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A G E N D A
SEQUOIA HEALTHCARE DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
4:30, Wednesday, July 19, 2017
Conference Room, 525 Veterans Boulevard, Redwood City, CA 94063

1. Call To Order And Roll Call
2. Public Comment On Non-Agenda Items*
3. New Business
 - a. Response to the Grand Jury Report of June 19, 2017 - Mr. Michelson
 - b. New Board Policy 26: Use Of District Email Accounts - Mr. Hudak
- ACTION ACTION
- ACTION 4. Adjourn to Closed Session For The Purposes Of:
 - a. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Consideration of initiation of litigation pursuant to Government Code Section 54956.9(d)(4) - One potential case
 - b. PUBLIC EMPLOYEE APPOINTMENT - Title: Chief Executive Officer
- ACTION 5. Reconvene To Open Session: Announce Any Reportable Actions Taken In Closed Session
- ACTION 6. Approval Of Executive Search Agreement With WIPFLI, LLC. - President Kane
- ACTION 7. Adjourn.
The Next Regular Meeting Of The Board Of Directors Of Sequoia Healthcare District Is Scheduled For 4:30 PM, Wednesday, August 2, 2017, District Conference Room, 525 Veterans Blvd., Redwood City, CA 94063


Kathleen Kane
Board President

*Public comment will be taken for each agenda item prior to the board's consideration on that item.

Any writings or documents provided to a majority of the Board of Directors regarding any item on this agenda will be made available for public inspection at the District office, 525 Veterans Blvd., Redwood City, CA during normal business hours. Please telephone 650-421-2155 to arrange an appointment.

If you are an individual with a disability and need an accommodation to participate in this meeting, please contact Sequoia Healthcare District at least 48-hours in advance at 650-421-2155.

SEQUOIA HEALTHCARE DISTRICT'S RESPONSE TO THE GRAND JURY REPORT "CAN WE SEE YOU NOW? SAN MATEO COUNTY'S INDEPENDENT SPECIAL DISTRICTS WEBSITE TRANSPARENCY UPDATE" DATED JUNE 19, 2017

GJ Recommendation R3: The eight independent special districts that qualify for the *District Transparency Certificate of Excellence* are strongly encouraged to apply for it to be recognized for their efforts.

Response: Sequoia Healthcare District agrees with the finding of the Grand Jury; however the recommendation will not be implemented because it is not warranted for the following reason:

“Healthcare Districts have their own association, Association of California Healthcare Districts, (ACHD) that provides many of the services offered by The Special District Association. ACHD includes reviews of healthcare district websites and other documents for transparency.

Sequoia Healthcare District received ACHD’s best practice in Governance and therefore elected not to apply for the SDLF Transparency Certificate.”

Approved by the Board of Directors of Sequoia Healthcare District at a public meeting on July 19, 2017

[DRAFT]

POLICY NO. 26

USE OF DISTRICT EMAIL ACCOUNTS

- A. The District shall issue an official email address, using the District's domain name, to all Directors and employees. The District shall provide technical support to enable Directors and employees to access their official email accounts from mobile devices and home computers.
- B. Employees are required to use their official email account for all District-related communications.
- C. Communications from District employees to Directors regarding District business and meeting agendas shall utilize the Directors' official email accounts. A Director may request, in writing, that such communications be sent to a different email account.
- D. Directors are encouraged to use their official email accounts for District-related communications. Email communications on a Director's personal or business account that relate to District business are subject to disclosure under the Public Records Act. Directors who do not utilize their official email account shall make their personal and/or business email accounts available for review by the District's legal counsel when necessary to comply with a request under the Public Records Act.
- E. In order to avoid inadvertent violations of the Brown Act, Directors and employees should exercise caution when using the "reply all" email function. Directors may not communicate with more than one other Director on a topic via email, except for trivial or scheduling matters. Comments or questions in a "reply all" response may constitute a serial meeting under the Brown Act.

MEMORANDUM

TO: Kathleen Kane, Board President
FROM: Mark D. Hudak
DATE: July 5, 2017
SUBJECT: Review of HFS Proposal

I reviewed the letter agreement dated June 23, 2017 from HFS. It seems that HFS has been merged into an accounting group known as WIPLFI. The letter agreement includes standard terms and provisions which seem to have come from the accountants, as they are unusual for a search firm. I have the following comments and concerns about these provisions.

Section 2. Insurance. This provision requires that the District have liability insurance for advertising injury and for contractual liability. The District's liability policy may have coverage for advertising injury, which is a special form of personal injury that can arise in commercial cases, but it is unlikely that the policy would include contractual liability. We should confirm these coverages with the District's insurance broker or inform HFS that we will not provide them.

Section 5. Legal Fees. This is very broadly written and could be interpreted as requiring us to pay their legal fees even if they are at fault. It should be limited to situations in which their testimony or records are requested by a third party in connection with a claim that does not involve HFS's performance.

Section 7. Tax Responsibilities. This is not an appropriate provision for a government agency that does not pay taxes.

Section 9. Termination of Agreement. This section provides that, in the event of termination, the District would be responsible for paying any amount due and owing before termination. But that should not apply in the case of termination for cause or if HFS is in default.

Section 17. Limitation of Liability. This provision limits HFS's liability to cases of (a) personal injury and (b) gross negligence or willful misconduct and further provides that liability is limited to the amount of the fee actually paid. While it is difficult to foresee how the District could suffer a personal injury. Other kinds of claims would be more likely (for example, improper disclosure of a candidate's personal information, resulting in a lawsuit against the District). The limit of liability - \$60,000 maximum based on the fee to be paid – may not be adequate in that type of case. Further, HFS should have insurance for these losses. This provision should be deleted or provide that it applies only to claims not covered by the insurance that HFS is required to provide under Section 2.

Section 18. Dispute Resolution Process. Subsection 1 provides that, for a 60 day period following notice of a breach or default, the District's sole remedy is the re-performance of HFS's duties. That is not a fair provision and should be stricken.

Subsection 2 provides for binding arbitration with the American Arbitration Association. This company does not have a good roster of arbitrators and is very expensive. I recommend against using AAA. The better choices are Judicial Arbitration and Mediation Service (JAMS) or ADR Services in San Francisco. I would note that, in several places, this provision refers to "arbitrators" even though there is supposed to be only one arbitrator.

Section 20. Record Retention. This provides that records will be retained for the "relevant period" but does not state the period.

Section 22. Mutual Confidentiality. This provision must be made subject to the District's legal obligations including the Brown Act and the Public Records Act.

Section 26. Early Termination. This provision is not entirely consistent with the termination provisions in Section 9. No fees should be paid if HFS is in default or has breached the agreement. The amount of any fees must not exceed the total amount payable under the agreement and/or the amount payable under Section 9.

The agreement should specify whether in-house candidates will, or will not, be considered.

I have not compared the proposed fee with other alternatives in the market, so I do not have an opinion on whether it is reasonable under the circumstances or whether it is subject to negotiation.