



**MINUTES OF THE JUNE 19, 2018 MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER

President Hempel called the meeting to order at 12:01 PM in the lobby conference room at 1425 N. McDowell Blvd.

PRESENT

Elece Hempel, President
Fran Adams, RN, BSN, Secretary
Joseph Stern, Treasurer
Josephine S. Thornton, M.A., Vice President
Jeffrey Tobias, MD, Board Member-at-Large

ALSO PRESENT

Ramona Faith, CEO, PHCD
Andrew Koblick, Controller, PHCD
Ruth Wells, Board Clerk, PHCD
Tyler Hedden, COO, St. Joseph Health, Sonoma County

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Director Adams 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 Tobias and seconded by Director Stern to approve the Agenda for June 19, 2018, and the minutes of meeting on May 10, 2018. This motion was PASSED by a vote of 5 ayes (Directors: Adams, Hempel, Stern, Thornton, Tobias) and 0 noes.

PUBLIC COMMENTS ON CLOSED SESSION ITEMS

There were no public comments on Closed Session items.

ADJOURN TO CLOSED SESSION

President Hempel adjourned the meeting into closed session at 12:03 PM, for discussion involving trade secrets pursuant to Health & Safety Code Section 32106 concerning new programs, services or facilities

ADJOURN TO OPEN SESSION

President Hempel adjourned the meeting to open session at 1:02 PM and reported no action was taken in Closed Session.

PUBLIC COMMENTS ON NON-AGENDIZED ITEMS

There were no public comments.

BOARD COMMENTS

Director Thornton summarized chapters 15-17 of *52 Ways to Be a Better Board*, which the board is reading together. Chapter 15 covers the organizational culture, which is set by the CEO at the Board's direction. The culture at the District seems to serve all very well. Chapter 16 advises boards to put community needs ahead of any personal interests. She observed that the District may not be doing enough to take the temperature of the community, and should look into doing so more regularly. Chapter 17 encourages boards to trust the executive. She said there is trust between the board and the CEO and regular performance feedback helps keep that process on track. Ms. Faith noted that her evaluation process will begin next month.

Director Tobias will review chapters 18-20 at the next regular board meeting.

ADMINISTRATIVE REPORT

PRESIDENT'S REPORT

President Hempel reviewed the process for open seats on the board to be filled in the November general election. Incumbent directors and any interested community members must apply with the county Registrar of Voters between July 16 and August 10. Candidate statements of qualifications must be filed at that time, and all candidates will share the cost of printing the

statements in the Voter Guide. If no more candidates than open seats apply, candidates can opt out of publishing the statements.

The filing period for special district boards is July 16 through August 10. Director Stern's and Thornton's terms are expiring in December, and Director Tobias must be affirmed by the voters to serve the balance of his term. Director Thornton announced she will not seek re-election. CEO Ramona Faith encouraged the incumbent directors to file by Aug. 1.

CEO REPORT

Receiving no questions of her written report, CEO Ramona Faith noted that the Board governance self-assessment was completed and thanked directors for their participation. She will work with the Governance Committee to define the issues that need to be addressed and develop an action plan to recommend to the Board for discussion and approval.

The Sonoma County Health Action Quarterly Impact Report was included in the agenda material, which included some of the CHIPA activity as highlights.

The Association of California Healthcare Districts (ACHD) is seeking applications for committee members for the coming year. Most meetings are conducted by webinar. Ms. Faith asked that PHCD Directors consider participating on one of the ACHD committees. Director Stern serves on the ACHD Finance Committee. Ms. Faith chairs the ACHD Education Committee, is a member of the Advocacy Committee and serves as an ACHD board member. A board member is to serve on the District board for one year before participating on an ACHD committee.

Ms. Faith noted the availability of workshops in the next few weeks organized by the Red Cross to train potential shelter operators for future emergencies. This series arose out of a city-wide emergency preparedness discussion group that the District has been co-facilitating with the City of Petaluma.

SELECTION OF STRATEGIC PLANNING CONSULTANT

Proposals were reviewed from two consulting firms to assist the board in a strategic planning process. Both are strong candidates with very positive references.

Director Thornton questioned how strategic planning can be done without a long-term financial picture, which is dependent on securing a long-term hospital lease. Controller Andrew Koblick has prepared multiple financial scenarios. The Board recommended waiting until negotiations on the hospital lease are further along and to review the various financial scenarios. Then the Governance Committee can work with the CEO to determine timing for engaging in a strategic planning process so that a decision on the consultant can be made.

Public Comment: There were no public comments.

Tyler Hedden joined the meeting at this point to give the Petaluma Valley Hospital report, which is minuted on page 5, in keeping with the order of the agenda. He was excused following his report.

REVIEW AND APPROVAL OF BOARD POLICIES

The Board reviewed policy #5 – Guiding Principles for District Business Ventures. In light of several questions that arose during discussion, Directors Thornton and Tobias will confer and recommend revisions. Approval of this policy was deferred to the next regular board meeting.

The Board also reviewed a proposed new policy, #18 – Procedure for Filling a Board Vacancy. Minor edits were discussed.

A MOTION was made by Director Adams seconded by Director Tobias to approve Policy 18 – Procedure for Filling a Board Vacancy. The motion was PASSED by a vote of 5 ayes, (Directors: Adams, Hempel, Stern, Thornton, Tobias) and 0 noes.

Public Comment: There were no public comments.

COMMITTEE CHARTERS AND APPOINTMENTS

The Board reviewed the stated charters or summary descriptions of all board standing and ad hoc committees. President Hempel noted the importance of maintaining a clear chain of authority in board as well as committee meetings, noting the responsible director before deferring to staff.

The charter for the Finance and Business Development Committee was approved as amended.

The charter for CHIPA (Community Health Initiatives for the Petaluma Area) proposed an addition to provide a more active advocacy role for the District. Director Thornton expressed concern that action taken in the District's name include a process for Board approval. The proposed CHIPA charter was approved with the exclusion of the advocacy clause until a process for Board input can be developed.

Creation of a Community Advisory Committee was proposed, in light of the strong interest generated by the recent board vacancy appointment process. Ms. Faith envisions this as an opportunity to hear from the community on community health issues and include the public in discussion of issues such as the hospital lease. Director Tobias stated that in his role as speaking for the community, he would like to hear from the community more directly, more often. By being open to diverse perspectives, this committee could be a valuable avenue for the community to give info to the District. A formal committee charter will be developed for the Board to consider at a future board meeting. Director Tobias and Stern will bring back a draft charter for board discussion and approval.

The Board considered whether to continue or repurpose the established Hospital Stewardship Committee. The committee was created several years ago to provide a mechanism for hospital staff to discuss hospital issues with the District Board. Director Adams noted that hospital staff

needs to feel that they're heard. Ms. Faith questioned whether a formal committee is necessary for all issues raised and suggested issues be raised during at a board meeting during public comment. The Directors agreed a committee is a better process, but the process should be different than before. A draft charter for a Hospital Quality Stewardship Committee was presented and was approved.

Approval of committee appointments was deferred to the next regular board meeting.

Director Stern excused himself from the meeting at 2:34 PM.

FORGING A NEW PATH FOR PETALUMA VALLEY HOSPITAL

Ms. Faith reported that initial lease negotiation meetings with St. Joseph Health have been scheduled. A closed session special Board meeting has been scheduled for June 27.

Public Comment: There were no public comments.

PETALUMA VALLEY HOSPITAL

SRM Alliance Board Update

Interim hospital administrator Tyler Hedden acknowledge the participation of Ms. Faith in sharing in a panel discussion at the Petaluma Leadership Class's health and human services day on June 12. The program afforded an opportunity to highlight PVH's community benefit programs, which include a mobile dental health unit, health education programs for middle school students, an afterschool program for girls encouraging healthy life choices and house calls to home bound residents.

Mr. Hedden reported that hospital admissions were strong in the past month. He observed that the increased emergency room activity is reflective of a loss of primary care options for many residents. The ER has a referral coordinator who tries to refer to primary care any patients who do not have established physician relationships. Approximately 50% of ER patients are Kaiser patients. Kaiser is generally good about reimbursing for that care.

North Bay Endo (endoscopy center) recently lost one of their providers so SJH will close that facility and provide endoscopy services at PVH. Director Thornton noted the difficulty in recruiting GI docs is a problem nationwide.

Mr. Hedden acknowledged the biggest hospital issue is continuing to negotiate labor contracts. Meetings with Petaluma Staff Nurse Partnership have gone well, and SJH hopes to wrap up quickly to help recruit and retain staff. Director Adams noted the nurses are concerned that the new contract be transferable should management of the hospital change.

The Hospital continues to recruit for a director of the operating room. They have a strong candidate and are trying to ensure that the next person in that role will be committed to the community and will stay.

Director Thornton observed a striking inverse correlation between in-patient (declining) and out-patient (rising) surgeries, which is likely driven by insurance payers. Mr. Hedden confirmed this is a national trend. Director Thornton also is concerned by the percentage of revenue that comes from private payers. Mr. Hedden noted that SJH's call center works to distribute the patient load between facilities in their network, taking advantage of smaller facilities like PVH to handle milder cases and migrating sicker patients to Santa Rosa Memorial Hospital. He also stated that technology such as the electronic ICU allows PVH to treat patients with higher acuity than in the past. Mr. Hedden stated that telemedicine and tele-stroke will expand the types of care available in Petaluma.

FINANCIAL SUSTAINABILITY

April 2018 Financials

Controller Andrew Koblick presented the Financial Sustainability report. As of April 30, 2018 the unaudited Statement of Net Position reflects assets of \$8,138,494 and liabilities of \$565,700 leaving the net fund balance at \$7,572,793.

The month and year to date ended April 30, 2018 unaudited Statement of Revenue and Expense shows the net income of \$1,017,636 and \$291,628 respectively which is \$14,306 and \$148,769 better than the budgeted net income of \$1,003,330 and \$142,859. The large net income for the month reflects the sale of Lifeline of the North Bay.

A MOTION was made by Director Tobias to approve the April 2018 Financials, seconded by Director Thornton. The motion was PASSED by a vote of 4 ayes, (Directors: Adams, Hempel, Thornton, Tobias) and 0 noes.

Public Comment: There were no public comments.

FY 2018-2019 Proposed Annual Budget

Mr. Koblick presented the FY 2018-2019 budget for approval. The most significant changes from the prior year's budget are with respect to the sale of Lifeline. One-time costs for expenses also were noted for the fall election and a possible ballot initiative in the spring to approve the terms of the hospital lease.

A MOTION was made by Director Adams to approve the 2018-2019 budget, seconded by Director Thornton. The motion was PASSED by a vote of 4 ayes, (Directors: Adams, Hempel, Thornton, Tobias) and 0 noes.

Public Comment: There were no public comments.

Annual Audit

Mr. Koblick presented a proposal from JWT & Associates to conduct the District's annual audit. The firm has extensive experience with more than 40 health care districts.

A MOTION was made by Director Thornton and seconded by Director Adams to approve the selection of JWT & Associates to perform the District's 2017-2018

audit. The motion was PASSED by a vote of 4 ayes, (Directors: Adams, Hempel, Thornton, Tobias) and 0 noes.

Public Comment: There were no public comments.

INFORMATIONAL ITEMS

Ms. Faith noted several upcoming events.

It was noted that several of the scheduled board meeting dates through the summer months have been canceled or rescheduled.

PLUS / DELTA

No new business was proposed.

ADJOURN

The Board will next meet on June 27 at 5:00 pm.

President Hempel adjourned the meeting at 2:49 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Ruth Wells, Board Clerk