



MINUTES OF THE AUGUST 2, 2016 SPECIAL BOARD MEETING OF THE PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS

CALL TO ORDER

President Hempel called the meeting to order at 7:30 am in meeting rooms at Lucchesi Community Center, 320 N. McDowell Blvd., Petaluma.

PRESENT

Elece Hempel, President
Robert Ostroff, M.D., Vice President
Fran Adams, RN, BSN, Secretary
Josephine S. Thornton, M.A., Treasurer
Joseph Stern, Board Member at Large

ALSO PRESENT

Ramona Faith, CEO, PHCD
Andrew Koblick, Controller, PHCD
Betty Daniels, Admin. Asst., PHCD
Daymon Doss, COO, PHC
Vanessa DeGier
Mike Johnson, M.D. Annadel Medical Group
Brett Shinn, PVH Foundation
Taryn Trea
Carol Hou

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Joseph Stern, PHCD Board Member at Large 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 Ostroff to approve the August 2, 2016 agenda which was seconded by Director Adams. This motion was passed by a vote of 5 ayes (Directors Hempel, Ostroff, Thornton, Adams, Stern) and 0 nays.

PUBLIC COMMENTS

There were no public comments.

BOARD COMMENTS

There were no board comments.

INFORMATIONAL ITEMS

Support thank you letters sent to PHCD were included in board packet as well as an acknowledgement letter for Ms. Faith being recognized as a recipient of one of the North Bay Business Journal's 16th annual Women in Business Awards.

This meeting is the second in a series of five public meetings discussing the due diligence process for Petaluma Valley Hospital. The next meetings will be held August 3rd, August 8th and August 9th and are noticed in the local newspaper.

ACTION ITEMS

Resolution 16-02

Resolution 16-02 of the Board of Directors of the Petaluma Health Care District approving the form and authorizing execution of a Subordination Agreement relating to a Deed of Trust executed by Petaluma Health Center, Inc. in connection with a loan made by the District.

Daymon Doss, COO, Petaluma Health Center updated the board on activities and expansion plans for the Petaluma Health Center which will include an additional 15 exam rooms and a refinancing plan. Their current census is 28,000 patients with 20,000 coming from Petaluma. It is anticipated to grow to 35,000 in the next year because of growth potential in Rohnert Park. Largest growth is in behavioral health and substance abuse incorporating both individual and group therapy. PHC has received a grant from Graton for gambling addiction. Patients from other health centers come to PHC because they have specialty services such as eye and urology.

Director Thornton made a motion to approve Resolution 16-02 seconded by Director Stern.

Discussion ensued noting that this Subordination agreement does not affect the terms and payment schedule of the current Deed of Trust dated October 25, 2011. It may lower our subordinate position from third to fourth because PHC is applying for a loan from HRSA for their expansion and HRSA may or may not be comfortable with being in fourth position so PHCD would move to fourth position. It was made clear that no money is being put at risk due to Resolution 16-02.

The motion to approve Resolution 16-02 made by Director Thornton and seconded by Director Stern was approved by a vote of 5 ayes, 0 nays, 0 absent and 0 abstaining.

PVH DUE DILIGENCE PROCESS

Ramona Faith, CEO, PHCD presented the current state of the PVH due diligence process to identify the future operator of Petaluma Valley Hospital highlighting the following:

- Camden GE Healthcare Consulting firm has been, and continues to be the lead consultant for the due diligence process. Other consultants have been utilized as necessary.
- Input from community stakeholder interviews and public input has been incorporated into the bid process and decision criteria the board will use to make a recommendation.
- PHCD reached out to 16 entities and received 5 responses:
 - St. Joseph Health
 - Sutter
 - Prime Healthcare Services
 - Prime Healthcare Foundation
 - Strategic Global Management
- Two hospital operators completed the bid process – SJH and Prime. District decided to focus discussions with SJH.
- St. Joseph Health and Petaluma Health Care District have not yet reached an agreement. District Board is continuing to move forward in good faith and SJH indicated they are as well.
- Since the District Board and SJH have not reached an agreement on terms of a new lease, there has been discussion with SJH and a mutual understanding for the need for an interim lease extension.
- There is a difference of opinion as to who will own hospice when the current lease with SJH ends. A hospice settlement agreement will be considered as part of the negotiation process if the District moves forward with SJH as the operator of Petaluma Valley Hospital.
- SJH is a Catholic health care system and is bound by ethical religious directives. The District Board will work to develop a smooth referral process to ensure access to services impacted by ERDs, and SJH will not be a barrier to the development of such processes.
- Additional public meetings will be held when a tentative agreement has been reached to share material terms with the public, invite public comments and ask for public support in the District Board's recommendation.

PUBLIC COMMENTS: ON PVH DUE DILIGENCE PROCESS:

Mike Johnson, M.D. Annadel Medical Group requested that this process be as expeditious as possible. They have lost two key people, a surgeon and nurse, but the surgeon has been replaced. His concern is that there are five or six upcoming retirements and the instability of the situation is making the interviewing and hiring process extremely difficult.

The board acknowledged and understood his concern and noted that they are moving as quickly as possible while continuing to be as diligent as necessary.

ADJOURN TO CLOSED SESSION

President Hempel adjourned the meeting to closed session pursuant to: Government Code § 54956.8 closed session; real property transaction; meeting with negotiator – 400 North McDowell Blvd.; GE Healthcare Camden Group; Bouey & Black LLP.

The meeting moved to the PHCD office at 1425 N. McDowell Blvd, Suite 103 for the closed session.

ADJOURN TO OPEN SESSION

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

ADJOURN

President Hempel adjourned the meeting at 9:40 am.

Submitted by Fran Adams, Board Secretary

Recorded by Betty Daniels, Administrative Assistant