



**MINUTES OF THE MAY 10, 2018 MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER

President Hempel called the meeting to order at 5:32 PM in the lobby conference room at 1425 N. McDowell Blvd.

PRESENT

Elece Hempel, President
Fran Adams, RN, BSN, Secretary
Joseph Stern, Treasurer
Josephine S. Thornton, M.A., Vice President
Jeffrey Tobias, MD, Board Member-at-Large

ALSO PRESENT

Ramona Faith, CEO, PHCD
Andrew Koblick, Controller, PHCD
Ruth Wells, Board Clerk, PHCD
Tyler Hedden, COO, St. Joseph Health, Sonoma County

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Director Stern 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 Adams and seconded by Director Stern to approve the Agenda for May 10, 2018, and the minutes of meeting on April 19, 2018. This motion was PASSED by a vote of 5 ayes (Directors: Adams, Hempel, Stern, Thornton, Tobias) and 0 noes.

PETALUMA VALLEY HOSPITAL

SRM Alliance Board Update

Interim hospital administrator Tyler Hedden reported that a joint operating agreement has been reached between St. Joseph Health (SJH) and Adventist Health. The resulting new company (NewCo) still requires regulatory approval. As PHCD-owned property, Petaluma Valley Hospital (PVH) is not included as part of that corporate structure.

CEO Ramona Faith noted that SJH informed the District that the NewCo would allow SJH to re-engage in negotiations with the District with respect to operating PVH.

Director Thornton asked how the local doctors feel about this development. Mr. Hedden stated that while physicians are independent with respect to the hospital facility, medical groups can negotiate with the NewCo, and the news of the NewCo is welcome in the physician community.

With respect to hospital personnel, Mr. Hedden reported that SJH has begun negotiations with the Petaluma Staff Nurse Partnership (PSNP) nurses union. While talks are proceeding slowly, SJH is very positive about the direction and progress. SJH is celebrating Nurses Week this week, and will observe Hospital Week next week, taking the opportunity to thank their employees.

Several capital improvements are underway or have recently completed, including refurbishing a boiler and a chiller. Ms. Faith requested an update on the upgrades completed based on the most recent facility condition assessment that was conducted on the hospital as part of the District's due diligence process. The District has been told that most items have been completed or are in progress, but it would be good to get a formal status report. With the opportunity for SJH to re-engage in discussions with the District to operate PVH, it would be good to discuss what the SJH vision is for PVH and how the hospital fits into SJH's overall strategic plan. Mr. Hedden agreed.

Mr. Hedden noted that hospital-acquired infections have been greatly reduced, and that sepsis and mortality rates also are quite low. They have received a Leapfrog A-rating. Ms. Faith noted that PVH is one of the highest quality performing hospitals within the SJH system.

Director Thornton questioned the impact of PVH's payer mix on its financial stability. Mr. Hedden explained that a 3% margin is needed simply to maintain the facility. Given demographic trends for the community, they are aware of the need to be able to survive on Medicare payments, as well as to achieve economies of scale in order to compete with Sutter and Kaiser. Telemedicine will help.

President Hempel referred to a recent news article on the local impact of the opioid epidemic. Mr. Hedden acknowledged that PVH hospital staff have done a phenomenal job in caring for overdose patients and families.

The Board thanked Mr. Hedden for his report. Mr. Hedden left the meeting at 5:57 PM.

PUBLIC COMMENTS ON CLOSED SESSION ITEMS

There were no public comments on Closed Session items.

ADJOURN TO CLOSED SESSION

President Hempel adjourned the meeting into closed session at 5:58PM, pursuant to Government Code §54956.8 closed session; real property transaction; meeting with negotiator – 400 North McDowell Blvd.; Bouey & Black, LLP, and Archer Norris.

CLOSED SESSION

The planned discussion involving trade secrets pursuant to Health & Safety Code Section 32106 concerning new programs, services or facilities was postponed.

ADJOURN TO OPEN SESSION

President Hempel adjourned the meeting to open session at 7:02 PM and reported no action had been taken in Closed Session.

PUBLIC COMMENTS ON NON-AGENDIZED ITEMS

There were no public comments.

BOARD COMMENTS

Director Stern summarized several chapters of *52 Ways to Be a Better Board*, which Directors have been reading together. Chapter 12 reminds directors that constituents look up to them, and encourages directors to show strong ethics, openness and focus on the organization's mission. Chapter 13 covers the importance of working together when hiring the agency's executive, which we've clearly done well. Chapter 14 covers orientation for new directors. He noted that the District provides an extensive Board Handbook, but suggested that each incumbent director review a section of the handbook with a new director to relate their experience in the given area.

Director Adams reported that a representative from Point West contacted her to express interest in developing senior housing on or near the District's properties. Mr. Koblick also has been contacted by Point West.

ADMINISTRATIVE REPORT

PRESIDENT'S REPORT

President Hempel recognized that charters for and appointments to ad hoc committees of the Board need to be reviewed. This matter will be taken up at the next board meeting.

CEO REPORT

CEO Ramona Faith asked for questions from her written report. There were none. She noted that the Sonoma Local Agency Formation Commission (LAFCO) annual budget is due for approval at their next meeting. She encouraged directors to consider participating in LAFCO by attending meetings and seek a board position when one is open.

The board governance self-assessment survey has been distributed to directors with responses due by May 24. Ms. Faith reminded directors to take time to complete and thanked them for placing board governance as a priority.

Ms. Faith and Director Stern has met with a couple strategic planning consultants. She has received a proposal from Banyon Tree. BJ Bischoff (who did the strategic plan for COTS) will send a proposal in a couple of weeks. The cost of producing a new strategic plan is expected to be \$12,500-\$15,000. She invited additional suggestions of firms to consider to guide the process.

PVH has invited new District directors to participate in PVH tours to be scheduled soon. This includes other directors who might not be new but have not toured the hospital before.

Director Thornton noted that she serves as the District's representative on the PVH board, and that District directors are welcome to attend PVH board meetings. She suggested that directors be given the PVH board packet to review ahead of each meeting (instead of including it in the PHCD agenda material after the fact). Board Clerk will forward the PVH board packet to the PHCD board when she receives it.

Ms. Faith asked whether the District should provide sponsorship support for the SJH Hospice Golf Classic. Given the District's support of a local hospice fundraiser later in the year, the Board recommended declining the Golf Classic opportunity.

CEO Ramona Faith noted that Health Care District Month has been recognized by the Petaluma City Council with a proclamation on May 7 and by the Sonoma County Board of Supervisors with a Gold Resolution on May 8.

Sen. Bill Dodd as well as staff members for Assembly Members Marc Levine and Cecilia Aguiar-Curry are expected to attend the District's Community Partnership Appreciation Breakfast on May 16. The Sacramento delegation has been invited to participate in the Health Hero Award (to retiring PVH volunteer service coordinator Stephanie Bodi) at the event with a joint statement of recognition.

RESOLUTION OF THE BOARD OF DIRECTORS ORDERING AN ELECTION TO BE HELD AND REQUESTING CONSOLIDATION WITH THE NOVEMBER 6, 2018, GENERAL DISTRICT ELECTION

President Hempel read the following resolution:

Whereas, an election will be held on November 8, 2016 in the Petaluma Health Care District for the purpose of electing District Directors to fill positions that will expire in 2020;

Be it resolved that the District Directors of said district hereby request consolidation with any election that may be held on the same day, in the same territory or in territory that is in part the same.

The foregoing resolution was introduced by Director Stern, who moved its adoption, seconded by Director Adams and then adopted on roll call by the following vote:

Director Hempel	Aye
Director Adams	Aye
Director Stern	Aye
Director Thornton	Aye
Director Tobias	Aye

Whereupon, President Hempel declared the foregoing resolution adopted and SO ORDERED.

Director Adams, Secretary of the Board, signed the resolution.

Public Comment: There were no public comments.

FORGING A NEW PATH FOR PETALUMA VALLEY HOSPITAL

Ms. Faith reported that a news update will go out regarding SJH informing the District that the NewCo formed between SJH and Adventist will allow SJH to re-engage in discussions with the District to operate PVH. She will wait until SJH communicates to hospital staff first.

Public Comment: There were no public comments.

RECOMMENDATION AND APPROVAL OF 2018-2019 PHCD GRANT AWARDS

CEO Ramona Faith summarized the grant funding process that was revised this year to incorporate best practices from other health care districts and grant making organizations (Sonoma County Community Foundation).

The application requirements reflects the District’s five priorities. The grant application review committee included District staff, Director Adams and four community members. Ms. Faith reviewed the merits of the 13 applications received. Applicants were required to provide measurable goals and outcomes. While all applications were worthy of support, the following agencies were recommended for funding in fiscal year 2018-2019:

Committee On The Shelterless (COTS)	\$10,000
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Petaluma Health Center	\$10,000
Mothers Care (jointly funded by SJH)	\$4,000
Community Matters (Petaluma Education Foundation partnership)	\$10,000
Petaluma Bounty	\$7,000
Center for Well-Being	\$10,000
Kids Scoop	\$3,000

Several directors observed that cost per beneficiary seems inefficient in some applications, or the benefits seem to have limited impact. Ms. Faith explained that the process considers other sources of funds for the organization or project. The benefits stated demonstrate how far the District's portion of their funding goes. The District often partners with other agencies to provide financial support, and in some cases has connected the applicant to additional funders.

Director Hempel observed that the grant application process took place before the impact of County behavioral health services funding cuts was known. About \$500,000 in cuts to behavioral health services is anticipated in southern Sonoma County. The District needs to examine how to mitigate the impact on low-income families, but the process could not be changed this year.

Director Hempel noted her conflict as the executive of an agency related to Petaluma Bounty. Director Stern acknowledged his association with Petaluma Health Center. Therefore, Vice President Thornton chaired the following portion of the meeting.

A MOTION was made by Director Tobias seconded by Director Adams to approve the proposed grant funding for 2018-2019. The motion was PASSED by a vote of 3 ayes, (Directors: Adams, Thornton, Tobias) and 0 noes. Directors Hempel and Stern abstained.

Public Comment: There were no public comments.

Director Adams left the meeting at 8:20 pm, and President Hempel resumed the chair responsibility.

FINANCIAL SUSTAINABILITY

March 2018 Financials

Controller Andrew Koblick reported as of March 31, 2018 the unaudited Statement of Net Position reflects assets of \$7,098,828 and liabilities of \$543,670 leaving the net fund balance at \$6,555,157

The month and year to date ended March 31, 2018 unaudited Statement of Revenue and Expense shows the net loss of \$71,666 and \$726,005 respectively which is \$22,144 and \$134,466 better than the budgeted loss of \$93,810 and \$860,471.

A MOTION was made by Director Stern to approve the March 2018 Financials, seconded by Director Tobias. The motion was PASSED by a vote of 4 ayes, (Directors: Hempel, Stern, Thornton, Tobias) and 0 noes.

Public Comment: There were no public comments.

FY 2018-2019 Proposed Annual Budget

Treasurer Stern and Mr. Koblick presented the draft budget for fiscal year 2018-2019 that anticipates a net loss of \$1,375,702. Election costs are estimated at \$210,000. Ms. Faith stated that SJH is moving forward with a new way to train their staff in CPR, which will seriously impact the Healthquest program.

A final budget will be presented at the next board meeting for approval.

Annual Audit

Treasurer Stern noted that he and Mr. Koblick are interviewing firms to conduct the annual audit. The prior firm has discontinued serving the health care industry. A recommendation will be brought to full board next month.

Public Comment: There were no public comments.

INFORMATIONAL ITEMS

Ms. Faith noted several upcoming events. The scheduled meetings of the Board in June and July present conflicts for several directors and staff members. It was decided that the next meeting of the PHCD Board of Directors will be on Tuesday, June 19, at 5:30 PM. Staff will coordinate a review of summer absences to determine whether it is necessary to reschedule meetings in July and August.

PLUS / DELTA

No new business was proposed.

ADJOURN

President Hempel adjourned the meeting at 8:35 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Ruth Wells, Board Clerk