



**MINUTES OF THE JANUARY 19, 2016 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER

President Hempel called the meeting to order at 12:00 PM in the lobby conference room at 1425 N. McDowell Blvd.

PRESENT

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

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Admin. Assnt., PHCD
Andrew Koblick, Controller, PHCD
Dennis Dugan
Julie Buzzgraf
Kitty Brown
Jackie Bedell
Jane Read, VP of Operations, PVH
Todd Salnas, President, St. Joseph Health

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 Thornton to approve the January 19, 2016 agenda, seconded by Director Ostroff. This motion was passed by a vote of 5 ayes (Directors: Hempel, Ostroff, Thornton, Adams, Stern) and 0 noes.

PUBLIC COMMENTS

Kitty Brown, PVH employee, commented that the Petaluma Valley Hospital registered nurses are considering a change in union representation. The signature gathering began a week ago to ascertain the level of interest in a new union. The vote will take place in March 2016 after the National Labor Relations Board certifies the new union. Ms. Brown stated that she wanted to advise the board of the situation.

BOARD COMMENTS

There were no board comments.

REAL PROPERTY TRANSACTION

Ramona Faith, CEO, reviewed PHCD's due diligence process for determining the future operator of the Petaluma Valley Hospital. The PHCD board initiated a formal RFP process in May of 2015 and received interest from four organizations. In October the board asked the bidders to refine and resubmit their bids. At this time, the CEO recommended the board move forward with two potential operators who have completed the bid process: St. Joseph Health and Prime Healthcare Services. Both organization's bids are to lease and to operate the hospital as a not-for-profit, and both bids have committed to quality patient care and investing in the health of the community. The CEO further recommended that the board take the next 60 – 90 days to evaluate the refined bids.

The public was invited to comment.

PUBLIC COMMENTS

Julie Buzzgraf, PVH employee in Radiology, commented that the changes instituted by management, including centralizing the laboratory scheduling in Santa Rosa have taken place without staff input. She expressed concern that the new job descriptions do not accurately reflect the actual job duties of staff in the radiology department which include substantial patient contact, team work and CPR certification. Therefore, she would like to see more oversight of the hospital by the board.

Dennis Dugan, National Union of Healthcare Workers representative, read a letter which he said reflected the views of employees at the hospital. The letter requested that transparency be part of the discussion. Mr. Dugan read from the letter that the staff is concerned that outpatient laboratory services have been moved to Lynch Creek. This facility is not open on weekends, and this does not benefit patients of the community. Mr. Dugan read that working conditions at have deteriorated, causing technical and service support staff members to unionize. Mr. Dugan commented that it is important for hospital management to act on, as well as speak about, investments in the community, hospital and staff.

President Hempel thanked the community members for coming and sharing comments.

BOARD DISCUSSION

Director Ostroff noted that he would like to have the letter read by Mr. Duggan added to the board packet. The CEO responded that all letters received by the District office have been shared with the board.

A motion was made by Director Ostroff to approve the recommendation to move to the next stage of review with St. Joseph Health and Prime Healthcare Services. The motion was seconded by Director Stern. This motion was passed by a vote of 5 ayes (Directors: Hempel, Ostroff, Thornton, Adams, Stern) and 0 noes.

ADMINISTRATIVE REPORT

CEO REPORT

The CEO called the board's attention to the ACHD Annual Conference in May and encouraged board members to attend. The CEO has been approached to serve on the ACHD Board. At the March Sonoma County Health Action Committee meeting, the Community Needs Assessment Report will be issued, and then the report will be presented to the board. The report, a collaboration between St. Josephs Health, Kaiser and Sutter Hospitals and Sonoma County is produced every three years. The CEO reported additional meetings for the PVH employees, volunteers and practitioners will be held on February 4, 2016 at 4:30 p.m. and February 9, 2016 at 8:30 a.m., and invited a board member to join her and Director Adams, since two board members may be present. The CEO noted the article in the packet titled "Petaluma Health Care District Annual Report Highlights Community Health and Wellness Achievements in Giving," which highlights that the District invested \$300,000 in community health the past year, CHIPA work and the District's awards and recognitions in 2015.

Director Thornton asked if there were plans for scheduling future public meetings. The CEO responded that public meetings would be scheduled after the 60 – 90 day bid review period. Director Ostroff inquired about meeting with the Petaluma Health Center, and the CEO responded that a request was sent out to the COO of the Petaluma Health Center to meet with their physicians, but a meeting has not yet been scheduled.

The new Community Health Initiative for Petaluma Area (CHIPA) logo was presented to the board. CHIPA is a Community Health Advisory Committee to the PHCD board. The CEO reported the District has applied for a \$60,000 Best Health Grant. Best Health is a collaboration between the Robert Wood Johnson Foundation and The Reinvestment Fund, and provides grants for mid-sized communities to improve the health of the local residents by transforming the way local leaders work together.

Director Thornton raised the issue of co-branding CHIPA as a joint initiative with a new hospital operator in return for an infusion of funds. The CEO responded that there is an opportunity to strengthen the partnership with the future hospital operator. Director Ostroff asked if the new CHIPA logo would appear on District correspondence, and the CEO responded that all advertisements produced by the District will have the logos of the District as well as Life Line, Healthquest, Heart Safe Community and CHIPA.

FINANCIAL SUSTAINABILITY

November 2015 Financials

Andrew Koblick, Controller, reviewed the November 2015 financials.

As of November 30, 2015, the Statement of Net Assets reflected assets of \$10,468,008 and liabilities and deferred revenue of \$1,127,035 leaving the net fund balance at \$9,340,937.

The month ended November 30, 2015 showed a net loss of \$52,313, which is \$19,350 better than the budgeted loss of \$71,663. The five months ended November 30, 2015 showed a year to date net loss of \$358,104 which is \$89,873 better than the budgeted year to date loss of \$447,977.

Report from the Business Development Ad Hoc Committee Meeting

The Business Development Ad Hoc Committee met on January 12, 2016, with Directors Josephine Thornton and Joe Stern and Controller Andrew Koblick and CEO Ramona Faith present.

At the meeting, Andrew Koblick, Controller presented an update on two properties that are currently assisted living businesses. Ramona Faith and Andrew Koblick toured the properties and provided a description. The financial information for one of the properties was not available at the time of the meeting. Director Thornton expressed the opinion that the businesses might not provide enough income to justify the price of the business.

At the meeting, Andrew Koblick gave an update regarding interest in the Lynch Creek property by Mark Bello, who runs an assisted living business in Marin County. Mr. Bello made an inquiry into the zoning possibilities with the planning department. The response of the planning department was shared and the property is zoned “business park” which provides for the possibility of medical offices including skilled nursing facility but not for an assisted living facility.

Director Ostroff stated in response to the report that the District owns two properties where it would be possible to build, and the board should consider whether to buy or to build on these properties. He noted that this matter should be discussed after the new lease is completed.

There was no public comment.

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

PETALUMA VALLEY HOSPITAL

Jane Read gave the SRM Alliance Board Update. Dr. Kitts, a surgeon, has started at the hospital, and Dr. Kmucha, an ENT, will be starting soon. Femto procedures for cataracts are being finalized. Management is in the process of completing the FY 2017 budgets, including operations, capital and strategic budgets. Regarding the changes in the laboratory, outpatient processing was moved from Lynch Creek to Santa Rosa, but Ms. Read reported the revenue is still coming to Petaluma, and no jobs were eliminated. December patient volumes were up. With the Petaluma First policy, when patients call the regional referral center, if appropriate the patient is sent to Petaluma. Ms. Read also noted there have been instances of “treat and transfer” at Santa Rosa, where patients have been transferred to Petaluma. A consultant was engaged to review the hospital’s use of sitters and care partners for patients that need to be watched closely. Director Adams asked if there is an acuity system in place that is satisfactory to the nurses. Ms. Read responded that nurses would like to have a care partner for every patient, but that is not possible. However, the management is trying to install a work station on wheels in every patient room.

Management has engaged the Mercer firm to assess overall risk in hospital operations. Director Ostroff inquired about the status of the American Congress of Obstetrics and Gynecologists (ACOG) report which

was reported complete, but not released to the PHCD board. Todd Salnas, President of St. Joseph Health, responded that Mercer will review the ACOG report and create an executive summary which will be shared with the PHCD board and the public. Regarding the merger with Providence, management is hoping for the Attorney General's approval in March. Ms. Read noted that Providence has a robust telemedicine program.

The CEO noted that regarding patients who are at risk for falls, the District has a personal emergency response system program which helps patients at risk for falls to remain safe at home, and would like to engage St. Joseph in Petaluma and in Santa Rosa regarding this program. Mr. Salnas responded that the relationship between St. Joseph's and the District is important to St. Joseph's and management would like to have more opportunities to partner. Director Ostroff responded that such partnerships need to be included in a contract.

QUARTERLY INVESTMENT PRESENTATION

The Quarterly Review of Investment was presented by Matthew Kelman of Exchange Bank and reviewed by the board.

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.; The Camden Group.

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 3:00 PM.

Submitted by Fran Adams, Board Secretary
Recorded by Erin Howseman, Board Clerk