

**MINUTES OF THE AUGUST 19, 2014 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER:

President Thornton called the meeting to order at 11:05am in the building conference room at 1425 N. McDowell Blvd.

The Petaluma Health Care District mission and vision was read by Director Adams.

PRESENT:

Fran Adams, Secretary
Elece Hempel, Member-At-Large
Robert Ostroff, MD, Treasurer
Kathie Powell, MS, Vice President
Josephine S. Thornton, MA, President

ALSO PRESENT:

Suzanne Cochrane, Board Clerk, PHCD
Jaynie Boren, VP of Strategic Development, St. Joseph Health
Ramona Faith, CEO, PHCD
Steve Hollis, Kaufman, Consultant for St. Joseph Health
Chris Mason, St. Joseph Health
Jane Read, VP of Operations, PVH
Todd Salnas, CEO, St. Joseph Health
Larry Tramutola, Consultant

CALL FOR CONFLICT:

There was no conflict of interest agenda items noted.

CONSENT CALENDAR:

A motion was made by Director Ostroff, seconded by Director Adams to approve the August 19, 2014 Agenda, July 15, 2014 Board minutes, and the July 15, 2014 Asset Management Committee minutes. This motion was passed by a vote of 5 ayes (Directors: Hempel, Ostroff, Powell, Thornton, Adams) and 0 noes.

PUBLIC COMMENTS:

There were no public comments.

BOARD COMMENTS:

There were no board comments.

ADMINISTRATIVE REPORT:

CEO Update:

Ramona Faith, CEO, reported on the Walgreen's project with Browman Development continuing to work with the City Planning Department staff to amend the Lynch Creek zoning and revise the Petaluma General Plan for approval of a pick up window. The Planning Commission will be reviewing the amendments in September and presenting to Petaluma City Council in October.

The accounting department is preparing for the District's annual financial audit conducted by Matsom and Isom scheduled for August 25th.

Received several applicants for the Community PR marketing position and are currently conducting telephone interviews to screen for a selection of applicants to be interviewed. In addition, the Director of Finance job description is being developed focusing on the needs of the District.

ACHD updates were included in the Board packet to include upcoming educational seminars for 2014-15. Board of Directors interested in attending a seminar is to contact the Board Clerk.

President's Report:

President Thornton announced that two applicants, Kathie Powell and Josephine Thornton, applied for the open seats on the PHCD Board. With no other applications received, there will be no election required automatically appointing Kathie Powell and Josephine Thornton to serve a four year term.

FISCAL SUSTAINABILITY:

As of June 30, 2014 the Statement of Net Assets reflected assets of \$12,508,795 and liabilities and deferred revenue of \$1,761,415 leaving the net fund balance at \$10,747,380.

The June 2014 monthly Statement of Revenue and Expense shows a net loss of \$136,572 which is \$62,099 more than the budgeted loss of 474,473 primarily due to the year end billing.

A motion was made by Director Adams seconded by Director Powell to approve the June 30, 2014 Financials. This motion was passed by a vote of 5 ayes (Directors Adams, Powell, Thornton, Hempel, Ostroff) and 0 noes.

Ms. Faith presented Resolution 14-02, Change in Banking revising the list of individuals given authority as signers on the Petaluma Health Care District account.

A motion was made by Director Ostroff, seconded by Director Adams to approve Board Resolution 14-02, Change in Banking. This motion was passed by a vote of 5 ayes (Directors Adams, Powell, Thornton, Hempel, Ostroff) and 0 noes.

INFORMATIONAL ITEMS:

Information on upcoming events, letters of acknowledgement and newspaper articles were included in the Board packet.

ADDITIONAL PUBLIC COMMENTS:

There are no additional public comments.

ADJOURN TO CLOSED SESSION:

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

PETALUMA VALLEY HOSPITAL:

Todd Salnas, CEO, SJH, Jaynie Boren, Regional Vice President, SJH, and Jane Read, VP of Operations, PVH provided an overview pertaining to future financial trends for Petaluma Valley Hospital.

Mr. Salnas reviewed the proposed changes to Medi-Cal reimbursements implemented July 1, 2013 and a scheduled roll out of gradual reductions through Fiscal Year 2017. A 5% decrease in reimbursement is scheduled for each year until 2017 when a full implementation will go into affect. Insurance exchange impact is estimated at a reduction of \$1 to \$3 million and overall reductions in reimbursements to PVH are estimated at \$3.5 to \$4 million dollars in the next five years. The Electronic Health Record meaningful use funds will be ending in Fiscal Year 2014.

Mr. Salnas presented inpatient and outpatient historical program profitability for OB/Newborn care for 2011 through 2013 noting the OB/Department has fixed costs that do not change based on the number of OB patients. Total annual investment for the Family Birthing Center is \$891,035 over budget.

PVH averages about 600 births per year, an amount that does not meet the financial costs of the Department. Kaiser's growth has significantly impacted the growth of the OB Department and community residents are making insurance choices that require deliveries out of the Petaluma Area. Kaiser has indicated no interest in using our OB services and had recently made a decision to eliminate OB services at their San Rafael facility.

Mr. Salnas noted St. Joseph Health continues to research financial viability for services at Petaluma Valley Hospital, analyzing how PVH can project a break even budget with anticipated reductions. In addition, Mr. Salnas would like to further discuss the Family Birthing Center bringing forth recommendations to the Petaluma Health Care District Board in the next three to four months.

ADJOURN TO CLOSED SESSION:

President Thornton adjourned the meeting into closed session pursuant to:

- **Trade Secrets (Health & Safety Code Section 32106(b)). Discussion will concern development of new services and programs.**

ADJOURN TO OPEN SESSION:

President Thornton adjourned to open session and reported no action was taken in closed session.

PROPOSAL ON COMMUNITY SURVEY FOR GUIDANCE ON DUE DILIGENCE PROCESS;

This Agenda item was not discussed.

BOARD GOVERNANCE:

Board of Directors participated in dialogue conducted by Babs Kavanaugh, reviewing the District Strategic Plan and Board Policies. No action was taken during this session.

ADJOURN:

President Thornton adjourned the meeting at 5:25pm.

Submitted by:

Fran Adams, Board Secretary

RECORDED BY:

Suzanne Cochrane, Board Clerk