

FOR IMMEDIATE RELEASE

Petaluma Health Care District Recommends Petaluma Valley Hospital Sale to NorCal HealthConnect, LLC

Secular affiliate of long-term operator, Providence St. Joseph Health, guarantees acute care and emergency room in Petaluma for at least 20 years

Petaluma, Calif. – August 6, 2020 – The Petaluma Health Care District has approved a non-binding letter of intent providing for the sale of Petaluma Valley Hospital to NorCal HealthConnect, LLC, a secular affiliate of Providence St. Joseph Health. The District and NorCal HealthConnect have agreed on a fair market value purchase price of \$52.6 million.

The District's decision to pursue the sale of Petaluma Valley Hospital aligned with its goal of keeping this important asset in and serving this community for the long term. As part of the agreement, NorCal HealthConnect will maintain the facility as a highly functioning hospital providing critical services for a minimum of 20 years. NorCal HealthConnect's commitment to providing these services includes the hospital's emergency room, which serves approximately 19,000 patients annually, including Kaiser-insured patients.

Through this sale, the District, a community operated public agency, expects to invest the funds received from the sale into current and future community health programs. The District and NorCal HealthConnect are currently negotiating the terms of definitive agreements to document the terms of the sale. The community will be asked to approve the sale on an expected November 3 ballot measure, and the sale, if approved, is expected to close on or before December 31, 2020.

“For the last four years, since our search began for a long-term operator, we have been steadfast in finding a solid future for Petaluma Valley Hospital. After vetting all potential hospital operators and lease options, the District Board determined NorCal HealthConnect presented the best option for our community over the long term,” said Ramona Faith, CEO of Petaluma Health Care District. “Our number one priority has been to ensure continued local access to a quality acute care hospital with an emergency department. While health care delivery has dramatically changed over the last decade and has put a strain on the viability of community hospitals, we are so thrilled that this community can continue to have a local hospital in Petaluma.”

As a secular affiliate of Providence St. Joseph Health, NorCal HealthConnect will afford southern Sonoma County residents' access to an integrated network of hospitals and medical offices across the North Bay Area, including Santa Rosa Memorial Hospital and Queen of the Valley Medical Center in Napa. Under the terms of the arrangement, NorCal HealthConnect will continue providing all current hospital services for a minimum of 20 years with the exception of The Family Birthing Center. In this era,

where many community hospitals are closing their obstetric services, the District successfully secured a commitment to maintain The Family Birthing Center for a minimum of five years. NorCal HealthConnect will also assume responsibility for hospital maintenance, capital expenditures and seismic work, and invest in the health of southern Sonoma County through its community benefits programs.

“Our desire to attain long-term stability for Petaluma Valley Hospital has never wavered,” said Kevin Klockenga, Regional Chief Executive for Providence St. Joseph Health Northern California. “Our top priority has always been to ensure continued access to high-quality health care locally. This decision is the next step towards ensuring the hospital will continue to be here to serve Petaluma residents, and all those in need, for years to come.”

Following the voter-approved sale, the community will have substantial capital to invest in programs supporting the region’s most challenging community health priorities such as: health equity, education, mental and behavioral health, senior wellness, homelessness and housing. The District Board plans to undertake an in-depth process to develop a community-involved strategic plan for investing in services and programs to improve health in southern Sonoma County. The District will work in collaboration with local nonprofit, health, business and community leaders, and with input from our residents in developing this strategic plan.

Community forums will be scheduled in August so that the residents of southern Sonoma County may learn about the recommended sale to NorCal HealthConnect and how this will impact our community. Visit www.phcd.org for the latest updates.

About Petaluma Health Care District

The Petaluma Health Care District is dedicated to improving the health and well-being of the southern Sonoma County community through leadership, advocacy, support, partnerships and education. Its vision is to foster a healthier community, a thriving hospital and local access to comprehensive health and wellness services. The Petaluma Health Care District has served the health and wellness needs of the community for more than 70 years and is a public agency managed by the community for the community. For more information, please visit www.phcd.org. Follow PHCD on [Facebook](#) and [@PHCDistrict](#) on Twitter.

About NorCal HealthConnect, LLC and Providence St. Joseph Health

NorCal HealthConnect, LLC is a secular affiliate of Providence St. Joseph Health. Providence St. Joseph Health is a national, not-for-profit Catholic health system comprising a diverse family of organizations and driven by a belief that health is a human right. With 51 hospitals, 829 physician clinics, senior services, supportive housing and many other health and educational services, the health system and its partners employ more than 119,000 caregivers serving communities across seven states – Alaska, California, Montana, New Mexico, Oregon, Texas and Washington with system offices based in Renton, Washington, and Irvine, California.

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