compared to the CMS national benchmark (8.9% versus 16.9%) as well as 30-day CHF readmissions (23.5% versus 21.6%). Our 30-day readmission rate for AMI discharges was lower than the CMS benchmark (8.0% versus 16.3%).

Chris Henry, Chief Financial Officer, presented the Finance Report for July 2017. The average daily census was 140.7 with admissions of 970 resulting in 4,362 patient days. Outpatient observation equivalent days were 149. The average length of stay was 4.53 days. The case mix index was 1.520. Deliveries were 156. Surgical cases were 308. Joint Replacement cases were 120. Neurosurgical cases were 25. Cardiac Surgical cases were 8. The Outpatient visits were 6,904 and Emergency visits were 4,349. Total productive FTEs were 1,407.1. FTEs per adjusted occupied bed were 7.31.

FINANCE REPORT

Nancy Farber presented the Hospital Operations Report for August 2017. Preliminary information indicated gross revenue for the month of August at approximately \$161,569,000. The Average Length of Stay of 4.43 and there were 4,648 patient days. There were 324 Surgical Cases and 412 Cath Lab procedures at the Hospital. Deliveries for August were 139. Non-Emergency Outpatient visits were 7,640. FTEs per Adjusted Occupied Bed were 7.01. The Washington Outpatient Surgery Center had 4545 cases and the clinics saw approximately 3,415 patients.

*HOSPITAL
OPERATIONS REPORT*

Reference Attached Document

*APPROVAL OF CHIEF
EXECUTIVE OFFICER'S
EMPLOYMENT
AGREEMENT AND AT-
RISK COMPENSATION*

In accordance with District Law, Policies and Procedures, Director Stewart moved that the Board of Directors authorize the Chief Executive Officer to enter into the necessary contracts and proceed with the purchase of the implementation services for an Xper System upgrade for a total amount not to exceed \$397,518.00.

*CONSIDERATION OF
XPER SYSTEM
UPGRADE*

Director Wallace seconded the motion.
Roll call was taken:

William Nicholson, MD - aye
Bernard Stewart, DDS - aye
Michael Wallace - aye
Patricia Danielson, RHIT - aye
Jacob Eapen, MD - aye

The motion unanimously carried.

In accordance with District Law, Policies and Procedures, Director Wallace moved that the Board of Directors authorize the Chief Executive Officer to enter into the necessary contracts and proceed with the purchase of implementation services for Radiology Decision Support for a total amount not to exceed \$76,591.00.

*CONSIDERATION OF
RADIOLOGY DECISION
SUPPORT*

Director Wallace seconded the motion.

Roll call was taken:

William Nicholson, MD - aye
Bernard Stewart, DDS - aye
Michael Wallace - aye
Patricia Danielson, RHIT - aye
Jacob Eapen, MD - aye

The motion unanimously carried.

In accordance with Health & Safety Code Sections 1461, 1462 and 32106 and Government Section 54954.5(h) Director Nicholson adjourned the meeting to closed session at 7:57 pm, as the discussion pertained to Hospital trade secrets, Human Resources matters, and Risk Management.

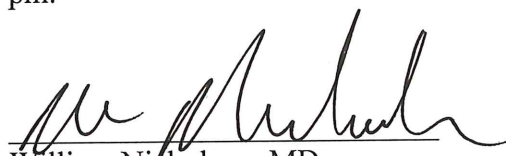
*ADJOURN TO CLOSED
SESSION*

Director Nicholson reconvened the meeting to open session at 8:37 pm and reported no action was taken in closed session.

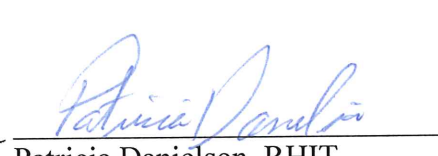
*RECONVENE TO OPEN
SESSION & REPORT ON
CLOSED SESSION*

There being no further business, Director Nicholson adjourned the meeting at 8:37 pm.

ADJOURNMENT



William Nicholson, MD
President



Patricia Danielson, RHIT
Secretary

MINUTES OF THE BOARD OF DIRECTORS OF WASHINGTON HOSPITAL

September 13, 2017

Agenda Item VII.A

Consideration of Chief Executive Officer Employment Agreement and At-Risk Compensation

During the regular meeting of the Board of Directors (Board) on September 13, 2017 the Board considered Agenda Item VII.A, *Consideration of Chief Executive Officer Employment Agreement and At-Risk Compensation*. All Board members were present:

Dr. William F. Nicholson, President
Patricia Danielson, Secretary
Dr. Jacob Eapen, Treasurer
Dr. Bernard Stewart, First Vice President
Michael J. Wallace, Second Vice President

President Nicholson invited District Counsel, Paul Kozachenko, to introduce the agenda item.

Mr. Kozachenko indicated that the Board would be considering the following three action items tonight: (1) whether to make a base salary adjustment to the CEO's salary based on the Board's compensation philosophy, which would mean an adjustment to around the 65th percentile of the California peer group; (2) whether to make an award of at-risk compensation of up to 20% of base salary consistent with the Board's philosophy of providing total cash compensation which would not exceed the 75th percentile of the California peer group; and (3) whether to extend the term of the employment agreement by one year.

Mr. Kozachenko noted that tonight's Board packet contains three documents related to this agenda item: (1) a memorandum from Mr. Kozachenko with background information on the Board's process for adjusting cash compensation and summarizing the Board's compensation philosophy (nothing has changed from the prior year); (2) a memorandum from the Chief Executive Officer summarizing the District's accomplishments for the past fiscal year; and (3) a report from Integrated Health Strategies/Arthur J. Gallagher & Company ("IHS") for 2017. IHS is an independent healthcare compensation consultant. Its report provides the Board with independent data on base salary and total cash compensation for comparable California healthcare organizations and provides the Board the information it needs to make decisions about the CEO's compensation. These documents were posted on the District's website on Friday and have been available for public review.

President Nicholson opened the discussion concerning an adjustment to the CEO's base salary to the 65th percentile of the California peer group. He noted that according to the IHS report, the 65th percentile would place base salary at approximately \$836,000. He noted that the CEO's current base salary is 3.47% below the 65th percentile. A 3% raise would place her base salary at just below the target, and a 4% raise would place her base salary at slightly above the target.

President Nicholson invited the Board to comment on the matter of the CEO's base salary.

Director Wallace favors a 4% increase in base salary. In reaching this conclusion, he cited the District's strong financial performance over the prior year. The District services 350,000 residents and generated a positive bottom line without relying on funds from taxpayers. He also cited the District's strong performance in the passing of the three surveys from independent parties, which is a strong indicator of quality at Washington Hospital. He indicated that providing the CEO a base salary of less than the 65th percentile would be inappropriate.

President Nicholson favors a 4% raise. He concurred with Director Wallace that the District's financial performance has been stellar. In addition, the District opened its new garage and the new Morris Hyman Pavilion is on time and on budget. He also noted that the intensivist and hospitalists programs went live.

Director Eapen favors a 4% increase. The CEO has met all of the goals set for her. He has no hesitation in providing the CEO a 4% increase so that the CEO's base salary makes it to the 65th percentile.

Director Danielson favors a 4% increase. The District has received numerous rewards and passed three difficult surveys. She noted that the surveys are tests and are both difficult and stressful. She credits the CEO for the District's strong performance over the past year. She believes it would not be right to provide for a base salary below the 65th percentile.

Director Stewart favors a 4% increase. He noted that the District has done extremely well over the past year. The Board's philosophy is to keep base salary at the 65th percentile of the California peer group. The IHS report provides the Board with data based on California hospitals of similar size, complexity, and operation.

President Nicholson opened the public hearing on the issue of the adjustment of the CEO's base salary.

President Nicholson closed the public hearing on the issue of the adjustment of the CEO's base salary. There were no comments.

Director Stewart moved that the Board increase the CEO's base salary by 4%, setting base salary at about the 65th percentile of California peer group at \$840,320, and that increase be effective July 1, 2017. Director Wallace seconded the motion.

President Nicholson called for a vote:

President Nicholson	AYE	Director Wallace	AYE
Director Danielson	AYE	Director Eapen	AYE
Director Stewart	AYE		

The motion passed.

President Nicholson opened the discussion concerning the award of at-risk compensation of up to 20% of base salary. He noted that according to the IHS report, a 20% award would mean an award of \$161,000, and that a full award of 20% would still not cause the CEO's total compensation to exceed the 75th percentile.

Director Wallace favors a 20% award. He cited the reasons stated earlier and noted that the District has had a tremendous amount of financial and medical success over the past year. The CEO manages 1400 employees and over 600 physicians on the medical staff, serves the 350,000 residents of the community, oversees a budget of half a billion dollars, and has built a fantastic team. He also noted that while the Board will be increasing base compensation slightly above the target 65th percentile, a 20% award will still place the CEO's compensation short of the Board's goal of the 75th percentile.

President Nicholson favors a 20% award. He concurred with everything that has been said.

Director Stewart favors a 20% award. He noted that the District, in these tough times, is not running a deficit, continues to service members of the District, and is able to put money back into the system in the form of new facilities. He cited the recent bankruptcy of Doctors Hospital Medical Center, which has now been turned into a casino parking lot and means members of that community must travel farther to obtain medical care.

Director Eapen favors a 20% award. He indicated that he had no hesitations based on the discussion and that the full award is still below the 75th percentile target.

Director Danielson favors a 20% award. She concurred with everything that had been said, but added that all of the CEO's accomplishments have been done under adverse conditions. The healthcare industry is in an extremely challenging environment, but despite that, the District is meeting those challenges. She attributed this success to the CEO.

President Nicholson opened the public hearing on the issue of an award of at-risk compensation.

President Nicholson closed the public hearing on the issue of an award of at-risk compensation. There were no comments.

Director Stewart moved that the Board award the CEO at-risk compensation based on its current compensation philosophy in the amount of 20% of base salary, or \$161,600, which does not exceed the 75th percentile of the California peer group. Director Wallace seconded the motion.

President Nicholson called for a vote.

President Nicholson	AYE	Director Wallace	AYE
Director Danielson	AYE	Director Eapen	AYE
Director Stewart	AYE		

The motion passed.

President Nicholson opened the discussion concerning the one-year extension of the term of the CEO's employment agreement.

Director Stewart moved that the Board extend the CEO's employment agreement by one year, for a term starting on July 1, 2017 and ending on June 30, 2021, and that the President of the Board be authorized to execute an amendment to the employment agreement consistent with the actions taken by the Board. Director Wallace seconded the motion.

There were no other comments from the Board.

President Nicholson opened the public hearing on the issue of extending the CEO's contract.

President Nicholson closed the public hearing on the issue of extending the CEO's contract. There were no comments.

President Nicholson called for a vote.

President Nicholson	AYE	Director Wallace	AYE
Director Danielson	AYE	Director Eapen	AYE
Director Stewart	AYE		

The motion passed.

This concluded the consideration of this agenda item.