CALL TO ORDER

President Hempel called the meeting to order at 7:30 AM in the lobby conference room at 1425 N. McDowell Blvd.

PRESENT

Elece Hempel
Fran Adams, RN, BSN
Josephine S. Thornton, M.A.
Joseph Stern
Becky Monday

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Board Clerk, PHCD
Andrew Koblick, Controller, PHCD
Jane Read, VP Operations, SJH
Daymon Doss, COO PHC

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Director Monday read the mission and vision of the Petaluma Health Care District.

The mission of the Petaluma Health Care District is to improve the health and well-being of our community through leadership, advocacy, support, partnerships and education.

Petaluma Health Care District envisions: A healthier community; a thriving hospital; local access to comprehensive health and wellness services for all.
CONSENT CALENDAR

The June 20, 2017 Agenda was amended to move Item 13 up to Item 4, and corrected to move the bullet “Renewal of Line of Credit with Exchange Bank for $500,000 to Item 12: Fiscal Sustainability. A motion was made by Director Stern to approve the amended and corrected June 20, 2017 Agenda; and the May 16, May 30, and June 6 Minutes which was seconded by Director Thornton. This motion was passed by a vote of 5 ayes (Directors: Hempel, Adams, Monday, Thornton, Stern) and 0 noes.

PETALUMA VALLEY HOSPITAL
SRM Alliance Board Update

Jane Read reported that Dr. Bollinger has started at PVH, and Dr. Chris Walters, orthopedic surgeon and sports medicine, will start in July. Management continues to recruit a GI doctor; currently there are only 15 -16 days per month of coverage. The recruited physician would take call and do cases at the hospital. Management is also recruiting a general surgeon.

PVH will again participate in the Leapfrog Hospital Survey, which is done every six months to maintain the hospital’s “A” status. Ms. Read reported that there are continuing issues with C. diff, and the hospital is working with its antibiotics stewardship program to correct the problems. During the Joint Commission review, PVH initiated bedside reports which include the patient in the discussion of condition and treatment. Ms. Faith commented that this procedure is best practice. Ms. Read reported that the med-surge census has varied from 9 to 37.

Regarding recruitment, Ms. Read reported that there have been employee losses in OB, but as a result of SJH’s relationship with Providence, PVH now has access to a nursing academy. PVH will be employing interns through Sonoma State University’s program, who will then be able to attend the nursing academy for obstetrical nursing. In addition, management has increased the referral bonus to boost recruitment.

Ms. Faith asked Ms. Read about the results from the Employee Engagement Survey, which was conducted eight months previously. Ms. Read responded that the results are in aggregate with Santa Rosa, and there should be more information next month. Ms. Faith also mentioned she received a call from a PVH employee concerned that when he went to get his lab work done at the hospital he was told that the hospital no longer offered outpatient lab services. Ms. Read responded that all outpatient labs has been moved to Lynch Creek, which is also part of the hospital, and has staff dedicated to out-patient labs draws. The employees have been informed of this.

In response to a question about the nurses’ event in Walnut Park the previous day, Director Adams commented that she attended, and there was a good attendance by nurses. The board discussed the National Labor Relations Board hearing on the nurses’ right to vote. Ms. Read said that policy changes are happening at the Providence level, but she is not certain where the issue stands now.

GRANT COLLATERAL/SUBORDINATE DEBT

Daymon Doss, COO of the Petaluma Health Center, made a request to the board to sign a subordination agreement. Previously the board approved the subordination of the loan however due to the timing, Chicago Title requested a more current signature because the loan changed from $2 million to $1.8 million. The loan relates to the remodel of the Health Center; plans are in process to begin the work on the remodel in late July or early August, with an opening of the new wing on February 1, 2018. In addition, PHC is opening a nurse-practitioners residency program, with four nurse-practitioners at a time, and is working to
sign an agreement through UCSF for a pharmacy residency program. Mr. Doss requested the board sign the renewal of the loan with a date of June 1, 2017.

A motion was made by Director Thornton to approve, contingent on the final revisions of legal counsel, a subordination agreement for the loan of $1.8 million to the Petaluma Health Center. This motion was passed by a vote of 5 ayes (Directors: Hempel, Adams, Monday, Thornton, Stern) and 0 noes.

Director Monday commented that she would like to get additional information.

**ADJOURN TO CLOSED SESSION**

President Hempel adjourned the meeting into closed session pursuant to:
- Government Code §54956.8 closed session; real property transaction; meeting with negotiator – 400 North McDowell Blvd.; GE Healthcare Camden Group, and Bouey & Black, LLP.

**ADJOURN TO OPEN SESSION**

President Hempel adjourned the meeting to open session and reported no action taken in closed session.

**PUBLIC COMMENTS**

There were no public comments.

**BOARD COMMENTS**

There were no board comments.

**ADMINISTRATIVE REPORT**

**CEO REPORT**

CEO Ramona Faith noted the Health Action Chapter Update in the board packet and reviewed the Health Action Framework for Action draft document, which is included at the end of these minutes. Ms. Faith noted the addition of the behavioral / mental health component. In response to a question from Director Thornton for examples of Health Action’s accomplishments, Ms. Faith reported that Health Action has started the Committee for Healthcare Improvement initiative with SJH, Kaiser, and Sutter to work together on cardiac disease. President Hempel also commented that Sonoma County was recently awarded a $17 million grant to provide behavioral health services using a regional model to let patients remain closer to their families. Also, Ms. Faith noted that Sonoma County moved up from 12th place in 2011 to 5th place in 2017 among 56 California counties surveyed in the first County Health Rankings by the Robert Wood Johnson Foundation. The rise was due in part to increased county-wide collaboration on health issues.

Ms. Faith reported that ACHD committees are being formed and encouraged board members who are interested to fill out an interest form soon. Director Stern indicated that he would be interested in serving on one of the ACHD committees.

Ms. Faith commented on the response from Donna Beels, PVH Foundation Chair, to Ms. Faith’s letter to the PVH Foundation Board which informed the Foundation board members that the District would like to
engage with the Foundation Board members when the timing is right to plan for and create a future foundation to support PVH. Ms. Beels’ letter is included at the end of these minutes.

Director Thornton suggested that, as the Foundation is an arm of SJH Ministries, it might be more effective for the PHCD Board to reach out individually and informally to PVH Foundation Board members to obtain support for PVH under the new operator. The board agreed that this would be an effective approach. Some meetings have already been scheduled.

Director Monday commented that it could be helpful to review the Foundation’s bylaws to understand the connections between the Foundation and SJH. President Hempel stated that she could get access to them and send the link to District staff. In addition, Director Monday questioned if the money that was raised for PVH would be used for PVH, and was informed by Ms. Faith that any funds raised for PVH would remain with PVH.

FORGING A NEW PATH FOR PETALUMA VALLEY HOSPITAL

Ms. Faith updated the board on the transition of PVH operations from SJH to Paladin Healthcare, noting that the bi-weekly update was the letter to the editor which appeared in the Argus Courier. The letter was also sent to the physicians and to Todd Salnas (SJH). Mr. Salnas responded to Ms. Faith that because SJH management did not agree with all items in the letter, he would not be sending it to PVH staff. Ms. Faith informed the board that the updates are emailed to approximately 200 members of the community. The letter to the editor is included at the end of these minutes.

FINANCIAL SUSTAINABILITY

April 2017 Financials
The Month and Year to Date April 30, 2017

Andrew Koblick, Controller, reviewed the April 2017 financials.

As of April 30, 2017 the Statement of Net Position reflected assets of $8,015,406 and liabilities of $489,421 leaving the net fund balance at $7,525,985.

The month and year to date ended April 30, 2017 showed the net loss of $87,677 and $979,977 which is $7,597 and $203,619, respectively better than the budgeted loss of $95,274 and $1,183,596.

A motion was made by Director Stern to approve the April Financials, seconded by Director Adams. The motion was passed by a vote of 5 ayes, (Directors Hempel, Monday, Adams, Thornton and Stern) and 0 noes.

FY 2017-2018 6-Month Annual Budget

Mr. Koblick presented the District’s 6 month budget for 2017 – 2018. The new budget is showing $894 thousand net loss, with a significant amount for due diligence. Cash flow for the first 6 months will be negative $500,000. The budget includes election costs of approximately $140,000. Revenue from the hospital is approximately $43,000 per month, based on the verbal agreement with SJH. CEO Faith commented that SJH has not been making rental payments, and is not planning to make payments until an Operations Transfer Agreement is signed with the District. The board expressed strong concerns over SJH’s withholding of agreed-upon rent, and asked Ms. Faith to discuss the matter with legal counsel.
A motion was made by Director Stern to approve the FY 2017-2018 6-Month Annual Budget, seconded by Director Monday. The motion was passed by a vote of 5 ayes, (Directors Hempel, Monday, Adams, Thornton and Stern) and 0 noes.

CORPORATE RESOLUTION TO BORROW

Management presented a request for a board approval of the renewal of the Line of Credit with Exchange Bank for $500,000.

A motion was made by Director Stern to approve the Renewal of the Line of Credit with Exchange Bank for $500,000 which was seconded by Director Adams. This motion was passed by a vote of 5 ayes (Directors: Hempel, Adams, Monday, Thornton, Stern) and 0 noes.

CEO Faith reported that PHCD will continue to provide grants to support the ANAD group, (Eating Disorders), Mother’s Care, and Kid’s Scoop, which fosters literacy and early reading.

PUBLIC RELATIONS AND COMMUNICATION CONTRACT

President Hempel reported that the District has had a contract with Blattel Communication for public relations work. Blattel has contracted with Melinda Hepp, communications specialist. President Hempel noted that Ms. Hepp is CEO Faith’s daughter, and that legal counsel reviewed and cleared the business relationship, given that Ms. Hepp is not Ms. Faith’s dependent. Blattel has recently asked to be relieved of its contract, as the firm is no longer doing business in the North Bay. Ms. Hepp no longer is employed by Blattel, and has started her own public relations firm focusing on the North Bay. President Hempel stated that it would be advantageous, for consistency, to maintain the relationship with Ms. Hepp, who is familiar with the District’s work and current communications needs. Ms. Faith stated that Ms. Hepp is connected with the North Bay media, North Bay business community, and has served as the lead PR consultant for the District for the past 3 – 4 years. Ms. Hempel asked the board if it would approve moving forward to sign a contract with Ms. Hepp to continue doing public relations and communications work for the District. The board agreed that Ms. Faith should move forward on a contract.

In addition to the work of a public relations person, Director Stern commented that it is appropriate and necessary for PHCD board members to take on a more strategic role in networking with community leaders and stakeholders, and the board should develop a process to meet with key community stakeholders.

INFORMATIONAL ITEMS

Ms. Faith directed the board members’ attention to the upcoming events listed in the agenda including the Sonoma-Marin Fair on June 22. Regarding the Board Governance Training session, Ms. Faith asked the board to review Board Policies and Board Committee structure in advance of the meeting on June 22. The board agreed that the July Special Board meeting will be held on Wednesday, July 5 at 7:30 AM. The next regular Board meeting will be July 18, and Ms. Faith and Director Stern will call in to the meeting.

ADJOURN

President Hempel adjourned the meeting at 9:20 AM.

Submitted by Fran Adams, Board Secretary
Recorded by Erin Howseman, Board Clerk
Chapter Updates 6/15/17

Health

- Lori Houston recently presented about the Committee for Healthcare Improvement and Hearts of Sonoma at RRARA’s May 24th meeting. The group is interested in helping with the cardiovascular health campaign when it launches.
- As part of the Innovations Team project, RRARA also is mobilizing its members to use an app called “dScout” to gather data about how opioid use impacts the Russian River community. Participants will upload photos and captions to a shared site to create a “picture” of the issue.

Education

- Corazón Healdsburg is launching a college counseling support cohort for 9-12th grade students at Healdsburg High School. The counseling program will offer wrap around support for high achieving students and their families, focused on students who will be the first in their family to graduate from a 4-year college. The program will assist with class scheduling, summer enrichment, SAT preparation, navigating college applications, essay review, and financial aid applications.

Income

- The Rohnert Park and Cotati Health Action Chapter’s Food Access Workgroup has collaborated to start a new food distribution site at the Rohnert Park Health Center on Mondays.

Community Engagement

- Corazón Healdsburg is working with Alliance Medical Center to increase participation in their prenatal classes and build community. A Healdsburg mom’s group is collecting donations of gifts to throw baby showers for the moms completing the prenatal class series. Part of this strategy is to build in messages about the importance of reading and quality early childhood education. Corazón’s Moms to Moms baby shower recently received a grant from the Baby Box Co to offer their bassinet boxes for safe sleeping. Corazón has invited members of the community to purchase new items such as diapers and first aid supplies through an online gift registry.
- Corazón Healdsburg has been selected by Assemblymember Jim Wood as his non-profit of the year. They will be receiving an award on the floor of the state assembly on June 28th.

Backbone Support

- Palm Drive Health Care District has committed $500/month for part of the RRARA Coordinator position, but the group is still actively seeking funding.
- The Windsor Wellness Partnership is using the remaining funds from its Health Happens Here start up grant from the Department of Health Services to hire a grant writer/fund developer. They aim to secure sustainable resources for a part-time coordinator position.
**HEALTH ACTION VISION:** Sonoma County is a healthy place for all residents to live, work and play.

**HEALTH ACTION**

**Sonoma County**

**Framework for Action**

Health Action is a partnership of local leaders, organizations, and individuals dedicated to improving health and well-being and reducing disparities across Sonoma County.

**Health Action's Mission** is to mobilize community partnerships and resources to achieve equity and to improve health and well-being for all in Sonoma County.

To achieve its mission, Health Action focuses on three impact areas: a long and healthy life, educational attainment, and a comfortable standard of living. It raises awareness of key local health issues, addresses social determinants of health, and highlights critical disparities within the community. As Health Action evolves, so does its understanding of what is required to realize the high level of impact it strives to achieve. This Framework for Action lays out a roadmap for realizing this higher level of impact along three domains:

- **Strategy**, including refined health and well-being priorities and values;
- **Stewardship**, including a collective approach to supporting priorities and clearly defined expectations of Health Action members; and
- **Sustainability**, including the development of a sustainable financing plan.

This framework presents direction for Health Action members, partners, and the community to come together to create the large-scale social change needed to improve health and well-being for all in Sonoma County.

**June 2, 2017**

**DRAFT**
May 31, 2017

Ms. Ramona Faith, CEO
Petaluma Health Care District
1425 North McDowell Blvd., Suite 103
Petaluma, CA 94954

Dear Ramona:

Thank you for your letter addressed to the Members of the Board dated May 11, 2017. As the Chairperson for the Petaluma Valley Hospital Foundation Board of Directors, I was asked to respond on behalf of the Members of our Board.

As an arm of the St. Joseph Health ministry, the Petaluma Valley Hospital Foundation Board remains focused on our current mission of raising money to help Petaluma Valley Hospital meet the health needs of the communities we serve. We agree the community’s spirit, generosity and commitment to supporting our local community remains apparent in all of our fundraising efforts.

We see the hard work taking place between St. Joseph Health and the Petaluma Health Care District to transition hospital operations at the earliest date possible. We understand that successful transitions take time and we greatly appreciate these efforts. However, with so many important details yet to be agreed upon, our Foundation Board feels it is still too premature to begin discussions on what the Foundation’s future will look like.

The Board members have discussed this issue at length and we decided to form a committee to explore all of our options with St. Joseph Health, the Petaluma Health Care District and a new operator once a firm and binding agreement has been signed. As details of this transition become more concrete our committee will be reaching out to determine what our ongoing philanthropy will look like moving forward and how we can collectively best support this community hospital.

I know that Andrea Learned and Todd Salinas believe that the next step is to have Andrea and I, you and Elece Hempel and Ken Cohen from Paladin discuss the strategic plans for each Foundation. Some of our Board members question the utility of asking our community to support three similar but different fundraising entities.

Again, thank you for your interest in building upon the philanthropic work the Foundation and the St. Joseph Health Fund Development Team has accomplished over the past 13 years.

Sincerely,

Donna J. Beels
PVHF Board Chair
May 11, 2017

Board of Directors
Petaluma Valley Hospital Foundation
400 N. McDowell Blvd, Petaluma, CA 94954

Dear Members of the Board,

On behalf of the Petaluma Health Care District Board of Directors and the Southern Sonoma County community, I want to thank the Petaluma Valley Hospital Foundation Board for a wonderful and successful Benedetti Leadership Celebration. While the venue and setting were beautiful, the community’s spirit, generosity and commitment to supporting our local community hospital were most apparent, which doesn’t come as a surprise to any Petaluman.

The Foundation’s efforts and dedication to raising funds to purchase state-of-the-art medical equipment and technology for our hospital is commendable. All hospitals need community support, and the Benedetti Leadership Celebration is a celebrated event and fundraiser that reflects Petaluma’s philanthropic efforts at its best.

As we prepare for a transition of hospital operations, the Petaluma Health Care District Board would like to engage the Foundation Board in planning for the future. Your insight will help determine next steps and foster ongoing philanthropy to seamlessly support our community hospital.

As we know, successful transitions take much time and consideration. It took more than five years from the time St. Joseph Health leased hospital operations in 1997 to create, recruit and engage great community volunteers in fundraising efforts to support Petaluma Valley Hospital. The Petaluma Health Care District’s intention is to continue to build upon the philanthropic work that the Foundation and the St. Joseph Health Fund Development Team has accomplished over the past 13 years.

The District Board and incumbent operator Paladin Healthcare look forward to meeting with you and the SJH Fund Development Team in the near future to determine the next steps that will best serve our community. The District is committed to ensuring Petaluma Valley Hospital’s vitality, as well as maintaining a foundation with funds and contributions that remain with the hospital.

I personally welcome the opportunity to meet with the Foundation Board or members individually to hear your input and answer any questions. I can be reached at 707-285-2143.

Thank you,

Ramona Faith, MSN, RN
CEO, Petaluma Health Care District

1425 North McDowell Blvd., Suite 103, Petaluma, CA • (707) 285-2143 • Fax (707) 285-2277 • www.phcd.org
Editorial Contribution
Ramona Faith, CEO, Petaluma Health Care District

Petaluma Valley Hospital (PVH) is a vital community-owned asset. The Petaluma Health Care District wants to assure this community that we continue to work diligently through the multifaceted and increasingly complex process of transitioning our hospital’s operations from St. Joseph’s Health (SJH) to Paladin Healthcare.

Throughout our District’s history— all 70 years— we have harnessed the community’s vision and provided oversight to ensure Petaluma’s health care needs are met. As your public agency, local access to a thriving hospital is a primary objective— this means ensuring a facility that meets the community’s current and long-term needs via a lease that protects core hospital services and provides ongoing investment in infrastructure, state-of-the-art medical equipment and technology, and people.

We understand the due-diligence process to identify and select a long-term operator, which has consumed the District for more than two years, has been lengthier than anticipated and some feel it is not as transparent as it could be. We sympathize, and we feel it too. The District has always aimed to keep the community abreast of the steps toward securing the best operator for the next long-term lease. Until an agreement is reached, we are required to follow a specific process that enables us to negotiate the best outcome for Petaluma. We have shared, and will continue to share, as much information as possible as we hit specific process milestones. This includes notifying the press of updates, holding community meetings and forums to solicit feedback and answer questions, and providing the opportunity to sign up for bi-weekly updates via our website: www.phcd.org.

At this point and necessarily “behind the scenes,” the District continues to work through the critical transitional planning required to get a measure on the ballot for public vote.

Here’s where we are:

Initially, the District moved forward in good faith to reach a new lease arrangement with our current operator, SJH. Ultimately and to our surprise, SJH ended negotiations after nine months, as we were unable to reach agreement on three material terms: 1) fair market rent, which the District is required to charge by law; 2) a non-compete clause assuring that SJH would not offer services in Petaluma that could and should be offered through PVH; and 3) maintaining women’s health services.

After SJH ended negotiations, the District immediately re-engaged in a process to identify an alternative and new hospital operator. Paladin Healthcare was chosen based on its thorough proposal that aligned with community-identified priorities, demonstrated its strengths as an organization, and articulated a strong vision for PVH. It took the District and Paladin six weeks to negotiate a letter of intent under the same terms pursued with SJH.
Since then the District has been and continues to be actively engaged in finalizing a new lease with Paladin and an Operations Transfer Agreement with SJH—a complicated and charged process because the District is essentially brokering the transition of all hospital operations from SJH to Paladin. We are endeavoring to ensure that SJH, part of the Providence Health System, fulfills its legal obligation to return a viable, functioning hospital to the District so that we can then lease hospital operations to a new operator.

Representatives from the three parties involved—the District, SJH and Paladin—have been meeting weekly to discuss various aspects of the agreements. As a result of SJH’s decision years ago to adopt a regional IT system that includes PVH, it is exceedingly complex and expensive to develop a new IT system and required interfaces to allow for the transfer of PVH that will have a functioning IT system on the effective date of a new lease. There are meetings taking place to evaluate the full cost of creating an IT platform outside of the regional IT system that SJH set up, and we are making every effort to streamline the process and to reduce the associated costs.

The District expects SJH to fulfill its financial, operational and other obligations resulting from its business decisions and to transition our viable and functioning hospital back to the District.

While we have hundreds of hours of collective effort behind us, much work still needs to be done and many agreements still need to be reached among the three parties. As such, the lease and transfer negotiations and agreements are not ready for the August ballot. SJH and Paladin have stated that there is ample time to reach the necessary agreements in time for the November election and the District agrees, provided the parties continue to prioritize required actions needed to complete the transaction. A verbal agreement has been made between the District and SJH for SJH to maintain hospital operations to aid in a smooth transition, but a reasonable finite period of time needs to be identified. The District has been steadfast in its desire to avoid any disruption to the high-quality services enjoyed by this community.

We are confident that Paladin is a solid community partner. CEO Barry Wolfman and his team have and continue to put considerable thought and effort into this transition and the longer-term plans for our hospital’s operation and our community’s health. While Paladin is traditionally known for turning around struggling hospitals, Petaluma is not a turnaround by any stretch. It is a thriving, award-winning hospital known for its quality outcomes and industry best practices. Paladin recognizes this and wants to build upon the great work that exists.

We want to commend the PVH medical staff, employees and volunteers who continue to provide quality care and services to their patients through this process.

Armed with the wisdom gained throughout this process, the right partners in health care and the community’s input, the Petaluma Health Care District is steadfastly pursuing a strong future for Petaluma Valley Hospital. We appreciate your support and patience with this transition and welcome your engagement in this process.