



**MINUTES OF THE DECEMBER 19, 2017 MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER

President Hempel called the meeting to order at 11:00 AM in the lobby conference room at 1425 N. McDowell Blvd.

PRESENT

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

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Board Clerk, PHCD
Andrew Koblick, Controller, PHCD
Jane Read, VP Operations PVH
Kyle Rusten, KCOE ISOM

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Erin Howseman 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

A motion was made by Director Monday to approve the Agenda for December 19, 2017 and the November 14, 2017 and December 5, 2017 Minutes which was seconded by Director Adams. This

motion was passed by a vote of 5 ayes (Directors: Hempel, Adams, Monday, Stern, Thornton) and 0 noes.

PUBLIC COMMENTS ON NONAGENDIZED ITEMS

There were no public comments.

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, Bouey & Black, LLP, and Archer Norris**

ADJOURN TO OPEN SESSION

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

BOARD COMMENTS

Director Monday reported on chapters 5 and 6 of “52 Ways to be a Better Board.” Chapter 5 deals with making policies; Ms. Monday noted that the District Board had recently reviewed board policies. Chapter 6 deals with becoming a stronger board team and maintaining a professional relationship with other board members.

ADMINISTRATIVE REPORT

CEO REPORT

CEO Ramona Faith gave a report on Sonoma County Health Action’s new framework for action. PHCD is a Health Action (HA) chapter, and where possible, it works with agencies outside Petaluma to pool resources to address south county community health priorities and issues. Other HA chapters are looking to replicate some of Petaluma’s recognized successful programs.

Sonoma LAFCO recently contacted Ms. Faith to review the sphere of influence for the District. She will respond that no changes are anticipated. Sonoma LAFCO also recently gave notice of intent to complete a Certificate of Filing to annex 17.2 acres to the City on the southeastern border. These parcels are already part of the District, and no action is required.

KCOE ISOM DISTRICT FY 2016-2017 AUDITED FINANCIALS PRESENTATION

Kyle Rusten, CPA and Principal of KCOE ISOM, presented the 2016-2017 Audited Financials. Mr. Rusten explained the process and auditors’ responsibilities as well as management’s responsibility for the financial statements.

Mr. Rusten reviewed the Statements of Revenues, Expenses, and Changes in Net position noting the Total Net position as of June 30, 2017 was \$7,283,010. Cash flows from operating and investing activities were reviewed. Mr. Rusten noted that rent from Petaluma Valley Hospital has been included under “Other

Receivables” although the District has not yet received payment from St. Joseph’s Health since June 30, 2017.

There were no noted deficiencies in accounting processes and procedures, and the auditors are issuing a clean opinion. Mr. Rusten complimented the accounting department staff on the excellent job they did in the preparation of the audit documents. The board thanked Mr. Rusten for his presentation.

PETALUMA VALLEY HOSPITAL ***SRM Alliance Board Update***

Jane Read’s arrival was delayed. She gave her report at the end of the meeting.

FORGING A NEW PATH FOR PETALUMA VALLEY HOSPITAL

CEO Ramona Faith reported that an updated proposal from Paladin Healthcare was received Dec. 15 and was reviewed by the Board in closed session today. The proposal changed Paladin’s offer from a lease to a management agreement due to the difficulties around the IT transition. Ms. Faith noted she recently met with St. Joseph’s Northern California Region CEO. She is optimistic that constructive conversation on this issue is still possible as SJH has agreed to reopen discussions between SJH and the District regarding the IT transition.

Public Comment: A community member asked whether the change in Paladin’s offer require public approval. President Hempel clarified that a public vote is not required to make a management change. Ms. Faith added that before such a change is made there would be additional opportunities for public comment.

Another community member asked whether the change from a lease to a management agreement changes the scope of the Request for Proposals and would open the opportunity for other service providers to make a similar offer. Director Stern clarified that the original RFP was open to either sale, lease or management agreement. The District is still negotiating the Paladin offer, so the change of terms is not yet final.

A community member expressed concern that St. Joseph’s Healthcare’s inflexible position on IT issues may jeopardize transition to a new hospital operator. Ms. Hempel reminded everyone that SJH has long been willing to assist in the transfer of operations and will not abandon the Petaluma community until a solution is in place. The District is encouraged by SJH’s willingness to continue negotiating the IT issues in order to assure members of the District have a quality hospital facility.

Another community member expressed concern that Paladin may not be able to provide a quality health care solution. Ms. Hempel thanked the member for their concern. The District is pleased by the level of community engagement in this process. The member additionally asked if there is any possibility that there could still be a solution with SJH. The District is open to that possibility. The goal is to find the best operator for our community hospital.

A community member questioned whether the time frame of another year to resolve the IT issues is realistic, given the reported number of physician retirements, the back up in emergency room skills, the challenge of physician recruitment. Changes in health care delivery, such as the availability of outpatient services by commercial providers and changes in Medical reimbursement. He urged the District to evaluate the essential services of PVH with the perspective of what service will be needed 20 years hence. He also noted that most of the public receives what information they receive from their individual doctors.

If there is going to be a change in direction for the hospital, the public needs to be prepared to understand how that might affect their access to care.

Additional public meetings will be scheduled in the coming months to offer the community more opportunities to engage in the process of planning for future needs.

FINANCIAL SUSTAINABILITY

October 2017 Financials ***The Month and Year to Date, October 31, 2017***

Controller Andrew Koblick presented the October 2017 financials. As of October 31, 2017 the unaudited Statement of Net Position reflects assets of \$7,504,355 and liabilities of \$633,259 leaving the net fund balance at \$6,871,096.

The month and year to date ended October 31, 2017 the unaudited Statement of Revenue and Expense shows the net loss of \$91,710 for the month and \$411,528 year to-date respectively which is \$35,470 and \$61,988 better than the budgeted loss of \$127,180 and \$473,516.

A motion was made by Director Stern to approve the October 2017 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.

BOARD GOVERNANCE

Annual Review of Board Policies: Records Retention

CEO Ramona Faith reported that Directors Monday and Stern reviewed the Records Retention Policy.

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

INFORMATIONAL ITEMS

CEO Ramona Faith referred the board members to the upcoming events listed in the board packet including the 4Cs Champions for Children Luncheon on January 19. Directors Monday and Thornton said they would like to attend. Also included for information were recent letters received and articles recently published about Petaluma Valley Hospital. The board discussed the listed dates of upcoming board meetings which may need to be adjusted. The January 2 special board meeting will be cancelled. January 16 was confirmed for the next regular board meeting.

Ms. Faith acknowledged Erin Howseman's last meeting as Board Clerk. The Board thanked Ms. Howseman for her years of service and wished her well in her retirement.

PETALUMA VALLEY HOSPITAL

SRM Alliance Board Update

Jane Read gave the PVH update. Hospital employees received a quarterly update on the transfer status recently. She noted that the longer the negotiation goes, the harder it is to staff the hospital. Attrition occurs

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over job security as well as compensation issues. There is strong staff support for a local nurses union, and management is beginning negotiations with Petaluma Staff Nurse Partnership. The average time to negotiate a new contract is 18 months.

A new nurse manager as well as other staff managers will be on board at the end of January. The hospital plans to use locum tenen physicians to fill vacancies, one of whom is interested in the general surgeon position. They continue to recruit for a GI specialist and are looking for options to fill pediatric coverage when the current on-call physician reaches age 60 (no longer contractually obligated to take call) later this year. An incoming ENT physician will shortly join St. Joseph's Health Medical Group who will help look at ways to leverage the regionalization of physicians at Napa and Santa Rosa to provide coverage.

Finances in October and November were boosted by Kaiser reimbursement when their Santa Rosa hospital was closed during and following the fires.

The Board commended Ms. Read for aggressive staff recruitment efforts that is complicated by the pending management change.

Public Comment: It was noted that the centerpiece of PVH is the emergency room. Physician recruitment partially depends on money. Urged the District to offer competitive pay.

ADJOURN

President Hempel adjourned the meeting at 1:17 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Erin Howseman, Board Clerk