



**MINUTES OF THE JULY 22, 2020 MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

1) CALL TO ORDER

President Hempel called the meeting to order at 5:01 PM via videoconference call.

PRESENT (VIDEOCONFERENCE CALL)

Elece Hempel, President
Crista Nelson, Vice President
Fran Adams, RN, BSN Secretary
Jeffrey Tobias, MD, Treasurer
Gabriella Ambrosi, Director-at-Large

ALSO PRESENT (VIDEOCONFERENCE CALL)

Ramona Faith, CEO, PHCD
Andrew Koblick, Controller, PHCD
Donald Bouey, Attorney
Cathy Salenko, Attorney
Jonathan Spees, Consultant
Halley Cloud, Program Community Manager, PHCD
Gina Studebaker, Board Clerk, PHCD

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Director Ambrosi, Director at Large, 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.

The Petaluma Health Care District envisions a healthy community, a thriving hospital and equitable access to health and wellness services for all.

2) CONSENT CALENDAR

A MOTION was made by Director Nelson, Vice President and seconded by Director Tobias, Board Treasurer to approve the agenda for July 22 , 2020, the minutes of the PHCD Board Meeting on June 17, 2020, minutes of the PHCD Special Board Meeting on June 25, 2020, and minutes of the PHCD Special Board Meeting on July 7, 2020. This motion was PASSED by a vote of 5 ayes (Directors: Adams, Ambrosi, Hempel, Nelson, and Tobias) and 0 noes.

3) PUBLIC COMMENTS ON NON-AGENDIZED ITEMS

There were none.

4) BOARD COMMENTS

There were none.

5) ANNOUNCEMENT OF CLOSED SESSION ITEMS

President Hempel announced closed session pursuant to **Government Code §54956.8** Closed Session; real property transaction; meeting with negotiator – 400 North McDowell Boulevard.

6) PUBLIC COMMENTS ON CLOSED SESSION

There were none.

7) ADJOURN TO CLOSED SESSION

President Hempel adjourned the meeting into closed session at 5:04 PM for discussion pursuant to **Government Code §54956.8** Closed Session; real property transaction; meeting with negotiator – 400 North McDowell Boulevard.

8) ADJOURN TO OPEN SESSION

President Hempel adjourned the meeting to open session at 6:02 PM and reported that no decisions were reached in closed session. There was a report out and the board presented the following proposal.

9) PROPOSAL OF NORCAL HEALTHCONNECT, LLC, AN AFFILIATE OF PROVIDENCE ST. JOSEPH HEALTH, TO PURCHASE PETALUMA VALLEY HOSPITAL, LAND AND PERSONAL PROPERTY USED IN ITS OPERATION, AND THE RELATED BUSINESS AND ASSETS, AND COMMIT TO CONTINUE TO OPERATE PETALUMA VALLEY HOSPITAL AS AN ACUTE CARE HOSPITAL WITH AN EMERGENCY ROOM ON THE PREMISES FOR A MINIMUM OF 20 YEARS

Mr. Spees presented and summarized a proposal between PHCD and NorCal HealthConnect, LLC, (NHC) an affiliate of Providence St. Joseph Health (PSJH), where PHCD would sell the Hospital to NorCal HealthConnect and NorCal HealthConnect would commit to continue to operate PVH as an acute care hospital with an emergency room on the premises for a minimum of 20 years. Mr. Spees provided an historical overview of the operations of PVH. PVH was a district owned and operated hospital until 1997. In 1997 the District entered a 20-year lease with Santa Rosa Memorial Hospital to operate the hospital. Anticipating the lease ending, the District circulated a Request for Proposal (RFP) that included a lease or sale option. Among the interested parties who responded to the RFP District chose SRM, but those negotiations ended September 2017. The District then selected Paladin Healthcare to lease PVH, but the transaction terminated in 2018. The District submitted a Letter of Intent (LOI) to lease PVH to a proposed joint operating company (JOC) between PSJH and Adventist Health but the Attorney General denied approval October 2019.

After the Attorney General ruled against the (JOC) in December 2018, the District regrouped and brought in Ms. Cathy Salenko, an experienced transaction counsel for district hospitals, and Mr. Jonathan Spees to join the District's negotiations team in identifying a new operator for the PVH. Several conversations and negotiations with several parties who have expressed interest in leasing PVH have occurred over the past several months, including NorCal HealthConnect, LLC. Draft term sheets were shared with each interested party. At the same time, the District appointed VMG Health to complete the Fair Market Value analysis of PVH's business and assets.

Late in the negotiations, NHC had stated its desire to purchase, rather than lease PVH. The key factors that influenced its decision were future purchase option and capital expenditures, including seismic requirements. In addition, the termination rights that were discussed under a lease arrangement could have resulted in termination of the lease as quickly as 8 years after it was entered. After all of these factors came together, District and NorCal HealthConnect came to a conclusion that a purchase transaction would be preferable.

The sale price of the assets, which includes PVH, the medical center and assets that are located at 400 N. McDowell Boulevard in Petaluma, is \$52.6 million. The \$52.6 million is within the range of Fair Market Value determined by VMG Health. NHC will commit to continuing to operate PVH as an acute care hospital with an Emergency Department for a minimum of 20 years following the closing of the transaction, offering current services, with the exception of The Family Birthing Center. In the era of many hospitals closing their OB services, the District was able to secure The Family Birthing Center for a minimum of 5 years. PVH does not provide now and will not provide the following services after the sale:

- Physician-assisted suicide
- Elective abortions
- Destruction of human embryos (fertility)

In addition to these commitments, NHC allows the District the right to retain and nominate one Hospital Board member for 10 years or as long as the community board exits. The District will appoint one member to attend the Quality Committee and Community Benefit Committee meetings for 10 years.

The District will agree not to compete with Hospital services for 5 years. NHC will maintain Community Benefit expenditures with current amounts for at least 10 years following the closing and hire all eligible Hospital employees as of closing with no change in their salaries and benefits. NHC will retain the employees for at least 6 months following the closing and NHC will assume all SRM Alliance contractual bargaining agreements. All NHC obligations are guaranteed by Western HealthConnect. The closing of the transaction is expected after voter approval on or before December 31, 2020.

The slide presentation is attached.

PUBLIC COMMENTS

There were none.

10) PETALUMA VALLEY HOSPITAL

SRM ALLIANCE BOARD UPDATE

Throughout the first week of July 2020, PVH has been in recovery mode from inpatient and outpatient volumes being low. PVH continues to operate the Incident Command Center in virtual mode and maintains stringent mandatory requirements for caregivers, patients and select visitors who enter the facility. PVH and Santa Rosa Memorial Hospital (SRMH) have seen a dramatic increase of COVID-19 patients over the last three weeks, as a result of more socialization in the community from Memorial Day and 4th of July events. There's also an increasing demand for COVID-19 testing and discovering the availability of COVID-19 tests are being rationed throughout other parts of the country within the health systems. PVH is currently working with lab managers and staff to make sure to conserve what they have and use them appropriately.

As mentioned at last month's board meeting, a new COVID-19 testing procedure was introduced called Panther Lab Analyzer that has an 8-12 hour turnaround time and the PVH lab is securing another technology from Roche called Liat that is able to conduct COVID-19 testing with a 45-60 minute turnaround time. The availability of supplies and other PPE still remains relatively strong, but extremely cautious with the current

limited COVID-19 test kits. As a result of more tests, there are increases in hospital admissions and ED volume. The biggest challenge at PVH, as they expand, is staffing. Med-Surg Managers, Assistant Managers and House Supervisors are working extra hours and filling in extra shifts.

The recent increase in COVID-19 admissions from skilled nursing facilities have dominated inpatient admissions over the past few weeks. As a result, many nursing homes are not readmitting their own patients following their hospitalizations and discharges are being delayed. Therefore, PVH is holding skilled nursing facility patients significantly longer resulting in a lengthier stay and less acute beds being available.

PVH continues to communicate with staff members through virtual Town Hall meetings combined with SRMH on a monthly basis. On July 27, 2020 PVH will be celebrating and honoring the life of Dr. William Messeroll, Chief Radiologist of PVH, who recently passed away unexpectedly. Through the years, Dr. Messeroll started a tradition at PVH called “Christmas in July” where he provided coffee and Danish for all caregivers on or around the July 4th holiday every year. The board members and District staff are invited to attend, as July 27 was also Dr. Messeroll’s birthday.

PVH management continues with labor negotiations and had a ninth session with the federal mediator. Another session is scheduled on Friday, July 24, 2020 and a few more sessions in August 2020.

PVH had received several OSHPD approvals on construction projects and improvements. A complete list can be provided upon request to Mr. Southerland.

11) ADMINISTRATIVE REPORTS

CEO REPORT

CEO Faith provided an update on an engagement with Brian Sobel of Sobel Communications. The District budgeted funds to support a community education and outreach plan in the anticipation of placing a measure on November 3, 2020 ballot. The engagement is within the amount budgeted. Mr. Sobel will be working closely with the District’s PR and legal team and the PHCD Program Community Manager.

12) RESOLUTION 20-02 FOR CHANGE OF LOCAL AGENCY INVESTMENT FUND (LAIF) BANK ACCOUNT AUTHORIZED SIGNERS

President Hempel read the Resolution 20-02:

The Petaluma Health Care District must update signatures and authorizations for the Local Agency Investment Fund (LAIF) account with the current board and staff members.

A motion was made by President Hempel to approve Board Resolution 20-02, Change in Banking of Local Agency Investment Fund (LAIF) bank account for authorized signers. This motion was passed by a vote of 5 ayes (Directors Adams, Ambrosi, Hempel, Nelson and Tobias) and 0 noes.

13) RESOLUTION 20-03 FOR CHANGE OF EXCHANGE BANK ACCOUNT AUTHORIZED SIGNERS

The Petaluma Health Care District must update signatures and authorizations for the Exchange Bank checking account with the current board and staff members.

President Hempel read the Resolution 20-03:

A motion was made by President Hempel to approve Board Resolution 20-03, Change in Banking

to update signatures and authorizations for the Exchange Bank check account. This motion was passed by a vote of 5 ayes (Directors Adams, Ambrosi, Hempel, Nelson and Tobias) and 0 noes.

14) PHCD RELEASE OF 2019/2020 PEF \$10,000 GRANT TO FUND SECOND STEP PROGRAM (SOCIAL AND EMOTIONAL LEARNING) AT OLD ADOBE ELEMENTARY CHARTER SCHOOL AND RENEW PARTNERSHIP FOR 2020-2021

PHCD and the Petaluma Education Foundation have been key strategic partners in education for many years. Educational attainment and social and emotional well-being of students are one of the Districts strategic priorities. Over the last 7 years the Districts partnership in education has included an annual donation of \$30K, which includes a \$10K education (health related) grant, a \$10K contribution to support PEF Bash, and 10K in-kind support. Through the years the District has worked to educate the PEF Board on the link between health and education and the impact student health and wellbeing has the student's ability to learn. We are seeing a shift from primarily curriculum based funding to funding programs to support the wellbeing of students, all of which impacts student learning. This year PEF met with all of the school superintendents and principals in Petaluma and each school identified the same two needs for students. Those needs are 1) Social and Emotional Learning and 2) Technology Devices and Access. Both needs resulted from the impact of COVID-19. Old Adobe Charter School has requested funding of \$6,500 to fund a Second Step Social and Emotional Learning Program that can be used in the classroom or via distance learning. The Waugh School District has requested \$3,500 to support their "No Place for Hate" program, an anti-biased and anti-bullying program developed by the Anti-Defamation League. The 10K PEF grant provided by the District will be allocated to Old Adobe and Waugh School District as described above.

The Board requested staff work with PEF Executive Director and bring back a presentation at the next August board meeting to discuss and determine the Districts future financial commitment in partnership with PEF.

INFORMATIONAL ITEMS

The next PHCD Board Meeting is tentatively scheduled for the week of July 27th, 2020.

PLUS / DELTA

No comments were offered.

ADJOURN

The next Board Meeting will be tentatively scheduled for the week of July 27th, 2020.

President Hempel adjourned the meeting at 7:06 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Gina Studebaker, Board Clerk