



**MINUTES OF THE OCTOBER 16, 2018 MEETING OF THE  
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

**CALL TO ORDER**

President Hempel called the meeting to order at 12:03 PM in the lobby conference room at 1425 N. McDowell Blvd.

**PRESENT**

Eleece Hempel, President – via conference call  
Fran Adams, RN, BSN, Secretary  
Joseph Stern, Treasurer – left the meeting at 3:03 PM  
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  
Donald Bouey, Bouey & Black – arrived at 1:20 PM  
Tyler Hedden, St. Joseph Health  
Rick Jackson, CPA, JWT and Associates  
Douglas Straus, Buchalter – arrived at 1:35 PM

**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 Adams and seconded by Director Tobias to approve the agenda for October 16, and minutes of the September 18 PHCD Board meeting. This motion was PASSED by a vote of 5 ayes (Directors: Adams, Hempel, Stern, Thornton, Tobias) and 0 noes.**

## **PUBLIC COMMENTS ON NON-AGENDIZED ITEMS**

There were no public comments.

## **BOARD COMMENTS**

Director Adams reported that she was unable to review the assigned chapters in the book “52 Ways to Make a Better Board, and therefore could not report on those chapters.

## **PETALUMA VALLEY HOSPITAL**

### **SRM Alliance Board Update**

Tyler Hedden reported there is a celebration underway at the hospital today to recognize the reduction of hospital-acquired infections over the past year.

The anniversary of the 2017 North Bay wildfires was observed during the past week, noting how important PVH was to the emergency response and recovery processes. PVH was the only area hospital open for several days, which kept the county emergency response system running. A key lesson learned from the experience is that communication between hospitals was vital.

PVH is in the window for the TJC Stroke Survey. Daily safety calls are held to discuss action plans for regulatory readiness.

Mr. Hedden added information about capital acquisition, which was discussed at the September 18 board meeting. The Providence/St. Joseph Health (P/SJH) system process is being implemented. A P/SJH capital committee meets monthly to assess needs and make plans for large purchases. PVH has submitted a request for CT equipment replacement under the new process.

Mr. Hedden stated that approval of the SJH/Adventist Health NewCo may be delayed, as the Federal Trade Commission has asked for more information on the filing. He will ask SJH management to update the District on this development.

The Board requested an update on nurse contract negotiations. Mr. Hedden stated that SJH is working to be transparent in the negotiating process and welcomes having Petaluma Staff nurse Partnership (PSNP) members observe the negotiation sessions. Ms. Faith reported from email communication with PSNP’s president Jim.Goerlich that PSNP feels negotiations are progressing. Mr. Hedden acknowledged the difficulty in creating a new contract rather than amending the old contract. For that reason, SJH would like to involve a mediator in negotiations. The District reiterated its desire for parity of pay between PVH and Santa Rosa Memorial nurses.

Director Stern questioned how things are going with the emergency physicians group. Mr. Hedden stated that overall relationships are good. He was not aware whether the physicians’ contract was under review.

Board thanks Mr. Hedden for his presentation.

Director Thornton reported her perspective from the September 27 SRM Alliance board meeting. Financials were very good for the period. Surgeries were up and the proportion of private insurance cases is favorable. Overall, inpatient surgeries are down and outpatient services up dramatically. She remarked on a presentation by the head of nursing for the County who discussed shared governance, bringing more nurses into decision-making roles.

**Public Comments** – no comments.

The Auditor's report occurred next in the meeting, but is minuted in the order of the agenda.

## **ADMINISTRATIVE REPORT**

### **PRESIDENT'S REPORT**

#### **SRM Alliance Board PHCD Representative Appointment**

President Hempel noted that the appointment of a District representative on the SRM Alliance board is a multi-step process. The District submits a nominee who then must be approved by the SRM Alliance board. President Hempel appointed Director Tobias to serve as the District's representative on the SRM Alliance board of directors. He will attend the next SRM Alliance board meeting to familiarize himself with the process and personnel. There was full Board consensus on the appointment of Director Tobias to serve on the SRM Alliance Board.

### **CEO REPORT**

CEO Ramona Faith presented a written report, as well as minutes from the October 9 quarterly CHIPA meeting that highlight the District's community health initiatives through the CHIPA work groups.

Ms. Faith noted a recent article about Assemblymember Cecelia Aguiar-Curry's focus on healthcare districts. She also noted the press release announcing the new innovative programs being implemented at Petaluma City Schools focused on drug abuse prevention and student academic success. The District funded the Community Matters program through its grant process via Petaluma Community Foundation partnership. 10,000 Degrees/Still I Rise and Operation Prevention program were developed through District facilitated discussions among various key stakeholders and community partners.

## **AD HOC COMMITTEE REPORTS**

### **Governance Committee**

Minutes of the October 2 meeting of the Governance Committee were reviewed which included several recommendations for board action.

#### **Amendments to the PHCD Conflict of Interest Code**

At the recommendation of legal counsel, several edits are proposed to bring the Conflict of Interest Code current with state law. The amended Code must be submitted to and approved by the Sonoma County Board of Supervisors by year end.

Director Tobias questioned whether portions of the section on consultants pertain to the District. Counsel was not available at this point in the meeting to address the question, so this matter will be deferred to the next regular board meeting.

### **Selection of Strategic Planning Consultant**

The Governance Committee recommended that the board engage BJ Bischoff to guide the District in a strategic planning process, and presented Bischoff's letter of engagement for approval. Bischoff is a local firm that knows the Petaluma community and understands the District's relationship with the hospital. The Board agreed to engage BJ Bischoff as proposed.

### **Approve Board Continuing Education Policy**

As part of the District's recertification with the Association of California Healthcare Districts (ACHD), a Board policy needs to be created on continuing education for District Directors. Director Thornton recommended that director get outside the District to broaden their perspective. Director Tobias questioned whether the types of events directors choose need approval of President, or only the cost. The draft will be revised to clarify this point.

**A MOTION was made by Director Adams to approve the revised Board Continuing Education Policy, seconded by Director Stern. The motion was PASSED by a vote of 5 ayes, (Directors: Adams, Hempel, Stern, Thornton, Tobias) and 0 noes.**

### **Hospital Quality Stewardship Committee**

Minutes of the August 16 meeting of the committee were resubmitted for review. Since the time of the meeting, the nurses have reported some improvement in the contract negotiation process with St. Joseph Health.

Ms. Faith noted that the District has added "public comments" under the Petaluma Valley Hospital report on the board meeting agenda to allow opportunity for hospital staff, or anyone from the public, to speak to any issues related to Petaluma Valley Hospital, not just labor negotiations. The District Board is always willing to listen to what employees have to say, but has no influence over hospital labor negotiations.

## **FINANCIAL SUSTAINABILITY**

### **FY 2017-18 Audit Report**

The Board welcomed Rick Jackson to the meeting, who presented the results of JWT & Associates' independent audit of the District's financial statements for fiscal year 2017-18. JWT has focused on hospital and health care district audits for 40 years. This was their first audit of PHCD.

The audit was performed the first week of September. There were no noted deficiencies in accounting processes and procedures, and the auditors have issued a clean opinion. Mr. Jackson complimented the accounting department staff on their excellent job in preparing the audit documents and responding to questions. He also assured the Board that monthly financial statements are reliable.

Mr. Jackson offered to advise the Board on how hospital operations throughout the state function in general and the support many hospitals receive support in the form of government supplemental payments.

Mr. Jackson noted that operating losses have been held in check this year and asked about status of lease the hospital lease negotiation. Ms. Faith stated that negotiations with SJH continue and the District remains hopeful an agreement can be reached. The District is seeking a fair and just lease that will ensure a high-quality hospital in the community.

One suggestion noted in the report was to conduct a new actuarial study as the basis for reserves for health insurance costs. The last actuarial study done was in 2010.

Ms. Faith questioned whether a former medical office building project needs to stay on the books, since the project is no longer planned. Mr. Jackson stated it will be reviewed in the coming year and can be written off if it no longer has value to the District.

Director Stern asked for comment on the amount of receivables on the District's books. Mr. Jackson stated that the disproportional percentage is attributed to unpaid rental income. Auditors are not worried as long as the tenant has indicated their intent to pay in full.

Director Stern asked that Mr. Jackson prepare a presentation on comparable health care districts that lease a hospital facility and have no tax revenue. The Directors would like to benchmark PHCD against true peers. Mr. Jackson will prepare that information.

The board thanked Mr. Jackson for his presentation.

### **Finance and Business Development Committee**

Director Stern acknowledged Director Tobias' addition to the Finance and Business Development Committee. Minutes of the October 9 committee meeting were included in the agenda packet.

### **August 2018 Financial Report**

As of August 31, 2018 the unaudited Statement of Net Position reflects assets of \$7,729,482 and liabilities of \$474,899 leaving the net fund balance at \$7,254,583.

The month and year to date ended August 31, 2018 the unaudited Statement of Revenue and Expense shows the net loss of \$63,453 and \$170,434 respectively, which is \$11,642 and \$24,869 better than the budgeted loss of \$75,095 and \$195,303.

**A MOTION was made by Director Stern to approve the August 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.

### **COMMUNITY ADVISORY COMMITTEE CHARTER**

Discussion of the Community Advisory Committee charter was deferred to the next regular board meeting.

### **INFORMATIONAL ITEMS**

There was no discussion of the Informational Items.

## **PUBLIC COMMENTS ON CLOSED SESSION ITEMS**

There were no public comments.

## **ADJOURN TO CLOSED SESSION**

**President Hempel adjourned the meeting into closed session at 1:36 PM for discussion pursuant to Government Code §54956.8, real property transaction Closed Session meeting with negotiator – (400 North McDowell Blvd.).**

## **ADJOURN TO OPEN SESSION**

President Hempel adjourned the meeting to open session at 3:49 PM and reported no action was taken in Closed Session on real property transaction.

## **PLUS / DELTA**

No new business was proposed.

## **ADJOURN**

The next regular Board meeting will be November 6 at 7:30AM.

President Hempel adjourned the meeting at 3:49 pm.

Submitted by Fran Adams, Board Secretary

Recorded by Ruth Wells, Board Clerk