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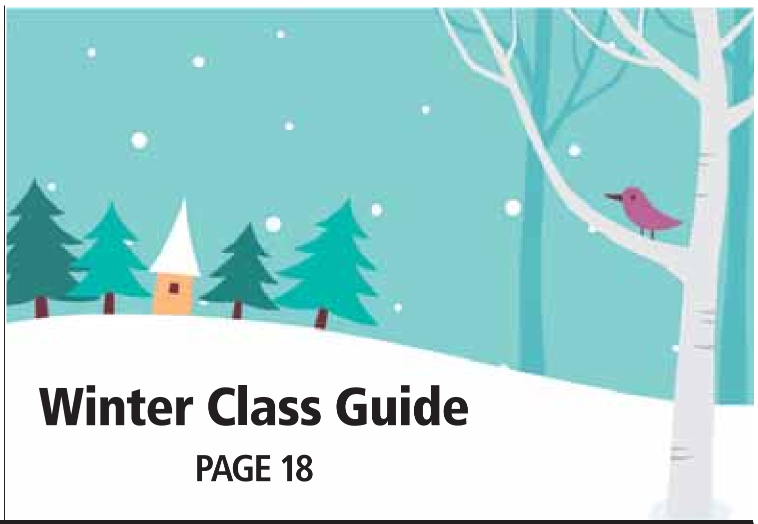

Winter Class Guide
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City's traffic trouble spots persist

PEDESTRIAN COLLISIONS DROP FROM 2017

By Kevin Forestieri

An elderly Mountain View man died of his injuries following a collision in Mountain View three months ago, according to the latest release of vehicle crash data from the Mountain View Police Department.

The data also shows a significant decrease in pedestrian collisions throughout the city, bucking a trend of increased incidents in recent years. Other trouble spots, including red-light runners on Middlefield Road and a climbing collision count on Central Expressway and Shoreline Boulevard, remain problems for the city.

A full list of recorded crashes from the department, spanning from July 1 through Sept. 30, shows 171 collisions over the three-month period, 49 of which resulted in injuries. The data, released last week, shows one fatality on Grant Road on Sept. 11, which police had not previously disclosed.

The solo-vehicle crash occurred in the 2200 block of Grant Road near Stratford Court around 4:45 p.m., when a Ford SUV struck a city light pole and a tree, according to police. The 85-year-old driver was coherent but complained of pain and had some visible cuts, so was sent to a nearby hospital.

The man died nearly two weeks later due to complications "resulting from the collision," police said. No one else was injured in the crash, and speed did not appear to be a factor.

That makes two traffic-related

▸ See *TRAFFIC*, page 6

MAGALI GAUTHIER

TINY DANCERS

Judy Liang puts on her elf costume in a crowded dressing room as students at Western Ballet prepare to dance in "The Nutcracker" at the Mountain View Center for the Performing Arts on Dec. 2. Our backstage photo essay is on page 16.

Pitch to delay minimum-wage hike fizzles

MCALISTER'S PROPOSAL FINDS NO SUPPORT ON CITY COUNCIL

By Mark Noack

A plan to hit the pause button on Mountain View's minimum wage increase was swiftly shot down at the Tuesday, Dec. 4, City Council meeting. The proposal died without a motion that would have brought it to a vote.

It was discussion that harkened back to three years ago, when Mountain View was in the vanguard of Silicon Valley cities raising its minimum wage to $15 an hour, an attempt to keep pace with the surging cost of living.

That 2015 push was hugely successful — eight out of Santa Clara County's 15 cities pledged to gradually notch up their base wage. After reaching $15 an hour, all those cities committed to continue increasing the minimum pay

▸ See *MINIMUM WAGE*, page 9

At long last, a winner in City Council race

KAMEI, RAMIREZ AND HICKS BEAT INCUMBENTS IN CLOSE RACE

By Mark Noack and Kevin Forestieri

One month later, the murky outcome of the Nov. 6 election is finally becoming clear.

As of Wednesday morning, Alison Hicks is holding a narrow but significant lead for the undecided City Council seat. And short of a miracle, that means incumbent Pat Showalter won't serve a second term.

For weeks, the two candidates have been in limbo, locked in a tight race for the last of three council seat up for election. Since election night, the two candidates have repeatedly traded places as the updated vote results trickled in from the Santa Clara County Registrar of Voters.

For observers (including the *Voice*) it was simply too close to call. But at this late stage, the result now appears to be clear. With 99 percent of the vote tallied as of Wednesday, Hicks appears to have an insurmountable lead with 11,128 votes. That gives her 98 votes over Showalter's 11,030 votes.

Ellen Kamei

Lucas Ramirez

Alison Hicks

Taken altogether, the theme of the Nov. 6 election appears to be a

▸ See *COUNCIL RACE*, page 9

COURTESY OF THEATREWORKS/KEVIN BERNE

***The Tuck family** drinks from an enchanted spring in "Tuck Everlasting."*

THEATREWORKS' 'TUCK EVERLASTING'

For many young readers, Natalie Babbitt's enduring — dare I say, immortal? — novel "Tuck Everlasting" was a memorable childhood experience, an ever-popular choice for teachers and students alike. TheatreWorks Silicon Valley is currently presenting the 2016 Broadway musical version of the magical, melancholy tale, which seems likely to be a crowd pleaser for audience members of all ages.

Most of the action takes place in 1893, when 11-year-old Winnie Foster (Katie Maupin, alternating in the role with Natalie Schroeder) is living in the tiny town of Treegap, New Hampshire. Overprotected by her loving but strict mother, Betsy (Teressa Foss), Winnie is mourning the death of her father and feeling stifled by her sheltered, dull existence. Like many a young-adult protagonist or Disney princess before her, she longs for adventure and more than the world within her garden gates. "I can't live like this forever," she sings ironically. Angry at her mother, she runs away, following a friendly toad into the mysterious woods her family has owned for decades but that she's never been allowed to explore.

There, she meets hunky Jesse Tuck (Eddie Grey), who quickly takes her under his wing and teaches her about the joys of climbing trees while forbidding her from drinking from a certain spring. Soon the plot point around which "Tuck Everlasting" revolves is revealed: The spring is magic and grants immortality to those who drink from it. Jesse, along with mother Mae (Kristine Reese), elder brother Miles (Travis Leland) and father Angus (Jonathan Rhys Williams) all unwittingly drank from the spring a century ago and haven't aged a day since.

Meanwhile, a smooth-talking carny known only as the Man in the Yellow Suit (Michael Gene Sullivan) is in hot pursuit of the Tucks, desperate to know the secret to their longevity so he can exploit it, and willing to use Winnie as collateral.

Jesse is stuck at age 17, on the cusp of adolescence and manhood, forever. Once he confesses the Tuck family secrets to Winnie, he gets an idea. He urges her to wait six years until she, too, turns 17, then drink the water so that she can join him in eternal life as his wife and partner in hijinks. (Yes, it is somewhat creepy that a nearly-adult male is grooming an 11-year-old to commit her life to him, even if he does ask her to wait until she's older).

Some time spent with the rest of the Tuck family leads Winnie to question the wisdom of Jesse's proposal. Living forever, it turns out, isn't all it's cracked up to be. In turn, Mae, Miles and Angus all share with Winnie the pains of being cast outside of the normal cycle of life. Winnie is left to decide which path she wants to follow.

It's a compelling story and if the stage version (directed by Robert Kelley) leaves out a bit of the novel's darkness, it does a great job of showcasing its bittersweetness and beauty. The show harkens back in theme and tone to some theater mainstays, including "Peter Pan," "Carousel" and "Our Town" in its tear-jerking moments.

"Tuck Everlasting," first published in 1975, has indeed proved a lastingly resonant story. TheatreWorks has come up with a worthy take on the neo-classic. The show runs through Dec. 30 at Lucie Stern Theatre, 1305 Middlefield Road, Palo Alto. Tickets are $35-$90. Go to theatreworks.org.

—Karla Kane

Voices
AROUND TOWN
will return.

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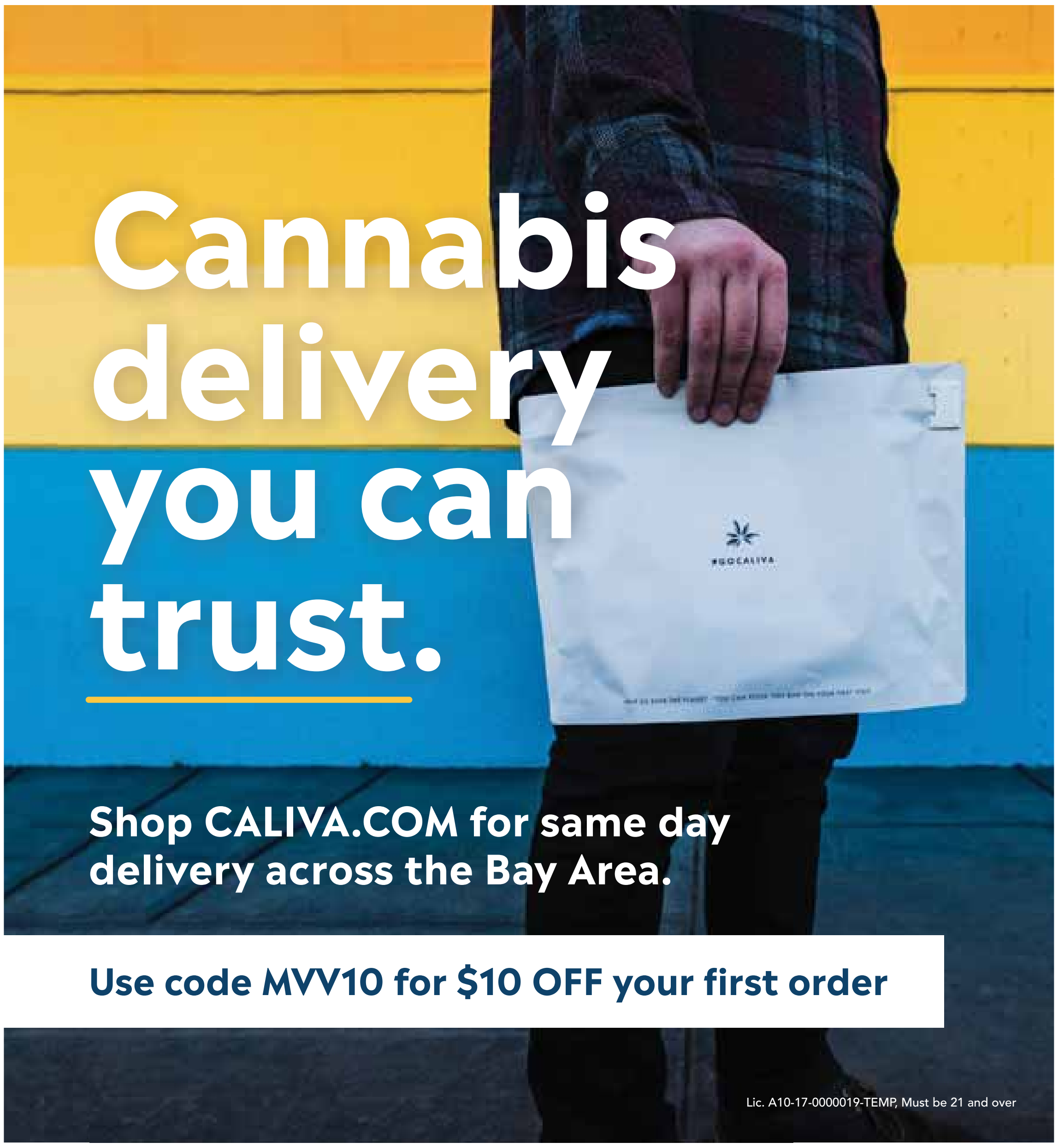


CRIMEBRIEFS

LETTER CARRIER ASSAULT

A 69-year-old Mountain View man was arrested Saturday after he allegedly assaulted a mail carrier, choking her and knocking her to the ground following an argument over mail delivery.

Officers received reports of the assault around 1:20 p.m. on Saturday, Dec. 1, in the 700 block of San Lucas Avenue. The victim, 45, told police that the suspect had squeezed her throat and knocked her to the ground, according to police spokeswoman Katie Nelson. The attack allegedly came after the pair argued over how the mail was delivered, Nelson said.

The mail carrier was taken to a local hospital for treatment of her injuries.

Officers spoke with the man and identified him as the alleged attacker. He was arrested on suspicion of assault with a deadly weapon and booked into Santa Clara County jail.

It's not clear whether the suspect had a history of prior harassment of the victim or other mail carriers in the past, Nelson said.

▸ See *CRIME BRIEFS*, page 12

POLICELOG

ARSON
200 block W. El Camino Real, 11/26

ASSAULT
100 block View St., 11/24

ASSAULT WITH A DEADLY WEAPON
700 block San Lucas Av., 12/1

AUTO BURGLARY
2400 block Charleston Rd., 11/26
2400 block Charleston Rd., 11/26
800 block California St., 11/27
1100 block N. Rengstorff Av., 11/27
800 block California St., 11/28
Castro St. & W. Dana St., 11/29
500 block Drucilla Dr., 11/30
700 block Leona Ln., 12/3
1300 block Pear Av., 12/3
800 block California St., 12/3
1400 block Plymouth St., 12/3

BATTERY
100 block Magnolia Ln., 11/25
100 block E. El Camino Real, 11/27
700 block Continental Cir., 12/2

COMMERCIAL BURGLARY
800 block High School Way, 11/26
400 block W. Evelyn Av., 11/28
400 block W. Evelyn Av., 11/28
400 block W. Evelyn Av., 11/28
400 block Moffett Blvd., 12/3

GRAND THEFT
1100 block W. El Camino Real, 11/26
1700 block Rock St., 11/29
200 block Escuela Av., 11/29
2400 block Charleston Rd., 11/30

RESIDENTIAL BURGLARY
500 block Drucilla Dr., 11/30
900 block High School Way, 11/30
2400 block W. El Camino Real, 12/2

ROBBERY
100 block E. El Camino Real, 11/23

STOLEN VEHICLE
2500 block California St., 11/25
600 block Sylvan Av., 11/27
500 block Walker Dr., 11/28
400 block Clyde Av., 12/3

COMMUNITYBRIEFS

HUFF TEACHER HELPS RAISE MONEY, DONATED GOODS FOR FIRE VICTIMS

Over the last month, Huff teacher Charlotte Christensen has helped raise thousands of dollars, along with useful supplies, for victims of the Camp Fire that ravaged the Northern California town of Paradise in November.

Christensen said she got involved in the effort in the days before Thanksgiving, in part because her husband and his family live nearby in Chico. While the extended family was spared from the fire, Christensen's family began raising funds and planned to deliver supplies directly to fire victims in the area.

Prior to Thanksgiving, Christensen said she was able to raise $4,000 in funds and close to $1,000 worth of donated blankets, pillows, clothing, bedding and other necessities.

"Our truck was overflowing with donations," she said.

▸ See *COMMUNITY BRIEFS*, page 12

The Mountain View Voice (USPS 2560) is published every Friday by Embarcadero Media, 450 Cambridge Ave, Palo Alto CA 94306 (650) 964-6300. Periodicals Postage Paid at Palo Alto CA and additional mailing offices. The Mountain View Voice is mailed free upon request to homes and apartments in Mountain View. Subscription rate of $60 per year. POSTMASTER: Send address changes to Mountain View Voice, 450 Cambridge Ave, Palo Alto, CA 94306.

MAGALI GAUTHIER

PLEASED TO MEET YOU

Vyas Chandramouli shakes hands with Santa at Mountain View's annual Community Tree Lighting Celebration on Dec. 3. Besides the chance to greet Kris Kringle, revelers heard youth choruses sing, sipped hot chocolate, cheered when the tree at Civic Center Plaza was illuminated and stomped around in a patch of snow trucked in just for the occasion.

Study approved to fix dangerous Rengstorff train crossing

35 ACCIDENTS HAVE HAPPENED NEAR CROSSING IN PAST TWO YEARS

By Mark Noack

Widely regarded as one of Mountain View's most hazardous traffic spots, the Caltrain crossing at Rengstorff Avenue is inching a little closer to getting a major fix.

At the Nov. 27 meeting, the City Council unanimously approved a new engineering study to examine tunneling Rengstorff Avenue underneath the train tracks. The study is expected to cost about $3.5 million, which will be partially paid by Peninsula Corridor Joint Powers Board, the agency in charge of Caltrain.

For years, drivers have been complaining that the Rengstroff Avenue train crossing is a hazard. The intersection's two traffic signals and crossing gates can cause an aggravating wait. But the location's tight spacing has also caused vehicles to occasionally get trapped on the Caltrain tracks, with some getting hit by a train.

Since the start of 2017, there have been 35 accidents near the Rengstorff Avenue crossing, including 24 injury crashes, making it one of the city's most problematic spots. These collisions mostly involved people running red lights, speeding or failing to adequately stop, according to Mountain View police data.

To say this grade-separation project has been a long time

▸ See **RENGSTORFF**, page 13

Council OKs new LinkedIn headquarters

PLANS FOR 1.1 MILLION-SQUARE-FOOT OFFICE COMPLEX WIN UNANIMOUS SUPPORT

By Mark Noack

Google may dominate the headlines, but LinkedIn still has ambitions for its campus in Mountain View.

Last week, LinkedIn presented plans to build a showpiece headquarters in the city's East Whisman neighborhood. The proposed 1.1 million-square-foot office park was speedily approved by the City Council in a unanimous vote at the Nov. 27 meeting.

The project site at 700 E. Middlefield Road currently consists of several one- and two-story office buildings, some of which remain vacant. The company's plans call for tearing down about half the buildings and replacing them with a trio of six-story offices and two parking garages. When finished, the project is expected to add about 3,060 employees.

Both LinkedIn and city officials described the project as a significant investment being made by the company to stay in

▸ See **LINKEDIN**, page 8

Parents rally against plans for charter school

By Kevin Forestieri

An open letter signed by a broad coalition of Mountain View Whisman School District parents is calling on Bullis Charter School to drop plans to expand into Mountain View.

The letter, sent to the board of directors of Bullis Charter School in Los Altos, argues that the charter school's leadership has failed to understand the culture and the needs of Mountain View Whisman students, and that planting a charter school in the district would further segregate schools and harm the low-income and minority students it seeks to serve.

"We believe that, without fully understanding the unique cultures, strengths and challenges that contribute to the fabric of our student community, your proposed plan would devastate Mountain View's public schools," they said in the letter.

Signed by PTA leadership members from every school in the district, the strongly worded missive comes just days before a scheduled public hearing for the proposed charter school. Bullis Mountain View, an offshoot of the existing Bullis Charter School in Los Altos, submitted a petition in October to open a new campus within the Mountain View Whisman School District. District board members are required to hold a public hearing, set for Thursday, Dec. 6, followed by a formal vote to approve or deny the petition, scheduled for Dec. 20.

Members of the Bullis Mountain View team are hoping to do a soft opening of the school with transitional kindergarten through second-grade classes in the upcoming 2019-20 school year, ramping up to 320 K-5 students in future years. The petition's stated goal is to enroll a high number of low-income students (those who qualify for free and reduced-price meals) — totaling 40 percent of the student body — and provide an education tailored to lift the academic performance of the underserved students.

The letter by PTA parents claims Bullis Mountain View is taking a misguided approach to the district's achievement gap that seeks to supplant — rather than supplement — efforts already underway to help students from low-income families or who are not proficient in English. It points out that Bullis Charter School's track record for helping low-income students is virtually nonexistent, and that less than 2 percent of the students at Bullis' Los Altos charter school qualify as low-income.

The proposed charter school's ability to serve these students would be hamstrung from the outset because it would be difficult to attract low-income and minority students from all over the district who may not have the ability to send their children to school across town, the parents argue in the letter. Bullis Mountain View would "siphon off more affluent and likely higher-performing students" from district schools, creating more segregation and reducing volunteer hours and financial donations at Mountain View Whisman schools that are already strapped for resources.

"Bullis will provide a private school experience to a small number of students at taxpayers' expense," according to the letter. An online version of the letter had the signatures of 304 parents and community members as of noon on Wednesday, with more coming in.

Mistral Elementary School PTA president Sara Kopit-Olson told the *Voice* that the concerns laid out in the letter had been lingering for several weeks, and came up during past PTA president meetings with district officials. There was unanimous disdain for the idea of a charter school in the district, she said. All she sees coming out of the planned expansion of Bullis is more divisiveness and a loss of dollars going to district-run schools.

"I just see a lot of negatives," she said. "I see a lot of segregation and less equity in the community."

The likely outcome, Kopit-Olson said, is that Bullis Mountain View would divert the more affluent families away from the school district, resulting in a reduced budget, fewer volunteers and fewer donations. The Mountain View Education Foundation, while a boon for arts, music,

▸ See **CHARTER SCHOOL**, page 8

Crittenden faces spate of bike thefts

SUSPECT CUTTING THROUGH LOCKS WHILE KIDS IN CLASS

By Kevin Forestieri

Several bikes were stolen from the Crittenden Middle School campus last month, despite multiple safeguards to avoid further thefts from the campus during class time, according to school officials.

In an email to parents, Principal Sonia Gomez said two additional bikes had been stolen from the campus on Nov. 20, adding to the tally of ongoing bike thefts reported at the school. School staffers, aware of the problem, were on guard to avoid further thefts, including moving bike racks closer to the bike cage, frequently monitoring the area and having police officers patrol the campus.

"Despite these efforts, we had two additional bikes stolen today," Gomez told parents in the email.

The Mountain View Police Department confirmed it had received four reports of bike thefts since late August, including a reported theft on Oct. 29, three thefts on Nov. 14 and two thefts on Nov. 20. In these incidents, it appears that the suspect or suspects cut bike locks during school hours and took the bikes, according to police spokeswoman Katie Nelson.

MAGALI GAUTHIER

***The bike cage** at Crittenden Middle School can't accommodate all the student bicycles, so thieves have been targeting bikes left outside on racks.*

Officers have made it a higher priority to patrol the area following the thefts, Nelson said, but that doesn't mean a security guard or officer is monitoring the bikes at all times.

Part of the problem is that so many students are bicycling to school, they're filling the campus bike cage to the brim and causing a spillover into the bike racks, where the thefts take place. Gomez said the school added another bike cage as a preventative measure last week, and that she advised families to purchase a U-lock to secure bikes in the interim.

"We highly encourage you to add an additional lock to secure your student's bike while we work to increase bike cage storage," Gomez said in the email.

Police have not received reports of stolen bikes since Nov. 20, Nelson said. ▪

Email Kevin Forestieri at kforestieri@mv-voice.com

TRAFFIC

▸ Continued from page 1

fatalities on city streets so far in 2018, up from zero last year. A Google employee died last month after she was struck by a Google bus outside the company's headquarters.

The quarterly report shows 10 collisions involving bicyclists, seven of which were injury crashes, and four pedestrian collisions, all of which resulted in injuries. The bright spot is that only 13 pedestrian collisions have been reported through the end of September this year, down from 29 over the same period last year.

Even so, police contend that one of the pedestrian crashes this year didn't count. On June 25, a driver going the speed limit on Cuesta Drive crashed into a parked car, creating a domino effect. The parked car that was hit bumped into another parked vehicle, which then hit a pedestrian, according to police spokeswoman Katie Nelson. The driver of the vehicle then swerved and hit the center divide of the road, suffering injuries.

The department recorded the incident as a parked vehicle versus pedestrian accident, Nelson said, which is why the department reported zero pedestrian collisions throughout the months of June and July in a September press release.

The highest number of collisions during the three-month period occurred along the city's busiest thoroughfares, including El Camino Real (36 collisions), Shoreline Boulevard (25), California Street (14) and Central Expressway (12). Unsafe speeds, failing to drive on the correct side of the road, DUIs and red-light violations were among the most common reasons cited for collisions.

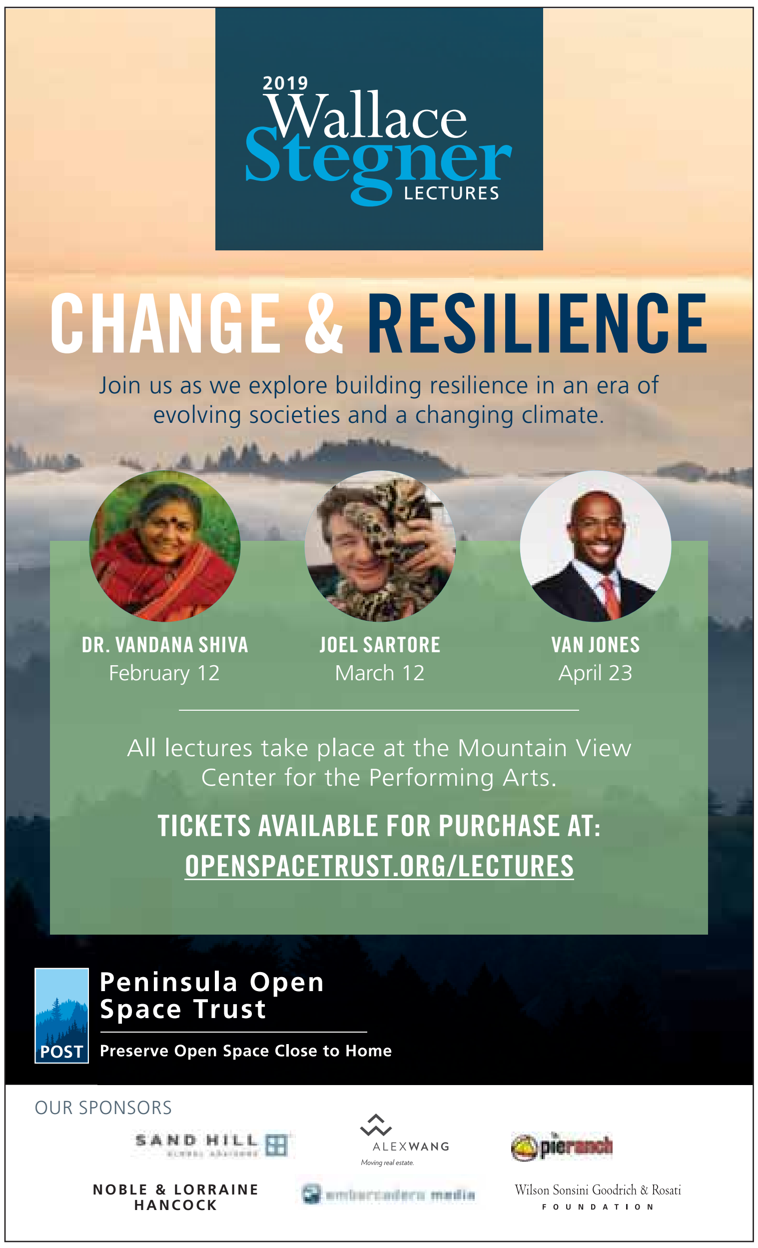
Red-light runners continue to be a problem at the intersection of East Middlefield Road and Highway 237, according to the data. Three additional collisions, all of which involved injuries, were caused by red-light violations from July 1 through Sept. 30.

Data going back to January 2017, when the department began publicly releasing all of its traffic information, shows a total of 45 collisions recorded for that Middlefield Road intersection, 25 of which involved red-light violations. Specific patterns at other intersections are difficult to discern, in part because a significant number of the crashes do not include information on the cause.

The number of bike collisions, 34 incidents through September, is nearly identical to the 35 crashes that occurred over the same period in 2017. The grand total of 528 collisions in Mountain View through September this year is down more than 9 percent from the 582 collisions at the same time last year.

An interactive map of the latest police department data will be available on the *Voice's* website, mv-voice.com. ▪

Email Kevin Forestieri at kforestieri@mv-voice.com



Dozing Tesla driver arrested for suspected DUI

CHP INVESTIGATING WHETHER LOS ALTOS COMMISSIONER WAS USING 'AUTOPILOT' ON HWY. 101

By Elena Kadvany

The chair of the Los Altos Planning Commission, Alexander Samek, was arrested in Palo Alto on Friday, Nov. 30, after officers discovered him asleep at the wheel of his Tesla Model S while driving at 70 miles per hour on U.S. Highway 101.

California Highway Patrol Public Information Officer Art Montiel said Nov. 30 that officers can't confirm but suspect the car was on a driver-assist mode that provides semi-autonomous capability.

At approximately 3:37 a.m., a California Highway Patrol officer was driving south on Highway 101 near Whipple Avenue in Redwood City and noticed a gray Tesla driving at 70 miles per hour, above the speed limit, according to Montiel. The officer pulled up next to the car and noticed that Samek "appeared to be asleep at the wheel," he said. The officer pulled behind the Tesla and attempted to pull Samek over, using the patrol car's lights and sirens, but Samek was "unresponsive," Montiel said.

Suspecting the Tesla might be on driver assist, the officer pulled in front of the car and started slowing down, causing the Tesla to slow down as well, Montiel said.

Two additional CHP patrol vehicles arrived and positioned themselves on each side of the Tesla as the car approached Embarcadero Road in Palo Alto, trying to wake up Samek, Montiel said.

"It took them awhile to wake him up," he said.

The Tesla eventually came to a stop on a right-hand lane north of Embarcadero Road. Officers approached the car and attempted to wake Samek by knocking on the window and giving verbal commands, according to a CHP press release.

When Samek woke up, they removed him from the Tesla and drove him to the Shell gas station just off the freeway on Embarcadero Road in Palo Alto, where he failed a field sobriety test and was arrested on suspicion of driving under the influence. He was booked into the San Mateo County jail, according to the CHP.

"It's great that we have this technology; however, we need to remind people that ... even though this technology is available, they need to make sure they know they are responsible for maintaining control of the vehicle," Montiel said.

On Wednesday, the CHP identified the officers responsible for safely stopping the Tesla as James Blunt and Christopher Hayashi.

Palo Alto-based Tesla's "Autopilot" system includes features such as matching speed to traffic conditions, staying within a lane, exiting a freeway when close to the destination and self-parking, according to the Tesla website.

This isn't the first time locally that the CHP has arrested a driver asleep at the wheel of a Tesla set on autopilot. In January, a Tesla was pulled over the Bay Bridge with a driver over twice the legal limit for blood alcohol content.

"Driver explained Tesla had been set on autopilot," the CHP tweeted at the time. "He was arrested and charged with suspicion of DUI. Car towed (no it didn't drive itself to the tow yard)."

Autopilot was turned on during a fatal car crash in March on Highway 101 near Mountain View. In a statement, the car company said drivers using Teslas on Autopilot are 3.7 times less likely to be involved in a fatal accident.

"Tesla Autopilot does not prevent all accidents — such a standard would be impossible — but it makes them much less likely to occur," Tesla said at the time. "It unequivocally makes the world safer for the vehicle occupants, pedestrians and cyclists."

Tesla didn't immediately return a request for comment on last week's DUI arrest involving the Model S.

Samek, 45, is a Los Altos resident, according to the CHP. He is serving his first term as a planning commissioner, according to the city of Los Altos website. He was unanimously appointed chair by his colleagues on Oct. 18, a video recording of the meeting shows.

According to Samek's LinkedIn page, he is the co-founder of Venice-based Proper Hospitality, which operates luxury hotels, including the new San Francisco Proper Hotel, and principal at The Kor Group, a real estate investment and management firm with offices in San Francisco, Los Angeles and Austin.

Since he was hired at The Kor Group in 2004, Samek has overseen more than $600 million in acquisitions and development for the company, including hospitality, multifamily and residential projects in the United States and the Caribbean, according to the company's website.

He is scheduled to appear in court on Jan. 4, according to the CHP.

Email Elena Kadvany at ekadvany@paweekly.com

LINKEDIN

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Mountain View.

"This is not just another building for us; this is the future of LinkenIn in Mountain View," said LinkedIn Vice President Jim Morgenstern. "We're asking for your support to allow us to continue growing in Mountain View."

LinkedIn first began focusing its effort on the East Middlefield site in 2016 after agreeing to a massive land trade with Google. In that deal, Google received rights to develop several North Bayshore properties, as well as the lease for the Shoreline Technology Center, which the company revealed last month it recently purchased for $1 billion. For LinkedIn, the trade gave the company full ownership of the East Middlefield office park in exchange for its foothold in North Bayshore.

It became an open question whether LinkedIn would still stake its future in Mountain View, especially for its corporate headquarters. Soon after the land swap with Google, LinkedIn backed out of plans to move into a new office building at the San Antonio Shopping Center, which is now being leased to Facebook.

COURTESY OF CITY OF MOUNTAIN VIEW

***LinkedIn** plans to build an expansive new headquarters in Mountain View.*

The news that LinkedIn was still committed to expanding in Mountain View was a welcome sign for city leaders.

"This has set a precedent for other projects to follow," said Councilman Chris Clark. "This is a great project and we're thrilled to have LinkedIn staying here as well."

In past public meetings, the project faced some opposition from Sunnyvale neighbors living just to the east of the office site. If the project were built, they complained they would be staring at a six-story garage when they looked out the front windows of their homes.

In the project's final approved version, LinkedIn agreed to set back the garages farther from the street and reduce their height by putting one story underground. The company said it was simply too expensive to put the entire parking garage underground. Those changes apparently mollified the neighbors: At the Nov. 27 meeting, not a single member of the public spoke up against the project.

LinkedIn officials were quick to highlight a $71 million package of benefits that would come with the project. Most of the sum includes various city-required fees for parks, schools and other impacts. Also highlighted by the company were plans for a "community engagement center," a 3,000-square-foot space that would be available for nonprofits and neighborhood groups to use for meetings.

In particular, City Council members touted a $10 million "pre-investment" made by LinkedIn to the Housing Trust of Silicon Valley ahead of the approval. This pledge drew praise from city officials because it allowed development fees to be quickly funneled toward affordable housing projects without having to wait years for the project to be fully built.

Mayor Lenny Siegel pointed out how cities nationally were falling over each other offering tax subsidies in order to entice Amazon to locate its second headquarters there. He was glad that Mountain View didn't have to resort to those methods.

"I'm so pleased in Mountain View that we can partner with our employers to improve the quality of life. That's what makes Silicon Valley great," he said. "This project is emblematic of that success." ■

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CHARTER SCHOOL

▶ Continued from page 5

electives and science, seeks to raise about $750,000 this year, compared to the staggering $3.5 million goal from the neighboring Los Altos Education Foundation.

"It will be a draw on our school district, and we are not a wealthy school district," she said.

Jennifer Anderson-Rosse, head of school for Bullis Mountain View, said that she and the founding team made a big effort to get to know the Mountain View community well before submitting the petition. She said she has met with district officials for the last year, and got to know plenty of families while living in the city for six years. The leadership proposed for Bullis Mountain View is stacked with Mountain View residents with deep roots in the community, she said.

While elements of Los Altos' Bullis Charter School would transfer over to Bullis Mountain View, Anderson-Rosse said the charter petition makes a clear, conscious effort to tailor the proposed school to meet the needs of Mountain View residents, particularly the higher number of low-income and Latino families. The full-day transitional kindergarten and kindergarten programs planned for the school are a direct response to those needs, she said.

Anderson-Rosse said she has reached out to PTA leadership in every Mountain View Whisman school to see if they are willing to meet for a conversation, not just to answer questions but to hear what parents have to say.

"We are still open to collaboration, we are still open to meetings with parents," she said. "We really are open to it."

In an email response to the PTA letter, Bullis parent Grace Yang — who has helped spearhead the effort to expand the charter school into Mountain View Whisman — argued that Bullis Charter School has built a strong track record of helping underserved students leading up to the charter petition. She and other Bullis parents have run the Bullis Boosters Camp for six years, aimed at providing a free summer school program for low-income families residing in Mountain View, as well as a Stretch to Kindergarten program to get kids up to speed prior to beginning school.

While it's true that the existing Bullis Charter School in Los Altos does not serve a high number of low-income families, that's largely a product of demographics, Yang argues. She said there are only about 150 low-income Hispanic students in the Los Altos School District, versus the more than 1,000 in Mountain View Whisman.

Yang appealed for a more positive relationship between Bullis Mountain View and parents in Mountain View Whisman going forward, and said that she hates to see parents going down a "non-productive path" similar to what Los Altos School District has done — something she believes has "harmed all of its students."

"While I understand having a new school in the district next year is not the ideal situation for many parents, I would love for us to come up with a more collaborative and informed approach," she said in the email.

The core question facing the school district this month is whether the school board should approve or deny the charter petition. If the school board approves the petition, the district retains some oversight over the charter school, including being able to monitor Bullis Mountain View's finances and ability to meet its stated goals. If the school board denies the petition, Bullis Mountain View can appeal to the Santa Clara County Board of Education, which could approve the charter despite the district's wishes, leaving Mountain View Whisman without any oversight authority.

In October, outside legal counsel for the district told board members that, barring inherent flaws in the charter petition, the district must approve the charter. Anti-charter sentiment and concerns about the loss of district staff and funding do not qualify as reasons to deny a petition under state law.

"If we deny the petition, it'll get kicked up to the county Board of Education, which will approve it," said Bill Lambert, a former Mountain View Whisman school board member and Monta Loma parent.

Lambert and 20 other parents at Monta Loma met at the Day Worker Center last week to talk about the district's future if the charter school comes to fruition, particularly for the district's more sparsely enrolled schools — Castro, Theuerkauf and Monta Loma elementary schools. Speaking for himself, Lambert said it's essential that the district have a triage plan for what happens when the charter school grows and pulls children away from the existing schools, which could eventually lead to a school closure.

"It's going to make some of our schools less tenable," he said. "Everybody sort of accepts that Bullis will grow very rapidly, and I think in a couple years they will take over a school."

What that plan could look like is anyone's guess, Lambert said, but the district may need to ditch the neighborhood school model that has largely governed decisions related to transfer policies and new attendance boundaries over the last three years. The new boundaries and the planned opening of the new Jose Antonio Vargas school in the Whisman area of the city, he said, set the stage for dwindling enrollment at Theuerkauf and Monta Loma, which would only get worse with Bullis moving in.

But the district really doesn't have the grounds to deny the charter petition, Lambert said. Bullis meets all of the criteria spelled out under California law: There's an underserved population in Mountain View and Bullis Charter School, one of the most successful charter schools in the country, is seeking to serve those families. Whether or not they have a high chance of success, Bullis deserves the right to try, he said.

"They have excellent management, support and funding, and if there's any charter school that should be allowed to do this, it's Bullis," Lambert said. "So it'll be hard for the county Board of Education to deny."

Kopit-Olson disagrees, and said it's been frustrating that the district appears resigned to approve the charter petition, looking at the vote as a ministerial act for a foregone conclusion. She said she believes the district wields little power over the charter school regardless of whether the district is the chartering the authority or not.

"If we approve the charter we still have no say in what the charter school does, in enforcing standards," she said.

The public hearing on the charter petition was on the agenda for the Thursday, Dec. 6, school board meeting at the Graham Middle School multipurpose room, 1175 Castro St. The open session was set to begin at 6:15 p.m., after the *Voice's* Wednesday press deadline. ■

Email Kevin Forestieri at kforestieri@mv-voice.com

MINIMUM WAGE

▸ Continued from page 1

by the cost of inflation.

Yet there was a problem for Mountain View and Sunnyvale: both cities were slightly ahead of the curve. As the first two cities to approve the plan, they scheduled their minimum wage to hit $15 an hour in 2018. Meanwhile, other cities decided to wait until 2019.

It was a situation that would leave Mountain View and Sunnyvale perpetually one year ahead of the six other cities, explained Councilman John McAlister. At the Tuesday meeting, he presented plans to postpone Mountain View's minimum wage increase for one year to align it with the rest.

"We've been talking about protecting small businesses. Well, here's an opportunity," he said. "Let's take a pause and then make sure that everyone else comes along."

In effect, McAlister's plan would have called off the inflationary increase to raise the minimum wage to $15.65 an hour that is scheduled to take effect on Jan. 1. Waiting one year would prevent Mountain View from becoming a higher wage "island," putting its small businesses at a disadvantage, he said. Faced with the same situation, Sunnyvale's City Council decided to stay the course.

> ***'Let's take a pause and then make sure that everyone else comes along.'***
>
> COUNCILMAN JOHN MCALISTER

It was a plan that found no support among McAlister's colleagues on the Mountain View council and public in attendance. Several speakers pointed out the timing was last-minute, coming just a few weeks before the wage hike would take effect. In fact, city employees had already printed materials to announce the higher wages. Some opponents went further.

"I consider this wage theft, pure and simple. We promised something and then we're taking it away," said Mayor Lenny Siegel. "We have employers who can't hire people even at the minimum wage because it's so expensive to live here."

Speaking to the *Voice*, McAlister pointed out that Mountain View's minimum wage has increased more than 40 percent since the wage hikes were enacted. It's a breakneck pace of increase for small businesses, he said, especially when several nearby cities declined to enact any wage increases at all.

These South Bay cities are still paying a minimum wage of $10.50 an hour: Campbell, Gilroy, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill and Saratoga. At that wage, a full-time worker can expect to earn about $21,000 annually, which is well under the lowest poverty level for Santa Clara County.

Councilman Chris Clark expressed some sympathy for the idea that Santa Clara County cities should be consistent in setting base wages. It's bad policy to have a patchwork of different minimum wages across the South Bay, he said.

As the discussion tapered off, Clark was asked if he would second McAlister's motion to call off the minimum wage increase. He declined.

"This is not the hill I'm going to die on," Clark said. ◘

Email Mark Noack at mnoack@mv-voice.com

COUNCIL RACE

▸ Continued from page 1

mandate from voters for a change of leadership — albeit with the same priorities and principles as the old guard. Along with Hicks, Mountain View's newest City Council members will be Ellen Kamei, who received 11,916 votes, and Lucas Ramirez with 11,396 votes.

Mayor Lenny Siegel, with 9,928 votes, fell well short of winning a second term. Former councilman John Inks came last with 7,318 votes.

Voter turnout in Mountain View last month was unusually high for a midterm election, with 77.1 percent of registered voters casting ballots, according to the Registrar of Voters. It's far higher than the 2014 midterm election, when the city's turnout fell just shy of 53.9 percent, and an increase over the 72.9 percent turnout in 2010.

To put that in perspective, the highest vote-getter in 2014, Showalter, received fewer votes than John Inks did last month, who took last place by a wide margin. Reports following the election found that 2014 had the lowest turnout of any U.S. general election dating back to World War II.

The council election sticks out from the rest for other reasons as well. Two of the incumbents failed to retain their seats, which rarely happens in Mountain View, and the election was a nail-biter for more than a week after Election Day. Records from the county Registrar of Voters show that the dividing line between winners and losers hasn't been this narrow since at least 1996.

As of Wednesday morning, Hicks was the presumed winner of the election over incumbent Showalter by only 98 votes, following a back-and-forth that put Showalter in the lead for days. For past races, that gap typically exceeds 600 votes. The only race that comes close was in 2004, when former Councilman Tom Means eked out a victory over Councilwoman Margaret Abe-Koga by 105 votes.

Turnout was highest among the single-family neighborhoods in the southern end of the city, particularly precincts in the Waverly Park, Cuesta Park and St. Francis Acres neighborhoods — each well exceeding 83 percent voter turnout. The apartment-heavy neighborhoods of Castro City and the Del Medio area west of the San Antonio shopping center had the lowest voter turnout in the city, according to county data. ◘

Mountain View Voice

Holiday Fund

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Contributions to the Holiday Fund will be matched dollar for dollar to the extent possible and will go directly to seven nonprofit agencies that serve Mountain View residents. Last year, more than 170 Voice readers and the Wakerly, Packard and Hewlett foundations contributed a total of $105,000. We are indebted to the Silicon Valley Community Foundation which handles all donations, and deducts no administrative costs from your gifts, which are tax-deductible as permitted by law. All donations will be shared equally with the seven recipient agencies.

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Mountain View VOICE

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The Mountain View Voice Holiday Fund is a donor advised fund of Silicon Valley Community Foundation, a 501 (c) (3) charitable organization. A contribution to this fund allows your donation to be tax-deductible to the fullest extent of the law.

This year, the following agencies will be supported by the Holiday Fund:

Day Worker Center
The Day Worker Center of Mountain View provides a secure place for workers and employers to negotiate wages and work conditions. It serves workers with job placements, English lessons, job skills workshops and guidance.

Mentor Tutor Connection
Mentor Tutor Connection matches adult volunteers who serve either as mentors with under-served youth in high school or as tutors to students in elementary and middle schools in Mountain View and Los Altos school districts.

Community School of Music and Arts
The Community School of Music and Arts provides hands-on art and music education in the classrooms of the Mountain View Whisman School District.

MayView Community Health Center
The MayView Community Health Center in Mountain View offers primary care services to low-income and uninsured patients in northern Santa Clara County. No patient is turned away for inability to pay for services, which include prenatal and pediatric care, cancer screenings and chronic disease management.

YWCA Support Network for Domestic Violence
This group operates a 24-hour bilingual hotline and a safe shelter for women and their children. It also offers counseling and other services for families dealing with domestic violence.

Community Services Agency
CSA is the community's safety-net providing critical support services for low-income individuals and families, the homeless and seniors in northern Santa Clara County, including Mountain View, Los Altos and Los Altos Hills.

Community Health Awareness Council
CHAC serves Mountain View, Los Altos, Los Altos Hills and seven school districts. Among the services it offers are school-based counseling and programs to protect students from high-risk behaviors.

Day Worker Center faces new challenge every day

20 YEARS IN, CENTER LABORS TO PROVIDE A FAIR DAY'S WORK

By Mark Noack

Mountain View Voice Holiday Fund 2018

MAGALI GAUTHIER

***Melchor Callezas Relles** listens during a meeting at the Mountain View Day Worker Center, one of seven local nonprofits benefiting from donations to the Voice's Holiday Fund.*

To get a glimpse of tenacity in action, just take a look inside the Mountain View Day Worker Center.

Each day, dozens of individuals gather inside for a chance to earn a little by the sweat of their brow. The workers are a motley crew that includes retirees, immigrants and some homeless, but they are united in a common desire for an honest day's work.

The same perseverance is true for the Day Worker Center itself, which is still going strong after about 20 years in Mountain View. But the center's mission to find daily jobs for its members becomes a little harder with each passing year.

It's a struggle consisting of many little parts, said Maria Marroquin, the center's founder and executive director. Much of the center's workforce — or "compañeros," as Marroquin puts it — are dealing with the most intractable problems in Silicon Valley. Many lack stable housing nearby, and some commute long distances for the uncertain prospect of an assignment. Winter is always the hardest time of year — the weather is gloomy and the jobs are sparse. Homeowners often hire the center's workers for gutter cleaning or hanging Christmas lights, but it doesn't replace the loss of the gardening chores in the warmer months. Marroquin also points to the Trump administration and its anti-immigrant rhetoric, which has create an atmosphere of fear for many of her workers.

"We're stable and strong, but it's difficult to separate what the administration says from the human side of our work," she said. "Emotionally, there's just more stress these days."

The Mountain View Day Worker Center is one of seven nonprofit organizations serving Mountain View residents that benefit from the *Voice's* annual Holiday Fund. Donations are divided among the nonprofits and are administered by the Silicon Valley Community Foundation at no cost, with 100 percent of contributions going to the recipients.

The Day Worker Center recently hired a new associate director, and the organization is testing out some new programs. One recurring problem is many of the center's most regular workers are getting up in years. Jobs involving hard manual labor are sometimes too taxing for them.

With the help of a grant, the center is testing out a new "Seniors Helping Seniors" program, which connects older workers with older employers. It's meant to be mutually beneficial — many senior residents in Mountain View need help with basic tasks but they lack the money to hire ongoing help. Thanks to a grant from the local Kiwanis Club, the Day Worker Center is able to subsidize the $20-an-hour cost of sending out workers to handle these tasks.

Kent Carter, a Mountain View resident, is one worker who has occasionally been sent out to aid fellow seniors through the program. On one day he was asked to perform simple gardening; on another job he was stuffing hundreds of envelopes, he said. It's always a toss-up what the day's work will involve, he said.

"I'm 60 years old and I don't like to beat myself up," he said. "You never know what kind of job you're going to get when you walk through that door."

But the chance of a job still beats the alternative, said Toni Cervantes, a Hollister resident who commuted three hours that morning to the center. She was hardly alone — many of the workers milling about the center had traveled from far-flung areas to work in Mountain View.

"When I come here, I make more money," Cervantes said. "Otherwise, I'd be working all day for minimum wage."

MAGALI GAUTHIER

***Maria Marroquin** executive director of the Day Worker Center, discusses holiday jobs with Moses Nerio, the associate director. Job prospects slow down during the winter months.*

The Day Worker Center plans to pilot another new program to have some of its workers teach classes. In particular, Marroquin would like to have Spanish as a second language courses taught by some of the in-house native speakers. A pair of workers was developing a curriculum that mixed language with cultural instruction. The goal is for students to gain Spanish proficiency while the teachers would learn how to educate, Marroquin explained.

"My view is that each of us has something to share," she said. "One thing the workers know how to do is speak Spanish, so this is a way for them to share that knowledge."

She expects the new classes to start sometime in February.

MAGALI GAUTHIER

***Maria Esther Garcia Rodriguez** attends a meeting at the center on Dec. 3.*

On any given morning, dozens of workers show up at the center and each are assigned a number representing where they are in the job queue. If your number is anywhere from one to 20, you have a good shot at a day's work. Numbers 21 through 30 are encouraged to stick around past noon, but they might not get work that day. Anyone higher than that is free to go rather than wait around.

Henry Alexander was No. 14 on Monday as he sat around chatting with his colleagues. A retired medical quality technician from Campbell, he now regularly comes to Mountain View to work as a way "to get off the couch," he said. Plus his acting and modeling career had hit a lull, he said.

Reaching into his backpack, he pulled out a March 2001 copy of Time magazine, and flipped over to a AARP advertisement showing his smiling face with a woman and a pair of kids. He had also appeared in ads for Lincoln-Mercury, Cool Whip and Discover credit cards, he said. Working at the Day Worker Center is an easy way to get occasional work while leaving his schedule flexible for any gigs, he said.

At that point, a clerk came out of the front office and called out Alexander's number. There was a job to till a yard, she said. Did he want it?

"Like with a rototiller?" he asked, pondering it for a second. "Sure thing, sounds good." ◘

Email Mark Noack at mnoack@mv-voice.com

COMMUNITY BRIEFS

▶ Continued from page 4

Huff staff donated everything from coats to gift cards, and the school's third-grade students wrote letters of support for the firefighters, which were delivered to fire department personnel in Butte County. Christensen said family members have also sought to help in any way that they can, including with temporary housing and laying down new electrical wiring to support FEMA operations.

While the Camp Fire was fully contained as of Nov. 25, Christensen said she has continued to keep the donations flowing on a Facebook fundraiser, which she regularly updates. The page can be found at tinyurl.com/huffhelp.

—Kevin Forestieri

TEXT FOR MENTAL HEALTH HELP

Santa Clara County residents struggling with mental health crises can now use a text message-based hotline to access help.

The Crisis Text Line system has existed throughout the country for about five years, but county officials officially signed onto the program on Monday.

The hotline has received 86 million text messages since 2013 and offers 4,500 crisis counselors, according to the county. Anyone in need of help can text "RENEW" to 741741.

"The ability to offer text-based support to people in need adds a new dimension to our services, and is an especially important tool to offer to young people in Santa Clara County," Toni Tullys, director of county's behavioral health department, said in a news release.

According to the county's open data portal, 1,474 people died of suicide between 2007 and 2016. In 2017, the Centers for Disease Control found Morgan Hill and Palo Alto to have the highest rates of suicide in the county for individuals between the ages of 10 and 24.

A large majority of users accessing the text hotline are younger than 25, and the county hopes the hotline will address suicides among teenagers and young adults in college.

The text system will supplement the county's existing confidential phone hotline at (855) 278-4204.

Supervisors approved the program with a $24,500 contract, according to behavioral health spokesman Maury Kendall.

DONATIONS NEEDED FOR HOMELESS

Homeless services in the South Bay are in need of reinforcements and donations as stormy weather begins affecting the Bay Area.

Organizations gathering donations include advocates for temporary homeless encampments as well as traditional winter shelters.

Peter Miron-Conk, founder of the Hope Village encampment near Mineta San Jose International Airport, said there is an ongoing need for tents, tarps and sleeping bags throughout the year.

During the winter, individuals also need warm clothes and nonperishable food items. Donations for Hope Village can be dropped off at 318 N. First St., according to Miron-Conk.

Edie Brodsky, who organizes Sleeping Bags for the Homeless of Silicon Valley, said ponchos, socks and toiletries are necessary for the rainy season. Hand, body and foot warmers are available in bulk packs and are also very helpful, she said.

Brodsky is available to pick up donations and takes drop-offs at her home address and said there is no limit for accepted goods. Individuals interested in contributing can reach her at ebrodsky@ymail.com.

Traditional shelters, like HomeFirst in Milpitas, have lists of their "most-needed" goods available online. Volunteer coordinator Jaclyn Salinas said these items include underwear for women, blankets, sleeping bags, travel-sized hygiene supplies and towels.

The shelter also asks for professional clothes for interview-readiness, zip-top plastic bags, education supplies for kids and clothing in all sizes for men, women and children.

HomeFirst accepts monetary donations online and by mail. People interested in donating physical items can first contact the shelter at donategoods@homefirstscc.org

COUNTY FIRST IN STATE TO HAVE AEDS AT EVERY PUBLIC SCHOOL

Santa Clara County has become the first in the state to equip each of its public schools with automated external defibrillators (AEDs) to combat sudden heart attacks among young people, the county reported last week.

The nonprofit Racing Hearts began installing the equipment as a pilot program in 2014, which has since grown to 810 AEDs spread among elementary, middle and high schools in the county. The organization has been active in adding AEDs throughout Palo Alto, East Palo Alto and the rest of the county.

County officials said fewer than 10 percent of local public schools had access to the equipment four years ago.

"It's a milestone moment for the people in our county," County Supervisor Cindy Chavez said in a news release. "We had a goal of equipping all schools and we did it."

The AED models are designed for easy usage to defibrillate a heart attack victim before an ambulance arrives.

More than 7,000 young people, mainly between the ages of 10 to 19, die each year from sudden heart attacks, according to county officials, who said heart attacks can strike people of any age or fitness level.

Victims survive about 5 to 8 percent of the time when receiving only CPR, but 80 percent survive through the use of AEDs, county officials said.

"I am so proud that Santa Clara County is the first county in the state to have this necessary life-saving equipment on each of its campuses," County Superintendent of Schools Mary Ann Dewan said in a news release.

The equipment was funded through $1 million in matching funds from the Santa Clara County Board of Supervisors with local school districts, nonprofits, foundations and individuals, according to the county.

—Bay City News Service

CRIME BRIEFS

▶ Continued from page 4

HIT-AND-RUN INJURES BICYCLIST

Mountain View police arrested a driver over the weekend after reports that he struck a homeless man riding a bicycle on Shoreline Boulevard and fled the scene. The bicyclist was injured.

Police received reports of the hit-and-run in the early hours of the morning on Sunday, Dec. 2, around 3 a.m. The 49-year-old victim told police he was riding his bike in front of the Computer History Museum headed northbound on Shoreline when he was struck by a gray Mazda SUV, according to police spokeswoman Katie Nelson.

The man was transported to a local hospital with moderate injuries, Nelson said.

Officers found a vehicle matching the description provided by the victim on the 1200 block of Charleston Road. The driver, a 30-year-old man, was found asleep inside.

The driver was arrested on suspicion of hit and run and driving under the influence, both felonies, Nelson said. He was booked into Santa Clara County jail.

—Kevin Forestieri

VEHICLE THEFTS

Sixteen thefts on Friday, Nov. 30, stemmed from unlocked vehicles in Los Altos, police reported Monday, Dec. 3.

In some cases, suspects were able to access garage openers and steal property from inside homes, police said. The thefts happened overnight in the neighborhood surrounding Mountain View High School, police said.

Christina Drive, Tiptoe Lane, Truman Avenue, Elmhurst Drive, Oakhurst Avenue, Heritage Court, Awalt Court, Fallen Leaf Lane, Payne Drive and Loma Prieta Court were among the streets where thefts were reported.

Police warned residents to lock cars, take keys and garage openers out of vehicles, collect personal belongings from inside cars and park in well-lit areas.

—Bay City News Service

MAGALI GAUTHIER

A customer *walks out with his order from Cho's Mandarin Dim Sum after it moved to Los Altos in 2015.*

Cho's Mandarin Dim Sum closing after 39 years

By Elena Kadvany

Fans of Cho's unassuming potstickers and pork buns panicked in 2014, when the owners of the longtime Palo Alto Chinese restaurant announced plans to close after receiving a 60-day notice from their landlord.

Customers launched a petition to keep the hole-in-a-wall California Avenue restaurant from closing. Happily, owner Cho and wife Daisy Yu soon secured a new space and were able to reopen in downtown Los Altos in 2015. But come Jan. 25, 2019, Cho Yu plans to retire and shutter the restaurant, according to a Facebook post.

"After 39 long years of serving the community his beloved food, Cho is finally moving on with his retirement," the post reads. "There are no immediate plans for reopening in the near future. We apologize if this inconveniences anyone."

The post quickly drew comments from loyal customers lamenting the closure but also thanking Yu for decades of dim sum and memories.

"I've been eating Cho's potstickers since 1986," wrote Tyler Aguinaldo. "My kids grew up on them. I knew this day would come at some point ... Congratulations on your retirement Cho. You will be sorely missed!"

Paul Kern, who said that he has eaten there since 1983, described how Yu always remembered his customers.

"His memory is astounding," Kern wrote. "Palo Alto/Los Altos just lost more of its quaint, small town character, and in my mind, there's not a lot of it left."

Until Jan. 25, Cho's is open at 209 1st St. in Los Altos daily from 11:30 a.m. to 6:30 p.m.

Email Elena Kadvany at ekadvany@paweekly.com

MAGALI GAUTHIER

Beef potstickers*, pork dumplings, and vegetarian egg rolls from Cho's.*

RENGSTORFF

▶ *Continued from page 5*

coming would be an understatement. Mountain View originally completed a feasibility study of various road options back in 2004.

City officials dusted off those plans as it became clear that Caltrain officials intended to electrify the rail system, a project expected to be completed by 2022. This upgrade should increase the speed of the trains as well as the number of passengers they can transport, and it will no longer be safe to have vehicles moving across the tracks.

Reconfiguring the streets won't be cheap. Bringing Rengstorff Avenue under the Caltrain tracks could cost as much as $120 million, according to past estimates by city officials. In addition to the Rengstorff Avenue crossing, Mountain View city officials are also planning to implement major changes at Castro Street. At that crossing, city officials are planning a $60 million project to close off the street to vehicle traffic and to build a new underground crossing for bicyclists and pedestrians.

A significant portion of that money is expected to come from the Santa Clara Valley Transportation Authority, which is setting aside $700 million of its Measure B sales tax funding for grade-separation projects. That pool of money is set to be divided between Mountain View, Palo Alto and Sunnyvale. In addition, the Rengstorff crossing project could get funding from the California Public Utilities Commission, which recently earmarked $20 million for the grade-separation project.

The new grade-separation study signed off by the Mountain View City Council last week would put Caltrain in charge of launching an engineering and environmental study. Along with completing the required studies and design work, Caltrain officials will be responsible for acquiring all the needed permits to ensure the project goes forward.

As they prepared to vote on the project, council members described it as a milestone after years of work. Councilwoman Margaret Abe-Koga remembered how around 2011 she had traveled to Washington, D.C., with former Councilman Jac Siegel to request money from local congressional leaders. When they asked for $60 million, Rep. Anna Eshoo erupted in laughter.

"But then she gave us some good advice to start planning and designing it and getting it shovel-ready," Abe-Koga said. "I never dreamed we would actually have a chance of funding this."

Email Mark Noack at mnoack@mv-voice.com

MORE MERRIMENT AHEAD

By Karla Kane

No matter how busy the holidays get, making time for the arts is a good way to slow down, leave the to-do list undone for an evening and enjoy the season. There are plenty of local offerings to choose from before 2018 draws to a close.

Here's the second half of our holiday highlights (the first half ran Nov. 23), with a range of music, dance and theater performances, plus some options for strolling, shopping and outdoor fun.

Gryphon Carolers

What: The Gryphon Carolers and All-Star Band will perform their annual concert of holiday songs from around the world.
Where: Woodside Village Church, 3154 Woodside Road, Woodside.
When: Dec. 9, 6:30 p.m.
More information: brownpapertickets.com/event/3818186.

'Christmas Time is Here'

What: Grammy-winning jazz legend Dianne Reeves will sing holiday standards.
Where: Bing Concert Hall, 327 Lasuen St., Stanford.
When: Dec. 14, 7:30 p.m.
More information: live.stanford.edu/calendar/december-2018/dianne-reeves.

'The Snow Queen'

What: When the Snow Queen's spell captures a young boy, his best friend sets out on a quest to save him in this whimsical adventure presented by Bayer Ballet (suitable for ages 3 and up).
Where: Mountain View Center for the Performing Arts, 500 Castro St., Mountain View.
When: Dec. 14 at 7 p.m. and Dec. 15 at 2 p.m.
More information: tickets.mvcpa.com/eventperformances.asp?evt=263.

'Winter's Gifts: Journeys'

What: The Choral Project and the San Jose Chamber Orchestra present their annual "Winter's Gifts" concert, with a theme of journeys both physical and emotional. The concert will include choral works from various faith traditions and cultures.
Where: First Presbyterian Church of Palo Alto, 1140 Cowper St., Palo Alto.
When: Dec. 15 at 8 p.m.
More information: choralproject.org/event/winters-gifts-journeys-palo-alto/.

'Jingle! Angels! Silent! Merry!'

What: San Francisco Choral Artists will offer a variety of seasonal singing.
Where: St. Mark's Episcopal Church, 600 Colorado Ave., Palo Alto.
When: Dec. 15, 8 p.m.
More information: sfca.org/concert_programs/jingle-angels-silent-merry/.

'Nat 'King' Cole & Me'

What: Gregory Porter sings the songs of his greatest influence, Nat "King" Cole.
Where: Memorial Auditorium, 551 Serra Mall, Stanford.
When: Dec. 15, 7:30 p.m.
More information: live.stanford.edu/calendar/december-2018/gregory-porter,

'Heartfelt Season 2018'

What: Bravissimo Dance Studio presents a tale of a Grinch, Santa Claus and more, told through dance.
Where: Cañada College, 4200 Farm Hill Blvd., Redwood City.
When: Dec. 15, 4 p.m.
More information: brownpapertickets.com/event/3612774.

Italian Christmas Market

What: Mitchell Park Community Center will host "Bay Area's Natale," an Italian Christmas market, where Italian-style crafts and foods will be sold, carols sung and more. Admission is free.
Where: Mitchell Park Community Center, 3700 Middlefield Road, Palo Alto.
When: Dec. 16, 10:30 a.m. to 4:30 p.m.
More information: bayareaitalianevents.com/events/bay-areas-natale-italian-christmas-market.

'A John Rutter Christmas'

What: Schola Cantorum presents a concert of cozy Christmas carols by John Rutter, followed by a singalong of holiday tunes.
Where: Mountain View Center for the Performing Arts, 500 Castro St., Mountain View.
When: Dec. 16, 3 p.m.
More information: scholacantorum.org/concerts/a-john-rutter-christmas/.

Holiday Organ Recital: Robert Huw Morgan

What: Stanford University organist Dr. Robert Huw Morgan will present his annual holiday recital.
Where: Memorial Church, 450 Serra St., Stanford.
When: Dec. 16, 1:30 p.m.
More information: music.stanford.edu/events/holiday-organ-recital-robert-huw-morgan-2.

'Gypsy Soul Holiday Experience'

What: Eclectic jazz-pop duo Gypsy Soul puts its own spin on holiday music.
Where: Club Fox, 2209 Broadway St., Redwood City.
When: Dec. 16, 6 p.m
More information: clubfoxrwc.com/event/1728470-gypsy-soul-holiday-experience-redwood-city/.

'Messiah Sing'

What: Schola Cantorum's annual singalong (ages 12 and up) of Handel's "Messiah" will be presented with Sinfonia Schola Cantorum. Scores will be available.
Where: Mountain View Center for the Performing Arts, 500 Castro St., Mountain View.
When: Dec. 17, 7:30 p.m.
More information: tickets.mvcpa.com/eventperformances.asp?evt=241.

'An Irish Christmas'

What: The music and dance of the Emerald Isle comes to the Peninsula for a performance of Irish dancing and singing with a holiday theme.
Where: Mountain View Center for the Performing Arts, 500 Castro St., Mountain View.
When: Dec. 20, 7 p.m.
More information: tickets.mvcpa.com/eventperformances.asp?evt=256.

Oakland Interfaith Gospel Choir

What: The OIGC will perform a concert of gospel and spiritual music holiday music.
Where: Mountain View Center for the Performing Arts, 500 Castro St., Mountain View.
When: Dec. 21, 7:30 p.m.
More information: tickets.mvcpa.com/eventperformances.asp?evt=242.

Winter Solstice Bike Ride

What: GreenTown Los Altos will lead an 8-mile bike ride starting at Peet's in Los Altos, visiting "Christmas Tree Lane" in Palo Alto and stopping for hot chocolate on the way back.
Where: 367 State St., Los Altos.
When: Dec. 21, 6:30 p.m.
More information: eventbrite.com/e/winter-solstice-night-bike-ride-tickets-50814414281.

'Music in My Soul'

What: The Taylor Street Stop and friends will perform holiday hits and classics from the Great American Songbook.
Where: Angelica's, 863 Main St., Redwood City.
When: Dec. 22, 8:30 p.m.
More information: angelicaswm.tunestub.com/event.cfm?cart&id=284574.

Holidays at Filoli

What: Filoli will be hosting holiday decor and special events throughout the season.
Where: Filoli Historic House & Garden, 86 Cañada Road, Woodside.
When: Through Dec. 23; schedule varies.
More information: filoli.org/events/holidays/.

Email Karla Kane at kkane@paweekly.com.

MAGALI GAUTHIER

HOLIDAY SPARKLE

Crowds of people cross Castro Street as the city's Community Tree Lighting Celebration wrapped up on a chilly Monday night, Dec. 3. The tree in Civic Center Plaza will remain lit through the holiday season.

Viewpoint

- EDITORIAL
- YOUR LETTERS
- GUEST OPINIONS

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Published every Friday at
450 Cambridge Avenue
Palo Alto, CA 94306
(650) 964-6300 fax (650) 964-0294
Email news and photos to: editor@MV-Voice.com
Email letters to: letters@MV-Voice.com
News/Editorial Department
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(650) 964-6490 • (650) 326-8286
fax (650) 326-0155
Email Classified ads@MV-Voice.com
Email Circulation
circulation@MV-Voice.com

The Voice is published weekly by Embarcadero Media Co. and distributed free to residences and businesses in Mountain View. If you are not currently receiving the paper, you may request free delivery by calling 964-6300. Subscriptions for $60 per year, $100 per 2 years are welcome.

Member, Mountain View Chamber of Commerce

WHAT'S YOUR VIEW?

All views must include a home address and contact phone number. Published letters will also appear on the web site, www.MountainViewOnline.com, and occasionally on the Town Square forum.

Town Square forum Post your views on Town Square at MountainViewOnline.com
Email your views to letters@MV-Voice.com. Indicate if letter is to be published.
Mail to: Editor, Mountain View Voice, P.O. Box 405, Mountain View, CA 94042-0405
Call the Viewpoint desk at 223-6531

EDITORIAL
THE OPINION OF THE VOICE

Donate to the *Voice* Holiday Fund

The holidays are a special time of year for many, marked by cherished family traditions and time spent with loved ones.

It's also a time of year when people often volunteer with local nonprofits or donate to people in need. In that vein, we ask that you consider giving to the *Voice's* Holiday Fund this year.

All donations to the Holiday Fund will be shared equally among seven recipient agencies that serve Mountain View residents: Mentor Tutor Connection, the Day Worker Center of Mountain View, the Community School of Music and Arts, the MayView Community Health Center, YWCA Support Network for Domestic Violence, the Community Services Agency, and the Community Health Awareness Council.

The organizations serve a vital role in our community, providing crucial services that help low-income and homeless individuals and families as well as those grappling with domestic violence and mental health issues. They also provide youth and adults with tools to help them advance and succeed in school and their careers. The Day Worker Center, for example, helps workers with job placement, English lessons, and job skills workshops, while Mentor Tutor Connection volunteers mentor underserved high schoolers and tutor elementary and middle school students in the Mountain View and Los Altos school districts.

The Silicon Valley Community Foundation handles all donations and does not deduct administrative costs from gifts, which are tax-deductible. Donors can contribute anonymously or in someone's honor or memory, and donations can be sent in the mail (see our ad on Page 10 for instructions) or online at siliconvalleycf.org/mvv-holiday-fund.

Last year, more than 170 *Voice* readers and the Wakerly, Packard and Hewlett foundations contributed a total of $105,000 to the Holiday Fund. We hope to see even more money raised this year to give back to the organizations that do so much for our community.

LETTERS
VOICES FROM THE COMMUNITY

ROYAL VIKING REDEVELOPMENT

Every evening for the last three years I have walked my dog, Calli, through the Royal Viking apartment complex on Rock Street near Rengstorff. Over the years Calli and I have gotten to know the Royal Viking tenants and been welcomed into their lives and community. We have been included in birthday parties, soccer games with the kids and community gatherings held in the carports. One evening last July we came upon a large tenant gathering out in the parking lot. All 20 units in the complex had just been given eviction notices and notified of an upcoming sale of the property. The 20 affordable apartments are slated to be torn down and replaced with 15 luxury condos. Understandably, my friends and neighbors are terrified and dismayed at the prospect of finding new homes either in Mountain View or surrounding cities.

As of July 2018, there were 600 to 740 rental units moving toward demolition. Royal Viking makes up 20 of these units. The developer is planning on selling the new units for less than $1.7 million, far out of the price range of those anticipating displacement. The socio-economic fabric of Mountain View is changing in a way a lot of us do not like. Our friends and kids will need to leave Mountain View for the sake of a few corporate landlords and developers.

On Tuesday, Dec.11, the City Council will be deciding on the demolition permit for Royal Viking. Join me at the meeting and ask the council to put the brakes on this transition until we have a plan. Council, the longer you wait, the more affordable housing we lose. It will be very difficult to bring back. My friends and kids will not be able to live here. Let's enact a temporary, citywide moratorium on demolitions until we can come up with a sensible plan for managing our city's growth and evolution. Do not grant the demolition permit for Royal Viking. Let's pause and figure this out.

Dave Arnone
Middlefield Road

NO PRECONDITIONS

I've read the recent call for cooperation between the Los Altos School District and Bullis Charter School boards, asking them to work together creatively for solutions to the facilities issues. I fully agree that compromise and working together toward shared goals is better than confrontation and being unyielding. I want to put out a call of my own for the City Council and LASD to do the same when it comes to working together to create incredibly needed park spaces and sports facilities in the San Antonio neighborhood while providing a critical extra site for the charter district facilities puzzle. I encourage all parties to remember that over time, schools house different populations depending on the current circumstances. By working together without preconditions about what school will be placed there first, the city will be able to provide the community with a valuable large open space and recreational amenities, and the district will be able to acquire a needed 10th site to help provide for the 10 school communities that they are obligated to house.

Nancy Morimoto
Whits Road

THEFT ON CALTRAIN

Caltrain is planning to remove seats from the cars for bike riders, and achieve security through cameras. I ride with my bike on Caltrain every day from Palo Alto to San Francisco, and have been commuting by bike on Caltrain for 20 years. I've seen bike thefts, and attempts that were blocked by people who could see the perpetrator. There's also theft of gear, which can be hard to see with a camera. Security cameras are not sufficient as people can hide their faces from fixed cams, but not from a crowd of watchful passengers, and by the time the theft is detected, the perp is gone. We need seats within view of bikes on electrified Caltrain so riders can keep an eye on their bikes and gear.

Cedric de La Beaujardiere
Palo Alto

KUDOS FOR A LOCAL AUTHOR

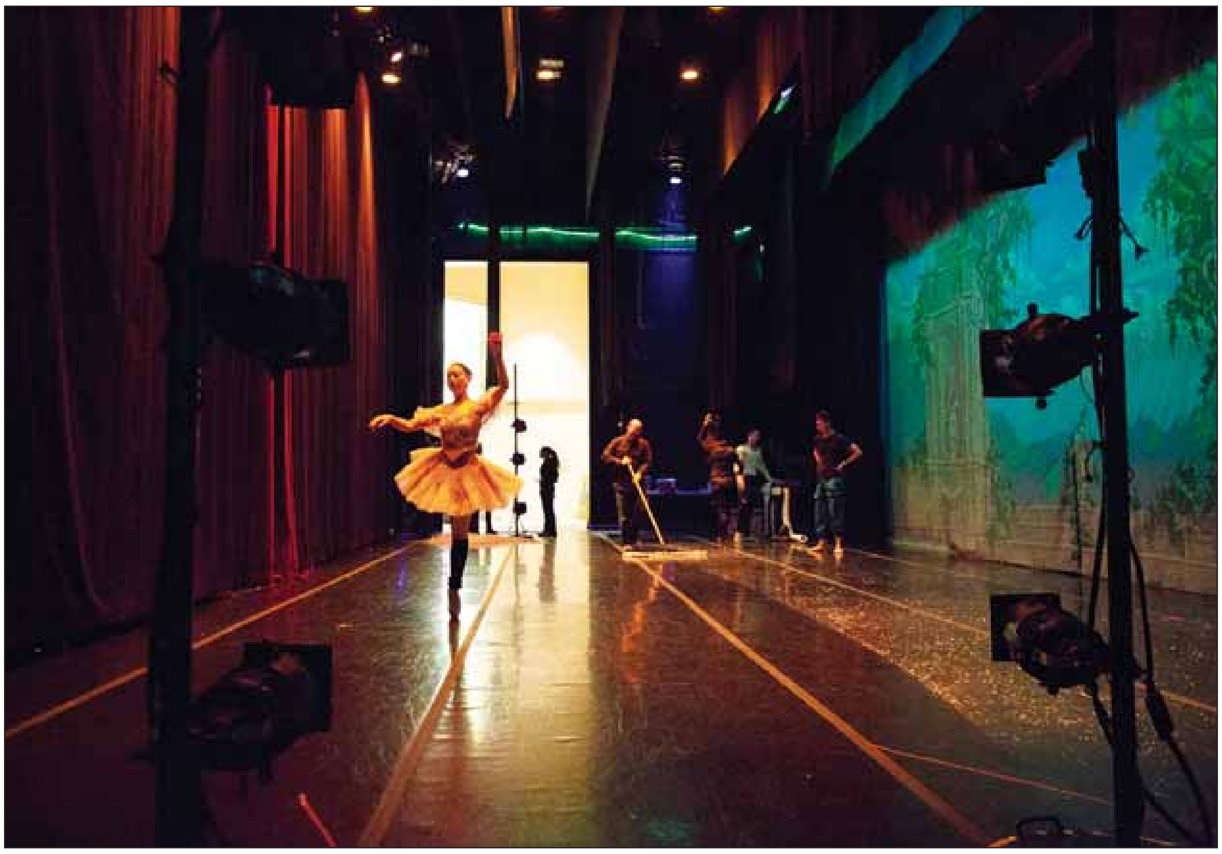
Seventy-five Los Altos and Mountain View locals and I were treated on Saturday, Dec. 1, to a presentation by Los Altos author and sixth grade Gardner Bullis Elementary teacher Devik Schreiner launching his new book, "The Oregon Story." The presentation was beyond delightful and Bullis students, local residents, and past now-adult students of Devik's were treated to an hour of our laughing, enthusiastic audience participation. Devik read an excerpt from his book, and we were fascinated with his stupid human tricks and riveted by his humor and wonderfully approachable personality. We were happy to patiently wait in the long queue so that Devik could sign books with a personal note for each of us.

If the community is again presented with the opportunity to spend a wonderful hour in support of our local teacher and author, don't miss it.

Emmanuela Raquelle
(Devik's mother)
Boulder Creek

What's on your mind?

Tell us your thoughts on matters of interest to the community by sending your letters to letters@MV-Voice.com. Or snail-mail them to: Mountain View Voice, P.O. Box 405, Mountain View, CA 94042.



Raising the curtain on 'The Nutcracker'

Putting on a production of "The Nutcracker" is no small feat, despite the bevy of local performances on offer during the holiday season. Mountain View's Western Ballet allowed *Voice* photographer Magali Gauthier behind the scenes at the Mountain View Center for the Performing Arts to document the controlled chaos as about 120 student and professional dancers prepared to delight audiences with the beloved Christmas ballet.

Clockwise from top left: *Alison Share, Western Ballet's assistant artistic director, runs through her steps as the Sugar Plum Fairy backstage on Dec. 2; Suzanne Pallo puts lipstick on daughter Sophie; Joe LaChance stretches in the men's dressing room; dancing elves, ages 5 to 12, line up to go on stage; dance students watch Sugar Plum Fairy Alison Share rehearse; dancers run through the Waltz of the Snowflakes; Ernest Hui holds his fake mustache as the glue dries.*


THIS IS THE SITE OF FRED AND SUSAN'S HEART CONDITIONS.
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WINTER Class Guide

MOUNTAIN VIEW VOICE

The new year is right around the corner, which means it's another chance to reflect and write down resolutions. Looking to become more physically fit this year? Want to become a better cook? Spend more time with friends and family? Learn another language and travel more? Whatever it is, fulfill your goals more easily this year and have fun while doing it with the plethora of classes and other activities offered along the Midpeninsula this season. Our list of local offerings is bound to help fulfill at least one of your goals, interests or passions.

ACADEMIC ACHIEVERS

Flex College Prep

4600 El Camino Real, Suite 201, Los Altos. 650-947-7742 / info@flexcollegeprep.com / flexcollegeprep.com

Flex College Prep assists high school students with college applications and essays and preparing for SAT, ACT and AP tests. It also offers tutorial sessions for high school subjects, as well as some programs for middle school students. A free education seminar regarding college application early decision results will be held Jan. 10.

Zenith Tutoring

1000 Elwell Court, Suite 160, Palo Alto. 650-823-4703 / info@zenithtutoring.com zenithtutoring.com

Zenith Tutoring offers SAT and ACT exam preparation, online classes and coaching through the college application process, as well as private tutoring.

DANCE

Alberto's Salsa Studio & Ultra Lounge

736 W. Dana St., Mountain View. 408-460-0448 clubalbertos@gmail.com / albertos.com

Alberto's holds lessons throughout the week for salsa (Tuesdays, Thursdays and Fridays), bachata (Wednesdays) and tango (Sundays) styles of dancing for beginners and those with more experience.

Bayer Ballet Academy

2028 Old Middlefield Way, Mountain View. 650-988-9971 info@bayerballetacademy.com bayerballetacademy.com

Bayer Ballet Academy is a school of Russian ballet that teaches the Vaganova method beginning with children at age 3. The academy offers a variety of classes to prepare students for the professional level, as well as a program specifically for boys. Enrollment for ages 3-18 is now open online.

The Lively Foundation

Mountain View Masonic Center, 890 Church St., Mountain View. 650-969-4110 / livelyfoundation@sbcglobal.net / livelyfoundation.org

The Lively School offers private and small group classes for adults in all levels of contemporary dance, ballet, yoga and meditation, as well as classes in ballet and creative movement and storytelling for youngsters.

MamboNova Dance Studio

223 Moffett Blvd., Mountain View. 925-250-9552 / mambonova17@gmail.com / mambonova.net

MamboNova Dance Company offers group lessons in salsa and bachata. Private dance classes are also offered for individuals and couples.

The Class Guide is published quarterly by the Palo Alto Weekly, The Almanac and the Mountain View Voice.

Pacific Ballet Academy

295 Polaris Ave., Mountain View. 650-969-4614 / director@pacificballet.org pacificballet.org

The Pacific Ballet Academy instructs students ranging in age from 3 1/2 to 18 in the Russian ballet method. Adult classes are also offered, for beginning and intermediate dancers.

Western Ballet

914 N. Rengstorff Ave., Suite B, Mountain View. 650-968-4455 westernballet.org

Western Ballet holds ballet classes that draw from the Russian Vaganova method and the newer more "open" classical method. Classes are available for children, teens and adults and for both newcomers and those pursuing professional careers. Youth program resumes on Jan. 7.

THE GREAT OUTDOORS

REI

2450 Charleston Road, Mountain View. 650-969-1938 rei.com/stores/mountain-view.html

REI regularly offers classes on topics such as bike maintenance, camping skills, outdoor navigation and more.

Shoreline Lake

3160 N. Shoreline Blvd., Mountain View. 650-965-7474 / boathouse@shorelinelake.com / shorelinelake.com

Shoreline Lake's Boathouse offers a variety of group lessons for sailing, stand-up paddling, kayaking and windsurfing, as well as private lessons.

HEALTH & FITNESS

Bald Eagle Sports Camps

201 Almond Ave., Los Altos. 888-505-2253 / bob@baldeaglecamps.com baldeaglecamps.com

Bald Eagle Sports Camps offer programs in every season, including a unique multi-sport camp that incorporates a variety of team-centered, non-traditional games designed for all athletes to feel included, engaged, appropriately challenged and highly active. It's a Positive Coaching Alliance (PCA) partner-based program that offers a growing number of camps and leadership experiences for youth in grades K-12. Sign up for programs online.

Barre3

4758 W. El Camino Real, Los Altos. 650-481-8139 / losaltos@barre3.com barre3.com/locations/los-altos

Classes at this studio combine ballet barre exercises with elements of yoga and Pilates, aiming to help students develop flexibility, strength and improved posture.

Bomitra Yoga Mountain View

1910 W. El Camino Real, Suite E, Mountain View. 650-967-2968 info@bomitrayoga.com bomitrayoga.com

In its 90-minute classes, Bikram Yoga Mountain View instructs students in 26 hatha yoga postures and two breathing exercises in a heated room. Classes are held each day of the week.

California Yoga Center

1776 Miramonte Ave., Mountain View. 650-967-5702 / californiayoga.com

California Yoga Center in Mountain View holds asana yoga classes for students at beginning, intermediate and advanced levels. The center also holds classes on pranayama, restorative yoga and back care. Sign-up for winter workshop classes online.

Mountain View Tennis

Cuesta Tennis Center, 685 Cuesta Drive, Mountain View. 650-967-5955 / info@mountainviewtennis.net / mountainviewtennis.net

Taught by expert coaches, Mountain View Tennis' affordable programs for youth and adult tennis players of all abilities are held at Cuesta, Rengstorff, Whisman and Cooper tennis courts. Winter junior program begins Jan. 5.

The Little Gym

1910 W. El Camino Real Unit F, Mountain View. 650-961-8100 tlgmtviewca@thelittlegym.com tlgmtviewca.com

The Little Gym offers a range of classes for children from 4 months to 12 years of age with a mission to facilitate holistic skill development through movement, music, learning and laughter. The Winter Wonderland camp for ages 3-8 begins Dec. 17.

Yoga Belly

455 Castro St., Mountain View. 650-862-3976 / info@yogabellystudio.com yogabellystudio.com

Yoga Belly offers yoga classes in heated and non-heated rooms, more physical YBX classes and Yoga Tune Up sessions, which combine yoga, corrective exercise and self-massage.

Yoga is Youthfulness

590 Castro St., Mountain View. 650-964-5277 / info@yogaisyouth.com yogaisyouth.com

Yoga is Youthfulness offers classes for students of all levels daily, including early in the morning and in the evenings. Classes teach ashtanga, iyengar and hatha styles of yoga, as well as other subjects like prenatal yoga and meditation. Classes are offered everyday. View upcoming workshops online.

FOR SENIORS

Mountain View Senior Center

266 Escuela Ave., Mountain View. 650-903-6330 senior.center@mountainview.gov mountainview.gov/seniors

The Mountain View Senior Center organizes a wide array of classes exploring topics and activities such as art, music, dance, languages, computer use and exercise including Feldenkrais and pickleball, a low-impact game played with a paddle.

Avenidas Rose Kleiner Center

270 Esuela Ave., Mountain View. 650-289-5499 / avenidas.org

Avenidas offers a plethora of classes, as well as lectures and workshops, for seniors focusing on topics such as general health, physical fitness, languages, humanities, computing, music and writing. Membership costs, fees and class descriptions are listed on the website. Classes are held at the Palo Alto campus in Building 1 at Cubberley Community Center, 4000 Middlefield Road.

MUSIC AND ARTS

Community School of Music and Arts

Finn Center, 230 San Antonio Circle, Mountain View. 650-917-6800 info@arts4all.org / arts4all.org

The Community School of Music and Arts (CSMA) offers classes year-round in music, visual and digital arts, with courses suited for adults and children as young as preschool-age. Registration for spring and winter programs and the Holiday Art Camp are now open online.

Custom Handweavers

2263 Old Middlefield Way, Mountain View. 650-967-0831 webemit@sbcglobal.net customhandweavers.com

Ongoing classes — both day and evening sessions — are offered in weaving for all experience levels. Workshops on different weaving techniques (Navajo, tapestry and Temari) are held periodically. Classes offered Wednesday, Friday and Saturday.

Peninsula Youth Theatre

2500 Old Middlefield Way, Mountain View. 650-988-8798 info@pytnet.org / pytnet.org

Peninsula Youth Theatre (PYT) offers drama classes in acting, musical theater and other skills to children of various abilities and ages. Winter classes begin Jan. 14. Auditions for "Check Please" for ages 13 and up are being held Dec. 16, 1-3 p.m.

Savvy Cellar Wines

750 W. Evelyn Ave., Mountain View.
650-969-3958 / info@savvycellar.com / savvycellar.com
Savvy Cellars Wines holds occasional classes on various wines and wine topics, including regional wines, wine-food pairing and wine tasting for novices. Students must be 21 or older to attend.

Tumasov Fine Art Studio

823 W. El Camino Real, Mountain View. 415-490-8925
tumasovfineartstudio@gmail.com
tumasovfineart.com
The studio offers workshops and classes in painting, drawing, ceramics, piano and more, as well as an after-school art program for kids.

Veksler Academy of Music and Dance

Mountain View Campus:
1710 Miramonte Ave., Mountain View.
650-254-0777 / vekscleracademy.com
This school program teaches ballet, tap, jazz, lyrical and hip-hop dance classes for youth ages 3 and up. Group music programs include preschool music classes and a children's choir. Private music lessons are also available. Register online.

West Valley Music

262 Castro St., Mountain View.
650-961-1566 / info@westvalleymusic.com
westvalleymusic.com
West Valley Music helps students further their music skills or try their hand at different instruments. Group lessons are held for instruments such as piano, guitar, ukulele and violin, as well as band and orchestra. Private lessons are also offered. Winter classes begin in January.

PARENT EDUCATION

El Camino Hospital childbirth and parenting classes

Mountain View Campus, 2500 Grant Road, Mountain View. 650-940-7000
elcaminohospital.org/services/mother-baby-care
El Camino Hospital holds ongoing classes specifically for expecting mothers, mothers, their spouses and children. Subjects include childbirth preparation, breastfeeding preparation and infant safety. Support groups are also organized. Register online.

SCHOOL DAYS

Action Day Primary Plus

333 Eunice Ave., Mountain View.
650-967-3780
mtnview@actiondayprimaryplus.com
actiondayprimaryplus.com
Action Day Primary Plus in Mountain View serves infants and children in preschool and kindergarten. The school offers enrichment activities and extended day care, and its facilities are spacious.

Building Kidz

250 E. Dana St., Mountain View.
650-967-8000 / Buildingkidzschool.com
info@buildingkidz.com
Building Kidz School provides infant, toddler, preschool, kindergarten and school age care that encourages a lifelong interest in learning through academics and performing arts. Before- and after-school programs are also offered.

Emerson School

2800 W. Bayshore Road, Palo Alto.
650-424-1267
emersonschool@headsup.org
headsup.org/emerson-school
Emerson School provides a full-day, year-round program for grades 1-8, teaching a personalized, Montessori curriculum. Lessons draw from classical subjects and other areas, including art, music, foreign language, physical education, communication, life skills and more. Apply online.

German International School of Silicon Valley

310 Easy St., Mountain View.
650-254-0748 / office@gissv.org
gissv.org/gissv-home-english
The German International School of Silicon Valley is a private school providing preschool to high school students with a bilingual education. The school also offers German language courses for all ages on Saturdays.

HeadsUp! Child Development Center

2800 W. Bayshore Road, Palo Alto.
650-424-1221 / pacdc@headsup.org
headsup.org/headsup
HeadsUp! Child Development Center serves infants, toddlers and preschoolers (to age 6) with a full-day program, year-round. A half-day kindergarten program and a bilingual Chinese-English preschool classroom are also available. The Montessori curriculum focuses on building thinking skills and personal values.

Kehillah Jewish High School

3900 Fabian Way, Palo Alto.
650-213-9600 / kehillah.org
This college-preparatory high school features a full range of academic courses with small class sizes, modern science and computer labs, art and music studios, a drama program, sports teams and more. The online application for students applying for admission to academic year 2019-2020 is now available.

Palo Alto Preparatory

2462 Wyandotte St., Mountain View.
650-493-7071 ext. 102 / info@paloaltoprep.com / paloaltoprep.com
Palo Alto Prep School is a private high school that offers a mixture of flexibility and structure, embraces differences, facilitates academic and social success, and prepares students for college.

St. Simon Parish School

1840 Grant Road, Los Altos.
650-968-9952 / tclark@stsimon.org
school.stsimon.org
St. Simon Parish School educates children from preschool through eighth grade, combining academic rigor with Catholic values and providing an emphasis on social justice and service. It also supplies a range of enrichment and athletic opportunities.

Waldorf School of the Peninsula

Mountain View Campus:
180 N. Rengstorff Ave., Mountain View.
650-417-7600
Los Altos Campus:
11311 Mora Drive, Los Altos
650-209-9400
admissions@waldorfpeninsula.org / waldorfpeninsula.org
Waldorf School of the Peninsula serves children from nursery up through high school. Areas of focus include fostering self-discipline, critical thinking, independence and cooperation, creative expression and a love of learning.

Yew Chung International School of Silicon Valley (YCIS)

310 Easy St., Mountain View.
650-903-0986 / admissions@sv.ycef.com
ycis-sv.com
YCIS provides a multicultural and bilingual (English and Mandarin Chinese) education to children from preschool to middle school. Teachers facilitate student's academic, personal and social development and emphasize a global perspective.

SOMETHING FOR EVERYONE

Mountain View-Los Altos Adult Education

333 Moffett Blvd., Mountain View.
650-940-1333
mvla.net/MVLA_Adult_Education
The adult school offers courses in arts and crafts, computer skills, vocational skills, English as a second language, music, dance, needlework, family education, physical fitness and more. The school also has high school diploma and GED preparation programs. Winter session begins Jan. 7.

Class Guides are published quarterly in the Palo Alto Weekly, Mountain View Voice and the Almanac. Descriptions of classes offered in Palo Alto, Stanford, Menlo Park, Mountain View, Atherton, East Palo Alto, Los Altos, Los Altos Hills, Portola Valley and Woodside are provided. Listings are free and subject to editing. Due to space constraints, classes held in the above cities are given priority. To inquire about submitting a listing for the next Class Guide, email Class Guide editor Christine Lee at clee@paweekly.com or call 650-223-6526. To place a paid advertisement in the Class Guide, call the display advertising department at 650-326-8210.

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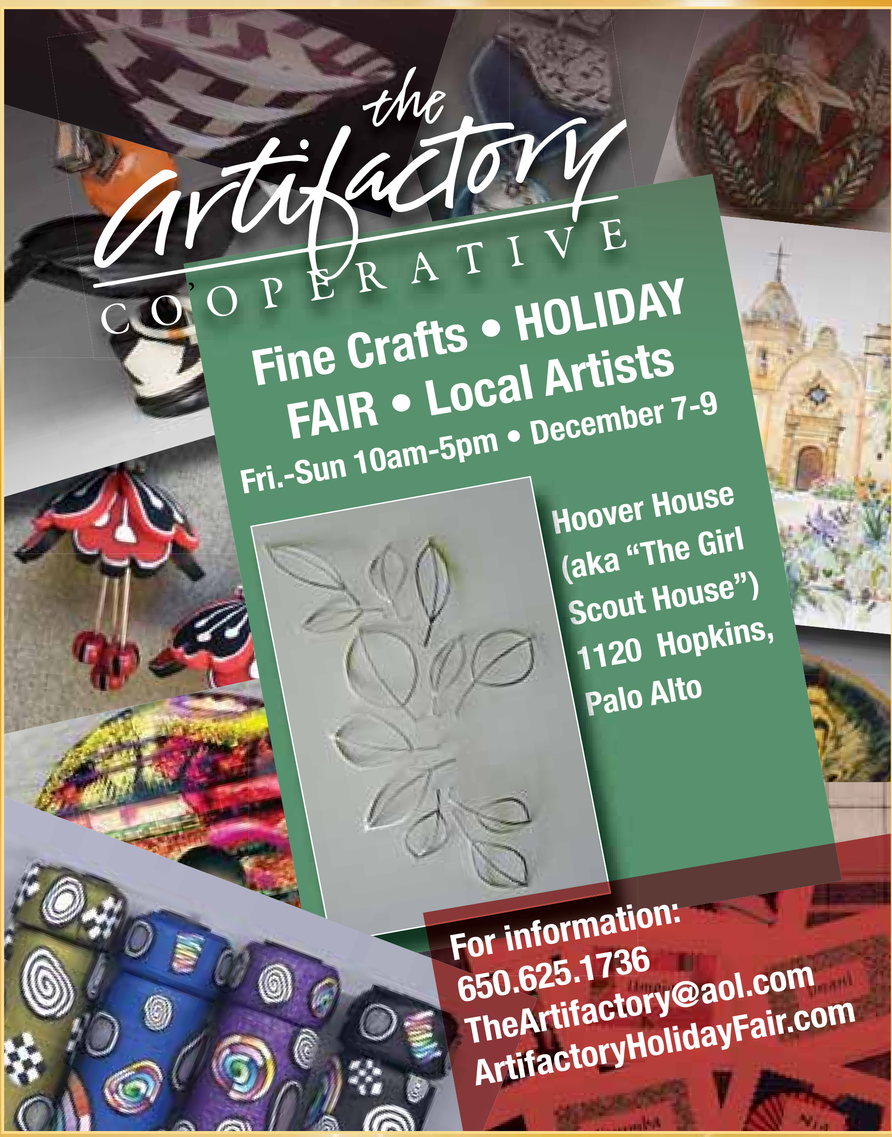
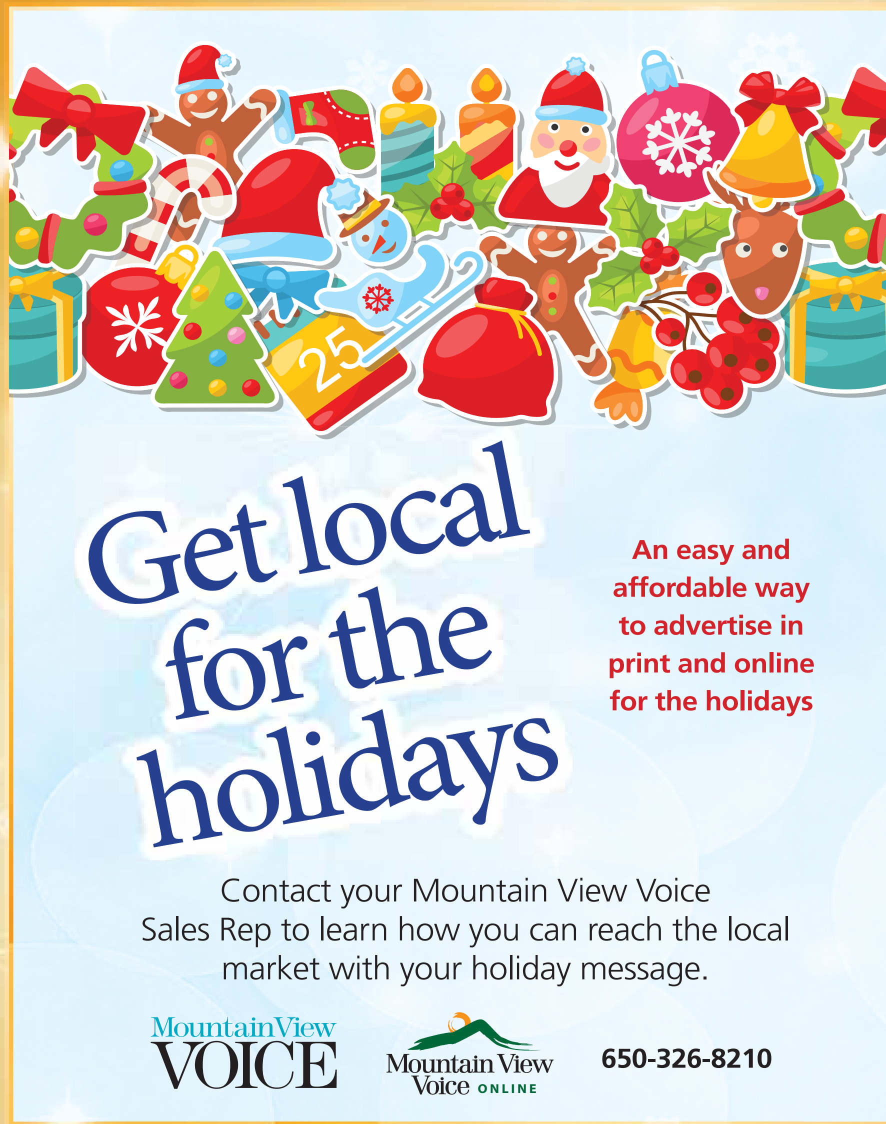
Here come the Holidays





■ **RESTAURANT** REVIEW

Happiness on the half shell

COMFORTING SEAFOOD MENU TAKES CENTER STAGE AT CONVIVIAL RUSTIC HOUSE

Story by Monica Schreiber | Photos by Magali Gauthier

It is Friday night at the year-old Rustic House Oyster Bar and Grill in downtown Los Altos. Couples sip cocktails next to parents grabbing a night out with their kids and nobody but me seems annoyed by the muted TV screens flashing frenetically around the massive, U-shaped bar at the center of the action. But aside from the screen overload and an uninspired dessert menu, Rustic House is a self-assured restaurant that makes few other missteps.

Rustic House offers seafood standards, including oysters, along with artisan pizzas, excellent beers on tap and tasty cocktails. Its friendly service take diners to an easy-going place that is at once down home and upmarket. It has brought a vibrant, something-for-everyone vibe to the corner of Main and Second streets.

The Los Altos location is the little sister to a 3-year-old Rustic House in San Carlos. The new owners took over the spot that was vacated abruptly by Turn Bar and Grill last August. Half Moon Bay resident Jerry Beltramo and his son-in-law Dave Parks own both Rustic Houses while Parks also operates two other San Carlos restaurants: The Office Bar and Grill, site of Parks' former real estate office, and 3 Pigs BBQ.

"One of our goals with the Los Altos Rustic House is to offer something for the whole community, to be a place where everyone feels welcome," said Beltramo (no relation to Menlo Park's famed, now-retired liquor store family). "We already know so many familiar faces and that actually feels very emotional."

▸ See **RUSTIC HOUSE**, page 22

Three kinds of oysters *— Kusshi, Kumamoto and Hood Canal — are accompanied by four sauces at Rustic House Oyster Bar and Grill in Los Altos.*

The lobster roll *is lightly tossed with a spicy-mayonnaise dressing and served with steak fries.*

Bartender Henry Yen *prepares a whiskey drink at Rustic House on Dec. 4.*

Grilled mahi mahi tacos are served with chipotle cabbage and topped with pineapple salsa.

The seafood pasta at Rustic House is linguine with prawns, clams and sun-dried tomatoes in a white wine sauce.

RUSTIC HOUSE

▶ Continued from page 21

Some customer loyalty may be inspired by the fact that Rustic House charges no corkage fee for the first bottle of wine, increasingly a rarity at local restaurants, given how tempting it must be for owners to squeeze some of their often-narrow profits out of wine sales and markups. (Plus, the bar stays open an hour later than the kitchen, until 11 p.m. on weekends.)

Rustic House brings in oysters daily from a variety of purveyors, offering at least three selections on the changing raw menu. Flavorful Hood Canal oysters from Puget Sound, Kumamoto, originally from Japan but long cultivated on the West Coast, and the diminutive Kusshi were on offer during my visits. Prices range from $8.95 for three of the Hood Canal variety to $42.95 for a dozen of the Kumamoto or Kusshi.

Even the most ardent connoisseurs of the bivalve have to admit that raw or grilled oysters are, on some level, a pricey vehicle for accompanying sauces and enhancing flavors. Rustic House gets it, offering four excellent sauces with each order from the raw bar, including a light Rustic wash (vinegar, shallots and jalapeños) and a tangy and peppery chipotle mignonette. The grilled bourbon oysters (three for $10, six for $18 and a dozen for $32) were my favorite: good-sized, non-briny beauties dropped on the grill for a few minutes and bathed in a decadent sauce of chipotle chilies, garlic, butter, brown sugar and a dash of bourbon.

The ceviche ($12.95) was an ample serving of lemon and lime juice-cured shrimp, tomatoes,

***Chef Paul Cohen** tosses a flaming pan of mixed seafood in the kitchen at Rustic House in Los Altos on Dec. 4.*

onions and jalapeño served with a mountain of house-made tortilla chips. A heavy hand with the diced tomatoes made this starter too reminiscent of salsa, but the tangy heat was nicely balanced and the copious shrimp were fresh and plump. A grilled artichoke ($10.95) had a nice smoky flavor and the accompanying lemon-garlic aioli was tangy and on point. The sautéed prawns ($15.95) made for an intensely flavored, savory appetizer comprised of five medium-sized shrimp in a slightly sweet bourbon-butter sauce studded with pancetta and diced shallots.

The lobster roll ($23.95) is the Maine variety, served chilled with a mayonnaise-and-herb dressing. I am partial to a Connecticut-style roll — warm lobster meat unadulterated with anything but butter — but Rustic House's sandwich, bursting with hunks of sweet lobster and very lightly dressed, won me over. The accompanying steak fries were fresh-from-the-fryer perfection: crispy and piping hot. Also crispy and delicious were the beer-battered fish and chips ($16.95), which evidenced just the right ratio of batter to flakey cod.

The grilled mahi mahi entrée ($27.95) arrived with a large dollop of creamy mashed potatoes and a side of flavorful roasted carrots. A few seconds too long on the grill can quickly dry out this firm, sweet fish, but Rustic House's chef perfectly executed our moist piece of line-caught mahi mahi, made citrusy with a lime glaze and a salsa of tropical fruits.

We also ordered a trio of tacos, one wild Alaskan cod and two grilled shrimp ($15.95 for two; $6.95 for an add-on). The large soft tacos were served in cute little holders, with each taco standing at attention and drizzled with yummy chipotle aioli. Crunchy-cool cabbage, avocado salsa and a generous serving of seafood inside each corn tortilla made these my new favorite seafood tacos (sorry, Sancho's).

We were less taken by the pricey Rustic House pasta ($24.95), a surprisingly smallish-bowl of linguine, prawns, clams and sun-dried tomatoes in a bland white wine sauce.

On each of my three visits, enthusiastic young servers checked in frequently, cheerfully answered questions and brought out food and drinks in record time. On one visit, my dining companion and I sat at the bar, near the kitchen, and ended up being the lucky recipients of an extra shrimp appetizer, which the server said he preferred to see eaten rather than thrown away. A nice, neighborly gesture.

Rustic House's dessert menu is basically a list of the most over-offered, yawn-inducing desserts in modern America: s'mores, New York-style cheesecake, key lime pie, flourless chocolate cake and, of course, tiramisu. The key lime pie ($6.95) wasn't bad, with the right balance of sweetness and tartness, and a generous serving of vanilla-tinged whipped cream on the side.

This restaurant won't win any awards for innovative cuisine, but it offers well-executed seafood comfort food and American standards in a fun and friendly atmosphere. Bonus tip: Costco sells 20-percent-off gift cards good at both Rustic Houses and the other San Carlos restaurants owned by the family. ▼

DININGNOTES

Rustic House
Oyster Bar and Grill
295 Main St., Los Altos
rustichouselosaltos.com

Hours: Sunday-Thursday, 11 a.m. to 9 p.m.; Friday-Saturday, 11 a.m. to 10 p.m.

Credit cards	✓
Reservations	✓
Catering	✓
Outdoor seating	✓
Parking	●
Wheelchair access	✓
Alcohol	*Full bar*
Bathroom	*Excellent*

MOVIEOPENINGS

Forging ahead, falling behind

MELISSA MCCARTHY PLAYS A FELONIOUS FORGER IN 'FORGIVE'

★★★1/2 (Century 16 & 20)

By the very definition of the word, most of us are "average," neither achieving the heights of greatness, fame and riches, nor falling into homelessness or a "crime-that-doesn't- pay" lifestyle. Averageness can be quantified: average height, average weight, average earnings — but "ordinariness" is a state of mind.

No matter how distinct one's personality, no matter her or his idiosyncrasies, a person may well feel maddeningly ordinary in a culture that worships the great, the celebrated and the notorious. For celebrity biographer Lee Israel, her ordinariness was a metaphorical prison, so she risked a spell in a literal prison to rise above her station. Her true story forms the basis of "Can You Ever Forgive Me?," a remarkable, admirably low-key, modern tragedy that marks Melissa McCarthy's dramatic breakthrough as Israel.

Screen writers Nicole Holofcener and Jeff Whitty skillfully adapt Israel's 2008 memoir "Can You Ever Forgive Me?: Memoirs of a Literary Forger," and director Marielle Heller ("The Diary of a Teenage Girl") finds a sweet spot of aching humanity and absurdist-adjacent escapism in telling this unusual true-crime story (it doesn't hurt that producers David Yarnell and Anne Carey knew Israel).

The film takes place in 1991 Manhattan, where Israel lives frustratingly adjacent to the high life. She writes of the extraordinarily talented, the rich and famous, but even her best-selling days as a biographer are behind her (Israel's agent, played by Jane Curtin, must repeatedly insist that no one will buy a biography of Vaudeville star Fanny Brice). Israel's Upper West Side home puts her in a desirable neighborhood, but in a rundown, cramped apartment shared only by her cat. Though once a New York Times best-seller, she can't pay her bills. She can still, barely, hobnob at the same cocktail parties as author Tom Clancy.

Israel spends her free time either home with her cat or at her local watering hole, where she can drink unmolested — until, that is, she's approached by a brief acquaintance of cocktail parties past, a faded dandy by the name of Jack Hock (Richard E. Grant). He's even more down on his luck than Lee, and the two quickly bond as outsiders scraping by in a big city cruelly indifferent to their prodigious wits. Inspired by Jack's licentiousness and the value of celebrity curios, but more so by her own desperation and righteous indignation at her talents being ignored, Lee begins forging celebrity letters for sale on the collector's market.

By channeling the great wits, Israel begins to find herself. The thrill of her criminal endeavor (which she gets away with far longer than one would think possible) reignites her passion, and her friendship with Jack.

McCarthy clearly feels a connection to Israel's outsider artistry, her utter commitment to become someone else for a few stolen moments, and her pride in a job well done (in the film's most wrenching scene, Israel confesses, stubbornly adding, "In many ways, this has been the best time of my life. It's the only time recently I can remember being proud of the work I was doing"). McCarthy's grounded performance proves that her talents aren't limited to comedy, even as she does right by Lee's acid wit. Grant makes an ideal foil for McCarthy, trying to hide behind a rakish grin even as he sweats sadness. There's nothing ordinary about their performances, or the sad, sympathetic film that contains them.

Rated R for language including some sexual references, and brief drug use. One hour, 46 minutes.

— Peter Canavese

COURTESY OF MARY CYBULSKI/TWENTIETH CENTURY FOX

***Melissa McCarthy** and Richard E. Grant star in "Can You Ever Forgive Me?"*

NOWSHOWING

2.0 (Not Rated) **Century 16:** Fri. - Sun.

A Star is Born (R) ★★1/2
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

Bohemian Rhapsody (PG-13)
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

Boy Erased (R) ★★1/2
Aquarius Theatre: Fri. - Sun.

Busy Bodies (comedy short 1932) (Not Rated)
Stanford Theatre: Fri. - Sun.

Can you Ever Forgive me? (R) ★★★1/2
Aquarius Theatre: Fri. - Sun.

Creed II (PG-13)
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

Dr. Seuss' The Grinch (2018) (PG)
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

Fantastic Beasts: The Crimes of Grindelwald (PG-13) **Century 16:** Fri. - Sun.
Century 20: Fri. - Sun.

The Favourite (R) **Palo Alto Square:** Sat. - Sun.

Free Solo (PG-13) **Guild Theatre:** Fri. - Sun.

Green Book (PG-13) ★★1/2
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

Instant Family (PG-13) ★
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

The Midnight Patrol (Not Rated)
Stanford Theatre: Fri. - Sun.

The Music Box (comedy short, 1932) (Not Rated)
Stanford Theatre: Fri. - Sun.

National Theatre Live: The Madness of George III () **Aquarius Theatre:** Sunday

The Nutcracker and the Four Realms (PG)
Century 20: Fri. - Sun.

The Possession of Hannah Grace (R)
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

Ralph Breaks the Internet (PG) ★★★
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

Robin Hood (2018) (PG-13)
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

Schindler's List (1993) (R)
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

Widows (R)
Century 16: Fri. - Sun. **Century 20:** Fri. - Sun.

The Wife (R) ★★★ **Century 20:** Fri. - Sun.

Not all movie times were available by press deadline. For complete listings, check theater websites.

Aquarius: 430 Emerson St., Palo Alto (For recorded listings: 327-3241) **tinyurl.com/Aquariuspa**
Century Cinema 16: 1500 N. Shoreline Blvd., Mountain View **tinyurl.com/Century16**
Century 20 Downtown: 825 Middlefield Rd, Redwood City **tinyurl.com/Century20**
CineArts at Palo Alto Square: 3000 El Camino Real, Palo Alto (For information: 493-0128) **tinyurl.com/Pasquare**
Guild: 949 El Camino Real, Menlo Park (For recorded listings: 566-8367) **tinyurl.com/Guildmp**
ShowPlace Icon: 2575 California St. #601, Mountain View **tinyurl.com/iconMountainView**
Stanford Theatre: 221 University Ave., Palo Alto (For recorded listings: 324-3700) **Stanfordtheatre.org**

★ Skip it ★★ Some redeeming qualities ★★★ A good bet ★★★★ Outstanding

For show times, plot synopses, trailers and more movie info, visit www.mv-voice.com and click on movies.

GoingsOn

HIGHLIGHT

'INTO THE WOODS'

Los Altos Stage Company presents "Into the Woods," a musical that combines the stories of several fairy-tale characters to show what happened after their "happily ever after" storybook tales ended. Through Dec. 23, times vary. $20-$41. Bus Barn Theater, 97 Hillview Ave., Los Altos. losaltosstage.org/into-the-woods

THEATER

TheatreWorks Silicon Valley Presents 'The Santaland Diaries' TheatreWorks Silicon Valley presents the holiday-themed "The Santaland Diaries," returning to the 180-seat Lohman Theatre. Written by David Sedaris, directed by Jeffrey Lo and starring Max Tachis, this show will have a limited three-week run in Los Altos Hills. Dec. 5-23, times vary. $45, discounts available for students and subscribers. Lohman Theatre, 12345 S. El Monte Road, Los Altos Hills. theatreworks.org

TheatreWorks Silicon Valley Presents 'Tuck Everlasting' TheatreWorks Silicon Valley will produce a showing of "Tuck Everlasting." The play tells the story of a young girl who meets a family who has found immortality and must decide between returning to her life or choosing immortality as well. Through Dec. 30, times vary. $40-$100. Lucie Stern Center, 1305 Middlefield Road, Palo Alto. theatreworks.org

'A Conversation with Edith Head' Award-winning actress Susan Claassen stars in the Bay Area premiere of "A Conversation With Edith Head." The show features behind-the-scenes stories about Hollywood stars that provide an intimate portrait of Hollywood's legendary costume designer. Dec. 6-16, times vary. $15-$35. The Pear Theatre, 1110 La Avenida St., Mountain View. thepear.org

CONCERTS

PACO Holiday Extravaganza with Special Guest TwoSet Violin PACO presents their Holiday Extravaganza, including the group TwoSet Violin, featuring Brett Yang and Eddy Chen, known for comedy skits and classical send-ups. All five PACO orchestras will be featured, as well as young dancers from the Pacific Ballet Academy for a suite of Nutcracker dances. Dec. 9, 3-5 p.m. Smithwick Theater at Foothill College, 12345 El Monte Road, Los Altos Hills. brownpapertickets.com/event

Schola Seraphica The 12th annual performance of Schola Seraphica Choir, directed by Margaret Sullivan Durando, will be performed by St. Francis High School students augmented by adults from the local communities. The performance will feature music by Bach, Palestrina and more. Dec. 9, 2-3:30 p.m. $15-$20. St. Patrick's Seminary, 320 Middlefield Road, Menlo Park. Nativitymenlo.org

An Advent Celebration in Song Under the direction of Donald Dillard, Covenant Sanctuary Choir will perform pieces celebrating the Advent season. The performance will feature soprano YoonGeong Lee, organist Paula Sea and trumpeter George Herrel joining the choir. Dec. 9, 10:30-11:30 a.m. Free. Covenant Presbyterian Church, 670 E. Meadow Drive, Palo Alto.

Foothill Symphonic Winds Concert During Foothill Symphonic Winds' concert, "Winterscape," music director David Bruce Adams will lead the wind ensemble in a program of music themed to the winter season. Dec. 9, 3:30-5:30 p.m. $5-$10. Cubberly Theatre, 4000 Middlefield Road, Palo Alto. fswinds.org

MUSIC

Annual Messiah Sing / Play Along The annual "sing and play it yourself" celebration of Handel's masterwork, conducted by Stephen Sano, is a campus tradition. Orchestral parts will be provided, and singers may purchase scores at the door or bring their own. Dec. 14, 7:30 p.m. $13-$23. Memorial Church, 450 Serra Mall, Stanford. Search events.stanford.edu for more info.

FUNDRAISERS

Palo Alto Fiery Arts Winter Glass Sale The sale will feature handmade glass snow-people, reindeer, ornaments, cups, bowls, candy canes and more. Made by Paly instructors, alumni and students. Proceeds benefit the school sculpture class. Dec. 14, 3-6 p.m. Free. Palo Alto High School inside the Tower/ Administration Building, 50 Embarcadero Road, Palo Alto.

MUSEUMS & EXHIBITS

Christmas Gifts from Yesteryear on Display in Historic Home The Los Altos History Museum opens a holiday-themed exhibit, "Presents from the Past: A Look Back at Christmas Gift-Giving," featuring a collection of vintage toys, shaving mugs, children's books and other items. On display in the historic J. Gilbert Smith House, trimmed in 1930s holiday decor. Through Jan. 6, Thursdays-Sundays, noon-4 p.m. Free. Los Altos History Museum, 51 S. San Antonio Road, Los Altos. losaltoshistory.org/ events/presents-from-the-past

Gallery 9 Holiday Show An extended all-gallery show will feature unique and affordable fine art paintings, jewelry, photography, woodwork, mixed media, sculptures and ceramics. Through Dec. 23, times vary. Free. Gallery 9, 143 Main St., Los Altos. gallery9losaltos.com

BayLUG's 15th Annual Holiday Show BayLUG's 15th annual Holiday Show will be showcasing holiday scenes in a miniature LEGO city. This event is family friendly. Dec. 7-Jan. 13, Fridays-Sundays, 11 a.m.-3:30 p.m. $3. Museum of American Heritage, 351 Homer Ave., Palo Alto.

DANCE

Cardinal Ballet Company Nutcracker 2018 The Cardinal Ballet Company will perform "The Nutcracker," featuring a live orchestra for the first time. The show will include classical ballet, social dancing, guest choreography and guest artists. Dec. 8, 2-3:30 p.m. and 7-8:30 p.m. Free-$18. Dinkelspiel Auditorium, 471 Lagunita Drive, Stanford. Search eventbrite.com for more info.

'It's a Wonderful Nutcracker' Menlowe Ballet presents "It's a Wonderful Nutcracker." Set in the 1940s, this ballet combines "The Nutcracker" and "It's a Wonderful Life" into one show. Dec. 14-16 and 21-23, times vary. $29-$62. Menlo-Atherton Performing Arts Center, 555 Middlefield Road, Atherton. menoweballet.org

Smuin Presents 'The Christmas Ballet' Smuin kicks off the holidays with the return of "The Christmas Ballet," the Bay Area tradition featuring two acts with classical ballet and contemporary numbers. Dec. 5-9, times vary. $25-$86. Mountain View Center for the Performing Arts, 500 Castro St., Mountain View. smuinballet.org

TALKS & LECTURES

Engelbart Symposium: The Demo @ 50 The Computer History Museum will host "The Engelbart Symposium," focusing on the discoveries of Doug Engelbart. Presenters include members of Engelbart's original team and other inventors. Participants will see current projects inspired by Engelbart and tour Computer History Museum exhibitions, including items related to Engelbart. Dec. 9, 9:15 a.m.-7:30 p.m. Free-$90. Computer History Museum, 1401 N. Shoreline Blvd., Mountain View. Search brownpapertickets.com/event for more info.

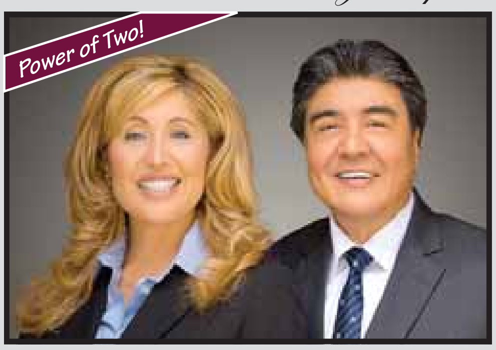
Author Event: 'Inward Traveler' Francine Toder, psychologist and writer, will share some of the 51 ways to explore the world mindfully from her new book, "Inward Traveler." Discover how personality and time perspective affect travel, with others or solo. Dec. 13, 7-8:30 p.m. Free. Rinconada Library, 1213 Newell Road, Palo Alto. paloalto.bibliocommons.com/events

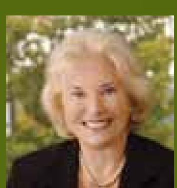
OUTDOOR RECREATION

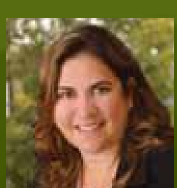
Beginner / Refresher Bird Walk, Bedwell Bayfront Park Friends of Bedwell Bayfront Park & Sequoia Audubon Society will host a one- to two-hour beginner bird walk. Attendees may see wintering ducks, shorebirds, egrets and hawks, and are encouraged to bring binoculars. The walk will begin at the restrooms in the parking lot. The event will be canceled if there's heavy rain. Dec. 8, 10 a.m.-noon. Free. P.O. Box 802, SLAC, 2575 Sand Hill Road, Menlo Park.

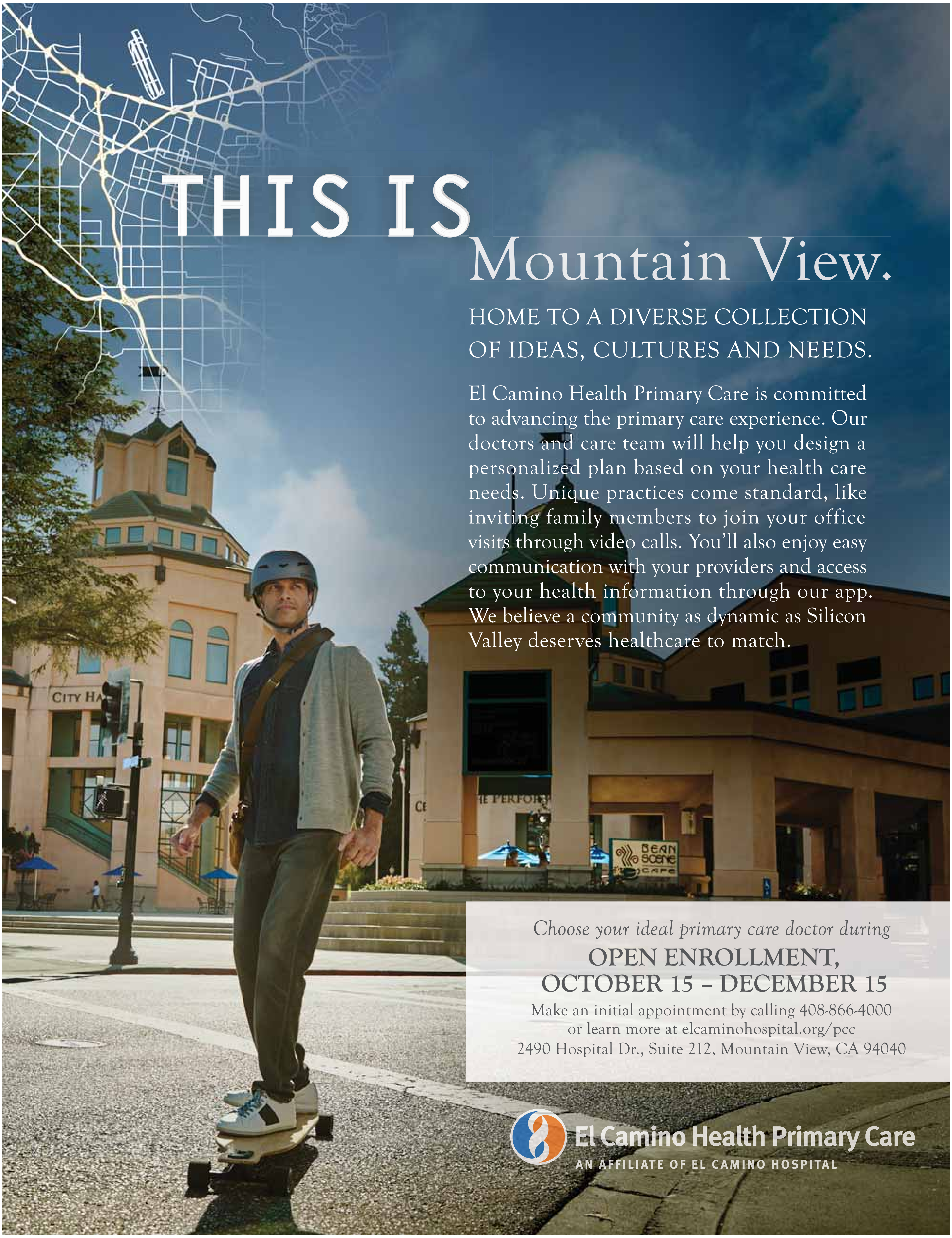
HOME & GARDEN

Annual Holiday Greens Sale Gamble Gardens will hold their annual Holiday Greens Sale, where holiday arrangements and fresh greens will be available for purchase. The event will be held rain or shine. Dec. 8, 9 a.m.-noon. Free. Gamble Garden, 1431 Waverley St., Palo Alto. gamblegarden.org/event








THIS IS
Mountain View.
HOME TO A DIVERSE COLLECTION OF IDEAS, CULTURES AND NEEDS.
El Camino Health Primary Care is committed to advancing the primary care experience. Our doctors and care team will help you design a personalized plan based on your health care needs. Unique practices come standard, like inviting family members to join your office visits through video calls. You'll also enjoy easy communication with your providers and access to your health information through our app. We believe a community as dynamic as Silicon Valley deserves healthcare to match.
Choose your ideal primary care doctor during
OPEN ENROLLMENT, OCTOBER 15 – DECEMBER 15
Make an initial appointment by calling 408-866-4000
or learn more at elcaminohospital.org/pcc
2490 Hospital Dr., Suite 212, Mountain View, CA 94040
El Camino Health Primary Care
AN AFFILIATE OF EL CAMINO HOSPITAL
CITY HA
BEAN SCENE CAFE

123 Tennyson Avenue, Palo Alto

Pristine Excellence in Old Palo Alto

Elegant traditional architecture and custom construction is presented at its finest in this remarkable 5 bedroom, 5.5 bath home of 6,044 square feet (per plans) on a 12,000 square foot lot (per city). Four spacious levels and a beautiful backyard fill this grand estate, complete with three bedroom suites, a dedicated home office, sound-proofed professional home theater, downstairs billiards room, private master balcony, high-end appliances and finishes, outdoor koi pond and fire pit, and home automation including Ring and Nest systems. In this prime and prestigious location, residents will be moments away from exploring Gamble Garden, Rinconada Park, fine dining along California Avenue, downtown University Avenue, Stanford University, and nationally-acclaimed Palo Alto schools.

For video tour & more photos, please visit:

www.123Tennyson.com

Offered at $8,788,000

Listed by Michael Repka of the DeLeon Team

650.900.7000 | michael@deleonrealty.com | www.deleonrealty.com | DRE #01903224

1066 Metro Circle, Palo Alto

Newly-Built Modern Masterpiece in Palo Alto

Just completed construction in October 2018, this stunning 6 bedroom, 5.5 bath estate of 4,068 square feet (per county) showcases a stunning range of modern innovations blended beautifully with classic midcentury virtues. Andersen windows, vaulted ceilings with skylights, Nest-controlled HVAC, LaCantina folding doors, and Carrara and Calacatta marble finishes reign throughout three bedroom suites, a jack-and-jill unit, luxurious master suite, great room, and dedicated home office. Liebherr and Thermador appliances command the chef's kitchen, which creates a striking indoor-outdoor connection to the large patio, lush backyard, and expansive lot of 13,072 square feet (per county). In this prestigious location, residents are moments away from 22-acre Greer Park, vibrant Midtown Shopping Center, world-class schools, and award-winning restaurants.

For video tour & more photos, please visit:

www.1066Metro.com

Offered at $4,788,000

OPEN HOUSE

Saturday
1:30 pm - 4:30 pm

Listed by Michael Repka of the DeLeon Team

650.900.7000 | michael@deleonrealty.com | www.deleonrealty.com | DRE #01903224

1321 Harker Ave, Palo Alto

Chic Craftsman With Modern Updates

Located in the prestigious Community Center neighborhood of Palo Alto, this elegant 5 bedroom, 4.5 bath home resides on a lot of 9,847 square feet (per city). Nestled on a quiet, tree-lined avenue, this home offers peace and solitude. Inside, you'll find gorgeous Brazilian cherry floors, smart home automation with whole house audio, large entertainment room with surround sound system, wine cellar, chef's kitchen, and more. The backyard is ideal for entertaining with a Viking grill, wood-burning fireplace, and large sport court fit for basketball and volleyball. In this prime location, you'll be minutes away from two of Palo Alto's best parks, Lucie Stern Community Center, and downtown. Children can attend excellent schools such as Duveneck Elementary (#2 Elementary School in California), Jordan Middle (#4 Middle School in California), and Palo Alto High (#5 High School in California) (buyer to verify eligibility).

For video tour & more photos, please visit:

www.1321Harker.com

Offered at $ 6,988,000

Listed by Michael Repka of the DeLeon Team

650.900.7000 | michael@deleonrealty.com | www.deleonrealty.com | DRE #01903224

Industrial Chic in Crescent Park

417 Seneca Street, Palo Alto

Stunning ultra-modern design along with thoughtful details, touches of global influence, and plenty of tech make this 6 bedroom, 4.5 bath home of 5,726 sq. ft. (per seller) on a lot of 10,549 sq. ft. (per county) a pleasure to experience and a comfortable retreat. Newly completed in prestigious Crescent Park and abundant in unique yet fun and functional features that delight at every turn, this property offers design by renowned architect Robert Swain, exceptional amenities, smart and flexible spaces including a detached guesthouse, incredible entertainment potential, whole house automation, while being near the best that Palo Alto Offers. Located in a peaceful setting, residents are a stroll away from vibrant University Avenue and moments to Stanford Shopping Center, and commuting along US 101 while children attend top-ten ranked schools including Addison Elementary (#10 Elementary School in California), Jordan Middle (#4 Middle School in California), and Palo Alto High (#5 High School in California) (buyer to verify eligibility).

For video tour & more photos, please visit:

www.417Seneca.com

Offered at $7,788,000

OPEN HOUSE	Saturday 1:30 pm - 4:30 pm

Listed by Michael Repka of the DeLeon Team

650.900.7000 | michael@deleonrealty.com | www.deleonrealty.com | DRE #01903224

Listed by **Michael Repka** of the DeLeon Team

650.900.7000 | michael@deleonrealty.com | www.deleonrealty.com | DRE #01903224

ENDLESS POSSIBILITIES IN PRESTIGIOUS PALO ALTO

128 Middlefield Road, Palo Alto

Offered at $1,988,000

Located near Downtown Palo Alto, this charming 2 bedroom home rests on a 4,361 square foot lot (per city) and offers a unique opportunity to rebuild your dream home with preliminary plans drafted by famous Tobin Dougherty Architects. A private wooden fence surrounds this Craftsman home, complemented by blooming rose bushes, redwood trees, a putting green, and a wisteria-covered pergola that's perfect for alfresco dining and entertaining. The arched entryway and beautiful bay window frame the spacious living room, while two sun-lit bedrooms and a vintage eat-in kitchen await beyond. In this excellent location, you'll be moments away from award-winning restaurants along University Avenue, Stanford Shopping Center, San Francisquito Creek Trail, city parks, and world-class schools.

OPEN HOUSE	Saturday 1:30 pm - 4:30 pm

For more information, video tour & more photos, please visit:

www.128MiddlefieldRoad.com

Listed by **Michael Repka** of the DeLeon Team

650.900.7000 | michael@deleonrealty.com | www.deleonrealty.com | DRE #01903224

EXQUISITE MEDITERRANEAN IN DESIRABLE SARATOGA FOOTHILLS

18000 Rodeo Creek Hollow, Saratoga

Offered at $4,488,000

Exquisite architectural design, a wonderful blend of elegance and luxury, and a prestigious location lend this custom-built, 5 bedroom, 4.5 bathroom home of 5,308 sq. ft. (per county) a classic, Mediterranean impression while contemporary appointments and attention to detail make it wonderfully comfortable as well. A grand master suite, spacious living areas with soaring ceilings, chef-inspired kitchen, home office, lower-level bonus room, three-car garage, and lovely, shaded grounds on a lot of 17,011 sq. ft. (per county) make this property a perfect Silicon Valley haven. You'll love being able to stroll less than 10 minutes to coffee and other conveniences at the Argonaut Shopping Center and drive less than 5 minutes to charming Saratoga Village. Children attend highly-rated Saratoga Union Elementary schools and Saratoga High (buyer to verify eligibility).

OPEN HOUSE	Sunday 1:30 pm - 4:30 pm

For more information, video tour & more photos, please visit:

www.18000RodeoCreekHollow.com

EL CAMINO HEALTHCARE DISTRICT



Message from El Camino Healthcare District Board of Directors

The El Camino Healthcare District Board of Directors is responsible for ensuring the District's mission is accomplished and for providing public oversight of District business affairs. This includes exercising certain retained authority over El Camino Hospital and determining the use of tax revenue for community benefit programs and other uses. The strong financial performance of both the District and Hospital is essential to meet the evolving health needs and challenges of our community.

As part of the District's transparency efforts and good governance, an annual Independent Auditor's Report of the El Camino Healthcare District is prepared and certified by the public accounting firm of Moss Adams LLP and made available to the public. The report covers all six entities of the District, of which El Camino Hospital is the largest, and includes balance sheets and financial statements of revenues, expenses, and changes in net assets. This audit also provides important information on the spending of District funds and how they are being used to improve care facilities and address community health needs. Read the Independent Auditor's Report on the following pages or download a copy at **www.elcaminohealthcaredistrict.org/2018audit**.

Learn more about our Community Benefit Program and its impact at **www.elcaminohealthcaredistrict.org/CommunityBenefit**

If you would like to learn more about the El Camino Healthcare District, we invite you to attend one of our board meetings or watch it online.

EL CAMINO HEALTHCARE DISTRICT COMMUNITY BENEFIT FY2018 HIGHLIGHTS

80
GRANTS & SPONSORSHIPS

87,000
INDIVIDUALS SERVED THROUGH GRANTS

$6,847,000
INVESTED IN COMMUNITY ORGANIZATIONS

EL CAMINO HOSPITAL FY2018 HIGHLIGHTS

3,337
EMPLOYEES

19,773
INPATIENT VISITS

202,662
OUTPATIENT VISITS

$3,153,000
INVESTED IN COMMUNITY BENEFIT GRANTS & SPONSORSHIPS

www.elcaminohealthcaredistrict.org

EL CAMINO HEALTHCARE DISTRICT FINANCIAL REPORT
June 30, 2018 and 2017


Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information

El Camino Healthcare District

June 30, 2018 and 2017

MOSSADAMS

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EL CAMINO HEALTHCARE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2018, 2017 and 2016

Management's Discussion and Analysis

El Camino Healthcare District
Management's Discussion and Analysis
For the Years Ended June 30, 2018, 2017, and 2016

El Camino Healthcare District (the "District") is comprised of six (6) entities: the District, El Camino Hospital (the "Hospital"), El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), El Camino Surgery Center ("ECSC"), and Silicon Valley Medical Development, LLC ("SVMD").

Effective May 6, 2013, ECSC sold certain medical equipment, furnishings, fixtures, inventories, and other tangible personal property in exchange for a seven and one half percent (7.5%) interest in El Camino Ambulatory Surgery Center, ("ECASC"). As of March 2015, ECSC's interest in ECASC has increased to 33.4%. ECSC has provided a working capital line of credit to ECASC in a principal amount of $750,000 represented by a Promissory Note and has a term of 39 months with an interest rate of 5% per annum. At June 30, 2018, 2017, and 2016, there were total draws of $0, $0, and $484,000 against the line of credit, respectively. The Hospital leases the space to ECASC and provides certain services, such as utilities and building/equipment maintenance. There was $658,000 of rental income recorded for the year ended June 30, 2018, $498,000 of rental income recorded for the year ended June 30, 2017, and $771,000 of rental income recorded for the year ended June 30, 2016 related to the lease. On August 29, 2016, ESCS paid off the line of credit of $483,000.

Silicon Valley Medical Development, LLC is organized as a California limited liability company and was formed in 2008. In fiscal year 2018, SVMD completed extensive tenant improvements (in November 2017) at a San Jose location and opened a Primary Care Clinic and in May 2018 opened a Specialty Care Clinic for Spine and Neurology services at the Hospital's Mountain View site. SVMD then opened its first Urgent Care Clinic in June 2018 at a location in Cupertino. Subsequent to year end it opened a second Urgent Care Clinic in Mountain View.

Overview of the Consolidated Financial Statements

This annual report consists of the consolidated financial statements and notes to those statements. These statements are organized to present the District as a whole, including all the entities it controls. Financial information for each separate entity is shown in the supplemental schedules on the last pages of the report. In accordance with the Governmental Accounting Standards Board ("GASB") Codification Section 2200, *Comprehensive Annual Financial Report,* the District presents comparative financial highlights for the fiscal years ended June 30, 2018, 2017, and 2016. This discussion and analysis should be read in conjunction with the consolidated financial statements in this report.

The consolidated statements of net position, the consolidated statements of revenues, expenses, and changes in net position, and consolidated statements of cash flows provide an indication of the District's financial health. The consolidated statements of net position include all the District's assets and liabilities, using the accrual basis of accounting. The consolidated statements of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods indicated. The consolidated statements of cash flows report the cash provided by the operating activities, as well as other cash sources such as investment income and cash payments for capital additions and improvements.

Consolidated Financial Highlights

Year Ended June 30, 2018

Exceeding a positive 2017 fiscal year, this year topped the prior year in producing the now greatest net income by creating an increase in net position of $215 million in the 2018 fiscal year, which is $37 million over the fiscal year of 2017, which had been the most successful year in the District's history. This $37 million increase was entirely earned out of operations with significant growth in operating revenues.

EL CAMINO HEALTHCARE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2018, 2017 and 2016

Year Ended June 30, 2017

In March 2017, El Camino Hospital issued Revenue Bonds in the amount of $292,435,000 to be used in its completion of the Master Facilities Plan at the Hospital's Mountain View campus. The primary projects that started in July 2016 are the Behavior Health Building replacement, expansion of the North Drive parking structure, and the construction of an integrated medical office building and associated parking structure.

Also in March 2017, El Camino Healthcare District refunded $99,035,000 of its $131,370,000 outstanding G.O. bonds that were issued in 2006 that assisted in building the Mountain View replacement hospital that was completed in November 2009. This refinancing resulted in a reduction of future interest payments with a present value of approximately $7,000,000 and along with increased assessed property values reduced District residents' G.O. tax rate from the original $12.90 per $100,000 of assessed valuation to $10.00 per $100,000 of current assessed valuation.

The 2017 fiscal year ended with an increase to net position of $177 million, of which $106 million was produced from operations and another $71 million in non-operating revenues, significantly driven by realized and unrealized gains from investments.

Summary of Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position
As of June 30, 2018, 2017 and 2016

(In Thousands)

	2018	2017	2016
Assets:			
Current assets	$ 539,161	$ 494,644	$ 411,110
Board designated and restricted funds, net of current portion	715,395	568,776	491,544
Funds held by trustee, net of current portion	218,457	305,415	46,293
Capital assets, net	920,200	809,611	743,127
Other assets	96,160	70,095	59,399
Total assets	**2,489,373**	**2,248,541**	**1,751,473**
Deferred Outflows:			
Loss on defeasance of bond payable	13,562	14,163	14,764
Deferred outflow of resources	5,200	5,700	5,100
Deferred outflow - actuarial	2,414	9,097	9,950
Total deferred outflows	**21,176**	**28,960**	**29,814**
Total assets and deferred outflows	**$ 2,510,549**	**$ 2,277,501**	**$ 1,781,287**
Liabilities:			
Current liabilities	$ 145,514	$ 124,876	$ 112,214
Bonds payable, net of current portion	642,235	654,027	351,361
Other long-term liabilities	56,629	48,289	52,220
Total liabilities	**844,378**	**827,192**	**515,795**
Deferred Inflows:			
Deferred inflow of resources	3,638	3,521	3,596
Deferred inflow - actuarial	22,835	10,666	2,892
Total deferred inflows	**26,473**	**14,187**	**6,488**
Net position:			
Unrestricted and invested in capital assets, net	1,620,328	1,421,009	1,244,697
Restricted by donors - charity and other	15,652	11,651	11,599
Restricted - endowments	3,718	3,462	2,708
Total net position	**1,639,698**	**1,436,122**	**1,259,004**
Total liabilities, deferred inflow, and net position	**$ 2,510,549**	**$ 2,277,501**	**$ 1,781,287**
Operating cash equivalents & short-term investments	$ 370,877	$ 350,689	$ 285,907
Board designated, funds held by trustee, & restricted funds	954,815	887,324	534,267
Total available cash & investments	**$ 1,325,692**	**$ 1,238,013**	**$ 820,174**

EL CAMINO HEALTHCARE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2018, 2017 and 2016

Investments

The District maintains sufficient cash balances to pay daily operational expenses and all short term liabilities. In late fiscal year 2012, the Hospital (exclusive of the District) selected an Investment Consultant to assist the Hospital and its subsidiaries in managing its investments, and both the investment policies for Surplus Cash and Cash Balance Plan were updated and approved by the Hospital Board of Directors. The policies allow for greater diversification in the investment portfolios to balance the need for liquidity with a long-term investment focus in order to improve investment returns and the organization's financial strength. Beginning early in fiscal year 2013, an Investment Committee was formed to perform the following responsibilities, among others: monitor performance of investment managers, monitor allocations across investment styles and investment managers, review compliance with the policies, and make recommendations for revisions to the policies. The number of money managers expanded from two money managers in fiscal year 2014 for Surplus Cash to approximately thirty managers in fiscal year 2018.

Capital Assets

Continuing on from fiscal year 2017, in fiscal year 2018 the Hospital continued construction on the four (4) major projects at its Mountain View campus. These four projects total $432 million in expenditures. The Hospital issued $292,435,000 in tax-exempt revenue bonds in March 2017 to assist in covering the expenditures of these projects. The remaining monies to complete the projects will come from surplus cash. The projects are:

Replacement of the Behavior Health Services building, this project is projected to be completed in late spring of calendar year 2019 at a current total cost of $96.1 million, with approximately $42.9 million in costs incurred at the end fiscal year 2018.

Construction of an integrated medical office building ("IMOB") and associated parking structure to be completed in early summer of 2019 at a current total cost of $302.1 million, with approximately $113.0 million incurred at the end of fiscal year 2018.

An upgrade to the Central Utility Plant, this project is to be completed in the summer of 2018 at the current cost of $9 million, with approximately $7.0 million incurred at the end of fiscal year 2018.

Expansion of the North Drive Parking Garage was completed in August 2017 at its projected cost of $24.5M. The project included installing a one megawatt solar panel on the top floor of the parking structure. The power provided by the solar panels is providing all the required energy in the Women's Hospital on the Mountain View campus and has reduced our reliance on Pacific Gas & Electric. Savings in consumption are being realized, but the exact amount of savings has not been calculated as the fiscal year ended.

Expansion and renovation of the Women's Hospital at the Mountain View campus which will occur after the completion of the IMOB and the current physician tenants in the building on the second and third floors move into the completed IMOB in the summer of 2019. The Board approved initial funding in fiscal year 2017 for $6 million of which $3.2 million has been spent to for design work. Current total project is estimated at $138 million.

In November 2017 the tenant improvements for the new Primary Care Clinic on Winchester Road in San Jose was completed at a cost of $3.6 million and opened for business.

At the Los Gatos campus, the significant capital renovation and upgrade projects continued in its Imaging (including a new state-of-the-art CT scanner) and Surgery services and in the Central Sterile Processing unit that was financed by $42 million of the $160 million 2015A tax exempt bonds issue.

Also at the Los Gatos campus, the completion of major renovations to its Medical Office Building was completed in May 2018 at a cost of $4.9 million.

Each campus received a new da Vinci surgical robot in August 2017 at a total cost of $3.8 million.

EL CAMINO HEALTHCARE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2018, 2017 and 2016

Revenues and Expenses

The following table displays revenues and expenses for 2018, 2017, and 2016:

Revenues & Expenses
Years Ended June 30, 2018, 2017 and 2016
(In Thousands)

	2018	2017	2016
Operating revenues:			
Net patient service revenue net of bad debt of $21,407, $19,405 $18,966 in 2018, 2017, and 2016, respectively	$ 901,023	$ 832,573	$ 772,173
Other revenue	42,692	37,916	34,237
Total operating revenues	**$ 943,715**	**$ 870,489**	**$ 806,410**
Operating expenses:			
Salaries, wages & benefits	$ 471,132	$ 451,416	$ 439,877
Professional fees and purchased services	120,569	111,990	106,838
Supplies	128,072	121,888	118,096
Depreciation	49,957	48,179	49,051
Rent and utilities	15,783	16,265	15,669
Other	13,898	14,595	19,456
Total operating expenses	**$ 799,411**	**$ 764,333**	**$ 748,987**
Operating income	**$ 144,304**	**$ 106,156**	**$ 57,423**
Nonoperating revenue (expense) items:			
Bond interest expense, net	(9,011)	(6,697)	(10,891)
Intergovernmental transfer expense	(6,469)	(10,328)	(802)
Realized investment income	27,936	15,913	16,672
Unrealized investment gain (loss)	30,727	47,552	(16,886)
Property tax revenues	25,378	25,540	23,633
Restricted gifts, grants and other net of contributions to related parties	4,349	4,201	7,038
Unrealized gain (loss) on interest rate swap	1,151	3,429	(3,214)
Community benefit expense	(10,505)	(9,970)	(9,295)
Other, net	6,757	1,322	441
Total nonoperating revenues and expenses	**$ 70,313**	**$ 70,962**	**$ 6,696**
Increase in net position	**$ 214,617**	**$ 177,118**	**$ 64,119**
Total net position, beginning of year	**1,436,122**	**1,259,004**	**1,194,885**
CUMULATIVE EFFECT OF RESTATEMENT	**(11,041)**	**-**	**-**
Total net position, beginning of year, as restated	**1,425,081**	**1,259,004**	**1,194,885**
Total net position, end of year	**$ 1,639,698**	**$ 1,436,122**	**$ 1,259,004**

El Camino Healthcare District
Management's Discussion and Analysis
For the Years Ended June 30, 2018, 2017, and 2016

Fiscal Year 2018 Consolidated Financial Analysis

Net Patient Services Revenues

Net patient services revenue in fiscal year 2018 increased by $68.5 million, or 8.2% over fiscal year 2017. This increase was due to several factors which include a IGT payment of $8.4 million, along with FY 2018 participation being paid of $1.7 million; a $2.3 million of cost report settlement; volume increases in General Medicine (8.5%), Imaging (6.0%), General Surgery (5.2%) and Neurosciences (14.5%) also contributed. Another increase to this year's net patient revenue was due to the revision to the model that is done for calculating certain reserves, which provided a one-time reduction to estimated reserves in 2018.

Specialty	2018 Days	2017 Days	% Change
Medical/Surgical	61,869	61,187	1%
Maternity	14,200	14,413	-1%
Pediatrics	25	29	-14%
NICU	4,350	5,089	-15%
Psychiatry	6,823	6,558	4%
Normal newborn	10,467	10,498	0%
Total	**97,734**	**97,774**	**0.0%**

Specialty	2018 LOS	2017 LOS	% Change
Medical/Surgical	4.5	4.7	-4%
Maternity	3.0	3	0%
Pediatrics	1.7	1.6	6%
NICU	10.5	9.7	8%
Psychiatry	7.9	9.2	-14%
Normal newborn	2.5	2.4	4%
Average Length of Stay ("LOS")	**4.2**	**4.3**	**-2.3%**

The overall case mix index, which is an indicator of patient acuity, was 1.54 in fiscal year 2018, and 1.48 in fiscal year 2017.

Other Revenue

Other Revenues increased by $4.8 million in fiscal year 2018 over the prior 2017 fiscal year. The primary increases were medical office building lease billings, IT services provided Pathways Home Care and Hospice, participation in in Public Redesign and Incentives in Medi-Cal ("PRIME"), and dietary services to Lucile Packard Children's Hospital patients that occupy a wing of the further floor of the Mountain View main hospital.

Operating Expenses

Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by $19.7 million in fiscal year 2018 over 2017, which is 59% of total operating expenses and consistent with fiscal year 2017. Salaries and wages (exclusive of employee benefits) increased by $21.1 million over fiscal year 2017. Registered Nurses ("RN"), including registries, payroll salaries increased by $10.7 million in fiscal year 2018 compared to 2017 primarily driven by patient volumes and including in this year the Hospital started a nursing new grad program to provide greater training in nursing operations at the Hospital at a cost of $1.2 million. A number of other clinical areas saw growth as in respiratory care, operating rooms, imaging, and interventional services. In total the FTE (Full Time Equivalent) grew by 88 FTE's over fiscal year 2017.

With an RN turnover rate of 2.2%, the Hospital continues to do better than the statewide rate of 2.5%, as published by the California Hospital Association ("CHA") at the end of the first quarter of the calendar year 2018.

Employees represented by the Professional Resources for Nurses ("PRN") are currently under contract. The Memorandum of Understanding ("MOU") was dated October 26, 2016 with an expiration date of June 30, 2019. Employees of PRN received a 4% contractual increase effective May 20, 2018.

Employees represented by SEIU United Healthcare Workers ("SEIU – UHW") are under a current contract that extends through June 2019. In fiscal year 2018 received a 3.0% contractual wage increase effective July 1, 2017.

The Hospital's Stationary Engineers – Local 39 members ratified a 5-year contract that began November 1, 2016 through October 31, 2021, receiving a 3% contractual increase on November 5, 2017.

Hospital-represented, non-management staff on a merit based compensation structure received annual merit increases averaging 2.7% in July 2017.

Management and Executive staff received market-based adjustments or merit increases averaging 2.7%; Management in August 2017.

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave decreased by $1.4 million.

Significant decreases/increases were as follows:

- For the employees of PRN as they ratified their contract in fiscal year 2017, all members (1,218) were provided a Ratification Bonus that totaled $2.5 million that was paid out in December 2016. This was a one-time event and did not occur in the current fiscal year
- Pension expense decreased by $4.2 million, primarily by increased investment returns on the Plan's investment in the past year.
- Self-funded worker compensation expenses decreased by $1.3 million primary in third party payments for employee injuries.
- Paid Time Off ("PTO") accrued expense increased by $3.5 million over the 2017 fiscal year.
- Employer FICA (Social Security and Medicare) taxes increased by $1.6 million in the current fiscal year.

Professional and Purchased Services

Total professional and purchased services increased by $8.6 million over the prior fiscal year.

The significant increases were as follows:

- Continued on-going repairs in maintaining buildings and grounds to look and perform as they did when they came on line at the campuses of Mountain View and Los Gatos are these days a significant expense, thus in current fiscal year $4.9 million was expended over fiscal year 2017. Maintaining the many state-of-the-art medical equipment added $900 thousand in the 2018 fiscal year over the prior year.
- Maintenance and upgrades to various software applications saw a $1.4 million increase over the prior year.
- Physician services of participating on required on-call panels at both campuses and medical directorship fees increased by $1.7 million in the current fiscal year.

Supplies

Total supplies increased by $6.2 million in fiscal year 2018 over 2017. Pharmaceuticals increased by $3.0 million over the 2017 year. At the Cancer Infusion Center, the service saw increased patient volumes, along with a higher acuity of the patients. The pharmaceutical industry saw an overall inflation rate of 4.1% for the year. Spine surgery had increased utilization causing a $1.7 million in medical supplies. Other areas that saw increases were for certain heart and vascular devices, prosthesis and orthopedics devices, respiratory materials, and oxygen and other medical gases had significant increases.

Depreciation

Depreciation expense this fiscal year increased by $1.8 million over fiscal year 2017. Primarily the increase was for buildings and structures, in particular the new North Drive parking structure at the Mountain View campus coming on line and various major upgrades to the Los Gatos facilities, including the HVAC system and medical office buildings.

EL CAMINO HEALTHCARE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2018, 2017 and 2016

Rent and Utilities

Rent and utilities this fiscal year was decreased by an insignificant $482,000 over fiscal year 2017.

Other Expense

Other expense decreased in current fiscal year by $697,000 over the prior year, principally for annual dues and subscription fees and offsite seminars and associated travel expense.

Non-operating Revenue and Expenses

Interest Expense

The increase of $2.3 million in fiscal year 2018 over the prior year is due a full year of the May 2017 $292 million issue being place. Though a majority of its interest is being capitalize as the major projects remain being constructed, the Parking Structure addition at the Mountain View campus was completed in August 2017 as was some significant renovation projects at the Los Gatos campus that were funded by the 2015A bonds.

Change in Net Unrealized Gains and Losses on Investments

For fiscal year 2018, the Hospital had approximately 30 money managers with different investment objectives for the Hospital's surplus cash investments. Total net unrealized gains/losses are reported in the consolidated financial statements during this fiscal year.

The Hospital experienced a change in net unrealized gains and losses on investments of $30.7 million during fiscal year 2018 and the change in net unrealized gains and losses for fiscal year 2018 was a Year over Year ("YOY") decrease of $16.8 million. The change in net unrealized gains and losses in 2018 were a result of strong investment results that were widespread across investment portfolios with the exception of fixed income portfolios. Externally held funds (excluding hedge funds) and mutual fund investments generated $24.4 million in change in unrealized gains and losses. Within mutual funds, all equity funds generated significant unrealized gains throughout fiscal year 2018. These results were consistent with strong equity market returns within domestic and international equity markets as the S&P 500 Index returned +14.4% and the MSCI All Country World Index ex USA (net) returned +7.3% during fiscal year 2018. Separate account equities also experienced positive changes in net unrealized gains and losses of $2.1 million primarily driven by results from the portfolio's U.S. small-cap growth equity and U.S. large-cap value equity manager. Hedge fund investments added $9.8 million to the change in unrealized gains and losses with strong results across all four underlying strategies; equity, credit, relative value, and macro. Fixed income investments partially offset the impact of other asset classes as they experienced a negative change in net unrealized gains and losses of $6.1 million during fiscal year 2018. An increase in interest rates led to unrealized losses for fixed income investments during fiscal year 2018.

The YOY decrease in net unrealized gains and losses was primarily due to a $17.2 million decrease in externally held funds (excluding hedge funds) and mutual fund investments and a $4.8 million decrease due to fixed income investments. This was partially offset by a $4.6 million increase due to hedge fund investments. Within mutual fund investments, despite strong absolute gains in fiscal year 2018, equity funds were not able to keep pace with the level of gains experienced in fiscal year 2017, primarily within international equity holdings. The MSCI All Country World Index ex USA (net) returned +7.3% during fiscal year 2018, whereas the Index gained +20.5% in fiscal year 2017. Conversely, hedge fund investments returned +8.7% during fiscal year 2018, whereas they returned +5.6% in fiscal year 2017.

Economic Factors and Next Year's Budget

The Board approved the fiscal year 2019 budget at their June 2018 meeting. The District is budgeting a combined increase in net position of $125.6 million. Volumes are budgeted to grow by 2.5%. Reimbursement rates are projected to increase by 3%, as well as expenses to also grow by 3% over the 2018 fiscal year. The organization is focused on being a value-based healthcare provider offering top decile, acute care quality at mid-level pricing, moving towards continuum partnerships that integrate physician networks, care coordination, and delivery strategies, while maintaining our "triple aim" of quality, service, and affordability.

Fiscal Year 2017 Consolidated Financial Analysis

Net Patient Services Revenues

Net patient services revenue in fiscal year 2017 increased by $60.4 million, or 7.8% over fiscal year 2016. This increase was due to several factors which include a delayed IGT payment of $6.5 million from FY 2016 received in FY 2017, along with the FY 2017 participation being paid in June 2017 in the amount of $6.5 million; the participation in Public Redesign and Incentives in Medi-Cal ("PRIME") program in which an additional $4.0 million was received in FY 2017 over FY 2016; a $1.6 million of cost report settlement; volume increase in a number of product lines including heart and vascular (10.14%), Spine surgery (13.20%), outpatient surgery (9.20%), outpatient infusion (29.40%), and urology (11.20%).

EL CAMINO HEALTHCARE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2018, 2017 and 2016

Specialty	2017 Days	2016 Days	% Change
Medical/Surgical	58,467	61,046	-4.2%
Maternity	11,406	14,465	-21.1%
Pediatrics	29	4	625.0%
NICU	5,089	5,199	-2.1%
Psychiatry	6,558	7,990	-17.9%
Rehab	5,727	-	0.0%
Normal newborn	10,498	10,717	-2.0%
Total	**97,774**	**99,421**	**-1.7%**

Specialty	2017 LOS	2016 LOS	% Change
Medical/Surgical	4.6	4.9	-6.1%
Maternity	2.4	3.0	-20.0%
Pediatrics	1.6	1.9	-15.8%
NICU	9.7	9.8	-1.0%
Psychiatry	9.2	10.0	-8.0%
Normal newborn	2.4	2.5	-4.0%
Average LOS	**4.2**	**4.3**	**-2.3%**

The overall case mix index, which is an indicator of patient acuity, was 1.48 in fiscal year 2017 and fiscal year 2016.

Operating Expenses

Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by $11.5 million in fiscal year 2017 over 2016, which is 59% of total operating expenses and consistent with fiscal year 2016. Salaries and wages (exclusive of employee benefits) increased by $4.5 million over fiscal year 2016. Registered Nurse ("RN") payroll salaries increased by $3.5 million in fiscal year 2017 compared to 2016. A significant decrease in labor costs in fiscal year 2017 was for outside labor in the amount of $4.7 million, as in fiscal year 2016 the implementation of the Hospital's new Electronic Health Record ("EHR") system (Epic) was being completed [live in November 2015] and significant outside labor was brought in to allow certain clinical personnel to perform final testing and for a large segment of the employees to complete training classes on the use of the new system.

The RN turnover rate at the end of the first quarter of calendar year 2017 was 2.7% for the Hospital compared to Northern California rate of 1.9% and a statewide rate of 2.4%. The greatest reason for terminations of the Hospital's RN staff during the current fiscal year was for relocation which may be driven by the ever increasing prices in housing/rental market in and around Silicon Valley in which the Hospital resides.

In fiscal year 2017, the Hospital reduced Full Time Equivalents ("FTE") by 33 over 2016. This reduction was principally due to that in fiscal year 2016 with the implementation of Epic that went live November 2015 significant additional labor was needed to complete the testing of the system and training of all clinical staff and others in the use of Epic.

Employees represented by the Professional Resources for Nurses ("PRN") are currently under contract. The Memorandum of Understanding ("MOU") was dated October 26, 2016 with an expiration date of June 30, 2019. Employees of PRN received a 3% contractual increase effective November 20, 2016 and another 3% increase effective April 9, 2017.

Employees represented by SEIU United Healthcare Workers ("SEIU – UHW") are under a current contract that extends through June 2019. In fiscal year 2017 they received 3.0% increases in starting on September 25, 2016.

The Hospital's Stationary Engineers – Local 39 members ratified a 5-year contract that began November 1, 2016 through October 31, 2021, receiving a 3% contractual increase on November 1, 2016.

Hospital-represented, non-management staff on a merit based compensation structure received annual merit increases averaging 2.7% in July 2016.

Management and Executive staff received market-based adjustments or merit increases averaging just under 3%; Management in August 2016 and Executives in October 2016.

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave increased by $6.7 million.

Significant increases were as follows:

For the employees of PRN as they ratified their contract in October 2016, all members (1,218) were provided a Ratification Bonus that totaled $2.5 million that was paid out in December 2016.

Healthcare expense (medical, dental, and vision) increased by $2.2 million over 2016.

Performance bonuses to management and rank and file employees based on the outstanding financial outcome for the 2017 fiscal year were accrued by $700 thousand over fiscal year 2016.

EL CAMINO HEALTHCARE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2018, 2017 and 2016

FICA/Social Security employer expense and severance payments combined to become a $1 million increase over fiscal year 2016.

Professional and Purchased Services

Total professional and purchased services increased by $5.2 million over the prior fiscal year.

Significant increases/decreases were as follows:

Bond issuance costs associated with issuing the 2017 Revenue Bonds in the amount of $292,435,000 caused the most significant single increase over fiscal year 2016 by $2.7 million.

Professional consulting fees for the retention of the interim CEO of the Hospital for ten months during fiscal year 2017, recruitment fees to locate the permanent CEO (begins in late August 2017) and other senior critical leadership positions during fiscal year, along with the consulting expense to fill these open positions in the interim as they became permanently hired, and outside legal expenses lead to an increase of $3.3 million in fiscal year 2017 over 2016 in the aggregate.

Within the CONCERN employee assistance program, the expense for outside provider counselors to provide services to the covered employees of CONCERN's client base increased by $1.4 million in fiscal year 2017 over the prior 2016 fiscal year. This increase was due in part by increased clients and employee head count being covered, but also increased utilization of those counseling services.

A significant decrease of $2.2 million was for information system software maintenance as in fiscal year 2016 before migrating to Epic the Hospital was maintaining its then current EHR system and a number of supporting sub-systems. As Epic went live and became stabilized maintaining a number of the legacy systems were sunset towards to end of fiscal year 2016, thus reducing the annual software maintenance coming into fiscal year 2017.

Supplies

Total supplies increased by $3.8 million in fiscal year 2017 over 2016. Pharmaceuticals increased by $3.0 million over the 2016 year. With the expansion of the Cancer Infusion Center that opened the end of the 2016 fiscal year, the service saw increased patient volumes, along with a higher acuity of the patients. The pharmaceutical industry saw an overall inflation rate of 4.1% for the year. Medical supplies saw increases in heart and vascular devices, offset by a decrease in general medical surgical supplies.

Depreciation

Depreciation expense this fiscal year decreased by $872,000 over fiscal year 2016. Primarily the decrease was due to that in fiscal year 2016 a portion of the Mountain View old tower (the "North Addition") was on accelerated depreciation to end June 2016 as it was demolished the beginning of fiscal year 2017 to make way for the construction of the Integrated Medical Office Building. In addition, a number of significant pieces of capital equipment became fully depreciated.

Rent and Utilities

Rent and utilities this fiscal year was increased by an insignificant $596,000 over fiscal year 2016.

Other Expense

There was a decrease of $4.9 million in fiscal year 2017 over 2016. Primarily this was due to going "live" with new EHR Epic system in the prior fiscal year, in which all of the clinical staff and certain administrative support departments had to be trained on the new system in November 2015. This training expense was in excess of $7.8 million that was not repeated in fiscal year 2017.

Non-operating Revenue and Expenses

Interest Expense

Interest expense is primarily related to the 2015A Revenue Bonds ("2015A bonds") which refunded its 2007 Series Bonds ($120.1 million) and financed certain capital expenditures ($40.3 million) at the Hospital's Los Gatos campus. The advance refunding of the 2007 Series Bonds caused a loss on defeasance of $15.3 million which is being amortized as additional interest expense of the life of the 2015A Bonds, which adds an additional $600 thousand in interest expense per year. Secondly, with 2017 Revenue Bond issue in late March 2017 has added to operating interest, but a vast majority is being capitalized as part of the construction costs of the current four (4) major projects at the Mountain View campus.

Change in Net Unrealized Gains and Losses on Investments

For fiscal year 2017, the Hospital had 28 money managers with different investment objectives for the Hospital's surplus cash investments. Total net unrealized gains/losses are reported in the consolidated financial statements during this fiscal year.

The Hospital experienced net unrealized gains on investments of $47.5 million during fiscal year 2017 and the change in net unrealized gains and losses for fiscal year 2017 was a YOY increase of $64.5 million. The net unrealized gains in 2017 were a result of strong investment results that were widespread across investment portfolios with the exception of fixed income portfolios. Externally held funds (excluding hedge funds) and mutual fund investments generated $41.5 million in unrealized gains. Within mutual funds, all equity funds generated significant unrealized gains throughout fiscal year 2017. These results were consistent with strong equity market returns within domestic and international equity markets as the S&P 500 Index returned +17.9% and the MSCI All Country World Index ex USA (net) returned +20.5% during fiscal year 2017. Separate account equities also experienced net unrealized gains of $2.1 million primarily driven by results from the portfolio's U.S. large-cap value equity manager. Hedge fund investments added $5.2 million to unrealized gains with particularly strong results from credit and equity oriented strategies. Fixed income investments partially offset the impact of other asset classes as they experienced net unrealized losses of $1.3 million during fiscal year 2017. An increase in interest rates led to unrealized losses for fixed income investments during fiscal year 2017.

The YOY increase in net unrealized gains and losses was primarily due to a $48.8 million increase in externally held funds (excluding hedge funds) and mutual fund investments, a $13.9 million increase due to hedge fund investments, and a $6.6 million increase due to separate account equities. Within mutual fund investments all equity funds contributed to YOY gains; however, the portfolio experienced particularly strong YOY gains from internationally equity funds (+17.6% during fiscal year 2017 versus -6.0% in fiscal year 2016) and the U.S. large-cap growth equity fund (+24.5% in fiscal year 2017 versus -10.6% in fiscal year 2016). Also, hedge fund investments returned +5.6% during fiscal year 2017, whereas they returned -7.2% in fiscal year 2016.

EL CAMINO HEALTHCARE DISTRICT
REPORT OF INDEPENDENT AUDITORS

MOSSADAMS

Report of Independent Auditors

To the Board of Directors
El Camino Healthcare District

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of El Camino Healthcare District (the "District"), which comprise the consolidated statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the District as of June 30, 2018 and 2017, and the consolidated results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, for the fiscal year ended June 30, 2018, the District adopted new Government Accounting Standard Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As required by the standard, net position was restated as of July 1, 2017, and therefore the required disclosures are for fiscal year ended June 30, 2018, only. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

The accompanying Management's Discussion and Analysis on pages 1 through 15, and the accompanying supplemental pension and post-retirement benefit information on pages 58 and 59, are not required parts of the consolidated financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers them to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational economic, or historical context. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position, on pages 55 through 57, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying supplemental schedule of community benefit on page 60 is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. This supplementary information is the responsibility of the District's management. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Moss Adams LLP

San Francisco, California
October 17, 2018

Consolidated Financial Statements

EL CAMINO HEALTHCARE DISTRICT CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017 (In Thousands)

El Camino Healthcare District
Consolidated Statements of Net Position
June 30, 2018 and 2017
(In Thousands)

	2018	2017
ASSETS AND DEFERRED OUTFLOWS		
Current assets		
Cash and cash equivalents	$ 126,821	$ 131,563
Short-term investments	244,056	219,126
Current portion of board designated and funds held by trustee	20,963	13,133
Patient accounts receivable, net of allowances for doubtful accounts of $41,009 and $32,537 in 2018 and 2017, respectively	124,914	110,005
Prepaid expenses and other current assets	22,407	20,817
Total current assets	539,161	494,644
Non-current cash and investments		
Board-designated funds	714,995	568,376
Restricted funds	400	400
Funds held by trustee	218,457	305,415
	933,852	874,191
Capital assets		
Nondepreciable	305,797	221,478
Depreciable, net	614,403	588,133
Total capital assets	920,200	809,611
Pledges receivable, net of current portion	4,170	2,630
Prepaid pension asset	57,084	32,682
Investments in healthcare affiliates	31,268	31,262
Beneficial interest in charitable remainder unitrusts	3,638	3,521
Total assets	2,489,373	2,248,541
Deferred outflows of resources		
Loss on defeasance of bond payable	13,562	14,163
Deferred outflows of resources	5,200	5,700
Deferred outflows - actuarial	2,414	9,097
Total deferred outflows of resources	21,176	28,960
Total assets and deferred outflows of resources	$ 2,510,549	$ 2,277,501

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Net Position (continued)
June 30, 2018 and 2017
(In Thousands)

	2018	2017
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 51,036	$ 38,986
Salaries, wages, and related liabilities	54,006	51,688
Other current liabilities	23,244	16,459
Estimated third-party payor settlements	10,068	10,438
Current portion of bonds payable	7,160	7,305
Total current liabilities	145,514	124,876
Bonds payable, net of current portion	642,235	654,027
Other long-term obligations	9,454	11,364
Workers' compensation, net of current portion	17,963	17,707
Post-retirement medical benefits, net of current portion	29,212	19,218
Total liabilities	844,378	827,192
Deferred inflow of resources		
Deferred inflow of resources	3,638	3,521
Deferred inflow of resources - actuarial	22,835	10,666
Total deferred inflow of resources	26,473	14,187
Net position		
Invested in capital assets, net of related debt	510,225	466,827
Restricted - expendable	15,652	11,651
Restricted - nonexpendable	3,718	3,462
Unrestricted	1,110,103	954,182
Total net position	1,639,698	1,436,122
Total liabilities, deferred inflow of resources, and net position	$ 2,510,549	$ 2,277,501

See accompanying notes.

EL CAMINO HEALTHCARE DISTRICT CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017 (In Thousands)

El Camino Healthcare District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2018 and 2017
(In Thousands)

	2018	2017
OPERATING REVENUES		
Net patient service revenue (net of provision for bad debts of $21,407 and $19,405 in 2018 and 2017, respectively)	$ 901,023	$ 832,573
Other revenue	42,692	37,916
Total operating revenues	943,715	870,489
OPERATING EXPENSES		
Salaries, wages, and benefits	471,132	451,416
Professional fees and purchased services	120,569	111,990
Supplies	128,072	121,888
Depreciation	49,957	48,179
Rent and utilities	15,783	16,265
Other	13,898	14,595
Total operating expenses	799,411	764,333
Income from operations	144,304	106,156
NONOPERATING REVENUES (EXPENSES)		
Investment income, net	58,663	63,465
Property tax revenue		
Designated to support community benefit programs and operating expenses	8,281	7,902
Designated to support capital expenditures	7,831	6,959
Levied for debt service	9,266	10,679
Bond interest expense, net	(9,011)	(6,697)
Intergovernmental transfer expense	(6,469)	(10,328)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	4,349	4,201
Unrealized gain on interest rate swap	1,151	3,429
Community benefit expense	(10,505)	(9,970)
Other, net	6,757	1,322
Total nonoperating revenues	70,313	70,962
Increase in net position	214,617	177,118
TOTAL NET POSITION, beginning of year	1,436,122	1,259,004
CUMULATIVE EFFECT OF RESTATEMENT	(11,041)	-
TOTAL NET POSITION, beginning of year, as restated	1,425,081	1,259,004
TOTAL NET POSITION, end of year	$ 1,639,698	$ 1,436,122

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Cash Flows
Years Ended June 30, 2018 and 2017
(In Thousands)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of patients	$ 857,868	$ 832,934
Other cash receipts	42,692	37,917
Cash payments to employees	(468,814)	(442,947)
Cash payments to suppliers	(253,530)	(269,942)
Net cash provided by operating activities	178,216	157,962
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	16,112	14,861
Restricted contributions and investment income	4,349	4,254
Transfers to restricted funds and other	-	(350)
Net cash provided by noncapital financing activities	20,461	18,765
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property, plant, and equipment	(157,934)	(112,510)
Payments on bonds payable	(7,305)	(3,635)
Proceeds from bond issuance	-	413,458
Interest paid on General Obligation bonds payable	(3,183)	(4,387)
Refunding of bonds payable	-	(103,945)
Tax revenue related to General Obligation bonds payable	9,266	10,679
Net cash (used in) provided by capital and related financing activities	(159,156)	199,660
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,304,891)	(766,314)
Sales of investments	1,125,512	661,111
Investment income, net	58,663	64,727
Community benefit and other investing activities	(10,505)	(8,648)
Change in funds held by trustee, net	86,958	(259,122)
Net cash used in investing activities	(44,263)	(308,246)
Net (decrease) increase in cash and cash equivalents	(4,742)	68,141
CASH AND CASH EQUIVALENTS at beginning of year	131,563	63,422
CASH AND CASH EQUIVALENTS at end of year	$ 126,821	$ 131,563
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	$ 144,304	$ 106,156
Adjustments to reconcile income from operations to net cash from operating activities		
Loss on disposal of property, plant and equipment	2,838	1,262
Amortization of bond premium and bond issuance costs	(4,632)	(2,027)
Depreciation	49,957	48,179
Provision for bad debts	21,407	19,405
Changes in assets and liabilities		
Patient accounts receivable, net	(36,316)	(8,716)
Prepaid expenses and other current assets	(26,437)	(9,531)
Current liabilities	10,163	6,628
Other long-term obligations	(873)	(1,464)
Deferred inflow/outflow of resources - actuarial	18,852	(2,892)
Post-retirement medical benefits	(1,047)	962
Net cash provided by operating activities	$ 178,216	$ 157,962
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Noncash purchase of property, plant, and equipment	$ 5,450	$ 3,415
Change in fair value of beneficial interest in charitable remainder unitrusts, and deferred inflow of resources, net	$ 117	$ 75

See accompanying notes.

EL CAMINO HEALTHCARE DISTRICT
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The District includes the following component units, which are included as blended component units of the District's consolidated financial statements: the Hospital, El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), El Camino Surgery Center, LLC ("ECSC"), and Silicon Valley Medical Development, LLC ("SVMD").

The District is organized as a political subdivision of the State of California and was created for the purpose of operating an acute care hospital and providing management services to certain related corporations. The District is the sole member of the Hospital, and the Hospital is the sole corporate member of the Foundation and CONCERN. As sole member, the District (with respect to the Hospital) and the Hospital (with respect to the Foundation and CONCERN) have certain powers, such as the appointment and removal of the boards of directors and approval of changes to the articles of incorporation and bylaws. As of June 30, 2018 and 2017, the Hospital owns 100% of ECSC.

SVMD was formed in September 2008 as a Limited Liability Corporation ("LLC"), a wholly owned subsidiary of the Hospital focused on the expansion of the clinical enterprise outside of the Hospital through various business ventures and physician alignment initiatives that improve access for the Hospital's current patients and new, underserved members of the community, extend healthcare into people's homes through the applications of electronic connectivity and assist independent physicians in clinical integration with the Hospital, among other initiatives. In fiscal year 2018, SVMD completed extensive tenant improvements at a San Jose location and opened a Primary Care Clinic and, in May 2018, opened a Specialty Care Clinic for Spine and Neurology services at the Hospital's Mountain View site. SVMD then opened its first Urgent Care Clinic in June at a location in Cupertino. Subsequent to year end it opened a second Urgent Care Clinic in Mountain View.

All significant inter-entity accounts and transactions have been eliminated in the consolidated financial statements.

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and consolidated financial statements are prepared using the economic resources measurement focus.

Accounting standards – Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989 and the California Code of Regulations, Title 2, Section 1131, State Controller's *Minimum Audit Requirements* for California Special Districts and the State Controller's Office prescribed reporting guidelines.

Use of estimates – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Estimates include contractual allowances related to net patient service revenue, provision for uncollectible accounts, fair market values of investments, uninsured losses for professional liability, minimum pension liability, workers' compensation liability, post-retirement medical benefits liability, valuation of gift annuities and beneficial interest in charitable remainder unitrusts, and useful lives of capital assets. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include deposits with financial institutions, and investments in highly liquid debt instruments with an original maturity of three months or less. In addition, in fiscal years 2018 and 2017, cash and cash equivalents include repurchase agreements, which consist of highly liquid obligations of U.S. governmental agencies. Cash and cash equivalents exclude amounts whose use is limited by board designation or by legal restriction.

Investments – Investments consist primarily of highly liquid debt instruments and other short-term interest-bearing certificates of deposit, U.S. Treasury bills, U.S. government obligations, hedge funds, hedge fund of funds, and corporate debt, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

Board-designated and restricted funds include assets set aside by the Board of Directors for future capital improvements and other operational reserves, over which the Board of Directors retains control and may at its discretion use for other purposes; assets set aside for qualified capital outlay projects in compliance with state law; and assets restricted by donors or grantors.

Investment income, realized gains and losses, and unrealized gains and losses on investments are reflected as nonoperating revenue or expense.

Funds held by trustee – According to the terms of both indenture agreements (General Obligation and Revenue Bonds), these amounts are held by the bond trustee and paying agent and are maintained and managed by an investment manager or the trustee. These assets are available for the settlement of future current bond obligations and capital expenditures.

Capital assets – Capital asset acquisitions are recorded at cost. Donated property is recorded at its fair market value on the date of donation. All purchases over $2,500 are capitalized. Equipment under capital lease is amortized on the straight-line basis over the shorter of the lease term or the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	16 years
Buildings and fixtures	25 – 47 years
Equipment	3 – 16 years

EL CAMINO HEALTHCARE DISTRICT
Notes to Consolidated Financial Statements

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Investments in healthcare affiliates – The Hospital holds an interest in Pathways Home Health & Hospice ("Pathways"), and five Satellite Dialysis Centers, which are reported using the equity method of accounting. ECSC holds an interest in El Camino Ambulatory Surgery Center ("ECASC"), which is reported using the cost method of accounting.

Affiliate	Percent interest
Pathways	50%
Satellite Dialysis of Mountain View, LLC	30%

Deferred outflows and inflows – The District records deferred outflows or inflows of resources in its consolidated financial statements for consumption or acquisition of its consolidated net position that is applicable to a future reporting period. These financial statement elements are distinct from assets and liabilities.

Deferred outflows consist of unamortized loss on refunding of debt (Note 10), deferred outflows of pension contribution, and actuarially determined deferred outflows of resources (Note 7).

Deferred inflows consist of actuarially determined deferred inflows of resources as it relates to pension (Note 7), as well as deferred inflow resulting from transactions in charitable remainder unitrusts (Note 12).

Risk management – The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Self-insurance plans – The Hospital maintains professional liability insurance on a claims-made basis, with liability limits of $40,000,000 in aggregate, which is subject to a $50,000 deductible. Additionally, the Hospital is self-insured for workers' compensation benefits. The Hospital purchases a Workers' Compensation Excess Policy that insures claims greater than $1,000,000 with a limit of $25,000,000 and a $1,000,000 deductible. Actuarial estimates of uninsured losses for professional liability and workers' compensation have been accrued as other current liabilities and workers' compensation, net of current portion, respectively, in the accompanying consolidated financial statements.

The following is a summary of changes in workers' compensation liabilities for the years ended June 30 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2018	$ 20,007	$ 2,810	$ 2,554	$ 20,263	$ 2,300

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2017	$ 22,309	$ 4,055	$ 6,357	$ 20,007	$ 2,300

Compensated absences – Vested or accumulated vacation and sick leave are recorded as an expense and liability of the Hospital as the benefits accrue to employees. For most employees, the maximum accumulated vacation is 400 hours. Sick leave is accumulated indefinitely at a maximum of 40 hours for a full-time employee per year, and is not vested with the employee upon termination.

The following is a summary of changes in compensated absences transactions for the years ended June 30, (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2018	$ 23,685	$ 47,485	$ 46,387	$ 24,783	$ 24,783

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2017	$ 23,232	$ 44,003	$ 43,550	$ 23,685	$ 23,685

Interest rate swap agreements – During the fiscal year ended June 30, 2007, the Hospital entered into derivative instruments in the form of three swap agreements to hedge variable interest rate exposure. During the fiscal year ended June 30, 2008, the underlying variable rate debt was refunded for fixed rate debt, leaving the Hospital with speculative derivative instruments that largely offset the variable rate debt issued in 2009. Two of these swaps were terminated in the fiscal year ended June 30, 2010. Refer to Note 10 for a full description of the interest rate swap agreements.

Net position – Net position of the District is classified as invested in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted net position.

Invested in capital assets, net of related debt – Invested in capital assets of $510,225,000 and $466,827,000 at June 30, 2018 and 2017, respectively, represent investments in all capital assets (building and building improvements, furniture and fixtures, and information and technology equipment), net of depreciation less any debt issued to finance those capital assets.

Restricted-expendable – The restricted expendable net position is restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation and includes assets in self-insurance trust funds, revenue bond reserve fund assets, and net position restricted to use by donors.

EL CAMINO HEALTHCARE DISTRICT
Notes to Consolidated Financial Statements

Restricted-nonexpendable – The restricted nonexpendable net position is equal to the principal portion of permanent endowments.

Unrestricted net position – Unrestricted net position consists of net position that does not meet the definition of invested in capital assets, net of related debt, or restricted.

Statements of revenues, expenses, and changes in net position – For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provisions of healthcare services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses. These peripheral activities include investment income, property tax revenue, gifts, grants and bequests, change in net unrealized gains and losses on short-term investments, unrealized losses or gains on interest rate swap, and nonexchange contributions received from the Foundation's fundraising activities and are reported as nonoperating. Investments in Pathways Home Health & Hospice and Satellite Dialysis of Mountain View, LLC, are accounted for under the equity method. The Hospital's share of the operating income of these entities is included as other, net in the consolidated financial statements.

Net patient service revenue and patient accounts receivable – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined. The distribution of net patient accounts receivable by payor at June 30, 2018 and 2017, is as follows:

	June 30, 2018	June 30, 2017
Medicare	16%	13%
Medi-Cal	3%	4%
Commercial and other	80%	82%
Self pay	1%	1%
	100%	100%

Uncollectible accounts – The Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. A provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible.

Charity care – The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of estimated costs for services and supplies furnished under the Hospital's charity care policy aggregated approximately $1,691,000 and $1,285,000 for the years ended June 30, 2018 and 2017, respectively.

El Camino Healthcare District
Notes to Consolidated Financial Statements

Property tax revenue – The District received approximately 12% in 2018 and 14% in 2017 of its total increase in net position from property taxes. These funds were designated as follows (in thousands):

		June 30, 2018		June 30, 2017
Designated to support community benefit programs and operating expenses	$	8,281	$	7,902
Designated to support capital expenditures	$	7,831	$	6,959
Levied for debt service	$	9,266	$	10,679

Property taxes are levied by the County of Santa Clara on the District's behalf on January 1 and are intended to finance the District's activities of the same calendar year. Amounts levied are based on assessed property values as of the preceding July 1. Property taxes are considered delinquent on the day following each payment due date. Property taxes are recorded as nonoperating revenue by the District when they are earned.

Grants and contributions – From time to time, the District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

Income taxes – The District operates under the purview of the Internal Revenue Code (the "Code"), Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income. CONCERN has also been granted tax-exempt status. However, income from the unrelated business activities of the Hospital and the Foundation is subject to income taxes. ECSC and SVMD are limited liability companies and are treated as pass-through entities for federal income tax purposes. Accordingly, no recognition has been given to federal income taxes in the accompanying consolidated financial statements.

Reclassifications – Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation.

Restatement – The GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"). GASB No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post Employment Benefit ("OPEB"), as well as certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The District has adopted this statement for the fiscal year ended June 30, 2018, and as a result, the consolidated financial statements presented herein have been restated retrospectively as follows (in thousands):

	July 1, 2017					
		As previously Reported		Adjustment		As Adjusted
Unrestricted net position, end of year	$	954,182	$	(11,041)	$	943,141
Total net position, beginning of year	$	1,259,004	$	-	$	1,259,004
Total net position, end of year	$	1,436,122	$	(11,041)	$	1,425,081

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New accounting pronouncements - The GASB also issued GASB Statement No. 87, *Leases*, (“GASB No. 87”), which intends to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB No. 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The adoption of GASB No. 87 is effective for the District beginning July 1, 2020. The District is currently assessing the impact of this standard on the District’s consolidated financial statements.

The GASB also issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, (“GASB No. 86”), which provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Under this statement, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. The adoption of GASB No. 86 is effective for the District beginning July 1, 2018. The District is currently assessing the impact of this standard on the District’s consolidated financial statements.

The GASB also issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* (“GASB No. 88”). Among other things, GASB No. 88 clarifies which liabilities governments should include in their note disclosures related to debt. GASB No. 88 requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. GASB No. 88 further defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement further requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The adoption of GASB No. 88 is effective for the District beginning July 1, 2019. The District is currently assessing the impact of this standard on the District’s consolidated financial statements.

The GASB also issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* (“GASB No. 89”). GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The adoption of GASB No. 89 is effective for the District beginning July 1, 2020. The District is currently assessing the impact of this standard on the District’s consolidated financial statements.

NOTE 2 – OPERATING REVENUES

The following table reflects the percentage of net patient revenues by major payor group for the years ended June 30:

	2018	2017
Medicare (including Medicare HMO)	26%	27%
Commercial and other	70%	68%
Medi-Cal (including Medi-Cal HMO)	4%	5%
	100%	100%

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, fee schedules, prepaid payments per member, and per diem payments or a combination of these methods. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors.

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Inpatient services are paid at prospectively determined rates per discharge. Payments for outpatient services are based on a stipulated amount per procedure. The Hospital is reimbursed for cost reimbursable items at a tentative rate, with final settlements determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The effect of updating prior year estimates for Medicare and other liabilities was to decrease 2018 income from operations by $3,638,500, and decrease 2017 income from operations by $1,808,000. The Hospital’s cost reports have been audited by the Medicare fiscal intermediary through June 30, 2015.

Non-Designated Public Hospitals (“NDPHs”), including the Hospital, were authorized, in 2011’s Assembly Bill (“AB”) 113, to use intergovernmental transfers (“IGTs”) to obtain federal supplemental funds for Medi-Cal inpatient fee-for-service. The IGTs are used to bring NDPHs, in the aggregate, up to their upper payment limit (“UPL”). The UPL is the federal maximum available under the Medicaid program, as calculated based on the actual costs of providing care. For the years ended June 30, 2018 and 2017, the Hospital recognized amounts under the IGT program of $14,862,000 and $18,338,000, respectively, which have been reported as net patient service revenue.

Medi-Cal and contracted rate payors are paid on a percentage of charges, per diem, per discharge, fee schedule, or a combination of these methods.

Laws and regulations governing the Medicare and Medi-Cal programs are complex and are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

Included in other revenue are amounts from investments in health-related activities, rental income, cafeteria, and other nonpatient care revenue.

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NOTE 3 – CASH DEPOSITS

At June 30, 2018 and 2017, District cash deposits had carrying amounts of $126,821,000 and $131,563,000, respectively, and bank balances of $123,918,000 and $136,336,000, respectively. All of these funds were held in cash deposits, which are collateralized with the California Government Code ("CGC"), except for $250,000 per account that is federally insured by the Federal Deposit Insurance Corporation ("FDIC").

The District participates in a cash management program provided by its primary depository institution that allows cash in District concentration accounts to be swept daily and invested overnight in reverse agreements that are not exposed to custodial credit risk because the underlying securities are held by the buyer-lender. At June 30, 2018 and 2017, balances in repurchase agreements had bank balances of $122,709,000 and $134,883,000, respectively, and are included in the carrying amounts above.

NOTE 4 – BOARD-DESIGNATED FUNDS, FUNDS HELD BY TRUSTEE, RESTRICTED FUNDS, AND INVESTMENTS

Board-designated funds, funds held by trustee, restricted funds, and short-term investments, collectively, as of June 30, 2018 and 2017, comprised the following (in thousands):

	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
2018				
Cash and cash equivalents	$ 165,038	13	-	$ 165,051
Mutual funds	266,436	80,358	(3,096)	343,698
Real estate funds	27,403	18,287	-	45,690
Hedge funds	119,947	15,487	(518)	134,916
Equities	31,113	9,930	(1,471)	39,572
Fixed income securities	471,148	2,495	(3,699)	469,944
	$ 1,081,085	$ 126,570	$ (8,784)	$ 1,198,871
2017				
Cash and cash equivalents	$ 126,431	$ -	$ -	$ 126,431
Mutual funds	242,539	56,223	(3,952)	294,810
Real estate funds	18,421	8,271	-	26,692
Hedge funds	94,206	5,398	(315)	99,289
Equities	37,930	6,974	(703)	44,201
Fixed income securities	505,082	11,626	(1,681)	515,027
	$ 1,024,609	$ 88,492	$ (6,651)	$ 1,106,450

At June 30, 2018, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	$ 164,590	164,590	-	-	-
Government and agencies	187,346	1,922	98,432	13,959	73,033
Corporate bonds	261,427	14,234	175,220	23,906	48,067
Domestic fixed income	19,691	1,142	6,395	8,689	3,465
Foreign fixed income	1,941	1,941	-	-	-
	634,995	$ 183,829	$ 280,047	$ 46,554	$ 124,565
Equities	39,572				
Mutual funds	343,698				
Real estate funds	45,690				
Hedge funds	134,916				
Total	$ 1,198,871				

At June 30, 2017, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	$ 126,431	$ 126,431	$ -	$ -	$ -
Government and agencies	120,095	5,103	99,262	10,421	5,309
Corporate bonds	375,766	40,021	226,659	18,828	90,258
Domestic fixed income	26,848	12,012	3,126	8,568	3,142
	649,140	$ 183,567	$ 329,047	$ 37,817	$ 98,709
Equities	32,960				
Mutual funds	298,368				
Real estate funds	26,692				
Hedge funds	99,290				
Total	$ 1,106,450				

Interest rate risk – Through its investment policies, the District manages its exposure to fair value losses arising from increasing interest rates by limiting duration of fixed income securities in its portfolio to no more than 30% of the designated benchmark.

Credit risk – District investment policies require fixed income investments to have a minimum of 85% of a money manager's assets in investment grade assets. The investment policy requires investment managers maintain an average of A- or higher ratings as issued by a nationally recognized rating organization. Additionally, the investment policy requires no more than 5% of a money manager's portfolio at the time of purchase shall be invested in the securities of any one issuer, with the exception of a United States government agency, agency MBS or other Sovereign issues rated AAA or Aaa.

Foreign currency risk – The District's investment policy permits it to invest up to 30% of total investments in foreign currency denominated investments.

Alternative investments risk – The District's alternative investments include ownership interest in a wide variety of partnership and fund structures that may be domestic or offshore. Generally, there is little or no regulation of these investments by the Securities and Exchange Commission or U.S. state attorneys general. These investments employ a wide variety of strategies including absolute return, hedge, venture capital, private equity and other strategies. Investments in this category may employ leverage to enhance the investment return. The District's holdings can include financial assets such as marketable securities, nonmarketable securities, derivatives, and synthetic and structured instruments; real assets; tangible and intangible assets; and other funds and partnerships. Generally, these investments do not have a ready market. Interest in these investments may not be traded without approval of the general partner or fund management.

Alternative investments are subject to all of the risks described previously relating to equities and fixed income instruments. In addition, alternative strategies and their underlying assets and rights are subject to a broad array of economic and market vagaries that can limit or erode value. The underlying assets may not be held by a custodian either because they cannot be, or because the entity has chosen not to hold them in this form. Valuations determined by the investment manager, who has a conflict of interest in that he or she is compensated for performance are considered and reviewed by the District's Investment Committee and the Board of Directors. Real assets may be subject to physical damage from a variety of means, loss from natural causes, theft of assets, lawsuits involving rights and other loss and damage including mortgage foreclosure risk. These risks may not be insured or insurable. Tangible assets are subject to loss from theft and other criminal actions and from natural causes. Intangible assets are subject to legal challenge and other possible impairment.

The carrying amount of deposits and investments are included in the District's consolidated statements of net position as follows (in thousands):

	2018	2017
Included in the following consolidated statement of net position captions:		
Short-term investments	$ 244,056	$ 219,126
Current portion of board designated and funds held by trustee	20,963	13,133
Board designated, funds held by trustee, and restricted funds, less current portion	933,852	874,191
Total carrying amount of deposits and investments	$ 1,198,871	$ 1,106,450

NOTE 5 – FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the consolidated statements of net position at June 30, 2018 and 2017, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Mutual funds: Shares of mutual funds are valued at the net asset value ("NAV") of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Common stock: Common stock is valued at the closing price reported on the active market on which the individual securities are traded.

Asset-backed securities: Asset-backed securities are valued via model using various inputs such as but not limited to daily cash flow, U.S. Treasury market, floating rate indices such as LIBOR and Prime as a benchmark yield, spread over index, periodic and life caps, next coupon adjustment date, and convertibility of the bond.

Corporate bonds, foreign bonds, and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Fixed income funds are valued at the NAV of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Pooled, common & collective trusts: Investments are valued using the NAV of the fund. The NAV of a pooled or collective investment fund is calculated based on a compilation of primarily observable market information. The number of units of the fund that are outstanding on the calculation date is derived from observable purchase and redemption activity in the fund.

Hedge funds: The fair value of the investments is recorded at the investment managers' net asset values, as the managers have the greatest insight into the investments of their fund and the related industry and have the appropriate expertise to determine the NAV. The District assesses the NAV and takes into consideration events such as suspended redemptions, restructuring, secondary sales, and investor defaults to determine if an adjustment is necessary. Additionally, asset holdings are reviewed within investment managers' audited financial statements.

Limited Partnership Interests: The valuation of partnership interests may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Specifically, inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances.

Interest rate swap: The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Beneficial interest in charitable remainder unitrusts: The beneficial interest in charitable remainder unitrusts is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of net position measured at fair value on a recurring basis and the level within the GASB No. 72 fair value hierarchy in which the fair value measurements fall at June 30 (in thousands):

Description	Level 1	Level 2	Level 3	2018
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ -	$ 16,404	$ -	$ 16,404
Mortgage backed obligations	-	24,141	-	24,141
Common stock				
ADR & U.S. foreign stock	-	5,671	-	5,671
Energy	5,034	-	-	5,034
Financial services industry	7,100	-	-	7,100
Healthcare industry	5,130	-	-	5,130
Information Technology	5,496	-	-	5,496
Telecommunication services	577	-	-	577
Other	11,663	-	-	11,663
Corporate, municipal and foreign bonds				
Corporate bonds	-	221,026	-	221,026
Private placements	-	19,691	-	19,691
Municipal taxable	-	4,874	-	4,874
Foreign bonds	-	1,941	-	1,941
Mutual funds				
Mutual funds - equity	326,452	-	-	326,452
Mutual funds - taxable	16,379	-	-	16,379
U.S. Government securities				
Government agencies	62,723	-	-	62,723
U.S. treasury notes and bonds	118,191	-	-	118,191
Limited Partnership Interests	-	-	23,725	23,725
Total investments by fair value level	$ 558,745	$ 293,748	$ 23,725	876,218
Cash equivalents				165,051
Investments measured at NAV				
Pooled, common & collective trusts				22,046
Equity, hedge funds				49,290
Credit hedge funds				32,089
Macro hedge funds				37,363
Relative value hedge funds				15,946
Fixed income limited partnership				868
Total investments measured at NAV				157,602
Total investments				$ 1,198,871
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 3,638	$ 3,638
Interest rate swap	$ -	$ (5,595)	$ -	$ (5,595)

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Description	Level 1	Level 2	Level 3	2017
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ -	$ 10,368	$ -	$ 10,368
Mortgage backed obligations	-	47,741	-	47,741
Common stock				
ADR & U.S. foreign stock	-	4,371	-	4,371
Energy	3,635	-	-	3,635
Financial services industry	6,169	-	-	6,169
Healthcare industry	5,929	-	-	5,929
Information Technology	3,978	-	-	3,978
Telecommunication services	771	-	-	771
Other	8,107	-	-	8,107
Corporate, municipal and foreign bonds				
Corporate bonds	-	329,546	-	329,546
Private placements	-	16,253	-	16,253
Municipal taxable	-	4,805	-	4,805
Mutual funds				
Mutual funds - equity	282,832	-	-	282,832
Mutual funds - taxable	15,536	-	-	15,536
U.S. Government securities			-	
Government agencies	10,105	647	-	10,752
U.S. treasury notes and bonds	85,223	-	-	85,223
Limited Partnership Interests	-	-	26,692	26,692
Total investments by fair value level	$ 422,285	$ 413,731	$ 26,692	862,708
Cash equivalents				134,187
Investments measured at NAV				
Pooled, common & collective trusts				19,789
Equity hedge funds				34,944
Credit hedge funds				25,246
Macro hedge funds				25,452
Relative value hedge funds				3,362
Fixed income limited partnership				762
Total investments measured at NAV				109,555
Total investments				$ 1,106,450
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 3,521	$ 3,521
Interest rate swap	$ -	$ (7,618)	$ -	$ (7,618)

The following table provides the fair value and redemption terms and restrictions for investments redeemable NAV at June 30 (in thousands):

	2018 Fair Value	2017 Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Pooled, common & collective trusts	$ 22,046	$ 19,789	$ -	Monthly	30 days
Equity hedge funds	49,290	34,944	-	Quarterly	90 days
Credit hedge funds	32,089	25,246	-	Monthly, Quarterly	15 - 60 days
Macro hedge funds	37,363	25,452	-	Monthly, Quarterly	5 - 90 days
Relative value hedge funds	15,946	3,362	-	Quarterly, Annually	45 days
Fixed income limited partnership	868	762	-	Monthly	1 day
Total investments measured at NAV	$ 157,602	$ 109,555	$ -		
Limited Partnership Interests	$ 23,725	$ 26,692	$ 16,351	n/a	n/a

Pooled, common & collective trusts - includes investments in one small cap fund that invest in domestic equity. Investments are valued using the NAV per share of the fund. The NAV per share is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of shares outstanding.

Equity hedge funds - includes investments in six hedge funds that employ both long and short strategies primarily in US common stocks. Equity hedge strategies typically have a directional bias (long or short) and trade in equities and equity related derivatives. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 1% of the value of the investments in this type include restrictions such as certain classes with side pocket investments which may only be redeemed upon realization of the underlying investments.

Credit hedge funds - includes investments in three hedge funds that is comprised of distressed securities, credit long/short, emerging market debt and credit event driven. Credit hedge strategies typically have a directional bias and involve the purchase of various types of debt, equity, trade claims and fixed income securities. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 68% of the value of the investments in this type include restrictions that do not allow for redemptions in the first year after acquisition and other imposed gates.

Macro hedge funds - includes investments in four hedge funds that invests in global macro, managed futures, commodities and currencies. Macro hedge strategies typically have a directional bias and involve the purchase of a variety of securities and/or derivatives related to major markets. Managed future strategies trade similar instruments but are typically implemented by computerized system. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Relative value hedge funds - includes investments in four hedge funds that typically does not display a distinct directional bias. Relative value encompasses a range of strategies covering different asset classes. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Investments representing approximately 1% of the value of the investments may include lock up, imposed gates, and other restrictions that preclude them from redeeming their share or ownership interest for an uncertain or extended period of time from the measurement date.

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Fixed income limited partnership - includes investments in a limited partnership fund of funds that invest primarily in investment grade non-US dollar denominated fixed income securities. The fund may enter into swap agreements, forward settlement agreements, futures, contracts, and options on future contracts as well as purchase and sell covered put and call options. Investments are valued using the NAV per share of the fund. There is a provision in the limited partnership agreement that allows the general partner to limit redemption under certain circumstances.

Limited Partnership Interests - investments in closed-end, commitment based private equity real estate partnerships. The valuation of partnership interests in these funds may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund.

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, is as follows (in thousands):

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated				
Land	$ 83,462	$ 1,345	$ -	$ 84,807
Construction in progress	138,016	82,974	-	220,990
	221,478	84,319	-	305,797
Capital assets being depreciated				
Land improvement	13,872	1,859	-	15,731
Buildings	760,521	59,752	-	820,273
Capital equipment	352,549	17,454	6,142	363,861
	1,126,942	79,065	6,142	1,199,865
Less accumulated depreciation for				
Land improvement	9,001	820	-	9,821
Buildings	280,857	25,164	-	306,021
Capital equipment	248,951	23,973	3,304	269,620
	538,809	49,957	3,304	585,462
Total capital assets being depreciated, net	588,133	29,108	2,838	614,403
Total capital assets, net	$ 809,611	$ 113,427	$ 2,838	$ 920,200

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Capital assets activity for the year ended June 30, 2017, is as follows (in thousands):

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated				
Land	$ 83,462	$ -	$ -	$ 83,462
Construction in progress	45,837	92,179	-	138,016
	129,299	92,179	-	221,478
Capital assets being depreciated				
Land improvement	13,872	-	-	13,872
Buildings	755,211	5,310	-	760,521
Capital equipment	337,341	18,436	3,228	352,549
	1,106,424	23,746	3,228	1,126,942
Less accumulated depreciation for				
Land improvement	8,234	767	-	9,001
Buildings	258,304	22,553	-	280,857
Capital equipment	226,058	24,859	1,966	248,951
	492,596	48,179	1,966	538,809
Total capital assets being depreciated, net	613,828	(24,433)	1,262	588,133
Total capital assets, net	$ 743,127	$ 67,746	$ 1,262	$ 809,611

Construction contracts of approximately $441,490,000 exist for the construction of the four major projects at the Mountain View campus of the Integrated Medical Office Building ("IMOB"), Behavior Health Services replacement building, North Drive parking structure expansion, and Central Utility Plant Upgrade, as well as continued improvements at the Los Gatos site for the Imagining department, medical office building, and seismic upgrades. At June 30, 2018, the remaining commitment on these contracts approximated $271,916,000.

Capitalized interest expense was $16,563,000 and $7,081,000 as of June 30, 2018 and 2017, respectively.

NOTE 7 – EMPLOYEE BENEFIT PLANS

The Hospital sponsors a cash-balance pension plan (the "Plan"), which has been in effect since January 1, 1995. The Plan covers employees who are 21 years of age and have completed one year of credited service. Participants are entitled to a lump-sum distribution or monthly benefits at age 65 based on a predetermined formula that considers years of service and compensation. Effective July 1, 1999, employer Plan benefits are calculated as 5% of a participant's annual plan compensation, and the annual interest is an indexed rate based on the return on 10-year U.S. treasury securities. Participants are fully vested in their account balances after five pension years.

Certain retired and terminated employees and certain participants covered by a collective bargaining agreement continue to participate under provisions of a defined-benefit retirement plan in effect prior to January 1, 1995. Participant data for the Plan, as of the measurement date January 1 for the indicated years is as follows:

	2018	2017
Active	2,676	2,673
Retirees and beneficiaries	526	497
Vested terminated	1,017	1,017
Total participants	4,219	4,187

Components of pension cost and deferred outflows and inflows of resources as calculated under the requirements of GASB No. 68 are as follows (in thousands):

	2018	2017
Deferred outflows of resources as of June 30:		
Difference between expected and actual experience	$ 2,103	$ 308
Changes in assumptions	311	474
Difference between projected and actual investment earnings	-	8,315
Total	$ 2,414	$ 9,097
Deferred inflows of resources as of June 30:		
Difference between expected and actual experience	$ (2,934)	$ (3,607)
Changes in assumptions	(7,398)	(7,059)
Difference between projected and actual investment earnings	(11,001)	-
Total	$ (21,333)	$ (10,666)
Contributions between the measurement date and fiscal year end recognized as a deferred outflow of resources	$ 5,200	$ 5,700

Amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expense are as follows (in thousands):

2019	$ (3,019)
2020	(3,374)
2021	(5,578)
2022	(5,445)
2023	(1,300)
Thereafter	(202)
	$ (18,918)

The following table summarizes changes in pension liability for fiscal year ended June 30, 2018 and 2017, with a measurement date of December 31, 2017 and 2016, respectively, (in thousands):

	2018	2017
Service cost	$ 8,633	$ 8,948
Interest	11,849	11,893
Differences between expected and actual experience	2,228	(3,044)
Changes of assumptions	(1,877)	(6,663)
Benefit payments	(13,271)	(9,912)
Net change in total pension liability	7,562	1,222
Total pension liability beginning of fiscal year	195,370	194,148
Total pension liability end of fiscal year	$ 202,932	$ 195,370

	2018 with Measurement Date of December 31, 2017	2017 with Measurement Date of December 31, 2016
Total pension liability	$ 202,932	$ 195,370
Plan fiduciary net position	260,016	228,052
Net pension asset	$ (57,084)	$ (32,682)
Plan's fiduciary net position as a percentage of total pension liability	128.13%	116.73%
Covered payroll	$ 297,737	$ 283,435
Net pension asset as a percentage of covered payroll	-19.17%	-11.53%
Contributions between the measurement date and year ended June 30, 2018 as deferred outflow of resources	$ 5,200	$ 5,700

The following table summarizes the actuarial assumptions used to determine net pension asset and plan fiduciary net position as of June 30, 2018 and 2017:

Valuation Date	Contributions related to the actuarially determined contributions are made for the plan year January 1 to December 31.
Actuarial Cost Method	Entry Age Normal Method in accordance with GASB 68
Asset Valuation Method	Market Value
Actuarial Assumptions	
Projected Salary Increases	4.00%
Mortality	Based on the RE-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006 and project with Mortality Improvement Scale MP-2017
Discount Rate	6.00%

Sensitivity of net pension asset (in thousands):

	1% Decrease 5%	Current Discount Rate 6%	1% Increase 7%
Net pension asset as of December 31, 2017	$ (36,579)	$ (57,084)	$ (74,694)
Net pension asset as of December 31, 2016	$ (12,665)	$ (32,682)	$ (49,843)

The following table summarizes target asset class for the plan fiduciary net position as of June 30, 2018 and 2017:

Asset Class	Neutral	Asset Rebalancing Range	Expected Long-Term Real Rate of Return
Domestic Equities	32%	27% - 37%	8.69%
International Equities	18%	15% - 21%	7.66%
Alternatives	20%	17% - 23%	5.38%
Broad Fixed Income	25%	20% - 30%	2.86%
Cash	5%	0% - 8%	1.04%
Total	100%		6.00%

Eligible employees of the Hospital may also elect to participate in a separate deferred compensation plan (the 403(b) plan) pursuant to Section 403(b) of the Code. The Hospital acts as the administrator and sponsor, and the 403(b) plan's assets are held by trustees designated by the Hospital's management. Employees are eligible to participate upon employment, and participants are immediately vested in their elective contributions plus actual earnings thereon. The Hospital will match employee contributions to the 403(b) plan, subject to a maximum of 4% of each participant's annual plan compensation. Participants are eligible for employer match in the second plan year in which they work at least 1,000 hours, and they must be on the payroll at the end of the plan year (December 31). Employer matching contributions under the 403(b) plan are made to the cash–balance pension plan and earn interest as defined by that plan. Employer matching contributions to the 403(b) plan of $10,625,000 and $10,031,000 in 2018 and 2017, respectively, are included in benefits expense. Participants are immediately vested in the employer contributions included in the cash-balance pension plan.

The Hospital's net pension asset was measured as of June 30, 2018 and 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the consolidated financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

EL CAMINO HEALTHCARE DISTRICT
Notes to Consolidated Financial Statements

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 8 – POST-RETIREMENT MEDICAL BENEFITS

The Hospital provides healthcare benefits and life insurance for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital. All employees who attain age 55 with a minimum of 20 years of enrollment in the Hospital's healthcare program and are enrolled in one of the plans upon retirement, and who were hired prior to July 1, 1994, are eligible. Under the plan, employees are credited with employment history accumulated under a prior Hospital plan.

Benefits are funded by the Hospital on a pay-as-you go basis. If a participant terminates from the Hospital after 20 years of enrollment but before reaching age 62, he or she can choose to contribute to the plan between ages 55 and 61 to retain the plan's benefits. At age 62, eligible retirees are given an annual credit based on years of service to pay for health benefits.

Employees covered – At June 30, 2018, the following employees were covered by the Hospital:

	2018
Active	318
Inactive plan members or beneficiaries currently receiving benefits	284
Inactive plan members entitled to but not yet receiving benefits	-
Total participants	602

Components of post-retirement medical benefits expense and deferred inflows and outflows of resources as calculated under the requirements of GASB No. 75 are as follows (in thousands) as of June 30, 2018:

		2018
Service cost	$	299
Interest		819
Differences between expected and actual experience		(447)
Changes of assumptions		-
Benefit payments		-
Total post-retirement medical benefits expense	$	671

El Camino Healthcare District
Notes to Consolidated Financial Statements

		2018
Deferred outflows of resources as of June 30:		
Changes in benefit terms	$	-
Difference between expected and actual experience		-
Changes in assumptions		-
Total	$	-
Deferred inflows of resources as of June 30:		
Changes in benefit terms	$	-
Difference between expected and actual experience		-
Changes in assumptions		(1,502)
Total	$	(1,502)

Amounts reported as deferred outflows and inflows of resources to post-retirement medical benefits will be recognized in post-retirement medical benefits expense are as follows (in thousands):

2019	$	(447)
2020		(447)
2021		(447)
2022		(161)
2023		-
Thereafter		-
	$	(1,502)

EL CAMINO HEALTHCARE DISTRICT
Notes to Consolidated Financial Statements

The following table summarizes changes in post-retirement medical benefits liability for fiscal year ended June 30, 2018, with a measurement date of July 1, 2017 (in thousands):

	2018
Service cost	$ 299
Interest	819
Change in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other input	(1,502)
Contributions - El Camino Hospital	-
Benefit payments	(663)
Net changes	(1,047)
Net post-retirement medical benefits liability at beginning of year	30,259
Net post-retirement medical benefits liability at end of year	$ 29,212

The following table summarizes the actuarial assumptions used to determine net pension asset and plan fiduciary net position as of June 30, 2018:

Valuation Date	July 1, 2017
Actuarial Cost Method	Entry Age Normal, level percent of pay
Asset Valuation Method	Not applicable
Actuarial Assumptions	
Projected Salary Increases	4.00%
Mortality	RP-2014 Healthy Annuitant and Employee tables for males and females scaled back to 2006 using scale MP-2014, and then projected generationally using projection scale MP-2016.
Discount Rate	3.13%
Healthcare cost trend rates:	8% for 2018, graded to 4.5% for year 2027 and beyond for ages pre-65; and 6% for 2018, graded to 4.50% for year 2027 and beyond for ages post-65.

Sensitivity of post-retirement medical benefits liability (in thousands) due to change in discount rates:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
Net post-retirement medical benefits liability	$ 32,983	$ 29,212	$ 26,049

Sensitivity of post-retirement medical benefits liability (in thousands) due to change in healthcare cost trend:

	1% Decrease	Current Trend rate	1% Increase
Net post-retirement medical benefits liability	$ 28,677	$ 29,212	$ 29,845

NOTE 9 – INSURANCE PLANS

The Hospital purchases professional, general, automobile, and directors and officers liability insurance from BETA Healthcare Group (“BHG”), and also purchases all-risk property insurance (including limited flood), fiduciary, crime, cyber, and excess workers’ compensation coverage needs from Alliant Insurance Services (“Alliant”). The Hospital’s coverage is under a claims-made policy with limits of $30 million per occurrence, $40 million in the annual aggregate, and with a self-insured retention level of $50,000 per claim.

There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted from services provided to patients. The Hospital has actuarial estimates performed annually on its self-insurance plans of professional liability and workers’ compensation benefits. Estimated liabilities (which have not been discounted) have been actuarially determined at an expected 75% confidence level and include an estimate of incurred, but not reported, claims. The balances are included in salaries and wages payable, workers’ compensation and other long-term liabilities in the accompanying consolidated statements of net position.

NOTE 10 – BONDS PAYABLE

Bonds payable consists of the following obligations (in thousands):

	June 30, 2018	2017
El Camino Hospital District		
2006 General Obligation Bonds		
Principal	$ 32,335	$ 32,335
Unamortized premium	645	723
2017 General Obligation Bonds		
Principal	95,465	99,035
Unamortized premium	1,197	1,842
El Camino Hospital Revenue Bonds		
Series 2009		
Principal	50,000	50,000
Series 2015A		
Principal	147,610	151,345
Unamortized premium	12,484	14,194
Series 2017A		
Principal	292,435	292,435
Unamortized premium	17,224	19,423
Total long-term debt	649,395	661,332
Less current maturities	7,160	7,305
Maturities due after one year	$ 642,235	$ 654,027

	2018			
	Balance at June 30, 2017	Increases	Decreases	Balance at June 30, 2018
General obligation bonds	$ 133,935	$ -	$ 4,293	$ 129,642
Revenue bonds	527,397	-	7,644	519,753
	$ 661,332	$ -	$ 11,937	$ 649,395

	2017			
	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017
General obligation bonds	$ 136,460	$ 101,600	$ 104,125	$ 133,935
Revenue bonds	221,021	311,858	5,482	$ 527,397
	$ 357,481	$ 413,458	$ 109,607	$ 661,332

2006 General Obligation Bonds – Upon voter approval, in November 2003, the District issued in 2006, $148,000,000 principal amount of 2006 General Obligation Bonds, which consists of $115,665,000 of Current Interest Bonds. Interest on the Current Interest Bonds is payable semiannually at rates ranging from 4% to 5% and principal maturities ranging from $2,065,000 in 2016 to $18,050,000 in 2036 are due annually on August 1. Interest at rates ranging from 4.38% to 4.48% and principal of the Capital Appreciation Bonds are payable only at maturity. In March 2017, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the 2017 General Obligation Refunding Bonds.

The Current Interest Bonds maturing on or after August 1, 2017, may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after February 1, 2017, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

The Bonds are general obligations of the District payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, is insured by a municipal bond insurance policy.

2017 General Obligation Bonds – Upon voter approval, in March 2017, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the $99,035,000 2017 General Obligation Refunding Bonds, which consists of $115,665,000 of Current Interest Bonds, and $32,335,000 of Capital Appreciation Bonds. Interest on the 2017 General Obligation Refunding Bonds is payable semiannually at rates ranging from 2% to 5% and principal maturities ranging from $3,570,000 in 2017 to $17,480,000 in 2036 are due annually on August 1. This refinancing resulted in a reduction of future interest payments with a present value of approximately $7,000,000.

Revenue Bonds, Series 2009 – In April 2009, the Hospital issued $50,000,000 of Santa Clara County Financing Authority Insured Revenue Bonds, Series 2009A to fund completion of the Hospital replacement construction project. Interest on the bonds is payable on the business day immediately following the applicable remarketing period. Principal maturities on the bonds range from $100,000 in 2025 to $10,920,000 in 2044, and are due annually on February 1.

The 2009 Series Revenue bond agreement contains various restrictive covenants which include, among other things, minimum debt service coverage, maintenance of minimum liquidity, and requirement to maintain certain financial ratios.

El Camino Healthcare District
Notes to Consolidated Financial Statements

The bonds are secured by a pledge of gross revenues to an Indenture of Trust ("Indenture") dated March 16, 2007. The Indenture contains certain covenants that, among other things, require the District to deposit all gross revenues of the Hospital as soon as practicable upon receipt. The Indenture also requires the Hospital to maintain a long-term debt service coverage ratio of 1.15 to 1.00. Failure to comply with the restrictive covenants of the Indenture could result in all of the unpaid principal and accrued interest of the bonds becoming due immediately, at the option of the trustee.

Revenue Bonds, Series 2015A – In May 2015, the Hospital advance refunded its Series 2007 Santa Clara County Financing Authority Insured Revenue Bonds ("Series 2007") through the issuance of the $160,455,000 of Santa Clara County Financing Authority Insured Revenue Bonds ("Series 2015A"). The issuance of the Series 2015A is to (i) finance and refinance certain capital expenditures owned by the Hospital (the Project - $40,300,000), (ii) advance refund ($120,100,000) the Santa Clara County Financing Authority Insured Revenue Bonds of the Hospital Series 2007A, 2007B, and 2007C, and (iii) pay costs incurred in the connection of the issuance of the Bonds.

Revenue Bonds, Series 2017A – In February 2017, the Hospital issued $292,435,000 of California Health Facilities Financing Authority Revenue Bonds ("Series 2017") to finance certain capital expenditures at facilities owned or operated by the Hospital, to finance a portion of the interest payable of the Series 2017 through January 31, 2019, and to pay costs incurred in connection with the issuance of the Series 2017. The Series 2017 consists of $130,660,000 Serial Bonds and $161,775,000 Term Bonds. Principal maturities for the Serial Bonds range from $4,665,000 in 2020 to $10,565,000 in 2037, and are due annually on February 1. Principal maturities for the Term Bonds range from $30,7101,000 in 2042 to $56,065,000 in 2047, and are due annually on February 1.

Letter of credit – In March 2009, in connection with the issuance of the 2009 Series Revenue bonds, the Hospital obtained an irrevocable Letter of Credit issued by a bank for $50,000,000. This Letter of Credit expires October of 2019 and requires the Hospital to maintain a long-term debt service coverage ratio of 1.20 to 1.00.

Debt service requirements for bonds payable are as follows (in thousands):

Year Ending	General Obligation Bonds		Revenue Bonds	
June 30,	Principal	Interest	Principal	Interest
2019	3,310	3,916	3,850	20,819
2020	3,800	3,816	8,630	20,704
2021	4,400	3,626	9,020	20,312
2022	5,050	3,406	9,430	19,902
2023	5,760	3,154	9,905	19,431
2024-2028	17,252	36,157	57,445	89,246
2029-2033	27,083	41,241	73,045	73,914
2034-2038	61,145	6,400	81,180	55,471
2039-2043	-	-	112,900	33,847
2044-2048	-	-	124,640	12,564
	$ 127,800	$ 101,716	$ 490,045	$ 366,210

Interest rate swap – On March 7, 2007, the Hospital entered into three interest rate swap agreements in connection with the issuance of the Series 2007 Revenue Bonds. The intention of the swap is to create debt with a synthetic, fixed interest rate on the variable-rate Revenue Bonds. The swaps were effective March 23, 2007, with a termination date of February 1, 2041, and notional amounts of $50 million each, these terms match the terms of the underlying Series 2007 Revenue Bonds. Under each swap transaction, the Hospital pays a fixed rate of interest of 3.204% and the counterparty pays a variable rate of interest equal to the sum of (i) 56% of USD-LIBOR-BBA plus (ii) .23%. In March 2008, the Hospital Board directed management to terminate the floating to fixed interest rate swap when economically prudent in connection with the refunding of their Series 2007 Revenue Bonds. In December 2009, two of the three swaps were terminated. The fair value of the remaining swap is a liability of $5,595,000 at June 30, 2018, and $7,618,000 at June 30, 2017, included in other long-term obligations in the consolidated statements of net position.

Risks associated with the swap agreements – From the Hospital's perspective, the following risks are generally associated with swap agreements:

Credit risk – The counterparty becomes insolvent or is otherwise not able to perform its financial obligations. In the event the counterparty becomes insolvent or their credit rating falls below BBB-/Baa2 the Hospital has the right to terminate the swap. Upon exercise of early termination, the amounts due from or to the counterparty will be determined by the market pricing of the swaps at the time of termination.

Termination risk – The Hospital or counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If, at the time of the termination, the swap has a negative fair value, the Hospital would be liable to the counterparty for that payment.

NOTE 11 – RESTRICTED NET POSITION

Restricted net position consists of donor-restricted contributions and grants and cash restricted for regulatory requirements, which are to be used as follows (in thousands):

	2018	2017
Charity and other	$ 15,652	$ 11,651
Endowments	3,318	3,062
Restricted by donor for specific uses	18,970	14,713
Restricted by Department of Managed Health Care	400	400
Total restricted net position	$ 19,370	$ 15,113

Permanently restricted contributions ("endowments") remain intact, with the earnings on such funds providing an ongoing source of revenue to be used primarily for education.

El Camino Healthcare District
Notes to Consolidated Financial Statements

NOTE 12 – CHARITABLE REMAINDER UNITRUSTS

The Foundation is the beneficiary of several irrevocable charitable remainder unitrusts in which the gift assets are held by trustees and administered for the benefit of the Foundation and other beneficiaries. The assets are held under trust agreements with an outside trustee. The donors maintain the right to income earned on the assets during their lifetime and, in some cases, during the lifetime of their survivors.

Pursuant to GASB 81, the Foundation recognizes an asset and a deferred inflow of resources when it becomes aware of the agreements and has sufficient information to measure the beneficial interest, in accordance with the asset recognition criteria in GASB 81. The beneficial interest asset is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts. The applicable federal discount rate for June 2018 and June 2017 of 3.4% and 2.4% per annum, respectively, and The Standard Ordinary Mortality Rate Table were used to arrive at the present value. Change in the fair value of the beneficial interest asset is recognized as an increase or decrease in the related deferred inflow of resources. As the remainder interest beneficiary, the Foundation recognizes revenue for the beneficial interest at the termination of the agreement, as stipulated in the agreements.

NOTE 13 – RELATED-PARTY TRANSACTIONS

The Hospital pays vendor-related expenses on behalf of the Foundation and is reimbursed for these costs incurred. The Hospital also pays employee-related expenses, which are reimbursed by the Foundation. The Foundation's employees also participate in the cash-balance pension plan, sponsored by the Hospital. Full footnote disclosures relating to the cash-balance pension plan is included in the consolidated financial statements. The Hospital performs certain administrative functions on behalf of the Foundation for which no amounts are charged to the Foundation. As of June 30, 2018 and 2017, the Foundation has a payable to the Hospital in the amount of $173,000 and $203,000, respectively. During the fiscal years 2018 and 2017, the Foundation paid the Hospital $2,576,000 and $3,452,000 for such expenses, respectively, which included amounts for operations, but also disbursements from Donor Restricted Funds in support of Hospital operations and capital acquisitions.

In June 2012, the Hospital Board approved the funding of the Foundation's salaries, wages, and benefits for fiscal year 2018 and 2017, thus along with the 2012 fiscal year approved funding of the Foundation's rent provided a maximum funding of $1,783,000 for both items on an ongoing basis. All related party transactions are eliminated upon consolidation.

As of June 30, 2018 and 2017, CONCERN has a payable to the Hospital in the amount of $1,077,000 and $1,189,000, respectively. During the fiscal years ended June 30, 2018 and 2017, CONCERN paid the Hospital $11,576,000 and $12,339,000 for these expenses, respectively. All related party transactions are eliminated upon consolidation.

The Hospital leases the space to ECASC and provides certain services, such as utilities and building/equipment maintenance. There was $658,000 of rental income recorded for the year ended June 30, 2018, and $498,000 of rental income recorded for the year ended June 30, 2017, related to the lease.

EL CAMINO HEALTHCARE DISTRICT
Notes to Consolidated Financial Statements

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the financial position, results of operations, or liquidity of the District.

Lease commitments – The District is obligated for land and office rental under the terms of various operating lease agreements. Following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2018 (in thousands):

	Operating Lease Commitments	Lease Income	Net Lease Benefit
2019	$ 3,037	$ 11,850	$ 8,813
2020	3,104	8,349	5,245
2021	2,796	6,296	3,500
2022	2,872	5,132	2,260
2023	2,633	2,939	306
Thereafter	28,070	8,273	(19,797)
	$ 42,512	$ 42,839	$ 327

Total rental expense in 2018 and 2017 for all operating leases was approximately $6,016,000 and $5,949,000, respectively.

Regulatory environment – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. The District is subject to routine surveys and reviews by federal, state and local regulatory authorities. The District has also received inquiries from healthcare regulatory authorities regarding its compliance with laws and regulations. Although the District management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and on-going surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and noncompliance with survey corrective action requests could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Hospital Seismic Safety Act – In the 2010 fiscal year, the Mountain View campus completed its three-year construction of the Hospital Replacement Project with the opening of its new five story, 450,000 square foot, state-of-the-art hospital facility on November 15, 2009. This completion made the Mountain View hospital campus in compliance with the State of California's Senate Bill ("SB") 1953 in meeting all requirements of the Hospital Seismic Safety Act of 1994.

At the Los Gatos campus, where most of the buildings were constructed in the 1960's, the campus has been going through a seismic compliance review. All required seismic upgrades to make the Los Gatos site in seismic compliance to 2030 were completed during 2015.

NOTE 15 – HEALTH CARE REFORM

The Patient Protection and Affordable Care Act ("PPACA") allowed for the expansion of Medicaid members in the State of California. Any further federal or state changed funding could have an impact on the District. With the changes in the executive branch, the future of PPACA and impact of future changes in Medicaid to the District is uncertain at this time.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of net position date but before the consolidated financial statements are available to be issued. The District recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the consolidated statement of net position date, including the estimates inherent in the process of preparing the consolidated financial statements. The District's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the consolidated statement of net position date but arose after the consolidated statement of net position date and before consolidated financial statements are available to be issued.

EL CAMINO HEALTHCARE DISTRICT SUPPLEMENTARY INFORMATION
Consolidating Statement of Net Position June 30, 2018 (In Thousands)

El Camino Healthcare District
Consolidating Statement of Net Position
June 30, 2018
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	El Camino Surgery Center, LLC	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
ASSETS AND DEFERRED OUTFLOWS								
Current assets								
Cash and cash equivalents	$ 4,306	$ 118,992	$ 160	$ 1,702	$ 789	$ 872	$ -	$ 126,821
Short-term investments	5,377	224,672	937	13,070	-	-	-	244,056
Current portion of board designated and funds held by trustee	20,963	-	-	-	-	-	-	20,963
Patient accounts receivable, net of allowances for doubtful accounts of $41,009	-	124,427	-	487	-	-	-	124,914
Prepaid expenses and other current assets	31	24,003	464	199	-	35	(2,325)	22,407
Total current assets	30,677	492,094	1,561	15,458	789	907	(2,325)	539,161
Non-current cash and investments								
Board-designated funds	9,394	675,503	30,098	-	-	-	-	714,995
Restricted funds	-	-	-	400	-	-	-	400
Funds held by trustee	20,837	197,620	-	-	-	-	-	218,457
	30,231	873,123	30,098	400	-	-	-	933,852
Capital assets								
Nondepreciable	10,585	295,212	-	-	-	-	-	305,797
Depreciable, net	393	609,674	41	632	-	3,663	-	614,403
Total capital assets	10,978	904,886	41	632	-	3,663	-	920,200
Pledges receivable, net of current portion	-	-	4,170	-	-	-	-	4,170
Prepaid pension asset	-	57,084	-	-	-	-	-	57,084
Investments in healthcare affiliates	-	32,412	-	-	1,381	660	(3,185)	31,268
Beneficial interest in charitable remainder unitrust	-	-	3,638	-	-	-	-	3,638
Total assets	71,886	2,359,599	39,508	16,490	2,170	5,230	(5,510)	2,489,373
Deferred outflows of resources								
Loss on defeasance of bond payable	-	13,562	-	-	-	-	-	13,562
Deferred outflows of resources	-	5,200	-	-	-	-	-	5,200
Deferred outflows - actuarial	-	2,414	-	-	-	-	-	2,414
Total deferred outflows of resources	-	21,176	-	-	-	-	-	21,176
Total assets and deferred outflows of resources	$ 71,886	$ 2,380,775	$ 39,508	$ 16,490	$ 2,170	$ 5,230	$ (5,510)	$ 2,510,549

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El Camino Healthcare District
Consolidating Statement of Net Position (continued)
June 30, 2018
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	El Camino Surgery Center, LLC	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION								
Current liabilities								
Accounts payable and accrued expenses	$ -	$ 49,768	$ -	$ 786	$ 10	$ 1,266	$ (794)	$ 51,036
Salaries, wages, and related liabilities	-	53,508	-	458	-	40	-	54,006
Other current liabilities	2,111	20,859	604	1,200	-	-	(1,530)	23,244
Estimated third-party payor settlements	-	10,068	-	-	-	-	-	10,068
Current portion of bonds payable	3,310	3,850	-	-	-	-	-	7,160
Total current liabilities	5,421	138,053	604	2,444	10	1,306	(2,324)	145,514
Bonds payable, net of current portion	126,332	515,903	-	-	-	-	-	642,235
Other long-term obligations	-	9,454	-	-	-	-	-	9,454
Workers' compensation, net of current portion	-	17,963	-	-	-	-	-	17,963
Post-retirement medical benefits, net of current portion	-	29,212	-	-	-	-	-	29,212
Total liabilities	131,753	710,585	604	2,444	10	1,306	(2,324)	844,378
Deferred inflows of resources								
Deferred inflows of resources	-	-	3,638	-	-	-	-	3,638
Deferred inflows of resources - actuarial	-	22,835	-	-	-	-	-	22,835
Total deferred inflows of resources	-	22,835	3,638	-	-	-	-	26,473
Net position								
Invested in capital assets, net of related debt	(76,864)	582,753	41	632	-	3,663	-	510,225
Restricted - expendable	-	-	15,652	-	-	-	-	15,652
Restricted - nonexpendable	-	-	3,318	400	-	-	-	3,718
Unrestricted	16,997	1,064,602	16,255	13,014	2,160	261	(3,186)	1,110,103
Total net position	(59,867)	1,647,355	35,266	14,046	2,160	3,924	(3,186)	1,639,698
Total liabilities, deferred inflows of resources, and net position	$ 71,886	$ 2,380,775	$ 39,508	$ 16,490	$ 2,170	$ 5,230	$ (5,510)	$ 2,510,549

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EL CAMINO HEALTHCARE DISTRICT SUPPLEMENTARY INFORMATION
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018 (In Thousands)

El Camino Healthcare District
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	El Camino Surgery Center, LLC	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
Operating revenues								
Net patient service revenue (net of provision for bad debts of $21,407)	$ -	$ 900,868	$ -	$ -	$ -	$ 155	$ -	$ 901,023
Other revenue	92	29,718	-	13,581	-	47	(746)	42,692
Total operating revenues	92	930,586	-	13,581	-	202	(746)	943,715
Operating expenses								
Salaries, wages and benefits	-	465,265	1,437	3,662	-	768	-	471,132
Professional fees and purchased services	592	109,300	730	7,723	103	2,255	(134)	120,569
Supplies	-	127,895	81	-	-	96	-	128,072
Depreciation	231	49,477	57	6	-	186	-	49,957
Rent and utilities	-	15,487	13	377	-	-	(94)	15,783
Other	-	12,803	134	323	1	731	(94)	13,898
Total operating expenses	823	780,227	2,452	12,091	104	4,036	(322)	799,411
(Loss) income from operations	(731)	150,359	(2,452)	1,490	(104)	(3,834)	(424)	144,304
Nonoperating revenues (expenses):								
Investment income, net	175	57,340	1,164	(20)	4	-	-	58,663
Property tax revenue								
Designated for community benefit programs and operating expenses	8,281	-	-	-	-	-	-	8,281
Designated for capital expenditures	7,831	-	-	-	-	-	-	7,831
Levied for debt service	9,266	-	-	-	-	-	-	9,266
Bond interest expense, net	(3,183)	(5,828)	-	-	-	-	-	(9,011)
Intergovernmental transfer expense	(6,469)	-	-	-	-	-	-	(6,469)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	-	-	5,723	-	-	-	(1,374)	4,349
Unrealized gain on interest rate swap	-	1,151	-	-	-	-	-	1,151
Community benefit expense	(6,847)	(3,153)	-	(2,234)	-	-	1,729	(10,505)
Other, net	(4)	1,040	-	1,714	-	4,498	(491)	6,757
Total nonoperating revenues (expenses)	9,050	50,550	6,887	(540)	4	4,498	(136)	70,313
Excess (deficit) of revenues over expenses before capital transfers	8,319	200,909	4,435	950	(100)	664	(560)	214,617
Capital transfers	6,469	(8,763)	-	(498)	-	2,792	-	-
Increase (decrease) in net position	14,788	192,146	4,435	452	(100)	3,456	(560)	214,617
Total net (deficit) position, beginning of year	(74,655)	1,466,250	30,831	13,594	2,260	468	(2,626)	1,436,122
Cumulative effect of restatement	-	(11,041)	-	-	-	-	-	(11,041)
Total net (deficit) position, beginning of year, as restated	(74,655)	1,455,209	30,831	13,594	2,260	468	(2,626)	1,425,081
Total net (deficit) position, end of year	$ (59,867)	$ 1,647,355	$ 35,266	$ 14,046	$ 2,160	$ 3,924	$ (3,186)	$ 1,639,698

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El Camino Healthcare District
Supplemental Pension and Post-retirement Benefit Information
For the Years Ended June 30, 2018 and 2017

Supplemental pension information – The following tables summarize changes in net pension asset (in thousands):

	2018	2017
Service cost	$ 8,633	$ 8,948
Interest	11,849	11,893
Differences between expected and actual experience	2,228	(3,044)
Changes of assumptions	(1,877)	(6,663)
Benefit payments	(13,271)	(9,912)
Net change in total pension liability	7,562	1,222
Total pension liability beginning of fiscal year	195,370	194,148
Total pension liability end of fiscal year	$ 202,932	$ 195,370

	2018	2017
Contributions	$ 10,900	$ 10,300
Net investment income	34,335	10,865
Benefit payments, including refunds of member contributions	(13,271)	(9,912)
Net change in Plan fiduciary net position	31,964	11,253
Plan fiduciary net position beginning of fiscal year	228,052	216,799
Plan fiduciary net position end of fiscal year	260,016	228,052
Plan's net pension asset end of the fiscal year	$ (57,084)	$ (32,682)
Covered payroll	$ 297,737	$ 283,435
Net pension asset as a percentage of covered payroll	-19.17%	-11.53%
Contributions	$ 5,200	$ 5,700

El Camino Healthcare District
Supplemental Pension and Post-retirement Benefit Information
For the Years Ended June 30, 2018 and 2016

The following table summarizes the contribution status of the Hospital's cash-balance pension plan (in thousands) over the last 10 years:

	FY2018	FY2017	FY2016	FY2015	FY2014
Actuarially determined contribution	$ 10,154	$ 8,445	$ 2,735	$ -	$ 8,463
Contributions related to actuarially determined contribution	11,600	10,900	10,500	10,800	14,400
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	297,737	283,435	283,776	266,844	242,343
Contribution as % of covered payroll	3.90%	3.85%	3.70%	4.05%	5.94%
Contributions made during the fiscal year	10,400	10,900	9,900	14,400	12,600

	FY2013	FY2012	FY2011	FY2010	FY2009
Actuarially determined contribution	$ 7,613	$ 1,400	$ 12,023	$ 7,156	$ 4,656
Contributions related to actuarially determined contribution	12,000	11,005	19,811	7,644	9,200
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	223,754	208,910	205,693	178,937	149,694
Contribution as % of covered payroll	5.36%	5.27%	9.63%	4.27%	6.15%
Contributions made during the fiscal year	23,610	11,249	5,400	18,100	6,300

Actuarially determined contributions are calculated as of January 1 and are based on the IRS minimum funding requirement. The contributions related to the actuarially determined contributions are amounts made for the plan year January 1 to December 31. Contributions made during the fiscal year are contribution amounts made during July 1 and June 30.

Supplemental post-retirement benefit information – as of June 30, 2018, post-retirement medical benefits plan's fiduciary net position as a percentage of the total OPEB liability is 0%.

The 2017 covered payroll for the active population eligible to participate in the post-retirement medical benefits plan is $35,794,800. The net post-retirement medical benefits liability as of July 1, 2017, is $29,212,400. The net post-retirement medical benefits liability as a percentage of covered-employee payroll is 81.61%.

El Camino Healthcare District

Supplemental Schedule of Community Benefit (unaudited)
For the Years Ended June 30, 2018 and 2017

The District and the Hospital maintain records to identify and monitor the level of direct community benefit it provides. These records include the charges foregone for providing the patient care furnished under its charity care policy. For the years ended June 30, 2018 and 2017, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows (in thousands):

	2018	2017
Unpaid costs of Medi-Cal programs	$ 30,556	$ 25,427
Indigent charity care	1,691	1,285
	32,247	26,712
Other community-based programs		
Dialysis	79	-
Psychiatric	6,918	8,435
Clinical trial	728	99
Ambulatory care	9,711	11,371
Community health center	360	1,819
Psychiatric outpatient	3,451	3,073
Total other community-based programs	21,247	24,797
Total community benefits	$ 53,494	$ 51,509

In furtherance of its purpose to benefit the community, the Hospital provides numerous other services to the community for which charges are not generated and revenues have not been accounted for in the accompanying consolidated financial statements. These services include providing access to healthcare through interpreters, referral and transport services, healthcare screening, community support groups and health educational programs, and certain home care and hospice programs. The estimated costs of Medicare programs in excess of reimbursement from Medicare were $104,776,000 and $105,414,000 for the years ended June 30, 2018 and 2017, respectively.

The Hospital also provides services to the community through the operations of the El Camino Hospital Auxiliary, Inc. (the "Auxiliary"). Services provided by volunteers of the Auxiliary, free of charge to the community, include assistance and counseling to patients and visitors, provision of scholarship awards to qualifying paramedical students, and daily personal contact with members of the community who are living alone. In 2018 and 2017, these volunteers contributed approximately 85,000 and 94,000 hours, in providing these services, the value of which is not recorded in the accompanying consolidated financial statements.