

WESTCHESTER COUNTY HEALTH CARE CORPORATION

BOARD OF DIRECTORS MEETING

February 3, 2016

6:30 P.M.

EXECUTIVE BOARD ROOM

EXECUTIVE OFFICES

VOTING MEMBERS PRESENT: Orlando Adamson, M.D., Claudia Edwards, PhD, William Frishman, M.D., Renee Garrick, M.D., Herman Geist – via phone, John Heimerdinger, Mitchell Hochberg, Patrick McCoy, Alfredo Quintero, Zubeen Shroff, Michael Staib, Mark Tulis

NON-VOTING MEMBERS PRESENT: Michael Israel, James Vodola, Richard Wishnie, Simon Vukelj – via phone

VOTING MEMBERS EXCUSED: Susan Gevertz, Dennis Mehiel

STAFF PRESENT: Julie Switzer, EVP, General Counsel, and Counsel to the Board
Gary F. Brudnicki, CFO, COO
Patricia Ariel, SVP, Corporate Compliance and Internal Audit
Kara Bennorth, SVP, Corporate Communications and Fund Development
Marsha Casey, EVP, Clinical and Professional Support Services
Anthony Costello, SVP, Professional and Support Services
Beth Davis, SVP, Deputy General Counsel
Mark Fersko, EVP, Financial Planning and Managed Care
June Keenan, SVP, Delivery System Transformation
Anthony Mahler, SVP, Strategic Planning
John Morgan, SVP, Financial Planning
Jordy Rabinowitz, VP, Human Resources Operations, Senior Associate General Counsel
William Ryan, Director, Intergovernmental Affairs
Patrick Schmincke, SVP, Clinical Services

PHYSICIANS PRESENT: Dr. Lebovics, Dr. Gewitz, Dr. Savino

PUBLIC: Christine LaPerche - NYSNA
Helen Kioukis – CIR
Caitlyn Erbin – CIR
Alan Aranow – CSEA
Claire Maggio – NYSNA
Zina Klein - NYSNA

CALL TO ORDER

The February 3, 2016, meeting of the Westchester County Health Care Corporation Board of Directors was called to order at 6:30 p.m. A quorum was present consisting of the following Board members:

VOTING MEMBERS PRESENT

| | |
|--------------------------|-------------------|
| Orlando Adamson, M.D. | Mitchell Hochberg |
| Claudia Edwards, PhD | Patrick McCoy |
| William Frishman, M.D. | Alfredo Quintero |
| Renee Garrick, M.D. | Zubeen Shroff |
| Herman Geist – via phone | Michael Staib |
| John Heimerdinger | Mark Tulis |

NON-VOTING MEMBERS PRESENT

Michael Israel
James Vodola
Richard Wishnie
Simon Vukelj – via phone

VOTING MEMBERS EXCUSED

Susan Gevertz
Dennis Mehiel

REPORT OF THE CHAIR/ADDITIONS TO THE AGENDA

MR. HOCHBERG ASKED FOR A MOTION TO APPROVE THE MINUTES FROM THE JANUARY 6, 2016, MEETING OF THE BOARD. A MOTION WAS MADE BY MR. HEIMERDINGER, SECONDED BY MR. TULIS, TO APPROVE THE JANUARY 6, 2016, WESTCHESTER COUNTY HEALTH CARE CORPORATION BOARD OF DIRECTORS MEETING MINUTES. THE MOTION WAS APPROVED UNANIMOUSLY.

REPORT OF THE PRESIDENT OF THE MEDICAL STAFF

Dr. Lebovics provided the report of the President of the Medical Staff. He presented a credentialing packet (dated January 29, 2016 and attached to these minutes) containing information on Credentialing Appointments, Additional Privileges, Reappointments, FPPE's, and Updates to DOP's and Forms to the Board for its approval.

Motion to Approve Recommendations for Appointments, Reappointments, Additional Privileges, FPPE's and Updates to DOP's and Forms.

MR. HOCHBERG ASKED FOR A MOTION TO APPROVE THE RECOMMENDATIONS FOR APPOINTMENTS, REAPPOINTMENTS, ADDITIONAL PRIVILEGES, FPPE'S AND UPDATES TO DOP'S AND FORMS. MR. SHROFF MOTIONED, SECONDED BY MR. MCCOY. THE MOTION CARRIED UNANIMOUSLY.

REPORT OF THE PRESIDENT

Mr. Israel requested the following reports be provided to the Board by senior management:

Ms. Bennorth informed the Board that WMC has been awarded the Corporate Citizen of the Year Award by the Business Council of Westchester and inducted into its Hall of Fame.

Ms. Bennorth advised the Board that WMC is a Platinum sponsor of the Special Olympics Winter Games being held for the first time in Dutchess, Orange and Sullivan counties.

Ms. Bennorth updated the Board on the ribbon cutting ceremony held two weeks ago of the newly renovated Radiology suite. She noted our special relationship with ArtsWestchester and the unveiling of twenty four pieces of artwork from ten local Westchester artists that were sold that evening as a special fundraiser.

Ms. Bennorth informed the Board that this coming Monday is the ribbon cutting ceremony for our new PET/CT at Bradhurst.

Ms. Bennorth reminded the Board that Shop Rite will start its next three week campaign benefiting the Children's Miracle Network ("CMN"), on February 14, 2016. Their previous campaign raised \$150,000 for the Children's Hospital.

Ms. Bennorth advised the Board that on March 6, 2016, SUNY New Paltz will hold its inaugural dance marathon.

Ms. Bennorth informed the Board that March 8, 2016 is IHOP Day benefiting the Children's Hospital.

Mr. Costello informed the Board that the CTCL Lab has been completed; testing is underway and is pending FDA approval.

Mr. Costello updated the Board that Phase 1 of the Maternity Suite 2S project has been completed; we are now beginning Phase 2 and anticipate completion by June 2016.

Mr. Costello updated the Board on the renovation of the Main Hospital lobby and the Care Giver Center. He stated it is moving along nicely; the exterior steel is just about completed and the store front is being installed.

Mr. Costello stated that the PET/CT installation at 19 Bradhurst has been completed.

Mr. Costello informed the Board that renovations to the Behavioral Health Center's lobby has begun, in addition to a cosmetic upgrade of B1, which is an adolescent unit.

Mr. Costello advised the Board that the Bid for the Patient Room Renovation project at MidHudson went out today.

Mr. Costello informed the Board that over the weekend we had a flood due to the melting snow dripping from the lobby renovation project down into one of the main electrical system components. He stated this caused a minor utility failure and though we never lost power, it triggered over to the emergency power system. Mr. Costello reported that normal power was restored by Monday afternoon and that the clinical and support teams did a fabulous job during this event.

Ms. Casey gave an update to the Board on DSRIP. She stated that year one is coming to an end on March 31, 2016, and we remain on target for submitting our quarterly reports. Ms. Casey informed the Board that the DSRIP money is coming in according to schedule. She noted that the relationship building that has gone on over the past year is strengthening and continues to go well.

Dr. Garrick advised the Board that WMC is due for a DNV survey at any time. She stated that for the first time we will have an ISO prep survey, which is essentially an ISO audit. This is the process by which, for example, the Radiology Department will audit the Emergency Department for compliance with policies, procedures and processes.

Dr. Garrick informed the Board that the ACGME review of NYMC will be completed prior to the next Board meeting with the potential for a seven year accreditation.

Dr. Garrick updated the Board on a new program we are preparing to roll out called "Just Culture" as part of our high reliability program, this will be a follow up program to last year's "Say You're Sorry" campaign.

Dr. Garrick informed the Board that there is a problem with e-prescribing. CVS is experiencing a computer disconnect on hospital prescriptions sent over written on hospital DEA numbers; this affects all house staff members. HANYs and Greater New York are working with CVS to figure out the problem.

Dr. Garrick updated the Board on the search for a combined Chair/Director of Neurosurgery, stating that several terrific candidates have been interviewed.

Dr. Savino reiterated that there are several outstanding academic candidates for the position.

Dr. Gewitz reminded the Board that March 3, 2016, is the rededication of the Galef Lobby.

Dr. Gewitz informed the Board that last week the Children's Hospital hosted a group from Duracell, which has its national headquarters in Stamford, CT. They are interested in engaging with our Child Life Program and providing some energy for that program.

Dr. Gewitz advised the Board that we are working with Bon Secours Charity on trying to sustain and potentially grow the neo-natal nursery and baby activity at St. Anthony's Community Hospital.

Dr. Gewitz informed the Board that we received funding from the Torch Foundation to develop a video as part of the Partnership for Safety program at the Children's Hospital. This video project will help families become part of the safety environment for their children, and will be used as a welcoming and orientation overview for parents and families of children who will be patients in the hospital. This video will promote healthy sleep habits for infants and help to prevent falls, just to name a few of the highlights.

Mr. Israel stated that he had a couple of strategic planning issues for Executive Session, but nothing that will require a vote.

REPORT OF COMMITTEES

STRATEGIC PLANNING COMMITTEE

Mr. Tulis, Chair, WCHCC Strategic Planning Committee, noted that the Committee met on January 29, 2016. He stated that there are two items to present to the Board. Mr. Tulis asked Mr. Mahler to first discuss the resolution regarding the Ambulatory Care Pavilion ("ACP") with the Board.

Mr. Mahler reviewed the ACP presentation that was previously provided to the Board. He explained that the ACP will consist of 280,000 sq. ft., which includes 160,000 sq. ft. for WMC, including APS, 100,000 sq. ft. for medical office space, and a 20,000 sq. ft. expansion of the main tower in the form of twenty-four private patient rooms.

Mr. Mahler stated that WMC has done a great deal of work on financial projections regarding the ACP. Mr. Mahler explained that in a steady rate of operations the projections show a small P&L loss of less than one million dollars and a positive cash flow of five million dollars annually.

Mr. Mahler informed the Board that Wells Fargo has completed a credit analysis of the Corporation utilizing the published quantitative rankings approach used by both Moody's and S&P. The analysis showed that our credit rating should remain the same after the financing transaction, and if we did not go to market those analyses suggested we would have received a credit rating upgrade next month.

Mr. Mahler advised the Board that we are also looking to refinance approximately \$55 million dollars of existing debt for additional savings. He stated that WMC is looking to secure financing during the first two weeks of March, as now is the best opportunity to seek municipal hospital finance deals. He stated if we are able to achieve this timeframe, we would be able to break ground on the ACP in June of 2016, and take occupancy of the ACP in the third or fourth quarter of 2018. This financing transaction will be discussed in greater detail in the report of the Finance Committee.

Mr. Mahler stated that we are seeking Board approval of the ACP Resolution to proceed.

MR. HOCHBERG ASKED FOR A MOTION TO APPROVE THE RESOLUTION AUTHORIZING THE CORPORATION'S ISSUANCE OF TAXABLE AND TAX-EXEMPT BONDS AND THE RESTRUCTURING OF EXISTING DEBT TO FINANCE THE ACP PROJECT, SUBJECT TO APPROVING THE FINANCING RESOLUTION. MR. SHROFF MOTIONED, SECONDED BY MR. HEIMERDINGER. THE MOTION CARRIED UNANIMOUSLY.

Mr. Tulis then advised the Board of the second matter that was discussed at the Strategic Planning Committee, the Annual Mission Statement and Performance Review.

Mr. Mahler reminded the Board that under the Public Authorities Law, ("PAL"), WMC is required to review and measure our performance against our Mission Statement annually. Mr. Mahler briefly reviewed some of the performance goals accomplished for 2015. Performance Goal 1 - High Quality Care to All Patients: (i) WMC is accredited by DNV for both campuses; (ii) WMC implemented all applicable patient safety goals and monitors and reports performance regularly to the Quality Committee; (iii) WMC opened a Friends and Family lounge to provide solace and comfort to Trauma ICU families; and (iv) WMC initiated a Diversity and Inclusion program to position itself as an employer of choice. Performance Goal 2 - Integrated System of Care Covering the Hudson Valley: (i) joint ventured with Bon Secours Charity Health System; (ii) formalized partnerships through DSRIP initiatives; and (iii) launched e-Health initiative for psychiatry and the ICU. Performance Goal 3 - High Quality Teaching Environment: (i) WMC has 30 fully accredited ACGME residency training programs. Two programs, Orthopedic Surgery and General Surgery, underwent surveys in 2015 and retained accreditation; (ii) robust nursing education programs continue at each acute care site, including professional development, enhanced certification training and preceptor programs across the network; and (iii) all clinical protocols for research are reviewed and approved by the IRB through WMC's collaboration with New York Medical College.

Mr. Mahler then briefly reviewed some of the performance goals for 2016. Performance Goal 1 - Provide high quality care to all patients, regardless of their ability to pay, in a manner that respects the dignity of the individual and enhances patient outcomes by (i) meeting the accreditation standards of an organization that has deeming authority from CMS for all clinical services offered; and (ii) meeting clinical transformation goals through PCMH recognition and certification. Performance Goal 2 - Develop an integrated system of care covering the Hudson Valley by (i) continuing to develop WMC Health Network; (ii) implementing evidence based care management through collaborative DSRIP partnerships to enhance the continuum of care throughout the Hudson Valley; and (iii) developing a post-acute strategy across the WMC Health Network. Performance Goal 3 - Provide high quality teaching environment, along with our academic medical affiliate, for physicians, nurse and allied health professional training and research by (i) maintaining residency training programs that comply with ACGME standards; (ii) providing a progressive clinical teaching environment for nursing and allied professional training programs; and (iii) measuring clinical protocols for medical research provided at WMC.

MR. HOCHBERG ASKED FOR A MOTION TO AFFIRM THE 2015 ACCOMPLISHMENTS OF THE MISSION STATEMENT AND TO ACCEPT THE 2016 PERFORMANCE GOALS. MR. MCCOY MOTIONED, SECONDED BY MR. STAIB. THE MOTION CARRIED UNANIMOUSLY.

Mr. Mahler then informed the Board of a one page annual Board self-evaluation survey handout at their places. He asked if they could please complete the survey and return it to AnnMarie Fernandez on their way out after the meeting.

FINANCE COMMITTEE

Mr. Shroff, Chair, WCHCC Finance Committee, noted that the Committee met just prior to this Board meeting. He stated that year end cash is at \$118 million, as WMC did not receive its DSH payment in the amount of \$59 million dollars that was anticipated in December, 2015 until January, 2016. He noted that had we received the DSH payment on time, we would have hit our year end projection of \$177 million dollars in cash on hand.

Accounts Receivable for December was \$154 million

Statement of Operations for the Period Ended December 31, 2015

Total Operating Revenues of \$1.2 billion
Total Expenses of \$1.1 billion
Operating income \$67 million
Net Interest expense \$24 million
Income before excess fringe benefits \$48 million
Excess fringe benefits associated with pensions \$25.5 million
Excess fringe benefits associated with post-retirement health \$15.5 million
Bottom line profit \$7.2 million

Mr. Shroff advised the Board that the Committee then discussed the ACP. He noted that Mr. Mahler just reviewed the strategic importance of the project with the Board, and he reiterated the enhanced care that the addition of this pavilion would bring to the Valhalla campus. Mr. Shroff stated that the Committee reviewed the financial dimensions of the project, the contingency plans in place to successfully complete the project,

and the potential impact on the bond rating for the institution. Mr. Shroff stated that the Committee voted unanimously to proceed and recommend the financing of the project to the Board.

Mr. Shroff presented two resolutions to the Board in conjunction with the financing of the ACP as follows:

The first resolution authorizes the issuance or incurrence of taxable or tax-exempt indebtedness for the purpose of financing or reimbursing capital projects, refinancing outstanding indebtedness including long-term bonds, approving the form of and authorizing the execution of supplemental indenture, a mortgage, a purchase contract, a continuing disclosure agreement and official statement and loan documents. Mr. Shroff highlighted in Section 1 that the Corporation will go out to market to raise \$255 million dollars with a not-to-exceed amount of \$280 million dollars. Mr. Shroff also cited that the true interest rate will not exceed 5½ percent.

The second resolution is a supplement to a resolution passed in February, 2014, authorizing preliminary expenditures. This supplemental resolution allows the Corporation to obtain reimbursement for those preliminary expenditures associated with the current ACP project.

MR. SHROFF ASKED FOR A MOTION TO APPROVE THE TWO FINANCE RESOLUTIONS ASSOCIATED WITH THE ACP PROJECT. MR. TULIS MOTIONED, SECONDED BY MR. HEIMERDINGER. THE MOTION CARRIED UNANIMOUSLY.

QUALITY COMMITTEE

Dr. Garrick gave the report for Ms. Gevertz, Chair, WCHCC Quality Committee, and stated the Committee met on January 15, 2016.

Dr. Garrick reported that the Quality and Safety Council meeting minutes of December 10, 2015, were reviewed and accepted by the Committee. Dr. Garrick stated one notable mention is that the safety huddles continue on a daily basis and we are developing a new way of presenting the data in a weekly safety management report, and highlighting staff for identifying the good safety catches.

Dr. Garrick stated the Committee also received an update from the Anesthesia Department. She reminded the Board that last year we transitioned from North American Partners in Anesthesia to a full-time APS Anesthesia staff. She stated that Drs. Cooley and Freda have done a great job with the Department, in addition to creating a new Anesthesia Section for Regional Pain.

Dr. Garrick informed the Board that the Committee received an update on HCAHPS and QHIP from Patient Experience.

Dr. Garrick advised the Board that the 2016 Quality Committee Reporting Calendar was approved by the Committee. The Board will review and approve the 2016 Quality Committee Reporting Calendar at the next Board meeting to give the Board members a chance to review the Quality calendar.

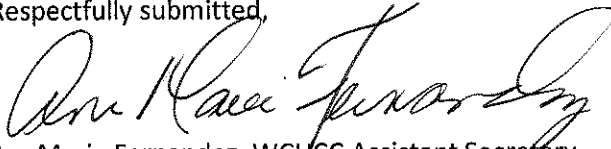
Dr. Garrick also informed the Board that the Committee received a Regulatory report. She stated that WMC is expecting a DNV survey before June, 2016.

MR. HOCHBERG MOTIONED TO MOVE INTO EXECUTIVE SESSION TO DISCUSS STRATEGIC PLANNING ISSUES, AND NOTED THAT NO FURTHER ACTION WOULD BE TAKEN BY THE BOARD.

ADJOURNMENT

MR. HOCHBERG MOTIONED TO ADJOURN THE FEBRUARY 3, 2016, MEETING OF THE WESTCHESTER COUNTY HEALTH CARE CORPORATION BOARD OF DIRECTORS. THE MOTION CARRIED UNANIMOUSLY.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "AnnMarie Fernandez". The signature is fluid and cursive, with a large initial "A" and "F".

AnnMarie Fernandez, WCHCC Assistant Secretary