

**MINUTES OF THE AUGUST 24, 2011 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER:

President Adams called the meeting to order at 6:15 p.m. at 1425 N. McDowell Blvd.

PRESENT:

Fran Adams, RN, BSN, President
Robert Ostroff, MD, Vice President
Kathryn Powell, MS, Member-At-Large
Stephen Steady, MD, Secretary
Josephine S. Thornton, MA, Treasurer

ALSO PRESENT:

Alan Ada, Dunakilly Management G group
Gary Cahill, Dunakilly Management Group
Jim Carr, SRM Alliance Board President
Suzanne Cochrane, Board Liaison
Rob Deevy, Dunakilly Management Group Corporation
Vesty Enea, Dunakilly Management Group Corporation
Ramona Faith, CEO
Kathy Ficco, RN, SJHS
Babs Kavanaugh, District Consultant
Kevin Klockenga, CEO, SJHS
Richard Nadale, Controller
Jane Read, VP of Operations, PVH
Todd Salnas, COO, SJHS
Pam Tuft, SRM Alliance Board member

CONSENT CALENDAR:

A motion was made by Director Thornton, seconded by Director Steady to approve the August 24, 2011 Agenda noting addition of presentation by Dunakilly Management Group Corporation and the July 27, 2011 minutes. This motion was approved by all present.

PUBLIC COMMENTS:

There were no public comments.

BOARD COMMENTS:

There were no board comments.

ADJOURNED TO CLOSED SESSION:

President Adams adjourned the meeting to closed session pursuant to the following sections:

***Trade Secrets (Health & Safety Code Section 32106(b)). Discussion will concern, physician/hospital agreements, HMO agreements, inter-hospital agreements, management services agreements and development of new services and programs. Estimate date of public disclosure: December 2011**

***Government Code §54957.6 closed session regarding employee matters**

ADJOURNED TO OPEN SESSION:

President Adams adjourned the meeting to open session and reported no action was taken during closed session.

BOARD COMMITTEE REPORTS:

Asset Management Committee:

Rick Nadale distributed new renderings of the proposed Walgreens to be built on the District's Lynch Creek property. Meetings with Browman Development Company with Ramona Faith and Mr. Nadale are being scheduled. In addition, statistics from Petaluma Valley Hospital relative to pharmacy needs on a 24 hour basis are being requested as well as support from Administration for the project. This is to be accomplished over the next couple of months and will move forward with the submittal of plans to the City of Petaluma Building Department.

Mr. Nadale further reported escrow has closed on the sale of the District's building located at 1301 Southpoint. The Hospital Building Corporation has been reinstated and a separate checking account has been established. A check in the amount of \$1,182,137 has been deposited into the Building Corporation Checking Account and a loan note to the

buyers in the amount of \$540,000 at 6% interest has also been established.

The Petaluma Health Center has signed a Memorandum of Understanding between the Petaluma Health Care District and the Petaluma Health Center as approved by the Board of Directors to loan the Petaluma Health Center \$1,338 million dollars (\$1,338,000). The MOU stipulates that interest will accrue monthly at a rate of 5.75% per annum on any outstanding balance with monthly principal and interest payments to begin on July 1, 2013. All advance balances of principal and any accrued interest will be due and payable on or before February 1, 2017 at the discretion of PHCD.

Petaluma Valley Hospital:

Jane Read, VP of Operations at Petaluma Valley Hospital, reported positive financial outcomes for the month of July due to high census during the months of June and July. Employee Satisfaction survey results will be presented to staff through CEO Forums. Once presented to staff, the District will be able to review Employee Satisfaction survey results for PVH.

The Meditech project continues with staff and physicians receiving training and a target date of February 15th set to go live with physician charting.

Hospital Stewardship Committee:

Director Adams reported on a recent Hospital Stewardship Committee meeting with participation from about 10 staff nurses, PVH Administration and two PHCD Board of Directors. The focus of the meeting was related to the recent score employees received of a "1" on their personal evaluations under the section of patient satisfaction. A committee consisting of representatives from the nursing staff, support staff and PVH Administration has been established to review the process and provide a recommendation to EMT in an effort to move forward with this concern.

South County Mental Health Collaborative:

The next meeting is scheduled for Thursday, September 15, 2011.

Community Health Initiatives for Petaluma Area:

Ramona Faith has met with several community leaders for introduction and 1) learn about the mission and vision of their entity or service; 2) identify the gaps that currently exist and create barriers for their organization in pursuing their goals; and 3) explore which role the District can play in closing those gaps. Director Thornton has also participated in most of these meetings.

PVH Future Planning Committee:

Dunakilly Presentation:

Alan Ada, who was previously working with Pointe West Alliance and presented to the PVH Future Planning Committee, is present at this meeting with the following representatives from Dunakilly Management Group Corporation (Dunakilly):

Gary Cahill, Dunakilly
Rob Deevy, Dunakilly
Vesty Enea
Alan Ada

Mr. Ada provided an overview on Dunakilly noting the company was formed in 2007 to provide exceptional program, project and development services to clients across the United States delivering cost-effective expertise on behalf of all types of owners. Dunakilly provides a team that can provide architectural design, engineering, construction, as well as having the ability to secure entitlements and provide analysis on specific projects pertaining to costs and feasibility.

The team can evaluate properties owned by the District and look at avenues that will provide stability for the future of PHCD. Projects currently completed or in process through the Dunakilly Corporation were reviewed.

In addition to projects, assistance in developing strategic planning goals in the following areas can also be conducted:

- Evaluation of assets
- Determination of highest and best use
- Financial projections for cost
- Financial projections for revenue
- Master Planning with the City of Petaluma

- Inventory existing facilities
- Assess longevity of existing facilities
- Determine best use of existing facilities and land assets with users and stakeholders
- Develop program budgets for facilities
- Determine cash flow requirements based on forecasted development schedule
- Develop revenue forecasts using current market conditions

A conceptual master plan was presented displaying proposed buildings for the Lynch Creek property and PVH property. The team can also provide construction build out costs, conduct energy audits, and construction financing.

Mr. Ada explained that their team is available to assist PHCD through their Strategic Planning session utilizing their resources in providing accurate information on proposed projects, prioritize facilities and establish goals to achieve priorities as established by PHCD.

A project schedule was presented if approved by the PHCD Board of Directors with a timeline to begin in September 2011 and present a final forecast/revenue presentation with conclusions by December 2011.

Board of Directors thanked all present for their presentation.

WORK ITEMS: REPORTS

Finance Report:

Rick Nadale, Controller, presented the financials ending in June 2011 and July 2011 as follows:

As of June 30, 2011 the Statement of Net Assets reflected assets of \$15,762,276 and liabilities and deferred revenue of \$2,928,843 leaving the net fund balance at \$12,833,433.

The year to date Statement of Revenue and Expense shows a loss of \$328,526 which exceeds the budgeted loss by \$9,021.

Mr. Nadale reviewed the significant expenditures/income as well as variances from budget to actual as outlined in the Board packet.

Mr. Nadale also noted that auditors from Matson and Isom will be at PHCD August 29 through September 1, 2011 conducting the 2010–2011 audits.

For financials ending in July 31, 2011, the Statement of Net Assets reflected assets of \$16,160,893 and liabilities and deferred revenue of \$3,349,005 leaving the net fund balance at \$12,811,888.

The year to date Statement of Revenue and Expense shows a loss of \$57,075 which exceeds the budgeted loss by \$16,508.

In addition, \$300,000 was added to the PHCD line of credit in order as part of the loan to Petaluma Health Center for the first draw down on the board approved \$1.338 million dollar loan for construction of Phase IIa of the new clinic.

Significant expenditures/income and variances were reviewed by Mr. Nadale included in the Board packet.

President's Report:

Director Adams reminded Directors if interested in attending the upcoming BASH scheduled for September 10, 2011 and the Center for Well Being Luncheon scheduled for September 16, 2011 were to contact Suzanne Cochrane.

The schedule for future PHCD Board meetings was reviewed.

CEO Report:

Ramona Faith reviewed and distributed an updated On-Going Task List. Included in the report was an update on the proposed Agenda for Strategic Planning sessions. Distribution of materials for the Strategic Planning session will occur two weeks prior to the September 23, 2011 date.

Babs Kavanaugh was introduced who is attending this Board meeting to hear tonight's presentations. Babs will be working with Suzanne Cochrane to schedule individual phone interviews within the next two weeks with each Director.

Ms. Faith distributed material from the Eating Disorders Program noting that a meeting is being arranged with all those involved in this program

to obtain a better understanding on how each program interacts with each other.

Ms. Faith shared information on Upstream Investments, a program of Sonoma County that has developed partnerships with many community organizations launching an initiative which emphasizes prevention-focused interventions and policies that increase equality and reduce future monetary and societal costs for all residents of Sonoma County.

Ms. Faith also noted that September 7, 2011 has been set for a joint Board meeting with the PHCD Board of Directors and the Petaluma Community Foundation.

DISCUSSION OF PUBLIC COMMENTS:

There was no discussion.

NEXT STEPS:

No items were discussed.

ADJOURN:

The meeting adjourned at 9:37 p.m.

Respectfully submitted,

Stephen steady, MD, Board Secretary

RECORDED BY:

Suzanne Cochrane, Board Liaison