

**MINUTES OF THE AUGUST 26, 2004 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER President Kerriden called the meeting to order at 12:30 p.m. in Groverman Hall at Petaluma Valley Hospital.

PRESENT

David John Anderson, Secretary
Whitney Hall, Member at Large
Kay Kerriden, President
Josephine Thornton, Treasurer
Vanna McWhinnie, Vice President

ALSO PRESENT

Christine Adams, PHC Board President
Todd Bloch, Project Manager, Chong / Partners
Suzanne Cochrane, Project Coordinator
Daymon Doss, CEO
Dr. Ray Erny
Bob Hill, PHCD Board of Director Elect
Dr. Eric Holmberg
Kathryn Powell, ED, PHC
Dr. Rajeesh Ranadive
Dr. Regina Ranadive
Jean Savala, Director of Operations, PVH
Melissa VanArsdel, Market Analyst
Diane Waldrup, Controller
Eris Weaver, Redwood Health Librarian

**CONSENT
CALENDAR**

A motion to approve August 26, 2004 agenda and the August 5, 2004 board meeting minutes was made by President Kerriden seconded by Director McWhinnie and passed by a vote of 4 ayes, 0nays and 1 absent.

**PUBLIC
COMMENTS**

There were no public comments.

**BOARD
COMMENTS**

Director McWhinnie reviewed a news article about a nursing program that the Sequoia Health Care District is funding in exchange for the students doing their clinical work at Sequoia Hospital. The students will receive a signing bonus if they agree to work at Sequoia Hospital for two years after graduation.

Director Hall announced that there will be a press conference to announce a study of children and obesity in Sonoma County on September 8th at 9:30 a.m.

**MEDICAL
OFFICE BLDG
FEASIBILITY**

Director Anderson joined the meeting in progress.

Several local physicians were in attendance to hear this presentation and give feedback.

Ms. Arsdel noted that we are at the end of phase one of the feasibility study that addressed the need, size and location of a proposed medical office building (MOB).

The phase one feasibility concept consists of a two story medical office building between 22,000 – 26,000 square feet on the Petaluma Valley Hospital campus. The building would have the flexibility to house key specialties that we would want to maintain in our community to keep our hospital viable with 8-9 % that could be used for other services.

There are two sites on the campus, a portion of the front parking lot and the creek side of the hospital that have been focused in on with the parking lot location preferred.

Phase two is to determine the financial feasibility of the project. Land value was not included in analysis. The anticipated cost to build is in the range of \$5.5 to \$7.8 million dollars. In most scenarios reviewed expected a positive cash flow that could contribute to PHCD's ability to fund other projects. A lot will depend on potential financial partnership relationships.

The next steps would be discussions with potential financial partners and continued discussions with St. Joseph's / PVH to determine how the MOB location will impact the hospital and their potential use of space. A possible connector between the MOB and PVH would need to be discussed for the parking lot site. Petaluma Valley Hospital cannot commit to renting space in the MOB at this time as they are in the process of their long-term strategic planning.

Director Hall reviewed his experience of touring the Novato Community Hospital campus which has the hospital and medical office building connected noting how it improves the patient experience to have their care in one location. Director Hall also reviewed how completion of this project could assist in recruiting new physicians to Petaluma.

Director Thornton reviewed how this project serves several of the District's strategic goals. It upgrades the hospital, contributes to our future income and assists with physician recruitment.

If this project moves ahead construction could begin late spring or early summer 2005 for the parking lot site and May or June 2006 for the creek site.

Daymon Doss will be giving a presentation on the MOB to the Executive Committee of the Medical Staff of PVH on September 21st.

Dr. Ranadive discussed the need for an adequate number of handicapped parking spaces for the MOB

Dr. Ranadive discussed the need for specialists because it would reduce the number of patients transferred to other hospitals.

Director Hall made a motion that to enter into phase two of the feasibility study, the Petaluma Health Care District Board of Directors does instruct its CEO to enter into discussions with interested parties, based on the studies which have been done, to determine interest in various forms of financial participation in the proposed medical office building, and the approximate scope of such participation, including operational considerations.

The CEO will make timely and appropriate reports back to the Asset Management Committee and as appropriate; the Asset Management Committee will bring forward their proposals for review and discussion. The motion was seconded by Director Thornton and passed by a vote of 5 ayes, 0 nays and 0 absent.

**PETALUMA
HEALTH
CENTER**

Grant Request: Kathryn Powell, ED, PHC reviewed a request for financial assistance from the Petaluma Community Health Foundation for anticipated low income program write-offs. The total contribution request is for \$200,000 for fiscal year 2004-2005 which equates to \$20.83 toward the provision of each of over 9,600 low income patient visits. The more global format of the contribution request was driven by HRSA and the Bureau of Primary Health Care to ensure that the PHC maintain control over the contribution.

President Kerriden made a motion that the Petaluma Health Care District recommend to the Petaluma Community Health Foundation a contribution of \$200,000 to the Petaluma Health Center contingent on verification of sources and uses of cash per the Petaluma Health Center annual report and cash analysis. Motion was seconded by Director Anderson and passed by a vote of 5 ayes, 0 nays and 0 absent.

Dental Clinic Update: The Petaluma Health Center proposed to re-open the dental clinic located at 47 Maria Drive. Kathryn Powell requested

\$72,000 to offset the fee discounts to low income patients for the remainder of fiscal year 2004-2005 which breaks down to \$8,000 per month. If the dental clinic is opened by October 1, 2004 then the Petaluma Health Center would be eligible to apply for a HRSA expansion grant in February 2005. Copies of grant requests submitted to the Sisters of St. Joseph HealthCare Foundation and Sonoma County Children and Families Commission for the dental clinic were reviewed. The Community Foundation of Sonoma County will also be approached for a lower amount one-time administrative start-up grant.

This dental clinic is not free but it will accept Medi-Cal dental insurance and will provide discounted services to non-insured patients.

Director Thornton made a motion that the Petaluma Health Care District (PHCD) accept the recommendation of the Petaluma Area Coalition on Oral Health to support the Petaluma Health Center on the re-opening of the Dental Clinic and that the PHCD endorses the Petaluma Community Health Foundation in providing support of \$72,000 for fiscal year 2004-05 for this effort. The PHCD further expresses its intent to assist the Petaluma Health Center by committing to support the dental clinic for twenty-four months subject to satisfactory operational performance and securing of additional community funding. President Kerriden seconded the motion.

Kathryn Powell will be presenting the concept of re-opening the dental clinic to the Petaluma Health Center Board on August 31, 2004. The dental clinic will only re-open if the PHC Board approves.

Director Anderson raised the issue of the dental clinic presentation being made to the District Board before the Health Center Board.

Christine Adams, PHC Board President responded that the PHC Board has previously discussed the possibility of re-opening of the dental clinic but the issue has always been money. The fact that the District would be supplying initial support does not mean that the District is setting up the program, the PHC is setting up the program and noted that it is the Community Coalition that has brought this proposal about and Kathryn Powell is on that Coalition as well as a PHC board member. This is a tremendous need in our community and President Adams hopes that the PHC Board will support this project.

The above motion passed by a vote of 5 ayes, 0 nays and 0 absent.

Long-Term Debt: Directors reviewed the MOU signed August 5, 2004 for repayment to the District of \$598,543 Petaluma Health Center long term debt.

The District Board entertained a request to forgive the net accounts receivable portion of \$268,691. In reviewing the accounts receivable that was sold to the Health Center in 1999 totaling \$550,595 it was noted that \$268,690 was netted. The District auditor suggested forgiving the \$268,690 and maintaining the remainder of the \$598,543 on the books for one more year to see if it is a viable collection. The effect of the forgiveness would be to reduce the District's assets by \$268,691 and the liability of the Health Center would be decreased by the same amount.

President Kerriden made a motion to forgive the \$268,691 Petaluma Health Center long-term debt owned to the Petaluma Health Care District. Motion was seconded by Director McWhinnie.

Motion amended that the District will reduce the forgiveness of the Health Center debt owned to the District and / or a grant in the amount of \$268,691, subject to final determination with conversation between the District and Health Center auditors, was made seconded and passed by a vote of 5 ayes, 0 nays and 0 absent.

Christine Adams, PHC Board President, Kathryn Powell and the District board had a conversation about community perception that the Petaluma Health Center is a free clinic. The community is starting to understand that the Petaluma Health Center is not a free clinic but the change in perception is a slow process. The PHC management team is aware of this perception change and encourages changes to facilitate this perception shift and increase cash flow.

**PHCD FY 2004-05
DRAFT BUDGET
3**

A summary of draft # 3 was reviewed noting the \$272,000 grant that the board approved to recommend to the Foundation was included in this draft. Percentages of revenue as compared to the total were included in the summary. Board members reviewed the budget and a question and answer session ensued.

A motion to approve draft # 3 of the PHCD FY 2004-05 budget was made by Director Thornton seconded by Director Anderson and passed by a vote of 5 ayes, 0 nays and 0 absent.

The PHCD financials are in the process of being audited and our auditor, Marilyn Everett will make a formal presentation of the audited financials at the October 28th board meeting.

CEO EVAL Director Thornton reviewed a simplified format to the CEO evaluation and
FORMAT reviewed the CEO objectives that the CEO has set for himself for the remainder of 2004.

Director Hall suggested adding a statement of purpose that the CEO exercises initiative and responsibility in maintaining a wide range of health services in Petaluma as provided for by law for Health Care District's.

All Board members agree to the CEO evaluation format change and to the 2004 CEO objectives.

STRATEGIC **Political Alliances: HC² Report:** The annual report for July 2003 – June
PLAN TASK 2004 was distributed and reviewed. HC² focused on four key areas during
FORCE REPORTS the past year; Building Healthy Neighborhoods, the South County Senior Forum, Petaluma Youth Success and Community Action and Planning (CAP) Groups.

A thank you letter from HC² for the first half of the District's annual support was included in the packet.

Petaluma Community Health Foundation: The Foundation is reinvigorating itself and moving towards fundraising. Their immediate efforts will be focused on fundraising for the Petaluma Health Center and a task force has been created that meets regularly to discuss this effort. The Foundation is actively recruiting new members to expand their board.

When the District auditor makes her report to the PHCD Board in October she will be discussing a new fiscal relationship between the District and Foundation based upon new GASB government accounting standards for financial records. These new standards will not change our relationship or policies in any way other than financial recording. Trustee DeHaan will be reporting more fully to the Foundation board in his role as Treasurer.

WORK REPORTS **Finance Report:** July and August finance reports will be presented at the October 7th board meeting.

President's Report: BOARD MEETING SCHEDULE: The board meeting schedule for the remainder of 2004 will be October 7 (instead of September 16) October 28, November 18 and December 16. There will be no meeting in September.

ACHD CONFERENCE & DELEGATE: President Kerriden, Director Thornton and Daymon Doss will be attending the ACHD conference

September 29 – October 2 in Lake Tahoe. The official delegate to the conference will be President Kerriden and the alternate will be Director Thornton.

CEO Report: Our Loss Prevention Review of July 26, 2004 from the Alpha Fund was reviewed.

Information on Proposition 63, Mental Health Services Act was discussed and reviewed.

An ACHD Capital Sources article discussing the State looking at the income of all special districts which could have major implications for all Health Care Districts, especially those with parcel taxes, was reviewed.

NEXT STEPS

ADJOURN

President Kerriden adjourned the meeting at 2:45 p.m.

Respectfully submitted,

David Anderson, M.D., Board Secretary

RECORDED BY

Betty Daniels, Administrative Assistant