



# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

November 9, 2020

## MEETING NOTICE

In compliance with Governor Gavin Newsom's Executive Order to further the State's efforts to reduce the risk of spread of the COVID-19 Coronavirus and reduce and minimize the risk of infection, as well as the Alameda County mandatory legal order to shelter at home, the regularly scheduled meeting of the Board of Directors of Washington Township Hospital Development Corporation will be conducted by Teleconference only on Monday, November 16th, 2020. The meeting will commence at 7:30am.

Teleconference information:

Dial In: 510-818-5900

Participant Code: 6736

Portions of this meeting may be held in closed session in accordance with Sections 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California Government Code.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Recording Secretary at (510) 818-7839. Notification two working days prior to the meeting will enable the Recording Secretary to make reasonable arrangements to ensure accessibility to this meeting.

This notice is posted pursuant to Section 54954 of the Government Code.

By direction of the President & Chief Executive Officer  
Washington Township Hospital Development Corporation

HOLLY CEDILLO  
Recording Secretary

*Kimberly Hartz, President and Chief Executive Officer*

Ohlone College Student Health Center • Washington Medical Billing • Washington on Wheels • Washington Outpatient Rehabilitation Center  
Washington Outpatient Surgery Center • Washington Radiation Oncology Center • Washington Sports Medicine  
Washington Township Medical Foundation • Washington Urgent Care



# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

## AGENDA

### BOARD OF DIRECTORS' MEETING WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION

**Monday, November 16, 2020 – 7:30A.M.**  
**Meeting Conducted by Teleconference**  
**Dial In: (510) 818-5900      Participant Code: 6736**

**Assistance for the Disabled:** If you are disabled in any way and need accommodation to participate in the meeting, please call Holly Cedillo, Recording Secretary, at (510) 818-7839 for assistance so the necessary arrangements can be made.

|             |  | <b>PRESENTED BY:</b>  |
|-------------|--|---|
| <b>I.</b>   | <b>CALL TO ORDER</b>   | Chair   |
| <b>II.</b>  | <b>ROLL CALL</b>   | Holly Cedillo,<br>Executive Assistant                       |
| <b>III.</b> | <b>CONSIDERATION OF MINUTES OF<br/>August 19, 2020 and August 24, 2020</b> | <i>Motion Required</i>                                      |
| <b>IV.</b>  | <b>COMMUNICATIONS</b><br>A. Oral<br>B. Written                             |   |
| <b>V.</b>   | <b>PRESIDENT AND CHIEF EXECUTIVE<br/>OFFICER REPORT</b>                    | Kimberly Hartz,<br>President and Chief Executive<br>Officer |

*Kimberly Hartz, President and Chief Executive Officer*

**VI. ADJOURN TO CLOSED SESSION** Chair

**VII. CLOSED SESSION** Chair

A. Report of Medical Staff and Quality Assurance  
Committee pursuant to Health & Safety Code  
section 32155.

B. Report involving a trade secret pursuant to  
Health and Safety Code, section 32106.

New Program. New Service.

Estimated date of public disclosure:  
December 2021.

**VIII. ADJOURN TO OPEN SESSION & REPORT ON  
CLOSED SESSION** Chair

**IX. OPEN SESSION** Chair

A. Report to Open Session

B. Action Item

1. Consideration of Ambulatory Surgery  
Center Commercial Loan Guaranty

**X. ADJOURNMENT** Chair

**NEXT MEETING: February 3, 2021**

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation was held on August 19, 2020 via Teleconference in order to comply with Governor Gavin Newsom's and Alameda County's mandatory orders to Shelter at Home to reduce the risk of spread of COVID-19. Chairman Sah called the meeting to order at 7:33a.m.

*CALL  
TO  
ORDER*

Present: Russ Blowers, Steven Chan, DDS, Gloria Villasana Fuerniss, Miro Garcia, Benn Sah, MD, and Kimberly Hartz, President and Chief Executive Officer

*ROLL  
CALL*

Absent: None

Also present: Tina Nunez, Vice President of Ambulatory and Administrative Services; Chris Henry, Vice President and Chief Financial Officer; Walter Choto, Sr. Director, Ambulatory Care Services; Paul Kozachenko, Attorney and Holly Cedillo, Executive Assistant

Guest: Galen R. Hamilton, Chief Operating Officer, Washington Township Medical Foundation; Dan Nardoni, Chief Financial Officer, Washington Township Medical Foundation

A motion was made by Director Chan, seconded by Director Garcia to approve the minutes of the meeting of May 18, 2020. The motion was carried by the following vote:

*APPROVAL OF  
MINUTES OF  
May 18, 2020*

Ayes: Directors Blowers, Chan, Fuerniss, Garcia and Sah

Noes: None

Absent: None

Abstain: None

Ms. Hartz noted that there was no written or oral communication.

*COMMUNICATIONS*

Ms. Hartz deferred the President and Chief Executive Officer Report to the next scheduled board meeting that is set to take place on Monday, August 24, 2020.

*PRESIDENT & CHIEF  
EXECUTIVE OFFICER  
REPORT*

In accordance with Sections 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California Government Code, Chairman Sah adjourned the meeting to closed session at 7:35a.m.

*ADJOURN TO CLOSED  
SESSION*

Director Garcia dismissed himself from the meeting at 8:51am.

Chairman Sah adjourned the meeting to open session at 9:14a.m. He reported that no action was taken in closed session.

*ADJOURN TO OPEN  
SESSION*

The Washington Township Hospital Development Corporation Budget Estimate for fiscal year 2020/21 was presented for approval. The budget included total operating revenue of \$33,898,009 and total expenses of \$34,120,385 for a

*ACTION ITEMS –  
DEVCO Budget Estimate  
FY 2020/21*

budgeted net loss of (\$1,301,690).

*ACTION ITEMS -  
(CONT'D)  
DEVCO Budget Estimate  
FY 2020/21*

Director Chan moved to accept the Washington Township Hospital Development Corporation Budget Estimate for fiscal year 2020/21. On a second from Director Blowers, the motion was carried with the following vote:

Ayes: Directors Blowers, Chan, Fuerniss and Sah  
Noes: None  
Abstain: None  
Absent: Director Garcia

The Washington Township Medical Foundation (WTMF) Budget Estimate for fiscal year 2020/21 was presented for approval. The budget included total operating revenue of \$46,005,956 and total expenses of \$69,238,777 for a budgeted net loss of (\$23,232,821). The Capital Budget is estimated at \$136,584.

*WTMF Budget Estimate  
FY 2020/21*

Director Chan moved to accept the Washington Township Medical Foundation Budget Estimate for fiscal year 2020/21. On a second from Director Blowers, the motion was carried with the following vote:

Ayes: Directors Blowers, Chan, Fuerniss and Sah  
Noes: None  
Abstain: None  
Absent: Director Garcia

There being no further business, the meeting adjourned at 9:20a.m. The next meeting is currently scheduled for August 24, 2020 at 12:00p.m.

*ADJOURNMENT*

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Benn Sah, MD  
Chair

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Steven Chan, DDS  
Secretary

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation was held on August 24, 2020 via Zoom in order to comply with Governor Gavin Newsom's and Alameda County's mandatory orders to Shelter at Home to reduce the risk of spread of COVID-19. Chairman Sah called the meeting to order at 12:10 p.m. *CALL TO ORDER*

Present: Russ Blowers, Steven Chan, DDS, Gloria Villasana Fuerniss, Miro Garcia, Benn Sah, MD, and Kimberly Hartz, President and Chief Executive Officer *ROLL CALL*

Absent: None

Also present: Tina Nunez, Vice President of Ambulatory and Administrative Services; Chris Henry, Vice President and Chief Financial Officer; Walter Choto, Sr. Director, Ambulatory Care Services; Paul Kozachenko, Attorney and Holly Cedillo, Executive Assistant

Guest: Ed Fayen, Executive Vice President and Chief Operating Officer

Ms. Hartz noted that there was no written or oral communication.

*COMMUNICATIONS*

Ed Fayen, Executive Vice President and Chief Operating Officer, presented "Planning for the Future of Your Local Hospital". Mr. Fayen shared information regarding goals of the Facility Master Plan (Phase III). This included information regarding Senate Bill 1953. SB 1953 is an unfunded mandate requiring hospitals in California to meet specified seismic regulations for earthquake preparedness. Because it is an unfunded mandate state and federal dollars are not available to assist hospitals in paying for necessary improvements. The final deadline for structural improvements is 2030. Phase III of the Facility Master Plan addresses these requirements and Washington Hospital has already completed multiple non-structural and structural improvements in preparation for the SB 1953 deadlines. Phase III will include construction of a new seismically safe building adjacent to the Morris Hyman Critical Care Pavilion, as well as completion of the build-out in the Pavilion's unfinished shell space. Some of the services that would be moved from the current Hospital into either the Pavilion or the new building include: operating rooms, cath labs, labor and delivery, intensive care units for infants, and other important support services such as imaging, pharmacy, clinical laboratory, physical therapy and occupational therapy.

*PRESENTATION  
"Planning for the Future  
of Your Local Hospital"*

The budget for Phase III is \$425M, excluding medical equipment and other campus improvements. Given current seismic regulations, the District Board of Directors approved a resolution placing a general obligation bond on the November 2020 ballot. This measure will provide funds for the District to comply with current California seismic regulations in order to meet the unfunded 2030 deadline and the future health care needs and growth of the community. The DEVCO Board of Directors also received copies of the Washington Hospital Bond Measure Fact Sheet Measure XX and the Role of the District & District Employees in a Bond Campaign.

Ms. Hartz provided an update regarding COVID-19. Safety initiatives are in place and continue to be developed to address the evolving coronavirus pandemic. Universal face masks are required to be worn by all staff and now face shields are required to be worn by staff in clinical settings to reduce the risk of exposure. Screening continues to take place at all hospital entrances for the continued safety of the patients and staff. Visitors are not currently allowed in the hospital unless authorized under limited circumstances and they are screened as well. Entrance into each building consists of a temperature check, screening questions based on CDC guidelines, and distribution of a face mask that is required to be worn. Inventory of Personal Protective Equipment (PPE) is being closely monitored and maintained. A task force has been formed to work with skilled nursing facilities to provide education and to improve safety during the COVID-19 pandemic. Volumes remain challenged during this time as patients delay their care during the pandemic due to the shelter in place order and personal safety concerns. A marketing campaign to encourage the community that it is safe to receive care at this time was developed. Telemedicine appointments are also available and in an effort to provide continued COVID-19 education, the hospital also has a resource link located on the Washington Hospital Healthcare System internet site.

*PRESIDENT & CHIEF  
EXECUTIVE OFFICER  
REPORT*

Ms. Hartz reported The Joint Commission survey is expected to take place towards the end of 2020 or early 2021. This survey typically takes place during the summer months but due to the current COVID-19 hot spots in California it has been placed on hold. Preparation for the survey is continuing to take place within the hospital.

In accordance with Sections 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California Government Code, Chairman Sah adjourned the meeting to closed session at 12:56 p.m.

*ADJOURN TO CLOSED  
SESSION*

Chairman Sah adjourned the meeting to open session at 1:11 p.m. He reported that no action was taken in closed session.

*ADJOURN TO OPEN  
SESSION*

There being no further business, the meeting adjourned at 1:17 p.m. The next meeting is currently scheduled for November 16, 2020 at 7:30 a.m.

*ADJOURNMENT*

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Benn Sah, MD  
Chair

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Steven Chan, DDS  
Secretary

**Washington Township Hospital  
Development Corporation  
Summary Income Statement  
September 2020**

| Current Month    |                  |                         |               | Year - To - Date                      |                   |                         |                  |                 |
|------------------|------------------|-------------------------|---------------|---------------------------------------|-------------------|-------------------------|------------------|-----------------|
| Actual           | Budget           | Favorable/(Unfavorable) |               | Actual                                | Budget            | Favorable/(Unfavorable) |                  |                 |
|                  |                  | Variance                | %             |                                       |                   | Variance                | %                |                 |
| 2,419            | 2,369            | 50                      | 2.1%          | 7,149                                 | 7,234             | (85)                    | (1.2%)           |                 |
| 577              | 262              | 315                     | 120.2%        | 926                                   | 750               | 176                     | 23.5%            |                 |
| 2,996            | 2,631            | 365                     | 13.9%         | 8,075                                 | 7,984             | 91                      | 1.1%             |                 |
|                  |                  |                         |               | Gross Revenue                         |                   |                         |                  |                 |
| 3,536,461        | 3,704,215        | (167,754)               | (4.5%)        | 9,964,330                             | 11,125,375        | (1,161,045)             | (10.4%)          |                 |
| 990,281          | 975,283          | 14,998                  | 1.5%          | 2,901,037                             | 2,962,274         | (61,237)                | (2.1%)           |                 |
| <b>4,526,742</b> | <b>4,679,498</b> | <b>(152,756)</b>        | <b>(3.3%)</b> | <b>12,865,367</b>                     | <b>14,087,649</b> | <b>(1,222,282)</b>      | <b>(8.7%)</b>    |                 |
|                  |                  |                         |               | Deductions                            |                   |                         |                  |                 |
| 1,766,049        | 1,899,664        | 133,615                 | 7.0%          | 5,165,696                             | 5,700,029         | 534,333                 | 9.4%             |                 |
| 49.9%            | 51.3%            | 1.4%                    |               | Contractual Percentage                | 51.8%             | 51.2%                   | (0.6%)           |                 |
| <b>2,760,693</b> | <b>2,779,834</b> | <b>(19,141)</b>         | <b>(0.7%)</b> | <b>7,699,671</b>                      | <b>8,387,620</b>  | <b>(687,949)</b>        | <b>(8.2%)</b>    |                 |
|                  |                  |                         |               | Expenses                              |                   |                         |                  |                 |
| 821,141          | 718,972          | (102,169)               | (14.2%)       | 2,500,334                             | 2,183,841         | (316,493)               | (14.5%)          |                 |
| 271,719          | 288,270          | 16,551                  | 5.7%          | (9) Purchased Labor                   | 823,180           | 863,719                 | 40,539           | 4.7%            |
| 345,114          | 412,972          | 67,858                  | 16.4%         | (10) Purchased Benefits               | 967,114           | 1,211,593               | 244,479          | 20.2%           |
| 307,717          | 334,431          | 26,714                  | 8.0%          | (11) Supplies                         | 775,679           | 957,959                 | 182,280          | 19.0%           |
| 266,612          | 326,102          | 59,490                  | 18.2%         | (12) Professional Fees                | 832,338           | 935,443                 | 103,105          | 11.0%           |
| 91,168           | 94,486           | 3,318                   | 3.5%          | (13) Purchased Services               | 273,044           | 283,582                 | 10,538           | 3.7%            |
| 25,582           | 32,028           | 6,446                   | 20.1%         | (14) Depreciation and Amort           | 79,826            | 86,779                  | 6,953            | 8.0%            |
| 566,534          | 568,484          | 1,950                   | 0.3%          | (15) Utilities                        | 1,701,464         | 1,705,453               | 3,989            | 0.2%            |
| 127,242          | 123,979          | (3,263)                 | (2.6%)        | (16) Building Lease                   | 429,985           | 411,084                 | (18,901)         | (4.6%)          |
| <b>2,822,829</b> | <b>2,899,724</b> | <b>76,895</b>           | <b>2.7%</b>   | <b>17) Other Expenses</b>             | <b>8,382,964</b>  | <b>8,639,453</b>        | <b>256,489</b>   | <b>3.0%</b>     |
| <b>(62,136)</b>  | <b>(119,890)</b> | <b>57,754</b>           | <b>48.2%</b>  | <b>(18) Total Expenses</b>            | <b>(683,293)</b>  | <b>(251,833)</b>        | <b>(431,460)</b> | <b>(171.3%)</b> |
| <b>36,279</b>    | <b>50,499</b>    | <b>14,220</b>           | <b>28.2%</b>  | <b>(19) Net Operating Income/Loss</b> | <b>(63,730)</b>   | <b>148,054</b>          | <b>211,784</b>   | <b>143.0%</b>   |
| <b>(98,415)</b>  | <b>(170,389)</b> | <b>71,974</b>           | <b>42.2%</b>  | <b>(20) Minority Interest</b>         | <b>(619,563)</b>  | <b>(399,887)</b>        | <b>(219,676)</b> | <b>(54.9%)</b>  |
|                  |                  |                         |               | <b>(21) Net Income/Loss</b>           |                   |                         |                  |                 |





# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

November 12, 2020

**To: Board of Directors**

**From: Kimberly Hartz, President and Chief Executive Officer**

**RE: Approval of Commercial Guaranty in connection with a financing of tenant improvements for ambulatory surgery center**

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In November 2019, the Washington Township Hospital Development Corporation (“DEVCO”) agreed to participate in the ownership and operation of an ambulatory surgery center (“ASC”) at 350 Marine Parkway in Redwood City, California. The ASC is referred to as the “Peninsula Surgery Center.” The purpose of opening the ASC in Redwood City is to expand the operation of the Institute for Joint Restoration and Research (“IJRR”) and provide easier access for outpatients.

The IJRR opened its doors in 2012 as an inpatient service focused on providing total knee and hip replacements. Given the quality of the program, the IJRR has attracted patients beyond the normal service area of the District. Recently, the federal government has taken steps to require more of these procedures to be conducted on an outpatient basis by refusing to pay for these procedures on an inpatient basis. The IJRR’s outpatient procedures are currently being performed at Washington Hospital and the Washington Outpatient Surgery Center (“WOSC”), in which DEVCO owns a 51% interest. However, patients are, in general, less willing to travel the same distance to receive outpatient surgery as compared to inpatient surgery, which has caused the IJRR to explore opportunities to expand its reach by opening a facility on the peninsula to serve its traditional patient base that lives on that side of the Bay. To maintain its competitiveness in the current market, the IJRR must expand the reach of its outpatient services.

The Peninsula Surgery Center is operated under the umbrella of two limited liability companies. One limited liability company would operate the surgery center on a day-to-day basis (the “Operating Company”). This entity is owned 51% by a holding company (the “Holding Company”) and 49% by physician investors. This follows the model for the WOSC, which is a limited liability company, of which DEVCO owns 51% and qualified physician investors own the remaining 49%. The second limited liability company would be the Holding Company, of which DEVCO would own 80%, WOSC would own 15%, and a qualified physician investor would own 5%. Under this arrangement, DEVCO will control both the Holding Company and Operating Company.

The construction of the tenant improvements is underway. When completed, sometime in the next two months, the ambulatory surgery center will include two operating rooms and related

*Kimberly Hartz, President and Chief Executive Officer*



# Washington Township Hospital Development Corporation

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facilities. The Operating Company has obtained financing from Fremont Bank to cover the cost of the Tenant Improvements in the amount of \$9,400,000. As the Operating Company is a new entity, Fremont Bank requires that the loan be guaranteed by the DEVCO, the Holding Company and the current physician investor.

We are asking the Board to approve the execution of the Commercial Guaranty by the President and Chief Executive Officer.

The Operating Company will be responsible for loan payments. It is anticipated that the cashflow from the ASC will fully fund the loan payments.

*Kimberly Hartz, President and Chief Executive Officer*

Ohlone College Student Health Center • Washington Medical Billing • Washington on Wheels • Washington Outpatient Rehabilitation Center  
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