



July 17, 2025

MEETING NOTICE

The meeting of the Washington Township Hospital Development Corporation Board of Directors will be held on Tuesday, July 22, 2025 at 12:30 P.M. The meeting will take place in the Board Room of Washington Hospital, 2000 Mowry Avenue, Fremont, California. The meeting is also accessible by Zoom.

Join in-person: 2000 Mowry Avenue, Fremont, CA 94538, 1st Floor, Executive Board Room

Join the Zoom Meeting:

<https://zoom.us/j/91203202737?pwd=0uV7ubmvBcqFs5KbPUeYHFMuXoturE.1>

Password: 796310

Join by Telephone: US: +1 877 853 5257

Meeting ID: 912 0320 2737

Password: 796310

Portions of this meeting may be held in closed session in accordance with Sections of California Health & Safety Code and Sections 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 of 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 in pursuant to Section 54954 of the Government Code.

Diana Venegas

Diana Venegas

Recording Secretary



Certificate of Posting

I certify that on July 17, 2025, I posted a copy of the foregoing Meeting Notice near the regular meeting place of the Board of Directors of the Washington Township Hospital Development Corporation, said time being at least 72 hours in advance of the meeting of the Board of Directors (Government Code Section 54954.2)

Executed at Fremont, California, on July 17, 2025.

Diana Venegas

Diana Venegas, Recording Secretary



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

Tuesday, July 22, 2025 – 12:30 P.M.

2000 Mowry Avenue, Fremont, CA 94538

1st Floor, Executive Board Room and via Zoom

<https://zoom.us/j/91203202737?pwd=0uV7ubmvBcqFs5KbPUeYHFMuXoturE.1>

Dial: + 1 877 853 5257 (US Toll Free)

Conference Code: 912 0320 2737 / Passcode: 796310

Board Meeting Agenda and Packet may be found at:

[DEVCO 2025 | Washington Health](#)

AGENDA

PRESENTED BY:

I. CALL TO ORDER

*Russell Blowers
Board President*

II. ROLL CALL

*Diana Venegas
Recording Secretary*

**III. CONSIDERATION OF MINUTES OF
May 15, 2025**

Motion Required

IV. COMMUNICATIONS

*Russell Blowers
Board President*

A. Oral

B. Written

REPORTS

V.

A. Chief Executive Officer Report

*Kimberly Hartz
Chief Executive Officer*

B. Financial Report

*Ajay Sial
Interim SVP & Chief Financial
Officer*

VI. ADJOURN TO CLOSED SESSION

Russell Blowers
Board President

A. Consideration of Closed Session Minutes of May 15, 2025

Motion Required

B. Conference involving Trade Secrets pursuant to Health & Safety Code section 32106

- Strategic Planning

VII. RECONVENE TO OPEN SESSION

Report on *permissible actions* taken during Closed Session

Russell Blowers
Board President

VIII. ACTION ITEMS

A. Review and Ratification of the Washington Health Medical Group (WHMG) Budget Estimate for Fiscal Year 2025/2026

Motion Required

B. Review and Ratification of the Washington Township Hospital Development Corporation (DEVCO) Budget Estimate for Fiscal Year 2025/2026

Motion Required

IX.**ADJOURNMENT**

Russell Blowers
Board President

NEXT MEETING: WEDNESDAY, OCTOBER 29, 2025 – 3:00 P.M.

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.

Washington Township Hospital Development Corporation

May 15, 2025

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The meeting of the Board of Directors of the Washington Township Hospital Development Corporation was held on May 15, 2025, in-person and by Teleconference via Zoom. Director Blowers called the meeting to order at 11:06 a.m.

CALL TO ORDER

Directors present: Russ Blowers; Pauline Weaver; Sue Querner; Carol Dutra-Vernaci

ROLL CALL

Directors Absent: Steven Chan, D.D.S (Director Chan provided notification of his absence for this meeting)

Also present: Kimberly Hartz, Chief Executive Officer; Tina Nunez, Senior Vice President & Chief Administrative Officer; Ajay Sial, Interim Senior Vice President & CFO; Walter Choto, Vice President of Operations; Nicholas Kozachenko, Attorney; and Diana Venegas, Recording Secretary

Guests present: Kristin Ferguson, Vice President & Chief Compliance and Risk Officer

A motion was made by Director Weaver, seconded by Director Dutra-Vernaci, to approve the minutes of the meeting of February 14, 2025.

***CONSIDERATION
OF MINUTES OF
FEBRUARY 14, 2025***

Roll call was taken:

- Russ Blowers – aye
- Pauline Weaver – aye
- Carol Dutra-Vernaci – aye
- Sue Querner – aye
- Steven Chan, D.D.S. – absent

The motion passed.

Ms. Venegas noted that there were no written or oral public communications.

COMMUNICATIONS

Ethics Training

***EDUCATION
SESSION***

Ms. Ferguson provided the required presentation on Ethics Training.

CEO Report

***CHIEF EXECUTIVE
OFFICER REPORT***

Cuts to the Medicaid (Medi-Cal) and Medicare Programs

Ms. Hartz opened up with a quote, “the one thing certain in health care is uncertainty”. She stated the U.S. House and Senate passed a budget resolution identifying \$880 billion in savings over 10 years that would make cuts to the Medicaid (Medi-Cal) and Medicare programs. Reduction to these programs could

affect eligibility and cause cuts to providers. The House and Senate need to propose how they will accomplish the savings.

Locally, 80,000 individuals are on the Medi-Cal program. Washington Hospital's payor mix is over 50% Medicare and over 20% Medi-Cal. If reductions to these programs are made, individuals under this program may become uninsured, reducing payments to hospitals.

Office of Health Care Affordability

The Office of Health Care Affordability (OHCA) board was established to analyze California's health care market for cost trends, focus on making health care more affordable and enforce health care spending growth targets, looking at different ways commercial rates compare to Medicare rates. OHCA has identified several hospitals as "high cost," including Washington Hospital. "High cost" hospitals are subject to 1.8% spending growth target. Notably, most other public hospitals (which tend to have similar Medicare and Medi-Cal patient mixes to Washington Hospital) and all University of California hospitals were excluded from consideration. The majority of hospitals on the list are small, independent facilities, except for Stanford. Despite the use of the term, "high cost" does not mean that patients pay more for care at Washington Health than at other providers and is therefore misleading. Administration is working to remove Washington Hospital from the list.

Ms. Hartz noted she will be closely following developments at the Federal and State levels and will provide updates. She stated Washington Health will continue to focus on:

- Scenario planning
- Driving operational efficiency
- Bringing in new revenue - new programs/services
- Working with consultants on revenue cycle
- Reducing costs – reviewing both labor and non-labor expenses

Parcel Tax

The citizen's committee collected over 32,000 signautes. The District needs 19,100 valid signatures to place the initiative on the November ballot. The signatures are currently being validated by the County through an audit process. Revenue from a parcel tax would help Washington Health fund disaster preparedness and help to purchase equipment and technology for the trauma center, operating rooms and other clinical areas of the health system.

Facility Master Plan and Construction Updates

Cancer Center Build Out

Construction is underway and on schedule. The estimated substantial completion is September 2025. The Open House is scheduled for December and the center is scheduled to be open to patients the beginning of 2026.

Morris Hyman Pavilion Infill Project

Construction is underway for the Morris Hyman Pavilion Infill Project. This will include building out a new imaging center, OR, pharmacy and other support services. Construction began in February 2025 with substantial completion estimated in August 2026.

Mobile MRI

The Mobile MRI unit is in place next to the emergency department. Inpatient and ER patients no longer need to be transported to Washington West for their MRI.

Fremont Office Center (FOC)

Phase I of the FOC project is underway. Boulder architects has been contracted and design drawings are in development. Phase I includes moving primary care, women's health and pediatrics clinics into the Fremont Office Center. Phase I is estimated to be completed at the end of 2026.

Urgent Care

The District Board approved the construction of a new Urgent Care that will be located in Washington Properties Shopping Center. Design drawings are currently being reviewed by the city. Estimated opening is Fall 2025.

Financial Report

***FINANCIAL
REPORT***

Ajay Sial presented the DEVCO Financial Report for March 2025.

Director Weaver proposed the approval of Resolution 65. This resolution pertains to approval of the sale of Class A Membership Units in Peninsula Surgery Center, LLC to Erik McDonald, M.D. Director Querner seconded the motion.

ACTION ITEM

Roll call was taken:

- Russ Blowers – aye
- Pauline Weaver – aye
- Carol Dutra-Vernaci - aye
- Sue Querner - aye
- Steven Chan, D.D.S. – absent

Washington Township Hospital Development Corporation

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The motion carried.

Director Blowers adjourned the meeting to a closed session at 11:58 a.m.

***ADJOURN TO
CLOSED SESSION***

Director Blowers reconvened the meeting to open session at 12:00 p.m.

***RECONVENE TO
OPEN SESSION***

Diana Venegas, Recording Secretary, reported that during the closed session the Board approved the closed session minutes of February 14, 2025 by unanimous vote of all directors present.

There being no further business, Director Blowers adjourned the meeting at 12:03 p.m.

ADJOURNMENT

The next regularly scheduled meeting is Tuesday, July 22, 2025 at 12:30 p.m.

Russell Blowers
President, Board of Directors
Washington Township Hospital
Development Corporation

Steven Chan, D.D.S.
Secretary, Board of Directors
Washington Township Hospital
Development Corporation

**Washington Township Hospital
Development Corporation
Summary Income Statement
May 2025**

Current Month					Year - To - Date			
Actual	Budget	Favorable/(Unfavorable)			Actual	Budget	Favorable/(Unfavorable)	
		Variance	% Variance				Variance	% Variance
2,196	2,216	(20)	(0.9%)	(1) Visits	24,572	23,725	847	3.6%
124	130	(6)	(4.6%)	(2) Treatments & Procedures	1,229	1,443	(214)	(14.8%)
2,320	2,346	(26)	(1.1%)	(3) Total	25,801	25,168	633	2.5%
8,891,729	12,593,343	(3,701,614)	(29.4%)	Gross Revenue				
924,696	958,780	(34,084)	(3.6%)	(4) Patient Revenue	107,133,234	112,068,865	(4,935,631)	(4.4%)
				(5) Other Revenue	10,073,152	10,228,798	(155,646)	(1.5%)
9,816,425	13,552,123	(3,735,698)	(27.6%)	(6) Total Gross Revenue	117,206,386	122,297,663	(5,091,277)	(4.2%)
5,798,249	7,895,968	2,097,719	26.6%	Deductions				
65.2%	62.7%	(2.5%)		(7) Total Deductions	66,693,443	67,990,504	1,297,061	1.9%
4,018,176	5,656,155	(1,637,979)	(29.0%)	Contractual Percentage	62.3%	60.7%	(1.6%)	
				(8) Net Revenue	50,512,943	54,307,159	(3,794,216)	(7.0%)
1,168,419	1,189,233	20,814	1.8%	Expenses				
294,851	350,444	55,593	15.9%	(9) Salaries	13,244,595	12,851,046	(393,549)	(3.1%)
1,063,161	1,180,544	117,383	9.9%	(10) Benefits	3,681,993	3,786,961	104,968	2.8%
68,249	165,593	97,344	58.8%	(11) Supplies	11,122,327	11,147,416	25,089	0.2%
459,608	435,698	(23,910)	(5.5%)	(12) Professional Fees	972,171	1,821,532	849,361	46.6%
635,303	582,923	(52,380)	(9.0%)	(13) Purchased Services	4,712,555	4,491,733	(220,822)	(4.9%)
24,015	39,808	15,793	39.7%	(14) Depreciation and Amort	6,490,063	6,376,805	(113,258)	(1.8%)
126,046	117,279	(8,767)	(7.5%)	(15) Utilities	301,221	437,889	136,668	31.2%
297,155	263,729	(33,426)	(12.7%)	(16) Building Lease	1,469,242	1,352,390	(116,852)	(8.6%)
4,136,807	4,325,251	188,444	4.4%	(17) Other Expenses	3,253,232	2,961,325	(291,907)	(9.9%)
(118,631)	1,330,904	(1,449,535)	(108.9%)	(18) Total Expenses	45,247,399	45,227,097	(20,302)	(0.0%)
0	0	0	0.0%	(19) Net Operating Income/Loss	5,265,544	9,080,062	(3,814,518)	(42.0%)
(118,631)	1,330,904	(1,449,535)	(108.9%)	Non-op Equity Earnings Revenue	0	0	0	0.0%
(43,099)	(634,939)	591,840	93.2%	(31) Net Income (Loss) Before Minority Interest	5,265,544	9,080,062	(3,814,518)	(42.0%)
(161,730)	695,965	(857,695)	(123.2%)	(20) Minority Interest	(2,995,442)	(4,924,178)	1,928,736	39.2%
				(21) Net Income/Loss	2,270,103	4,155,884	(1,885,781)	(45.4%)

MEMORANDUM

Date: July 22, 2025

To: Board of Directors
Washington Township Hospital Development Corporation

From: Kimberly Hartz
Chief Executive Officer

Subject: **Washington Health Medical Group Budget Estimate FY26**

The Budget Estimate for FY26 for the Washington Health Medical Group is being presented to the Board of Directors of the Development Corporation for the Board's review and ratification. The Budget Estimate for WHMG was included in the District's Consolidated Budget which was approved by the District Board of Director's on June 11, 2025.

This past year, WHMG operated in a challenging environment. Recruitment for physicians, advanced practice providers and staff has continued to be extremely competitive. Efforts to strengthen our physician leadership infrastructure, service excellence, and timely patient access to primary care providers has been at the forefront of the strategic focus. These efforts will continue into FY26 with a focus on the ambulatory expansion strategy including access and growth opportunities. WHMG continues to be relevant to our community by providing a wide array of specialties that allow our patients to receive medical treatment close to home.

The FY26 budget takes into account inflation, contracted changes, staffing changes, budgetary changes and market and strategic growth for WHMG. In FY26, WHMG continues to support the Trauma program of the Health System through continuing to employ trauma surgeons and a medical director. Additionally, the Urgent Care Clinic is anticipated to open in November and the design and construction work related to the Fremont Office Center (FOC) Phase 1 continues. Our continued commitment to Washington Health Medical Group provides an important strategic initiative in helping us meet our goal of providing local access to quality care along with improving and maintaining the health status of the residents of our District.

For FY26, Washington Health Medical Group is budgeted as follows:

Visits are budgeted at **237,664**
Total Operating Revenue is budgeted at **\$65,593,376**
Total Expenses are budgeted at **\$100,534,113**
Net Loss is budgeted at **(\$34,940,737)**
Total Capital Budget of **\$343,055**

This budget reflects a medical group that continues to grow and is committed to meeting the health care needs of the community through the provision of high-quality, cost-effective care locally. WHMG contracts with third-party payers for the delivery of health care services and focuses on research and educational activities.



Washington Health Medical Group is helping to better strengthen and position Washington Health and local physicians in this rapidly changing health care landscape at both the state and federal levels in an environment driven by great uncertainty. Washington Health Medical Group provides opportunities for care coordination and collaboration that is important to the current and future success of Washington Health. It also creates a vehicle that allows us to continue to successfully recruit primary care and specialist physicians to our community and offers community physicians another option for practicing medicine so that the health care needs of the community can be met now and into the future.

It is recommended that the Washington Township Hospital Development Corporation Board of Directors ratify the Washington Health Medical Group FY26 Budget Estimate.

WHMG FY 2026 Budget Income Statement – Consolidated



	FY2026 Budget	FY2025 Projected	Change	% Change
Total Visits	237,664	217,455	20,209	9.3%
*Flu Vaccine Visits	1,000	937	63	6.7%
<u>OPERATING REVENUE</u>				
Gross Patient Revenue	\$ 101,243,181	\$ 92,551,085	\$ 8,692,096	9.4%
Contractual Allowances	(54,636,335)	(50,922,595)	(3,713,740)	(7.3%)
Net Patient Revenue	\$ 46,606,846	\$ 41,628,490	\$ 4,978,356	12.0%
Contractual %	54.0%	55.0%	1.0%	
Other Non-Patient Revenue**	18,986,530	16,942,871	2,043,659	12.1%
Total Operating Revenue	\$ 65,593,376	\$ 58,571,361	\$ 7,022,015	12.0%
<u>OPERATING EXPENSES</u>				
PSA Costs	\$ 55,373,764	\$ 53,210,813	\$ (2,162,951)	(4.1%)
Salaries & Wages	20,041,597	17,110,899	(2,930,698)	(17.1%)
Benefits	7,807,523	6,425,097	(1,382,426)	(21.5%)
Professional Services	794,792	630,640	(164,152)	(26.0%)
Supplies	5,292,268	4,204,368	(1,087,900)	(25.9%)
Purchased Services	3,566,898	3,034,762	(532,136)	(17.5%)
Utilities	419,683	405,439	(14,244)	(3.5%)
Insurance Other	61,593	40,724	(20,869)	(51.2%)
Marketing & Advertising	375,876	321,207	(54,669)	(17.0%)
Software Maint/Lic	74,244	71,406	(2,838)	(4.0%)
Other Expense *	3,822,003	3,516,534	(305,469)	(8.7%)
Depreciation	2,903,872	2,753,465	(150,407)	(5.5%)
Total Operating Expense	\$ 100,534,113	\$ 91,725,354	\$ (8,808,759)	(9.6%)
Other Non Operating Revenue	-	(17,462)	(17,462)	100.0%
NET PROFIT / (LOSS)	\$ (34,940,737)	\$ (33,171,455)	\$ (1,769,282)	(5.3%)

*Other Expense includes Occupancy, Hospitalist Admin fees, Bank charges, Recruiting, Uniforms, & Payroll processing fees

WHMG FY 2026 Budget Capital Requests



Site Description	Site	Item Description	Cost
<u>Tenant Improvements</u>			
Danielson	2300	Interior painting	\$ 16,761
Gastroenterology	3700	Replacement of hallway carpeting	\$ 13,832
Orthopedics	4600	Carpet replacement for Ortho patient lobby area	\$ 5,463
Orthopedics	4600	Repainting of exam rooms and conference room at Orthopedics	\$ 4,554
Pediatrics	4900	Exam room interior painting	\$ 4,270
Pediatrics	4900	Wall and Base Cabinets	\$ 3,746
Total Tenant Improvements			\$ 48,626
<u>Equipment</u>			
ENT	3400	S4000 Exam Chairs	\$ 22,448
Cardiology	3200	Automatic continuous BP monitors to utilize during treadmill stre	\$ 17,829
ENT	3400	AudioStar Pro Audiometer	\$ 17,086
Warm Springs	2600	Ritter 224 examination tables	\$ 16,348
ENT	3400	New ENTity Flexible Scopes	\$ 14,640
Multiple clinics		Other Equipment	\$ 206,078
Equipment			\$ 294,429
Total Capital Budget			\$ 343,055

MEMORANDUM

Date: July 22, 2025

To: Board of Directors
Washington Township Hospital Development Corporation

From: Kimberly Hartz
Chief Executive Officer

Subject: **Washington Township Hospital Development Corporation Budget Estimate FY26**

The Budget Estimate for FY26 for the Washington Township Hospital Development Corporation (DEVCO) is being presented to the Board of Directors of the Development Corporation for the Board's review and ratification. The Budget Estimate for DEVCO was included in the District's Consolidated Budget which was approved by the District Board of Directors on June 11, 2025.

With the nationwide shift moving joint replacement surgeries from the hospital setting to the ambulatory setting, Washington Outpatient Surgery Center (WOSC) and Peninsula Surgery Center (PSC) continue to focus on growing these procedures at their respective sites. One of WOSC's orthopedic surgeons is increasing his volume of cases being brought to the Center and PSC is anticipating growth with the addition of a new provider. The budget reflects the increase in volume and revenue from these surgeries. The System anesthesiology contract is currently being negotiated and therefore expenses related to this are not estimated in the budget for WOSC and PSC. This past year Washington Outpatient Rehabilitation Center was able to stabilize staffing resulting in better access to the Center for patients. However, recruitment for athletic trainers in our Sports Medicine Program has been a challenge that will be a focus in the next fiscal year. In FY26, the entities will be focusing on the revenue cycle initiatives to optimize our performance outcomes.

Our continued commitment to these programs through the Development Corporation provides an important mechanism in helping us to meet our goal of improving and maintaining the health status of the residents of the District.

This budget takes into account inflation, contracted changes, and operation changes. For the FY26, the Washington Township Hospital Development Corporation is budgeted as follows:

Visits are budgeted at **28,160**
Total Operating Revenue is budgeted at **\$59,766,602**
Total Expenses are budgeted at **\$54,125,118**
Net income is budgeted at **\$1,656,437**
Capital request is **\$893,320**

It is recommended that the Washington Township Hospital Development Corporation Board of Directors ratify the Washington Township Hospital Development Corporation FY26 Budget Estimate.

FY26 Consolidated DEVCO Income Statement

	FY25 Projected	FY 26 Budget	Change	Percent Change
Total Visits	27,786	28,160	374	1.3%
Revenue				
Gross Patient Revenue	117,854,726	126,295,747	8,441,020	7.2%
Other Revenue	10,975,346	11,664,570	689,225	6.3%
Contractual Allowances	(73,074,233)	(78,193,715)	(5,119,482)	-7.0%
Total Operating Revenue	55,755,839	59,766,602	4,010,763	7.2%
Expenses				
Salaries and Benefits	18,562,064	19,789,733	(1,227,670)	-6.6%
Supplies	12,070,999	14,242,923	(2,171,924)	-18.0%
Purchased Services	5,110,777	5,888,789	(778,012)	-15.2%
Building Lease	1,613,579	1,762,479	(148,900)	-9.2%
All Other Expenses	12,069,608	12,441,194	(371,586)	-3.1%
Total Expense	49,427,028	54,125,118	(4,698,090)	-9.5%
Net Operating Income (Loss)	6,328,812	5,641,484	(687,328)	-10.9%
Minority Interest	(3,361,379)	(3,985,047)	623,668	18.6%
Net Income	2,967,433	1,656,437	(1,310,996)	-44.2%

*Projected FY 2025 equals FYTD25 April Annualized



DEVCO FY 2026 Budget
Capital Request



Site Description	Site	Item Description	Cost
Washington Outpatient Surgery Center	WOSC	HVAC Project	\$ 503,998
		Olympus Colon Scopes	\$ 140,796
		Medivator/Olympus - Endoscope Reprocessing	\$ 88,559
		Low temp sterilization (V-Pro/Sterad)	\$ 64,012
		VS monitors Pre/Post (Mindray ePM 12M)	\$ 57,653
		Recliners for Post-Op discharge lounge (6 chairs)	\$ 15,000
	WOSC Total		<u>\$ 870,019</u>
Peninsula Surgery Center	PSC	Retractor	<u>\$ 23,302</u>
Total Capital Budget			<u>\$ 893,320</u>