

Petaluma
**HEALTH CARE
DISTRICT**

**MINUTES OF THE MAY 16, 2017 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

Elece Hempel
Josephine S. Thornton, M.A.
Joseph Stern
Becky Monday

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Board Clerk, PHCD
Andrew Koblick, Controller, PHCD
Don Bouey, Bouey & Black, LLP, Legal Counsel
Larry Ligouri, NUHW
Jim Goerlich, PVH nurse
Lisa Portman-Fain, PVH nurse
Jane Read, VP Operations, SJH

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 Stern to approve the May 16, 2017 Agenda, and the April 18 and May 2 Minutes which was seconded by Director Thornton. This motion was passed by a vote of 4 ayes (Directors: Hempel, Monday, Thornton, Stern) and 0 noes.

PUBLIC COMMENTS

Larry Ligouri, NUHW representative introduced himself and said he would report back to union members on any matters of interest to them.

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 to open session and reported no action taken in closed session. Director Thornton was not present for the open session.

PUBLIC COMMENTS

Jim Goerlich, PVH Med-Surge nurse, gave an update on the nurse's attempt to get a vote for union representation, reporting that the National Labor Relations Board has grouped hospitals to make rulings, and has placed PVH with hospitals in Los Angeles, making it hard for nurses to attend hearings. Mr. Goerlich stated that there has been a significant loss of nurses at PVH due to the instability and long transition period, with an increase of travelers, especially in OB. Mr. Goerlich commented that the nurses will be taking their concerns to the community including using social media to express their message. Mr. Goerlich stated that the nurses would like to include the District, and support the District, but feel they need more information about the transition, including access to Paladin Healthcare.

Lisa Portman-Fain, an OB nurse at PVH, read a letter to the board, explaining her commitment to her patients, and pride in the excellence of the OB department at PVH. Ms. Portman-Fain stated that there is anxiety among the nurses because of uncertainty surrounding the transition to the new operator, resulting in several nurses leaving the hospital for other employment. The letter is included at the end of these minutes.

BOARD COMMENTS

Director Monday thanked the nurses for their comments and stated she recently had a very positive experience in the ER at PVH.

PETALUMA VALLEY HOSPITAL *SRM Alliance Board Update*

Jane Read reported that PVH is nearing completion of repairing and replacing an elevator. Ms. Read also reported that PVH is in action planning around Joint Commission findings, and the lab will be surveyed soon. Dr. Bollinger and Dr. Guerra, orthopedic surgeons, will start in May. Dr. Walter will begin as an orthopedic surgeon in July. There is still a call coverage gap in GI with 10-13 days uncovered. Ms. Read

reported that PVH's census is down in Med-Surge, and that SJH's after-hours clinic and Sutter's new walk-in clinic may be having an impact on the census. Ms. Read reported that SJH and Paladin will meet on Friday and are working to resolve issues with the IT transition.

Ms. Read stated that there is a plan to address the staffing in the Family Birthing Center. Ms. Faith asked Ms. Read for information on the nurses' ability to vote, which had been on hold due to an ongoing issue between SJH, CNA and the NLRB, and was told that Human Resources was working on the issue. Ms. Faith commented that PVH should be proud of the Joint Commission results.

ADMINISTRATIVE REPORT

CEO REPORT

CEO Ramona Faith noted the Health Action Update in the board packet, and that the District will be involved in the Hearts of Sonoma and opioid abuse issue through CHIPA workgroups.

Ms. Faith reported that the Association of Health Care Districts (ACHD) bylaws have been updated and need to be approved. President Hempel offered to be part of a sub-committee to read and offer comments on the proposed changes. Ms. Faith noted the ballots are due June 16, and an approval by the board will be on the agenda of the next board meeting. Ms. Faith thanked the board members for attending the proclamations of May as District Health Month by the Petaluma City Council and the Sonoma County Board of Supervisors.

Ms. Faith commented on her letter to the PVH Foundation Board included in the board packet which identified the opportunity for the PVH Foundation board members and District to engage in planning for a future foundation to foster continued philanthropic efforts to support PVH. The letter also invited PVH Foundation board members to meet with PHCD board members and Paladin Healthcare to determine next steps. Ms. Faith reported that the Benedetti Leadership Celebration was a great success, with Paladin donating \$10 thousand and the District donating \$15 thousand to the Petaluma Valley Hospital Foundation.

Ms. Faith also noted the District's letter in response to the Hospice email sent by Cathy Thomas. The District's letter clarified and corrected critical inaccuracies in Ms. Thomas's email regarding Hospice of Petaluma. The letter is included at the end of these minutes. Ms. Faith reported that she hopes to meet in person with Ms. Thomas.

Ms. Faith reported on the letter in the board packet to Dennis Dugan of the National Union of Healthcare Workers. The letter was sent by email with the requested PVH lease with SJH and the transfer schedules attached. The letter is included at the end of these minutes.

Regarding the board's plan to engage a consultant to assist with public education and awareness on the transition of operations, Ms. Faith reported she now has the defined services the consultant will provide and it is available for board members to review.

FORGING A NEW PATH FOR PETALUMA VALLEY HOSPITAL

Ms. Faith updated the board on the transition of PVH operations from SJH to Paladin Healthcare, noting the bi-weekly update in the board packet. Ms. Faith reported that a successful meeting was held on April 26 between Paladin Healthcare, SJH and the District, including their legal counsels. Ms. Faith commented that the rumors regarding Paladin Healthcare withdrawing their bid are not true. There have been several meetings between representatives of SJH and Paladin regarding the transition of IT. Paladin has been

engaging with Meditech, (the hospital IT software system) and the District has been working with Paladin on the transfer and lease agreement. The Operations Transfer Agreement (OTA) which is being negotiated between the District and SJH will also impact Paladin. There will also be a separate IT agreement between SJH and Paladin. There is a meeting scheduled for Friday, May 19, to discuss licensure, the OTA and IT.

Don Bouey, legal counsel for the District, commented that there are complicated operational issues including how licenses, and Medicare and medical contracts will be assigned over from SJH to Paladin.

Ms. Read commented that there will be a CMS (Centers for Medicare and Medicaid Services) survey within days of the transition, and may have to redo Joint Commission.

Ms. Faith reported that SJH will not allow employee forums at PVH with Paladin at this time, but the District may decide to invite Paladin to have employee forums at the District office instead. Ms. Faith stated that Paladin wants to respect SJH's position on the matter. Ms. Faith reiterated that Paladin's commitment to make no major changes in personnel for the first six months was intended to give a comfort level to employees, and that Paladin intends to retain staff at comparable pay and benefits, and rebuild services. Ms. Faith also stated that the District wants to have a definitive agreement in place before placing a measure on the ballot for a public vote. Ms. Faith stated she will reach out to PVH Human Resources regarding the nurses who are leaving to confirm recruitment efforts for open positions.

FINANCIAL SUSTAINABILITY

March 2017 Financials

The Month and Year to Date March 31, 2017

Andrew Koblick, Controller, reviewed the March 2017 financials.

As of March 31, 2017 the Statement of Net Position reflected assets of \$8,230,596 and liabilities of \$616,933 leaving the net fund balance at \$7,613,663.

The month and year to date ended March 31, 2017 showed the net loss of \$89,002 and \$892,213 which is \$9,518 and \$196,109, respectively better than the budgeted loss of \$98,520 and \$1,088,322.

A motion was made by Director Stern to approve the March Financials, seconded by Director Hempel. The motion was passed by a vote of 3 ayes, (Directors Hempel, Monday, and Stern) and 0 noes.

FY 2017- 2018 Annual Budget – Draft

Mr. Koblick presented the District's draft budget for 2017 – 2018. The new budget is showing \$400 thousand net income, compared to a negative \$1.3 million amount for last year. The draft budget reflects rents from Hospice and PVH. The budget shows 6 months of payments by SJH, and 6 months of payments by the new operator.

This budget reflects the pending sale of Lifeline of the North Bay to Tunstall. Mr. Koblick reported that Philips Lifeline also requested to make an offer to purchase Lifeline of the North Bay, and the District agreed.

INFORMATIONAL ITEMS

Ms. Faith directed the board members' attention to the upcoming events listed in the agenda, including the PHCD Community Partnership Appreciation Breakfast to be held on May 25. In addition, the SRJC Community Breakfast will be held on June 8, and Directors Stern, Monday, and Thornton indicated they would like to attend.

ADJOURN

President Hempel adjourned the meeting at 2:45 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Erin Howseman, Board Clerk

Petaluma
HEALTH CARE
DISTRICT

May 11, 2017

Board of Directors
Petaluma Valley Hospital Foundation
400 N. McDowell Blvd, Petaluma, CA 94954

Dear Members of the Board,

On behalf of the Petaluma Health Care District Board of Directors and the Southern Sonoma County community, I want to thank the Petaluma Valley Hospital Foundation Board for a wonderful and successful Benedetti Leadership Celebration. While the venue and setting were beautiful, the community's spirit, generosity and commitment to supporting our local community hospital were most apparent, which doesn't come as a surprise to any Petaluman.

The Foundation's efforts and dedication to raising funds to purchase state-of-the-art medical equipment and technology for our hospital is commendable. All hospitals need community support, and the Benedetti Leadership Celebration is a celebrated event and fundraiser that reflects Petaluma's philanthropic efforts at its best.

As we prepare for a transition of hospital operations, the Petaluma Health Care District Board would like to engage the Foundation Board in planning for the future. Your insight will help determine next steps and foster ongoing philanthropy to seamlessly support our community hospital.

As we know, successful transitions take much time and consideration. It took more than five years from the time St. Joseph Health leased hospital operations in 1997 to create, recruit and engage great community volunteers in fundraising efforts to support Petaluma Valley Hospital. The Petaluma Health Care District's intention is to continue to build upon the philanthropic work that the Foundation and the St. Joseph Health Fund Development Team has accomplished over the past 13 years.

The District Board and incumbent operator Paladin Healthcare look forward to meeting with you and the SJH Fund Development Team in the near future to determine the next steps that will best serve our community. The District is committed to ensuring Petaluma Valley Hospital's vitality, as well as maintaining a foundation with funds and contributions that remain with the hospital.

I personally welcome the opportunity to meet with the Foundation Board or members individually to hear your input and answer any questions. I can be reached at 707-285-2143.

Thank you,



Ramona Faith, MSN, RN
CEO, Petaluma Health Care District

Petaluma
HEALTH CARE
DISTRICT

April 17, 2017

Cathy Thomas
Advisory Board & Community Education
Hospice Services of St. Joseph Health

Dear Cathy,

Thank you for your response to my request to meet with you to discuss the concerns you raised in your April 7 email that was sent to a number of people in our community. Based on the availability you provided in your email, I have scheduled a 2 pm meeting on Friday, April 21 with you and Alan Ziff, the president of the Hospice Advisory Board, at the District Office located at 1425 North McDowell Blvd.

Prior to our meeting, I would like to express concerns about your circulation of your April 7 email to undisclosed recipients, including the Argus Courier and social media channels, in your capacity as an official Advisory Hospice Board Member for St. Joseph Health's Hospice Services, which implies representation of the advisory board and the organization as whole.

I also want to respond to some critical inaccuracies in your statements prior to our meeting on Friday so you have a better understanding of the situation, and then we can discuss this and your concerns thoroughly.

You state that St. Joseph Health (SJH) recently lost its renewal bid and lease with Petaluma Valley Hospital and that this has critically impacted Hospice of Petaluma. SJH did not lose its renewal bid and lease. The lease expired pursuant to its 20-year-old terms. SJH ended negotiations for a new lease and was unwilling to reopen discussions when re-approached by the District. Ultimately, there was not agreement on three material terms: (1) Fair market rent (as SJH knows, the District is required to charge fair market value rent to a non-profit religious organization); (2) a non-compete that would protect the vitality of the hospital (SJH was unwilling to agree to not compete with PVH within the District service area, which would devalue the hospital); and (3) SJH could not find an acceptable solution for providing women's health services. We negotiated for about 9 months and could not agree to a letter of intent.

Your understanding, like many others, including myself, regarding the historical hospice facility rent, is not correct. Let me try to explain. The District currently is not – and 20 years ago, was not -- permitted to lease District assets to SJH for less than the assets' fair market value. At the time the original hospital lease commenced (again, 20 years ago), SJH agreed to lease the hospital, hospice facility (hospice was a core service of the hospital), related personal property, and other items in return for an aggregate "rent" including paying off District debt, assuming District contractual liabilities, and

cash. This amount, including the hospice facility rent, was all included in the original Hospital Lease and the Transfer Agreement. (The \$1.00 amount set forth in the hospice lease was just a “placeholder” the lawyers added.) A fair market value report, prepared by an independent valuation company at the time, determined these agreements equaled the fair market value for all of the assets.

We believe your characterization of the District as taking advantage of the Hospice of Petaluma under the hospice lease is not true. The hospice lease itself is a common commercial “triple net” lease (as was the original lease) pursuant to which the tenant pays many property expenses, for example, taxes (there are none), insurance and repairs, and a negotiated base rent. (The District could pay certain of those expenses directly, but then, the rent amount would have to be increased to cover them.) In the lease, SJH acknowledges that the terms are fair market value. As mentioned above, under applicable law, the District, like SJH with respect to its dealings with for-profit entities, is not permitted to charge SJH less than fair market rent for the hospice property, which ultimately is owned by the residents of the District.

Hospice of Petaluma is a “best practice” and a source of Petaluma pride. When SJH engaged with Petaluma two decades ago, Hospice was a service SJH wanted to expand into Santa Rosa, and it has. Hospice of Petaluma was a core service of PVH before the original lease with SJH and has continued as a core service of PVH under SJH management.

I hope this information and the clarifications I have shared give you a better understanding of the background and facts involved, and I look forward to discussing them with you and Alan on Friday.

I have copied SJH Sonoma county President and CEO Todd Salnas and ask that you forward this letter to the other Hospice Advisory Board members. I would be more than happy to attend one of your board meetings to address concerns and provide clarification in person.

I thank you for your time and look forward to our meeting on Friday.

Sincerely,



Ramona Faith MSN, RN
Petaluma Health Care District CEO

Cc Todd Salnas
President and CEO
St Joseph Health Sonoma County

Alan Ziff
President
Hospice Advisory Board

Petaluma
HEALTH CARE
DISTRICT

May 12, 2017

Dennis Dugan, Coordinator
National Union of Healthcare Workers
5801 Christie Ave., STE 525
Emeryville, CA 94608

RE: Public Records Act request

Dear Dennis:

I am writing in response to your email dated May 4, 2017 regarding the National Union of Healthcare Workers' request for information of all schedules related to the lease and transfer agreements previously provided, including but not limited to, Schedule 6.6 and Schedule 10.18 as referenced in the lease and/or transfer agreements.

Per your request, in this email please find attached as PDF files the following:

Lease schedules.pdf
Transfer Schedules 1.1b – 4.19.pdf
Transfer Schedules 4.21 – 10.26.pdf

Sincerely,



Ramona Faith, MSN, RN
Chief Executive Officer
Petaluma Health Care District

Petaluma District Health Care District Board
1425 N. McDowell Blvd #103
Petaluma, CA 94954

May 15, 2017

244 Princeton Ct.
Sebastopol, CA 95472

To the members of the Petaluma Health Care District Board,

My name is Lisa Portman-Fain and I have been a nurse at Petaluma Valley Hospital for 11 years, in the Family Birthing Center. Our community hospital is a very special place, that I believe gives excellent care, which is the primary reason I have stayed for the last decade. Our department is unique, as the only OB unit in the county to be designated as "Baby Friendly," obtained by our dedication to breastfeeding support and education. We also provide excellent continuity of care, in that all our nurses are cross trained in Labor and Delivery and Postpartum, allowing us to stay with our patients after they give birth, as their postpartum nurse. With the exception of Sonoma Valley, this is also unique to our hospital.

With St. Joseph's lease ending, and all that has transpired afterward, from the first announcement by the board to choose St. Joe's as the operator, which fell through, and then the selection of Paladin months later, many employees at the hospital have felt a great deal of stress and uncertainty regarding the security of their employment over a long period of time.

This, coupled with the dark cloud that has hung over our department for several years, that being the knowledge that our operator has wanted to close our unit, has added to our feelings of instability and low morale.

Our unit has lost several dedicated nurses, over this period of time, and we continue to lose more, (two just gave notice last week). At this point our core staff has shrunk so much, that we are dependent on travelers to staff our unit. We are so short that even with the travelers, we need to ask Med/Surg nurses to float to our unit frequently. As we greatly appreciate their willingness to work on our specialty unit, it is not ideal, as they cannot help us with labor patients or newborns. And recently, when there are no nurses to spare on Med/Surg., we have been sent Med/Surg travelers, who barely know our policies, protocols, and hospital routines.

Several of our long term nurses, who have left, say their primary reason for leaving is that they do not feel safe, working with so many travelers and new employees, as they don't know their skills. We have lost many more, due to the uncertainty of the transition to our new operator, as well as our pay being significantly lower than most of the other hospitals in the county. It has become increasingly more difficult to hire both regular

staff and per diem nurses, when it is out there in the community, that we don't know when this transition to Paladin, our new operator, will occur, if it will occur for certain, and how it will affect us once the transition is complete.

In talking with nurses from the other departments in the hospital, our experience in OB is very similar to theirs. The Emergency Department, Surgical Services, ICU, and Med/Surg., have also lost valuable employees for similar reasons and have more travelers than they are comfortable with.

At this point, every nurse who leaves, that is oriented and trained to our unit, is a huge loss for us. This, I assume, is true for all the other departments as well. I would like to be able to encourage my co-workers who are looking for new employment, to stay and weather the storm, but with all the uncertainty, I find that impossible. Allowing our employees to talk to administrators of Paladin, would be a step in the right direction, giving us some reassurance about our new operator and our future at PVH.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Portman-Fain". The signature is written in black ink and is positioned above the typed name.

Lisa Portman-Fain RNC
Family Birthing Center