



**MINUTES OF THE OCTOBER 18, 2016 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER

President Hempel called the meeting to order at 12:30 PM in the lobby conference room at 1425 N. McDowell Blvd.

PRESENT

Elece Hempel, President
Robert Ostroff, MD, Vice President
Fran Adams, RN, BSN, Secretary
Josephine S. Thornton, M.A., Treasurer (joined at 12:40 PM)
Joseph Stern, Board Member at Large

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Board Clerk, PHCD
Andrew Koblick, Controller, PHCD
Jane Read, VP Operations, PVH
Todd Salnas, President SJH Sonoma County
Kitty Brown, RN PVH
Vanessa DeGier, SJH
Luisa Acosta
Melinda Hepp
Anita Salmeron-Sosa
Orena Chavez
Sheri Slaydon
Brett Shinn, PVH Foundation
Kyle Rusten
Nischit Hegde
Sabina Webb
Michelle Reyna
Ra Criscitiello
Siobhan Duff
Deb Mercierca
Jeff Adams

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 Ostroff to approve the October 18, 2016 agenda and the October 4, 2016 minutes which was seconded by Director Adams. This motion was passed by a vote of 5 ayes (Directors: Hempel, Ostroff, Thornton, Adams, Stern) and 0 noes.

PUBLIC COMMENTS

Nischit Hegde, of the California Nurses Association, expressed the concern of PVH nurses about the future of the hospital. Ms. Hegde asked if there will be a new RFP, and if the hospital will be closed or sold.

Kitty Brown, RN at PVH commented that PVH nurses have a right to representation, and stated that nurses want a vote first on which union will represent them, before the hospital management engages in negotiations. Ms. Brown noted that the PHCD board has always considered the interests of the hospital nurses in the past.

BOARD COMMENTS

Director Ostroff commented that he would strongly prefer that the offers of hospital operator bidders be made open to the public by the District, after which the District may engage in negotiations privately.

President Hempel commented that the board feels it is important for the District to have a timeline and goals, and to be as transparent as possible in the process of selecting the next operator of the hospital.

ADMINISTRATIVE REPORT

CEO REPORT

CEO Faith reported on the Association of Health Care Districts (ACHD) advocacy workgroup on which Ms. Faith serves. This workgroup is focused on four strategies: (1) certification/credentialing; 2) messaging; 3) LAFCo; and 4) modernization of Healthcare District law. Ms. Faith will report on the progress of the group at future meetings.

Ms. Faith reported that the PHCD Board of Directors is being honored with a Jefferson Award for public service and invited board members to attend the presentation of the award in Santa Rosa on November 1, 2016.

Ms. Faith reported that the 2016 Community Health Needs Assessment (CHNA) is the assessment used, along with other data sources, by the District to prioritize southern Sonoma county health needs. The

CHNA process included input from local health care districts and community residents. Community Health Initiative of the Petaluma Area (CHIPA) will be reviewing the report and making a recommendation to the District on the highest health priorities for southern Sonoma county. Ms. Faith stated that CHIPA is engaging in a 3 step process.

1. Review the results of the CHNA report and other available southern Sonoma county data
2. Reconfirm and/or reconsider health priorities for southern Sonoma County
3. Make recommendation to the PHCD Board on health priorities for the next 3 years

Ms. Faith reported that Step 2 of the process was completed at the October 11, 2016 CHIPA meeting which had about 40 participants.

Ms. Faith noted that since CHIPA serves as a community health advisory committee to the Board, board approval of its health priorities is required.

PVH OPERATOR TRANSITION PLAN

Ramona Faith gave an update on the transition plan for PVH, beginning with a reiteration of PHCD's mission to ensure access to a quality community based hospital and local health care services. Ms. Faith stated that the decision to end negotiations with SJH was not a mutual decision and was surprised and disappointed when negotiations ended. The District Board believed that progress was being made and a mutual agreement would be reached. Ms. Faith stated that there were three issues being negotiated: the financial structure of the lease payment, the non-compete clause and the complexities around the provision of full services at the PVH Family Birthing Center, which was the major issue. Ms. Faith also stated that Todd Salnas, SJH President, Sonoma County, has committed to working with the District to ensure a smooth transition to the next operator, and that services will continue without interruption or change, including investing in the hospital. SJH has agreed to continue to operate the hospital until September 1, 2017.

Ms. Faith gave assurances that the hospital will remain open, and PHCD hopes to expand services. Bidders who were previously interested as well as newly interested parties are being contacted. Ms. Faith stated that a sale or lease of the hospital must go for a public vote whereas a management agreement would not, since in that scenario, the District would remain the hospital operator.

Ms. Faith read the criteria to be used for operator selection, which included community input and was previously approved by the board.

FINANCIAL SUSTAINABILITY

August 2016 Financials

Andrew Koblick, Controller, reviewed the August 2016 financials.

As of August 31, 2016 the Statement of Net Position reflected assets of \$9,098,430 and liabilities and deferred revenue of \$806,987 leaving the net fund balance at \$8,291,443.

The month and year to date ended August 31, 2016 showed the net loss of \$129,314 and \$214,516 which is \$6,867 and \$17,273, respectively better than the budgeted loss of \$136,181 and \$231,789.

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

Quarterly Investment Presentation

Matthew Kelman from Exchange Bank's Wealth Management Department presented the District's quarterly investment portfolio ending September 30, 2016.

Mr. Kelman reviewed the investment and performance summary indicating the ending market value of investments totaled \$2,437,915.49. District investments are limited to the types of investments the District can invest in as outlined in the Statement of Investment Policies.

Ongoing communication with CEO Ramona Faith and the Controller Andrew Koblick occur regarding maturity of invested bonds and financial needs for operating costs of the District.

The Board thanked Mr. Kelman for his presentation.

KCOE ISOM District FY 2015-2016 AUDITED FINANCIALS PRESENTATION

Kyle Rusten, CPA and Principal of KCOE ISOM, presented the 2015-2016 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 net position as of June 30, 2016 was \$8,505,957. Cash flows from operating and investing activities were reviewed. The report shows the District has a total cash and investments of \$2,764,988.

Mr. Rusten reported that the change in the net cash position was about \$1 million less compared to the previous year, which Mr. Rusten noted is not sustainable. The negative difference is primarily due to hospital due diligence costs which will cease when the process of identifying a new hospital operator is completed.

The District's investment portfolio includes individual securities plus shares held by investment pools. The investment pools are comprised of various tax-exempt bonds and corporate bonds according to the District's investment policy.

Under notes received, the District has two promissory notes secured by second deeds of trust amounting to \$504,768 at an annual rate of 6% and \$1,068,825 at an annual rate of 5.75%.

There were no noted deficiencies in accounting processes and procedures. Mr. Rusten complimented the accounting department staff on the excellent job they did in the preparation of the audit documents. Ms. Faith also commended Mr. Koblick and his staff. The board thanked Mr. Rusten for his presentation.

INFORMATIONAL ITEMS

CEO Faith noted that upcoming events were included in the board packet, especially three events at which the District is being recognized. These are the NBBJ's Nonprofit Leadership Award to be given to President Elece Hempel; the Jefferson Award, to be given to PHCD Board of Directors for public service; and the Community Council on Child Care's Champion's for Children Award to be given to Ms. Faith.

Future board meetings were discussed, and it was decided that the November 1, 2016 special board meeting would need to be rescheduled.

Ms. Faith also requested that the following issues be discussed at an upcoming board meeting:

- the formation of a PHCD 501(c)(3)
- the role of the District Board and CHIPA in advocating for health issues
- the strategic plan for PHCD in regards to community health

PETALUMA VALLEY HOSPITAL

SRM Alliance Board Update

Todd Salnas, SJH, reported that the MRI at PVH has been working only intermittently and that it will be swapped out for a new machine in 45 days or less. Management will continue to do maintenance on the current machine in the meantime.

On-Call Physician Pay

Mr. Salnas reported that PVH management is focusing on general surgery, orthopedics and cardiology. Regarding cardiology, Northern California Medical Associates (NCMA) and Annadel cardiologists are working together, and SJH is currently supporting NCMA in recruiting cardiologists. Mr. Salnas reported on the current on-call schedules for cardiologists. As a temporary situation in orthopedics, three physicians including one locum are covering the on-call schedule. Santa Rosa Orthopedics is recruiting another doctor who will be half time in Dr. Barlas's office and half time in Santa Rosa; this doctor will take the 10 open call days. There is a Heritage Medical Group MD from Eureka that wants to relocate to Petaluma to Dr. Northfield's office who would be full time, and would also take calls.

Regarding general surgeons, Mr. Salnas reported that there are currently more on staff than in previous times. SJH Medical Group currently has three general surgeons: Dr. Weigle, who is new, and Dr. Mariano and Dr. Veluz, who will be retiring as of January 1, 2017. There are also doctors outside of the SJH Medical Group who are on the call schedule, providing enough doctors to cover the call.

Sixty to ninety days ago, some of the general surgeons requested additional call pay. Currently they are paid \$750 plus \$125 incentive pay if all days are covered, which has been very effective in filling the schedule. In asking for extra pay, the surgeons cited other local hospital's pay rates. Mr. Salnas stated that according to SJH's survey, SJH's current on-call pay is above that of Sebastopol's and Healdsburg's. An increase in pay has been offered, but SJH wants it to be tied to performance. SJH is continuing to negotiate with the surgeons; meanwhile locums are covering two weeks, and SJH surgeons are covering the other two weeks. The schedule is covered for October and November, and Mr. Salnas hopes to have agreement with the surgeons by mid-November.

Ms. Read reported that PVH achieved a Leapfrog A rating. Ms. Read explained that Leapfrog's Hospital Safety Score assigns letter grades to hospitals based on their record of patient safety, helping consumers protect themselves and their families from errors, injuries, accidents, and infections.

Ms. Read reported that PVH is preparing for the stroke-ready site visit by Joint Commission which could come before the end of April or earlier. Management is currently recruiting for peri-operative services. A traveler pool has been created to serve both PVH and Memorial Hospital in ICU, medi-tech and med-surge units.

Regarding intensivists, Ms. Faith questioned whether PVH is preparing for a higher level of acuity and if hospitalists will have intensivist backup. Mr. Salnas responded that management's plan is to recruit two more intensivists in March or April; however, it will be necessary to determine the working relationship with the new hospital operator. Ms. Read stated that PVH currently has better coverage than ever before in terms of support from intensivists.

Ms. Faith stated that the District will be creating a communication plan, and will be reaching out to SJH management to share and get support for implementing the plan. Ms. Faith stated that Dr. Ranadive indicated that there may be an opportunity for Ms. Faith to speak at the medical executive committee monthly meetings, as well as at employee forums to answer questions from staff.

Ms. Faith reported that SRM Alliance Board is in the process of re-appointing their board member and asked that PHCD Board determine which District Board member will serve on the SRM Alliance Board. Ms. Faith recommended that Director Josephine Thornton continue serving on the SRM Alliance Board for the next ten months, for the duration of the contract. Ms. Faith noted that the process is for the PHCD President to appoint the member, and for the SRM Alliance Board to accept the appointment. President Hempel appointed Director Thornton to the position on the SRM Alliance Board and Director Thornton agreed to continue.

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 into open session and reported that no action was taken in closed session.

ADJOURN

President Hempel adjourned the meeting at 3:30 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Erin Howseman, Board Clerk