



**MINUTES OF THE AUGUST 21, 2018 MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER

President Hempel called the meeting to order at 12:02 PM in the lobby conference room at 1425 N. McDowell Blvd.

PRESENT

Elece Hempel, President
Fran Adams, RN, BSN, Secretary – arrived 1:37pm
Joseph Stern, Treasurer – arrived at 12:17pm
Josephine S. Thornton, M.A., Vice President
Jeffrey Tobias, MD, Board Member-at-Large

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Hawkins, Director of Community Health
Andrew Koblick, Controller, PHCD
Ruth Wells, Board Clerk, PHCD
Alan Ada, Pointe West Pacific Development
Gabiella Ambrosi, Sequoia Senior Services
Margie Edson, RN, Petaluma Valley Hospital
James Goerlich, RN, Petaluma Staff Nurse Partnership
Matthew Kelman, Vice President, Exchange Bank
Al Marshall, Pointe West Pacific Development

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Director Hempel 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

CEO Ramona Faith asked to have the 501(c)3 item moved earlier in the agenda.

A MOTION was made by Director Thornton and seconded by Director Tobias to approve the agenda as amended and minutes of the board meetings of June 19, June 27 and July 5, 2018. This motion was PASSED by a vote of 3 ayes (Directors: Hempel, Thornton, Tobias) and 0 noes.

PUBLIC COMMENTS ON NON-AGENDIZED ITEMS

Jim Goerlich asked to have an agenda item regularly for discussion of nurse representation issues at Petaluma Valley Hospital (PVH).

Mr. Goerlich briefly reviewed the history of union representation for the nursing staff that led to the formation of the Petaluma Staff Nurse Partnership (PSNP) union in May 2018. He stated that negotiations for a new contract with Providence/St. Joseph Health (SJH) are not going well. With a prospective new owner developing, PSNP is eager to start a good relationship with whoever ultimately operates Petaluma Valley Hospital (PVH). PSNP has concerns about the spirit of negotiations and what that might portend for future patient care.

The union is concerned that the SJH negotiating team (legal counsel, director of nursing and a human resources staff member) has little negotiating experience and no history or familiarity with the hospital or Petaluma community. This team apparently answers to no one higher in the SJH organization, and may or may not accurately represent the interest of SJH.

Mr. Goerlich shared a document from the most recent negotiation, detailing a management rights clause that is a sharp departure from 30 years of negotiated labor agreements at the hospital. Nurses are first and foremost concerned with patient care, and are concerned how some proposed measures may affect the quality of care provided.

By way of example, Mr. Goerlich read the following excerpt from one of the documents offered by SJH at the meeting:

~~ARTICLE VI:~~ARTICLE IV: MANAGEMENT RIGHTS

(The Partnership agrees that each and all functions of management that are not expressly limited by the language of this Agreement are retained by the Hospital.)

The Hospital will retain and have exclusive right to exercise the customary functions of management, (including (but not limited to) the right to manage and control the premises and equipment; the right to select, hire, promote, suspend, discharge, assign, supervise and discipline employees; to determine and change starting times, quitting times and shifts) (to transfer employees within departments and to other departments and other classifications) to determine and change the size of, composition of and qualification of working forces; to establish, change and abolish its policies, practices, rules and regulations and to adopt new policies, rules and regulations; to determine and modify job descriptions, job classifications and job evaluations; to determine or change methods and means by which its operations are to be carried on (including the right to subcontract) to introduce new and improved methods, technology, materials, equipment or facilities including, but not limited to new clinical technologies (to assign duties to employees in accordance with the needs) and requirements determined by the Hospital; and to carry out all functions of management - whether or not exercised by the Hospital prior to execution of this Agreement - subject only to provisions expressly specified in this Agreement. In the exercise of its management rights, the Hospital shall not act in a discriminatory, unreasonable or unfair manner.

PSNP's legal counsel feels this clause is so broad that it will negate any other provisions of the contract. The nurses are concerned such a contract will discourage employee retention as well as potential new hires.

The Board thanked Mr. Goerlich for his time in bringing this matter to their attention.

Gabriella Ambrosi introduced herself as a candidate for the open seat on the District board.

Margie Edson (also a nurse at PVH) stated that she attended the most recent negotiation meeting between PSNP and SJH. The attorney for SJH was rude and aggressive. The nurses would like to complete a contract with SJH, but feel that this individual is counterproductive to the process.

The Board thanked Ms. Edson for her time in bringing this matter to their attention.

BOARD COMMENTS

Dr. Tobias questioned whether SJH negotiators have shown any flexibility on the management rights points over the course of their meetings (approximately six weeks). Mr. Goerlich stated they had not.

Director Hempel noted that when Tyler Hedden (PVH Administrator) addressed the PHCD board on Aug. 17, the Board strongly recommended that SJH address pay equity (with other area hospitals) for the nurses immediately, and complete the forward-looking details of the contract separately. Mr. Hedden's response at our previous board meeting was he thought that

segregating and resolving the pay rate from the rest of the contract details is unlikely. Ms. Hempel requested that labor negotiations be added to future board meeting agendas as part of the regular PVH Update, and invited PSNP representatives to participate in that part of the meeting.

Director Thornton offered to raise the labor negotiation issue at the next SRM Alliance board meeting.

Director Tobias summarized chapters 18-20 of *52 Ways to Be a Better Board*, which the board is reading together. Chapter 18 covers trust among board members. He noted that trust begins with the understanding that the board shares a mutual dedication to the District's mission. That trust is maintained by individual trustworthy behavior and by being open and honest with each other. He observed that there have been disagreements between various board members but that, in general, the disagreements are discussed openly and there is a consensus that all members are dedicated to the District's mission.

Chapter 19 describes communication as the lubricant of organizations. Free and open communication is essential and not always easy, but the District does this fairly well. However, there does not appear to be a consistent structure for how board communication should be handled, e.g., acknowledgment of email messages, etc. He noted that the upcoming strategic planning process is an opportunity to formulate communication plans to address more clearly how the board communicates and how board decisions may be communicated to the public, etc. Director Hempel noted that the Brown Act does impose restrictions on communication between directors outside of formal meetings.

Chapter 20 notes that individual board members are part of a larger group of equals and that board processes have often been put in place before many board members have arrived. With regard to public sector boards, many processes are predetermined by law and that the District does well in respecting these processes.

Director Tobias also commented on the coming general election. He expressed a desire for an opportunity for District board members to meet the candidates for city council and mayor. Director Hempel noted that there are public forums scheduled for candidate debates. Director Tobias clarified he is interested in educating candidates about District issues. He suggested individual directors make connections with individual candidates. Director Hempel has met all 10 Petaluma City Council candidates and will see whether the District board members may be included in candidate forums being organized by the Chamber of Commerce. CEO Ramona Faith offered to coordinate a meeting for herself and two board members to make such an overture to a group of candidates. Alternatively, the Board could invite candidates to a board meeting to discuss a particular issue.

Director Hempel noted that two public forums for City Council candidate debates are scheduled. The *Argus Courier* and Chamber of Commerce are co-hosting one on Sept. 18 at Hotel Petaluma. The Sonoma County League of Women Voters is planning a local candidate debate for Oct. 13. The site is yet to be determined.

Director Tobias expressed interest in meeting with more PVH staff. This topic will be discussed further at a September board meeting.

Director Tobias asked whether the director who succeeds Director Thornton as the District's representative on the SRM Alliance board of directors could shadow her at any meetings before she leaves that board. The appointment of her successor will be discussed with the Committee Appointments agenda item.

The **501(c)3 Discussion** occurred at this point in the meeting, but is minuted in the order of the agenda.

ADMINISTRATIVE REPORT

PRESIDENT'S REPORT

President Hempel had no report.

CEO REPORT

Receiving no questions of her written report, CEO Ramona Faith referred to the ACHD Advocacy report which highlighted Assemblymember Cecelia Aguiar-Curry's recent visit to the healthcare districts in Petaluma and Sonoma. The Sonoma Local Agency Formation Commission (LAFCO) final budget was included in the agenda packet. Staff was requested to ascertain when the next opening on the LAFCO board is anticipated. It would be good to have a District representative on that body.

Ms. Faith also noted a recent letter from a District resident stating support for resolving the hospital lease.

Ms. Faith distributed a proposal from the CHIPA Heart Health work group to form an ad hoc committee of the Heart Health work group to advocate for a local tobacco retail licensing (TRL) policy. Currently retail tobacco licensing is not required within Petaluma city limits. The city is one of only two governing areas in the county that does not require a retail license. The work group asks to be able to take a stand on this issue.

The Board plans to discuss the larger issue of establishing a process for CHIPA work groups to bring advocacy issues to the Board as part of the upcoming strategic planning process. In the meantime, staff would like to use this coalition to lend strength to an initiative that meets the District's mission to improve health outcomes in the district.

Director Hempel suggested the District speak to City Council members directly to underscore why this initiative is of value to the community. She cautioned that the Council's process needs to be respected, and suggested that communication be initiated by the CEO to the City Manager.

Director Thornton suggested that the board consider creating an advocacy ad hoc committee and that CHIPA work groups present proposals for action to that committee for approval. The Board needs to develop a platform for advocacy and will discuss that structure as part of the strategic

planning process. In the meantime, the Board recommended that staff propose a process for the development of the Ad Hoc committee, in addition to initiating the conversation with the City Manager. The proposal for moving forward with the Ad Hoc committee, and feedback from the City Manager should be brought before the board. Reports on work group activities will continue regularly through the CEO report.

The **presentation from Pointe West** occurred next, but is minuted later to match the agenda order.

BOARD POLICY ON BOARD COMPENSATION

CEO Ramona Faith presented new draft of Policy #12, formerly titled Board Benefits, to reflect the coming legislative mandates of AB2329 (Special Districts Board of Directors Compensation). This measure is supported by ACHD.

The new Board Compensation Policy replaces the past practice of paying the health insurance premiums of directors, with a meeting per diem payment to compensate for directors' time and action. In light of these requirements, the Board recommended that compensation for all directors – past and present – be made uniform and follow the recommendation of ACHD. The proposed draft will be amended to reflect the Board's recommendations.

A MOTION was made by Director Stern seconded by Director Adams to formalize a Board Policy Statement on compensation for directors for meeting attendance, and to discontinue reimbursement of health insurance premiums for current and past directors, effective September 1, 2018. 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.

BOARD POLICY: GUIDING PRINCIPLES FOR DISTRICT BUSINESS VENTURES

In deference to the time needed for other discussion, this topic was deferred to a future board meeting agenda

COMMITTEE ADVISORY COMMITTEE CHARTER

In deference to the time needed for other discussion, this topic was deferred to a future board meeting agenda

PT. WEST PROPOSAL FOR LYNCH CREEK PARCEL DEVELOPMENT

Alan Ada and Al Marshall joined the meeting. Mr. Ada is president of Point West Pacific Development (PWPD), and Mr. Marshall its COO. PWPD specializes in medical senior communities, including experience with Pioneers Memorial Hospital District in Brawley, CA.

They presented a proposal for development of the Petaluma Valley Hospital Campus and adjacent vacant lot on Lynch Creek Way.

The Board requested time to review the information and to get a second opinion on the viability of the project's concepts. The presentation was not provided in advance to the Board and CEO and was anticipated to only cover the Lynch Creek parcel. The board stated its focus has been on securing a new lease for continued hospital operations and what is developed on the hospital campus will most likely need to be reviewed with the future operator. Mr. Marshall encouraged the board to take any necessary time to review and discuss the proposal. PWRD will supply additional details to Andrew Koblick for distribution to directors. The Board should contact PWRD when ready to proceed.

Mr. Ada thanked the Board for making the time to hear their presentation.

FORMING A DISTRICT 501(C)3 CORPORATION

Based on previous board recommendation, CEO Ramona Faith and Community Health Director Erin Hawkins presented rationale for having the District form a nonprofit corporation. More and more opportunities exist for large cross-sector collaboratives, such as CHIPA, to seek grant funding to improve community health. In order to be able to continue to invest in the health and wellbeing of District residents, the District needs to cultivate additional funding sources.

Staff have received advice from the Association of California Healthcare Districts (ACHD). ACHD recommends the District establish the nonprofit as a private foundation, as it is better suited to being a grant maker, as well as a grant recipient.

Ms. Hawkins clarified that a foundation presents an opportunity to apply for grant funding not currently available to the District and our local nonprofits. At present, relatively few healthcare districts are doing what PHCD is seeking to do. Most have foundations to support hospital operations. PHCD is seeking to facilitate multi-agency community health projects such as Sober Circle.

Ms. Hawkins reviewed the process to create the entity and direction needed to take the next steps.

The Board directed staff to continue to explore and present proposed filing material (name, purpose statement and articles of incorporation) for review by the Governance Committee. Legal review will be required and may come from a local attorney, or an experienced firm that ACHD recommended with experience with healthcare districts.

Several directors questioned whether any formal tie still exists with the Petaluma Community Health Foundation. Staff will confirm.

COMMITTEE APPOINTMENTS

In deference to the time needed for other discussion, this subject was deferred to a future board meeting agenda.

FORGING A NEW PATH FOR PETALUMA VALLEY HOSPITAL

In deference to the time needed for other discussion, this topic was deferred.

FINANCIAL SUSTAINABILITY

Quarterly Investment Report

The Board welcomed Matthew Kelman to the meeting. Mr. Kelman is Vice President and Institutional Trust Fiduciary Manager at Exchange Bank which manages the Districts investment portfolio. Mr. Kelman provided copies of the PHCD 2nd Quarter Market Investment Review.

He reported that the District's portfolio grew 1.9% (before fees) through the period, with net yield of 1.6% per year. He noted that the Federal Reserve has slowly raised short-term rates over the past year.

Director Tobias questioned whether Treasury bills would get a better return. Mr. Kelman stated that Exchange Bank manages funds for other nonprofits groups that have less conservative investment limits. However, the State Controller's guidelines for special districts' investments are more conservative. The Board directed the Finance Committee to review the District's current investment strategy.

The Board thanked Mr. Kelman for his presentation.

May 2018 Financial Report

Andrew Koblick presented the Financial Sustainability report. As of May 31, 2018 the unaudited Statement of Net Position reflects assets of \$7,989,956 and liabilities of \$502,553 leaving the net fund balance at \$7,487,403.

The month and year to date ended May 31, 2018 unaudited Statement of Revenue and Expense shows the net loss of \$85,391 and income of \$204,392 respectively which is \$47,673 and \$194,594 better than the budgeted net loss of \$133,064 and net income of \$9,798.

A MOTION was made by Director Adams to approve the May 2018 Financials, seconded by Director Thornton. 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.

June 2018 Year-End Financial Report

Andrew Koblick presented preliminary year-end financial statements. Final numbers are pending completion of aspects of the sale of Lifeline of the North Bay. No material changes are anticipated.

As of June 30, 2018 the unaudited Statement of Net Position reflects assets of \$7,872,535 and liabilities of \$446,134 leaving the net fund balance at \$7,426,401.

The month and year to date ended June 30, 2018 unaudited Statement of Revenue and Expense shows the net loss of \$61,000 and income of \$143,393 respectively which is \$326,845 and \$519,009 better than the budgeted net loss of \$387,845 and 375,616.

Director Stern reported that financial projections have been run under varying scenarios for resolution of the hospital lease in preparation for strategic planning. It is clear the District needs to cultivate revenue from other sources. Director Thornton questioned whether grant making activity should be reduced in the meantime.

INFORMATIONAL ITEMS

There was no discussion of the Informational Items.

PLUS / DELTA

No new business was proposed.

ADJOURN

The Board will next meet on September 4 at 7:30 AM and/or September 18 at 12:00 PM.

President Hempel adjourned the meeting at 2:39 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Ruth Wells, Board Clerk