



**MINUTES OF THE JUNE 16, 2016 REGULAR 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
Robert Ostroff, MD, Vice President
Fran Adams, RN, BSN, Secretary
Josephine S. Thornton, M.A., Treasurer
Joseph Stern, Board Member at Large

PRESENT REMOTELY

Panos Lykidis, Camden Group
Don Bouey, Bouey & Black, LLP, Legal Counsel

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Board Clerk, PHCD
Andrew Koblick, Controller, PHCD
Todd Salnas, President SJH, Sonoma County
Chris Manson, Regional Director, Advocacy, Government Relations & Public Policy, SJH
Kitty Brown, RN PVH

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.

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

CONSENT CALENDAR

A motion was made by Director Ostroff to approve the June 16, 2016 agenda, the June 7, 2016 minutes, and the June 10, 2016 minutes which was seconded by Director Adams. This motion was passed by a vote of 5 ayes (Directors: Hempel, Ostroff, Thornton, Adams, Stern) and 0 noes.

PUBLIC COMMENTS

There were no public comments.

BOARD COMMENTS

Director Ostroff commented that he was concerned that the Camden Group had not finished the analysis of Wayne Fairchild's retrospective report on Petaluma Valley Hospital's finances, and said that he believed it was very important to the upcoming negotiations with St. Joseph Health for the new lease. Director Adams concurred with Director Ostroff. Director Thornton commented that she disagreed on the importance of the analysis to the negotiations.

ADMINISTRATIVE REPORT

CEO REPORT

CEO Ramona Faith reported that there was no CEO report in the packet as she has been working extensively on the due diligence process. Ms. Faith reported that there is a Local Agency Formation Commission (LAFCO) election coming up, and the PHCD board will need to vote for one new LAFCO member by July 29, 2016. The vote will be placed on an upcoming board agenda. Ms. Faith also noted in the packet the final LAFCO budget, and called attention to the \$5,000 fee PHCD pays because the District does not operate PVH. Ms. Faith reported that Kathie Powell, Executive Director of the Petaluma Health Center nominated PHCD for the North Bay Leadership Council's 2016 Leader of the North Bay award in the "We're All in This Together" (Community Building) category.

FINANCIAL SUSTAINABILITY

March 2016 Financials

Andrew Koblick, Controller, reviewed the April 2016 financials.

As of April 30, 2016 the Statement of Net Position reflected assets of \$9,738,398 and liabilities and deferred revenue of \$876,035 leaving the net fund balance at \$8,862,363.

The month ended April 30, 2016 showed the net loss of \$93,320 which is \$10,981 better than the budgeted loss of \$104,301. The ten months ended April 30, 2016 showed a year to date net loss of \$836,659 which is \$107,254 better than the budgeted year to date loss of \$943,913.

Director Ostroff remarked that as it has been eight years since the last appraisal of PHCD's holdings, he would like to see an update. Ms. Faith responded that Mr. Koblick is gathering data for the board's review.

A motion was made by Director Thornton to approve the April financials, seconded by Director Ostroff. The motion was passed by a vote of 5 ayes (Directors Thornton, Adams, Hempel, Ostroff, and Stern).

PHCD Draft Annual Budget

CEO Faith reported that the draft budget was created for the next six months rather than for a complete year because of financial uncertainties due to the ongoing lease negotiations. The budget includes projected costs of the upcoming board election and ballot measure regarding the future operator of PVH.

Public Comments

Chris Manson of SJH asked for clarification about the upcoming election costs.

A motion was made by Director Thornton to approve the draft 6 month budget for 2016 – 2017, seconded by Director Ostroff. The motion was passed by a vote of 5 ayes (Directors Thornton, Adams, Hempel, Ostroff, and Stern).

PETALUMA VALLEY HOSPITAL *SRM Alliance Board Update*

The PVH update was given by Todd Salnas, President SJH, Sonoma.

1. PVH is moving forward with plans for a new ICU model which will integrate Memorial Hospital physicians for more in-person weekend coverage at PVH. PVH is looking to expand its pulmonary out-patient practice and has contracted with a pulmonologist in Healdsburg to help at PVH with in-patient consults.
2. PVH is continuing to recruit more hospitalists with the goal of having two hospitalists during the day, and one at night. There will also be a nurse practitioner, and more nurses will be recruited as well to ensure a consistent structure.
3. After a year and a half of negotiations, SJH has come to a tentative agreement with the National Union of Health Care Workers (NUHCW) last week, and the tentative agreement is up for a vote for ratification next week. SJH is still in negotiations with International Union of Operating Engineers (IUOE) Local 39.
4. SJH is currently recruiting a second infectious disease physician. Currently, there is one physician one day/week in person at PVH.
5. A neurologist has been recruited, Dr. Ferrer, who will be opening a clinic here, helping get the stroke-ready program moving forward.
6. The GI specialty is an important opportunity to grow the census at PVH through regional referral.
7. There are almost 12,000 members enrolled in Meritage, an HMO system, but SJH has decided to move forward in instituting its own network to allow SJH to have more control and to be more agile. All physicians in the Meritage network will be invited to join the SJH network by mid-June. Independent physicians can be in both the Meritage network and SJH's network, but all Annadel physicians will only be in the SJH network.
8. The merger between SJH and Providence is moving forward with July 6 being the projected date for an announcement. The new entity will be known as Providence-St. Joseph Health.
9. The SRM Alliance Board has been working on best practices goals, including partnering with PHCD in more effective ways, and sustainability.

Board Questions

In regards to Hospice financials presented by Mich Riccioni, CFO of SJH, Director Adams asked about the removal of overhead allocations, as well as the large change in contractuals between previous years and next year.

Mr. Salnas responded that although Hospice is a separate licensed entity from the hospital, it was historically reported under SRM Alliance, a holding company. Beginning about 3 months ago, SJH began separating out entities being held. Mr. Salnas suggested that Mr. Riccioni discuss these issues with the PHCD board when he gives the financial presentation at the July 5 board meeting.

CEO Faith questioned Mr. Salnas if the electronic health record software Epic, which is used by Providence, would also be installed and utilized at PVH. Mr. Salnas replied that there are no current plans to implement a change from Medi-tech software now in use. Director Ostroff noted that productivity is reduced with the current system.

President Hempel reported that she and CEO Faith hosted the Petaluma Chamber Health and Human Services Day on June 14, 2016 at PVH, and she wished to commend the staff at PVH for its support. Ms. Faith also stated that there has been good feedback on the exceptional collaborative process in place between SJH, Kaiser, PHCD, and the Petaluma Health Center. Ms. Faith noted that Erin Hawkins gave an excellent presentation on Portrait of Sonoma; she also acknowledged Dr. Neil, who has been a great advocate and partner for Petaluma Sober Circle, a 2 year pilot program for homeless serial inebriates in Petaluma.

There was discussion about the need to address the problem of opiate addiction in the community. Ms. Faith stated that HC2, which has suspended operations, did not re-apply for a 5 year federal grant to address primarily marijuana, tobacco and alcohol abuse. There needs to be a reassessment of the needs in our community around this issue as needs have changed. PHCD would like to look at where the greatest needs are, before a grant request is made next year.

VENUE FOR COMMUNICATION BETWEEN PHCD BOARD AND PVH EMPLOYEES

CEO Ramona Faith introduced Kitty Brown, RN at PVH, who had requested an agenda item regarding a communication process by which PVH staff could bring issues to the PHCD board. Ms. Brown questioned if PHCD's Stewardship Committee is still meeting, as that has been a venue for communication in the past.

Public Comments

Todd Salnas commented that SJH has an internal process for resolving employee issues, up to and including arbitration. Ms. Brown responded that her question is about a concurrent communication with the PHCD board.

Board Comments

Director Ostroff noted that there will be a series of five meetings for the public to ask questions and make suggestions about the due diligence process, but if the issue before the board is a way for PVH employees to air issues at the board level, it would be difficult because board meetings do not allow for an airing process. Director Ostroff noted that if employees came and spoke during the Public Comments section, they could request to have an item placed on the agenda at a future board meeting. Director Adams commented that Stewardship Committee would be a venue where there could be a discussion, and the Stewardship Committee could then report back to the board.

Ms. Faith reported that the stated purpose of the Stewardship Committee is for PVH staff to bring issues that had not been addressed to their satisfaction through the hospital's processes. Ms. Brown stated that she was aware of the hospital's internal process and of the constraints of the PHCD board regarding the operations of the hospital, but still wanted to know if the Stewardship Committee could be a venue for communication.

Ms. Faith responded that the stewardship committee is still a venue for communication, but that hospital employees should first go to the SRM Alliance board to address issues of concern that they believe isn't being addressed by management. Ms. Faith also noted that she has been informed by hospital administration that the SRM Alliance Board is the place to go for unresolved issues. Director Thornton commented that, as at the PHCD board meetings, there is a time during the SRM Alliance board meetings for public comments, and that public speakers can request that items be placed on the agenda of a future board meeting. Ms. Brown responded that in the past, the hospital board has not been receptive, and she raised the problem of timeliness in addressing issues in order to have a positive impact on the workplace and the patients. Director Adams stated that the PHCD board should not make it difficult for employees to bring issues before the Stewardship Committee, and Ms. Faith responded that she will review the bylaws of Stewardship.

INFORMATIONAL ITEMS

CEO Faith noted that there will be special board meetings on June 28, 2016 and July 5, 2016.

Ms. Faith called attention to the Hospice Golf Tournament on August 19, 2016, the Sonoma-Marin Fair Senior Day on June 23, 2016, and the River Town Revival, a joint sponsorship with SJH and Annadel.

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.; The Camden Group.

ADJOURN TO OPEN SESSION

President Hempel adjourned the meeting into open session and reported that no action was taken in closed session.

ADJOURN

President Hempel adjourned the meeting at 3:00 PM.

Submitted by Fran Adams, Board Secretary
Recorded by Erin Howseman, Board Clerk