

Petaluma
**HEALTH CARE
DISTRICT**

**MINUTES OF THE NOVEMBER 8, 2016 REGULAR 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 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

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Board Clerk, PHCD
Andrew Koblick, Controller, PHCD
Jane Read, VP Operations, PVH
Kitty Brown, RN PVH
Nischit Hegde, CNA
Lynda Buskey-Berg
Eric Gneckow, Argus Courier

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Director Ostroff 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 November 8, 2016 agenda and the October 18, 2016 minutes which was seconded by Director Stern. 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

President Hempel introduced Becky Monday, newly elected member of the PHCD board, who will take the oath of office on December 6, 2016.

Director Adams commented that in reviewing the latest SRM Alliance financial report, she observed that Cash on Hand was reported as eleven days, and that Length of Stay had increased. Director Adams questioned why the expense category titled "Other Expenses" is \$1 million over expected budget.

Director Thornton commented that she had recently been a surgery patient at Petaluma Valley Hospital where she had a good experience, and was impressed with the care she had received.

Director Ostroff commented that the RFP process created by the District was to evaluate the organizations that submitted bids to be the next operator of PVH and to move forward with the best submittals. Director Ostroff questioned why the PHCD board had moved forward with SJH's offer rather than with other better offers, and also why much of the process was conducted in closed session. Director Ostroff also questioned the role of PHCD's consultants in the due diligence process, and lastly commented he was sorry that Dr. Gerald Bessis had not been able to serve on the PHCD board.

ADMINISTRATIVE REPORT

CEO REPORT

CEO Faith noted two letters in the board packet from California Nurses Association (CNA), one dated October 23, 2016, and the other dated October 28, 2016, and reported she has scheduled a meeting with Ian Selden, Labor Representative for CNA this week. Ms. Faith stated she plans to discuss with Mr. Selden the California Records Act and explain why the District is unable to share certain information at this point. Ms. Faith also referred to the letter sent from PHCD to the NLRB, CNA and St. Joseph Health in support of PVH nurses right to vote and said she hopes to hear back from all parties. A letter from National Union of Healthcare Workers expressing concern about the change in operators at PVH was also in the packet, and Ms. Faith will schedule a call with Dennis Dugan of the NUHW. Lastly, Ms. Faith noted that a letter from CNA dated November 8, 2016 was distributed to board members at the meeting that day. (These letters are included at the end of this document.)

Ms. Faith called the board member's attention to the upcoming ACHD Leadership Academy, and encouraged board members to attend. Ms. Faith thanked Directors Stern and Hempel for attending the presentation of the Jefferson Award by the Sonoma County Board of Supervisors, and informed the board that PHCD received an award for one of the Healthiest Companies in the North Bay.

INFORMATIONAL ITEMS

CEO Faith noted that upcoming events were included in the board packet.

PETALUMA VALLEY HOSPITAL

Jane Read reported that PVH achieved a Leapfrog "A" rating and that PVH is preparing for a site visit by Joint Commission which could come before the end of April or earlier. Ms. Read stated that management is close to an agreement with one of the general surgeons on new rates for call pay, but are still negotiating with other surgeons, with the intention that the contracts will be assumed by the new hospital operator.

With regards to the transition, contracts are being reviewed to determine if they will be continued with the new operator. Ms. Read said management is still working to recruiting orthopedic physicians, and that there is still a physician from Eureka who wants to come to Petaluma. Santa Rosa Orthopedics has hired a physician who will start in January, and will be part time in Dr. Barlas's office. There will be a new part-time pulmonologist in Petaluma. Ms. Read said that management is still working on filling the position of medical director of the ICU. Dr. Tim Grace, ED/ICU Manager, and Dr. Elizabeth Dauphinais, Director Perioperative Services have been hired and will be starting in December. Ms. Read stated that a cardiologist from Northern California Medical Associates, practicing in Santa Rosa, is coming to Petaluma in January.

Ramona Faith commented that she had received a call from a Surgical Affiliates Management Group regarding needs for surgery or orthopedic coverage, and that she had referred them to Todd Salnas. Ms. Faith also asked Ms. Read for comment on Director Adam's Board Comment regarding length of stay increase. Ms. Read answered that some patients are very hard to place, but that minus the outliers, the length of stay is at normal rate. The other question from Director Adam's Board Comments related to the "Other Expenses." Ms. Read replied she would need to investigate the matter.

Ms. Faith noted that PVH will receive about \$4 million from the hospital provider fee program some time in November of 2016. Director Thornton commented on the unpredictability of when these funds are received, noting that some of the \$4 million is from 2015. Ms. Faith asked Ms. Read if there was any update on the issue of the nurses right to vote. Ms. Read answered that there is not any update at this point.

Ms. Read reported that this was the last day of the Employee Engagement Survey, and expected that the results would be transferred to the next operator. Ms. Read also noted that a Physician's Satisfaction Survey was done about a month ago, and she will share the results with the PHCD board. Ms. Read reported that E-Pre-op was going live during the week, which will eventually automate the pre-operative process such that the anesthesiologists can find information readily on-line. Lastly, Ms. Read reported that the MRI at PVH is back in operation after being refurbished and receiving an entire upgrade resulting in much better images.

Ms. Faith reported that she has asked to meet with Todd Salnas to review the Facility Condition Assessment Report to reconfirm what equipment will be replaced by SJH based on the report. Director Stern referred to the PVH Internal Audit Report included in the board packet, and asked if Ms. Read wanted to comment on it. Ms. Read responded that it was a normal financial audit, however it did contain the plan for 2017 including an infection control audit which Ms. Read said is important from a clinical perspective. Ms. Faith offered congratulations on PVH's Joint Commission Stroke Ready Survey and Certification.

FORGING A NEW PATH FOR PVH /OPERATOR TRANSITION

Ms. Faith reported on PHCD's efforts to inform PVH employees, physicians and the community of the progress in selecting the next operator of PVH, including bi-weekly communication – an emailed two week look-back – two week look-ahead. The first communication was sent on October 28, and received a positive response. Ms. Faith is sending these updates to Dr. Kosinski who will forward it to PVH medical staff, and to Vanessa DeGier, SJH Communications and Marketing Director, who will forward it to PVH employees and volunteers. Ms. Faith also reported that she participated in three PVH employee forums the previous week and received feedback that the staff would like to meet with her on a monthly basis. At the forums, Ms. Faith shared that PHCD has five signed NDAs from five interested parties. Ms. Faith also reported that she is working with Dr. Kosinski to form a small group of PVH physicians who will participate in vetting interested parties.

Public Comments

Nischit Hegde of the California Nurses Association, representing nurses at PVH, commented that CNA would appreciate more transparency, and listed some of the union's concerns regarding PVH: maintaining PVH as a not-for-profit hospital; a greater commitment to employees, maintaining and growing services, and maintaining commitments to charity care.

FINANCIAL SUSTAINABILITY

September 2016 Financials

Andrew Koblick, Controller, reviewed the September 2016 financials.

As of September 30, 2016 the Statement of Net Position reflected assets of \$8,960,365 and liabilities and deferred revenue of \$752,220 leaving the net fund balance at \$8,208,145.

The month and year to date ended September 30, 2016 showed the net loss of \$83,302 and \$297,815 which is \$4,230 and \$21,503, respectively better than the budgeted loss of \$87,532 and \$319,318.

A motion was made by Director Thornton to approve the September Financials, seconded by Director Ostroff. The motion was passed by a vote of 5 ayes, (Directors Adams, Hempel, Ostroff, Thornton and Stern) and 0 noes.

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.; GE Healthcare Camden Group, and Bouey & Black, LLP.**

ADJOURN TO OPEN SESSION

President Hempel adjourned the meeting into open session and reported that the following action was taken in closed session:

A motion was made by Director Hempel to approve the Transaction Timeline for PVH Future Operator, seconded by Director Ostroff. The motion was passed by a vote of 5 ayes, (Directors Adams, Hempel, Ostroff, Thornton and Stern) and 0 noes.

ADJOURN

President Hempel adjourned the meeting at 9:30 AM.
Submitted by Fran Adams, Board Secretary
Recorded by Erin Howseman, Board Clerk



CALIFORNIA
NURSES
ASSOCIATION



National
Nurses
United

A Voice for Nurses. A Vision for Healthcare.

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October 23, 2016

Ramona Faith, Chief Executive Officer
Petaluma Health Care District
1425 N. McDowell Blvd, #103
Petaluma, CA 94954

Ramona -

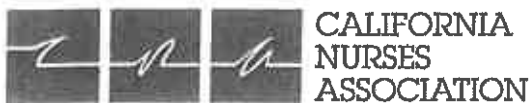
As you are aware, the California Nurses Association (CNA) represents the Registered Nurses at Petaluma Valley Hospital and we were very concerned to hear that St. Joseph Health and the District have ended negotiations on a new lease agreement. The current collective bargaining agreement between CNA and the Hospital contains a robust successor clause that, in our view, guarantees that the terms of the conditions of the agreement will survive regardless of who the District chooses to lease or buy the hospital.

However, we would also like the opportunity to meet with you and/or District Board members to discuss our concerns. Please contact me to find a date that works for you and our Registered Nurses. I can be contacted at (510) 452-7352 or iselden@calnurses.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ian Selden'.

Ian Selden
Labor Representative



A Voice for Nurses. A Vision for Healthcare.



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October 28, 2016

Ramona Faith, Chief Executive Officer
Petaluma Health Care District
1425 N. McDowell Blvd, #103
Petaluma, CA 94954

RE: California Public Records Act (CPRA) Request for Information
Petaluma Valley Hospital Lease Negotiations

Ramona -

As you are aware, the California Nurses Association (CNA) represents the Registered Nurses at Petaluma Valley Hospital and we were very concerned to hear that St. Joseph Health and the District have ended negotiations on a new lease agreement. The current collective bargaining agreement between CNA and the Hospital contains a robust successor clause that, in our view, guarantees that the terms of the conditions of the agreement will survive regardless of who the District chooses to lease or buy the hospital.

However, we would also like the opportunity to meet with you and/or District Board members to discuss our concerns and we are also submitting the following request for information pursuant to the California Public Records Act:

- 1) Please provide a copy of all current or past lease agreements between St. Joseph Health, Petaluma Valley Hospital and the Petaluma Valley Health Care District for the operation and management of the hospital, including the current agreement that expires in September 2017.
- 2) Please provide copies of all written communication between the Health System/Hospital and the District regarding negotiations over the current and past lease agreement, including the Hospital's proposal in response to the District's Request for Proposals (RFP), financial statements, letters, emails, memoranda, draft non-compete clause, and any and all other written communication.
- 3) Please provide complete copies of all responses to the District's initial Request for Proposals (RFP).

- 4) Please provide a complete list of all operators currently in discussions or negotiations with the District for the lease, sale or management of the hospital.
- 5) Please confirm as to whether the District has provided any of the operators listed in number 4 above have been provided with a copy of the current CNA collective bargaining agreement.
- 6) Please provide complete copies of any reports from consultants, investment advisors, certified public accountants or others concerning the value of the property(ies) owned, leased or operated by the District.
- 7) In your written statement after the announcement that St. Joseph was terminating its lease, you stated that the District's goal is to "get an agreement that provides for and protects services" at PVH. Please explain specifically which services the District intends to provide and protect.
- 8) Please provide complete copies of all minutes of District Board meetings over the past two years relating to the lease of PVH.

I am requesting that a determination on this request be made within ten (10) days of your receipt of it, and an even prompter reply if you can make that determination without having to review the record[s] in question. If you determine that any or all of the information qualifies for an exemption from disclosure, I ask you to note whether, as is normally the case under the Act, the exemption is discretionary, and if so whether it is necessary in this case to exercise your discretion to withhold the information. If you determine that some but not all of the information is exempt from disclosure and that you intend to withhold it, I request that you redact it for the time being and make the rest available as requested. If I can provide any clarification that will help expedite this request, please contact me at (510) 452-7352 or iselden@calnurses.org.

Thank you for your prompt response to this request for information and again, please let us know your earliest availability to meet with me and our Registered Nurses regarding this important issue.

Sincerely,



Ian Selden

Labor Representative

November 3, 2016

Ramona Faith, CEO
Petaluma Health Care District

Elece Hempel, President
Petaluma Health Care District

RE: CHANGE IN HOSPITAL OPERATOR

Ms. Hempel and Ms. Faith -

We are writing you to express our concerns regarding the recent news that the Petaluma Health District will be changing operators at Petaluma Valley Hospital.

In recent public statements, the Health District has made it very clear that it is a high priority to keep our hospital opening and operating at a very high level. We could not agree more.

As you know, we recently spent about two years forming a union and negotiating a contract with the current operator that covers our wages, benefits, and working conditions. We took that step to address our concerns around the fair treatment and recruitment and retention of good employees – good employees being one of the key factors in any hospital operating at a high level of quality.

With that in mind, we are requesting that you include three conditions as part of your upcoming negotiations with a new operator. We are requesting that:

1. All employees be hired by the new operator;
2. That the new operator recognize our union; and
3. That the new operator adopt the terms and conditions of our current union contract until such time as the contract is scheduled to expire (June 17, 2019).

We believe that these steps will help with continuity as we transition to a new operator, and also help reassure employees that their voice has been heard in this process.

We are more than happy to share the terms of our current agreement with you or a prospective new employer, to answer any questions that you may have about this request, or to meet with representatives of the Health District. Please let us know by contacting NUHW Organizer Dennis Dugan at ddugan@nuhw.org or 541-979-0395.

Sincerely,

Anita Salmeron-Sosa
Steward, Nursing

Lynne Scheumann
Steward, Imaging

Sal Rosselli
President

Jonathan Velasco
Steward, Nutrition

Patricia Barnett
Imaging

Sheri Slaydon
Steward, Imaging

Margaret Martinez-Medrano
Steward, Emergency Department



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November 8, 2016

To the Petaluma Health Care District:

On behalf of nurses throughout Sonoma County, we commend you for working towards a sustainable future for Petaluma Valley Hospital (“PVH”). We understand the Providence St. Joseph Health System ended their negotiations with you to extend their management of PVH, and that you are working on the future plans of our beloved hospital. With that said, we have several requests that we believe to be essential to any future signed contract.

Maintain PVH as a not- for- profit hospital with District oversight.

PVH is an asset to our community. It is an asset that provides services to those in need. Approximately 46% of PVH’s inpatient payer mix consisted of Medicare Traditional and Medicare Managed Care patients. This is much higher than California’s average of 37%.¹ Compared to the other hospitals in the area, PVH is the market share leader for Medicare and Medi-Cal patients.² It is difficult to see a future where the hospital-if completely privatized will continue to be the lifeline of so many Petaluma area residents who rely on Medicare and Medi-Cal.

Require Commitments to Employees

The District’s RFP asked applicants to describe how they would try to maintain the PVH’s current workforce. The majority of PVH workers are covered by Collective Bargaining Agreements.³ As employees of the hospital, we want a stronger commitment by the District to ensure our future. We want a commitment that our jobs, services and our collective bargaining agreements will stay in place.

Maintain and Grow Services

While PVH isn’t the largest hospital around, it is certainly an important piece of our community’s health. Services at PVH are important to the lives of many residents. Live births have increased at PVH by 8% from 2012 to 2014⁴ while ED visits increased by 5% from 2013 to 2014. Our hospital is a service leader for general medicine, neurology, general surgery and gynecology.⁵ We hope that whoever runs our hospital in the future,

¹ California Office of the Attorney General, *Effect of the Proposed Change in Control and Governance of St. Joseph Health System and Providence Health & Services on the Availability and Accessibility of Healthcare Services to the Communities Served by Petaluma Valley Hospital and Santa Rosa Memorial Hospital*. p 42, 28 Mar. 2015. Web. 2 Nov. 2016

² Ibid p 58

³ Ibid p 48

⁴ Ibid p 35

⁵ Ibid p 59

will maintain and grow all current services, rather than focus on only the services that are lucrative for the hospital.

Maintain charity care and community benefits at current levels

The resources PVH provides to our community are valued and the health of the community requires the continuation of these important programs existence. We do not want to see any reduction in charity care and community benefit levels in the future.

While we are concerned for the future of our beloved hospital, we trust you to hear our concerns and trust that you will address them appropriately. At the end of the day, our goal is to ensure security for our patients, our work colleagues and the large community we serve with a successful and smooth transition into PVH's future.

Sincerely,

A handwritten signature in black ink, appearing to read 'I. Selden', written in a cursive style.

Ian Selden
Labor Representative

Petaluma
HEALTH CARE
DISTRICT

TO: National Labor Relations Board Region 20
California Nurses Association, Ian Selden, Labor Representative
St. Joseph Health, Todd Salnas, President, SJH Sonoma
St. Joseph Health, Jane Reed, VP Operations, Petaluma Valley Hospital

FROM: Petaluma Health Care District, Ramona Faith, CEO
Petaluma Health Care District, Elece Hempel, President, Board of Directors

RE: Petaluma Valley Hospital RNs Basic Right to Vote

DATE: November 1, 2016

The Petaluma Health Care District Board of Directors received a letter of concern from Petaluma Valley Hospital (PVH) staff RNs regarding their inability to vote on union representation. It is the Board's understanding that over a year ago CNA charged PVH administration with having a policy that violated the National Labor Relations Act which remains open. As long as the violation remains open PVH RNs are blocked from voting. A similar violation occurred at other SJH ministries but these have been resolved. The Petaluma Health Care District Board of Directors is requesting that the parties address this issue as soon as possible so the PVH RNs ability to vote can be unblocked, providing them with their right to vote. We look forward to hearing from you as to when this situation will be rectified.

Thank you.

cc: Elece Hempel
Fran Adams
Robert Ostroff
Joe Stern
Josephine Thornton