



**MINUTES OF THE JANUARY 16, 2018 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, President
Fran Adams, RN, BSN
Becky Monday
Joseph Stern
Josephine S. Thornton, M.A.

ALSO PRESENT

Ramona Faith, CEO, PHCD
Matthew Kelman, Exchange Bank
Andrew Koblick, Controller, PHCD
Jane Read, VP Operations PVH
Ruth Wells, Board Clerk, PHCD

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Director Monday 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

It was noted that future minutes will identify members of the public who offer comments.

A MOTION was made by Director Monday to approve the Agenda for January 16, 2018 and the December 19, 2017 Minutes which was seconded by Director Hempel. This motion was PASSED by a vote of 5 ayes (Directors: Hempel, Adams, Monday, Stern, Thornton) and 0 noes.

PUBLIC COMMENTS ON NONAGENDIZED ITEMS

Bob Ostroff offered comments about the history of the development of electronic medical records at Petaluma Valley Hospital (PVH). Because the Affordable Care Act required electronic medical records for higher reimbursement, the PVH physicians proposed in 2010 that they would fund development of a system that would be repaid from federal reimbursements. St Joseph Health disregarded their proposal and independently placed a system they consider proprietary. Dr. Ostroff noted that 21 years ago SJH got a hospital system with medical records. They need to return a hospital with medical records.

Dr. Ostroff also commented on the Jan. 4, 2018 coverage in the *Argus Courier* of a letter the PVH physicians and surgeons sent to the District, expressing concern over the decline they perceive in St. Joseph Health's investment in the hospital. All the issues now stalling the transfer of hospital management were well known to the doctors as early as 2005. At that time the Southern Sonoma County Medical Group (SSMG / the Group) developed a plan to have its own surgery center that was projected to be able to repay the District's initial investment in SSMG. Dr. Ostroff noted that the *Argus Courier* was instrumental in fomenting public opposition to the plan that discouraged physicians from joining the Group. SJH perceived the Group as a threat and moved in another direction. We would not be in the position we are today if all physicians at the time had joined SSMG.

Director Adams quoted from the last minutes of the Alliance Board a comment that said "The waiting for a clear plan from the District continues to be both worrisome and frustrating for all." The District did have a plan and that was to continue with SJH, but SJH pulled out. What the *Argus* editorial misses is that SJH should have had a plan for the IT transfer, which is ordinary and customary in the industry.

ADJOURN TO CLOSED SESSION

President Hempel adjourned the meeting into closed session at 12:15 PM, 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 at 1:15 PM and reported on action taken in closed session. The Board reviewed the revised proposal from Paladin Health. The management agreement structure requires the District to assume significant financial risks, and to incur expenses that may not be in the best long-term interest of Petaluma Valley Hospital. The District's concerns around these issues require further deliberation on a number of points. The Board will explore all options, and will continue to work with St Joseph Health to resolve the issues that exist around IT that are impacting the transition to new management.

PUBLIC COMMENTS

There were no public comments.

BOARD COMMENTS

Director Adams reported on two chapters of “52 Ways to be a Better Board” that Board members are reading. Chapter 7 - Avoiding Micromanagement - does not generally apply to public sector boards and that is not something this board does. Chapter 8 - Check Your Motivations – advises that board members should always be clear about the reason they chose to join this board. It should be for service, never to enhance the individual. The mission of the organization should be the motive for service.

Director Monday announced that for personal reasons her family is leaving the community and that she will be resigning her board position. A formal resignation will be submitted with the anticipation of an effective date the end of February.

Quarterly Investment Presentation

To expedite Mr. Kelman’s time, the investment report was received at this point in the meeting, but is minuted later in the order of the agenda.

PETALUMA VALLEY HOSPITAL *SRM Alliance Board Update*

Jane Read reported the hospital is preparing for Meditech downtime for a 12-hour period. She continues to work to stabilize pediatric on-call coverage with physicians from Santa Rosa Memorial (SRM) and Marin General. The call schedule should be resolved by next month.

She is likewise continuing to work on recruiting for general surgery and reaching a long-term solution for general surgery on-call pay. Patient satisfaction impacts incentive pay, and PVH typically has high patient satisfaction scores. SRM has agreed to take PVH GI patients as needed to help with on-call coverage due to lack of GI coverage in Petaluma. An interim perioperative manager will stay until the position is filled. The emergency department, ICU and birthing center still are in management transition. A new CFO is coming in February.

Great Catch awards continue monthly, recognizing employees and volunteers who spot an emergent patient issue and take action to get the care needed. Values in Action program is coming to an end, but may be replaced by something else next year.

OB volume was high through Oct (fire related), but probably is flat for the year. PVH does approx. 450 deliveries/year. It is a low-risk unit, with high-risk patients referred to SRM.

Nurse attrition will continue to be an issue until there is management stability and therefore perceived employment stability.

The Board thanked Ms. Read for her report.

ADMINISTRATIVE REPORT

PRESIDENT’S REPORT

There was no report.

CEO REPORT

CEO Ramona Faith noted the PHCD 2017 Annual Report is now available and has been posted on the web site. The Community Health Initiatives of the Petaluma Area (CHIPA) quarterly meeting January 9 featured a local expert in trauma and resilience, Hanna Boys Center Executive Director Brian Farragher. Participation in CHIPA has grown to the point where a larger space for the quarterly meetings is needed.

New state legislation is being proposed that will require all healthcare districts to have a well-defined funding process, and to demonstrate that the funds are allocated based on community need. The District has such policies in place to meet legislative requirements. Several letters of support for the Anorexia Nervosa and Associated Disorders (ANAD) program were recently received due to a concern that the ANAD program is at risk for continued funding. The District has been funding this program for more than a decade and working with the program manager to provide assistance in reporting requirements. All funding recipients are expected to provide measures of demonstrated community impact.

Ms. Faith welcomed Ruth Wells as the District's new board clerk.

FORGING A NEW PATH FOR PETALUMA VALLEY HOSPITAL

CEO Ramona Faith indicated that the January 4, 2018 op-ed article in the *Argus Courier* by herself and President Hempel summarizes the current status of the proposed management change at Petaluma Valley Hospital. She is meeting today with representatives from the Petaluma Staff Nurse Partnership.

Public Comment: No comments.

ASSET PURCHASE AGREEMENT: CONNECT AMERICA.COM, LLC TO PURCHASE THE ASSETS OF LIFELINE OF THE NORTH BAY, A MEDICAL ALERT BUSINESS AND PROGRAM OF THE PETALUMA HEALTH CARE DISTRICT

Ms. Faith reported that the District has been seeking a new partner for the Lifeline of the North Bay, the district's medical alert business, to ensure that clients' needs are met. District Controller Andrew Koblick stated that the purchaser will pay 17 times the average monthly revenue for the sale, will lease office space from the District for three years, retain the Lifeline staff, purchase two District Lifeline vehicles and retain the District as a consultant for two years.

Director Monday suggested that the portions of the Consulting Agreement that refer to Ms. Faith and Mr. Koblick by name be changed to refer to their position titles.

It is understood that the board of Connect America has approved the purchase, pending the approval of their funders, which is anticipated by January 19. In the meantime the District can approve the sale so that the agreement can be timely signed and notice of termination given to the current equipment provider.

A MOTION was made by Director Stern to approve the sale of the assets of Lifeline of the North Bay to ConnectAmerica.com, seconded by Director Adams. The motion was PASSED by a vote of 5 ayes, (Directors Hempel, Monday, Adams, Thornton and Stern) and 0 noes.

FINANCIAL SUSTAINABILITY

Quarterly Investment Presentation

Matthew Kelman from Exchange Bank's Wealth Management Department presented the District's 4th Quarter 2017 Market and Investment Review, for the period ending December 31, 2017.

In accordance with District policy and California state guidelines, the District portfolio returns has been retained in cash and investments limited largely to short-term bonds. The portfolio earned 1.13% over the year. Exchange Bank manages the investments for a dozen municipal entities and another dozen nonprofit organizations.

The Board thanked Mr. Kelman for his presentation.

November 2017 Financials The Month and Year-to-Date, November 30, 2017

Controller Andrew Koblick presented the November 2017 financials. As of November 30, 2017 the unaudited Statement of Net Position reflects assets of \$7,383,131 and liabilities of \$572,715 leaving the net fund balance at \$6,810,416.

The month and year-to-date ended November 30, 2017 unaudited Statement of Revenue and Expense shows the net loss of \$60,351 and \$471,879 respectively which is \$11,037 and \$73,024 better than the budgeted loss of \$71,388 and \$544,903.

A MOTION was made by Director Stern to approve the November 2017 Financials, seconded by Director Thornton. The motion was PASSED by a vote of 5 ayes, (Directors Hempel, Monday, Adams, Thornton and Stern) and 0 noes.

FY 2017 – 2018 Annual Budget

Director Treasurer Joe Stern presented the proposed FY 2017-2018 budget. The budget includes revenue from the Lifeline transaction.

A MOTION was made by Director Stern to approve the FY 2017-2018 Budget, seconded by Director Thornton. The motion was PASSED by a vote of 5 ayes, (Directors Hempel, Monday, Adams, Thornton and Stern) and 0 noes.

Public Comment: Whitney Hall asked whether the budget reflects the cost of working through the due diligence process. Ms. Faith responded that costs for consultants and an eventual ballot measure are included in the budget.

INFORMATIONAL ITEMS

CEO Ramona Faith referred the board members to the upcoming events listed in the board packet. The 4Cs Champions for Children awards luncheon on January 19 will be attended by representatives from partner organizations and District staff. Ms. Faith and Director Stein are planning to attend the Association of California Healthcare Districts' 2018 Leadership Academy in Sacramento on February 8-9. The District is co-sponsoring a workshop March 9 for clinicians and teachers to explore the traumatic impact of immigration policies on children and families, and the additional stress of the North Bay fires.

A special Board meeting is scheduled for February 1 at 7:00 AM. The next regular Board meeting will be February 20 at 12:00 PM.

PLUS DELTA

No new business was proposed.

ADJOURN

President Hempel adjourned the meeting at 2:20 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Ruth Wells, Board Clerk