



**MINUTES OF THE OCTOBER 20, 2015 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 conference room at 1425 N. McDowell Blvd., Suite 103.

PRESENT

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

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Administrative Assistant, PHCD
Andrew Koblick, Controller, PHCD
Jane Read, VP of Operations, PVH
Eric Gneckow, Petaluma Argus Courier
Melinda Hepp, Blattel Communications

MISSION AND VISION

Director Adams 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, seconded by Director Adams to approve the October 20, 2015 agenda, the September 15, 2015 Board Meeting minutes, and the October 6, 2015 Special Board Meeting minutes. 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

The District was well represented at the Alzheimer's Walk on October 17.

ADMINISTRATIVE REPORT

CEO Update

There were no questions or comments on the CEO Update in the Board packet.

For the Association of California Health Care Districts (ACHD) Update and Legislative Alert, Director Stern and CEO Faith will be attending the ACHD Leadership Academy in January. ACHD is conducting a health care district study to identify practices that promote effective board governance, and wants to elicit feedback on what the barriers and challenges may be to effective governance. They will be interviewing CEOs and district board members and may be contacting the board members. The CEO has been contacted and has a phone interview scheduled. ACHD Governance Committee has developed a core set of standards referred to as Best Practices in Governance and certifies healthcare districts that demonstrate compliance with these practices. The John C. Fremont Healthcare District received ACHD Board Governance Certification in March of 2015.

In preparation for the upcoming board self-assessment, board members may want to review the District's Board Policy manual since the survey may include questions about board policies. An index of the Board Governance Policy manual was included in the board meeting packet. It was suggested that a copy of one of the policies be included in each board meeting packet on a rotational basis for the board's review.

The District received notification that the District was one of ten top finalists for the Jefferson Award for Public Service.

Included in the board packet is a Community Health Initiative of the Petaluma Area (CHIPA) funding request from the Mental and Behavioral Health Work Group. Money was budgeted for each of the three CHIPA workgroups to be utilized to support their workgroup initiatives. The Mental Health Workgroup has requested \$650 to pay for transportation for Petaluma and Casa Grande High School students to attend *Cuidado de Salud* Mental Health Career Symposium which focuses on bi-lingual mental health services, and will be held on November 6 at the Santa Rosa Junior College.

The Upstream Investments Policy brochure was reviewed. This Sonoma County initiative promotes strategic investments in evidence-based and prevention-focused approaches to community, family and individual problems. The District partners with the county on some of these initiatives.

Today the California Special Districts Association (CSDA) Legislative Tour viewed some of the District's community health programs. CSDA began the tour at the District office with a presentation by the CEO, then visited a Healthy for Life Zumba class at the Loma Vista Immersion Academy. Afterwards, they toured the East Side Farmer's Market and learned about the District's Life Coins program. Participants had lunch at the Petaluma Valley Hospital, where they were given a demonstration on hands-only CPR, and learned about Petaluma's Heart Safe Community designation.

FISCAL SUSTAINABILITY

August 2015 Financials

Andrew Koblick, Controller, reviewed the August 2015 financials.

As of August 31, 2015, the Statement of Net Assets reflected assets of \$10,599,014 and liabilities and deferred revenue of \$1,054,710 leaving the net fund balance at \$9,544,303.

August 2015 month and year to date net income showed a net loss of \$91,524, which is \$21,203 better than the budgeted loss of \$112,727. The two months ended August 31, 2015 showed a year to date net loss of \$154,772 which is \$44,208 better than the budgeted year to date loss of \$198,980.

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

Business Development

The Business Development Advisory Committee members met on October 13, 2015, to discuss business development opportunities. Committee members are Andrew Koblick, Controller, CEO Ramona Faith, and Directors Thornton and Stern. The committee brought to the board two possible investment opportunities, which are both senior assisted living facilities. A discussion ensued whether District wants to consider investments outside of the District's boundaries, though there is no legal prohibition against it.

The committee reported that the District was approached by Strategic Medical Properties (SMP) regarding the development of the lot owned by the District at Lynch Creek and McDowell Blvd. SMP expressed the opinion that the District should determine the likely operator of PVH before moving forward with development of the site. The board proposed moving forward and researching options rather than waiting for a decision on the future operator of Petaluma Valley Hospital.

Public Comments

There were no public comments.

PETALUMA VALLEY HOSPITAL

Jane Read, Vice President of Operations at Petaluma Valley Hospital, (PVH) reported that plans are being finalized for the Failure Mode Effect Analysis. This is a preemptive analysis in which improvements in processes are identified before a crisis occurs. The analysis is being employed with regard to patients' home medications. PVH received a three year accreditation for their lab. The "Hush" Quietness Campaign has started to provide a quiet hour in the afternoon for patients. Hospital staff are being encouraged to get flu vaccines or to wear a mask during patient contact.

A program is being instituted through the regional referral center called Petaluma First in which patients will come to PVH if possible to create capacity in Santa Rosa. PVH census has increased since last month, and it will continue to climb with the beginning of the winter months.

The emergency department 12-hour shift pilot program is going well and will be extended. Dr. Jeff Borut has resigned, and Dr. David Kitts has been recruited as a surgeon at PVH. Med Assets has been working with PVH on emergency department flow optimization to reduce the length in stay. There was a question from the board about locked doors at the hospital. For security reasons, currently all doors except for the

front door and the ER door are locked during visiting hours. The hospital's informational forums for employees were commended by the board.

PVH's finances were good last month. PVH is tracking how patient referrals align with attendance at follow-up appointments at the after-hours clinic and at Annadel Medical. PVH was commended by the board on the Brown Act presentation at PVH's board meeting.

REAL PROPERTY TRANSACTION

In anticipation of the expiration of the St. Joseph Health (SJH) lease to operate Petaluma Valley Hospital in 2017, in early 2014 the District Board engaged in a due diligence process to determine the future operator of Petaluma Valley Hospital. This process has included the following to date:

The Board hired a consultant, The Camden Group, which has extensive experience working with hospital and health care systems, and has assisted other health care districts in similar negotiations and transactions. The District conducted a thorough evaluation of hospital operations and finances, current and future health care needs in southern Sonoma County, the overall health care landscape and future trends in health care delivery.

In March 2015 the District conducted a series of stakeholder interviews with community, business and health care leaders, including Petaluma Valley Hospital physicians and staff. The purpose of the interviews was to gather input on priorities for hospital services and to assess the current strengths and barriers to meeting the future health needs of our community. This past May the District engaged in a formal RFP process, allowing potential future hospital operators to submit information and present their offers.

The CEO made the following recommendations to the board for consideration and approval at this point in the due-diligence process:

First - based on the District's evaluation and RFP responses, the CEO recommends that the board invite the following RFP responders to move onto the next phase of the due diligence and bid process. They are SJH, Sutter Health, Prime Healthcare Services and Strategic Global Management.

SJH, the current operator of Petaluma Valley Hospital, is a not-for-profit integrated Catholic health care delivery system sponsored by the SJH Ministry. Organized into regions encompassing Northern California, Southern California and West Texas, SJH currently operates 16 hospitals.

Sutter Health is a not-for-profit health care delivery system headquartered in Sacramento whose doctors, hospitals and other health care services operate in more than 100 northern California cities. The Sutter Health Network currently consists of 24 acute care hospitals.

Prime Health Care Services is a for-profit hospital management company headquartered in Ontario, California that operates 38 acute care hospitals in eleven states. Prime Health care is committed to preserving access to health care and turning hospitals into thriving community assets.

Strategic Global Management, Inc. is a for-profit California corporation. Strategic and its affiliates own and /or operate seven hospitals in California, including two former district hospitals. Strategic states that its goal is to be a high quality, low cost, integrated health care provider in each market in which it operates.

The CEO recommends at this juncture that the board close the RFP process and no longer accept new proposals. The board has four viable candidates and the CEO believes the District needs to move forward to the next phase of the due diligence and bid process.

The CEO recommends the board give the four potential hospital operators 60 days to complete any remaining due-diligence needed to further develop and fine tune their proposals to convert them to fully executable offers.

Call for Public Comments

Chris Manson, Regional Director of Government Relations with St. Joseph Health, questioned if, with the official closing of the RFP process, the board will release the initial documents submitted by the four responders, and if so, when a copy could be obtained. In response, it was stated that the documents would not be released at this time. The due diligence and bid process for the four potential operators will continue. The responders have an opportunity to refine and submit final proposals to the board over the next 60 days.

A motion was made by Director Ostroff to approve the recommendation to close the RFP process to accepting new proposals, seconded by Director Thornton. The motion was passed by a vote of 5 ayes (Directors Thornton, Adams, Hempel, Ostroff, and Stern).

A motion was made by Director Ostroff to approve the recommendation to invite St. Joseph Health, Sutter Health, Prime Healthcare Services, and Strategic Global Management to continue on in the due diligence and bid process to identify the operator for PVH, seconded by Director Adams. The motion was passed by a vote of 5 ayes (Directors Thornton, Adams, Hempel, Ostroff, and Stern).

A motion was made by Director Ostroff to approve the recommendation that each organization will have 60 days to complete remaining due diligence, and that after the 60-day period, the board will meet to review the refined proposals. The motion was seconded by Director Thornton, and was passed by a vote of 5 ayes (Directors Thornton, Adams, Hempel, Ostroff, and Stern).

PETALUMA PEOPLE SERVICES CENTER

Elece Hempel, Executive Director of PPSC, reported on recent activity at the Center. Their fundraiser, the Neon Rose Golf Tournament will be held on October 23, 2015. PPSC has begun their 1000 Bowls Initiative with the objective of changing how the issue of hunger is addressed by the community. Sonoma County has invested in a program that trains organizations that work with seniors to increase sensitivity of medical staff on issues facing lesbian, gay, bisexual and transgender seniors. Three staff members of PPSC will receive the training and also become trainers to take the program to assisted living facilities and other health care providers.

INFORMATIONAL ITEMS

The CEO would like to encourage board members to become CPR certified to support the District-led Heart Safe Community designation. Upcoming events include the Neon Rose fundraiser for PPSC on October 23, 2015, COTS Hour, a breakfast fundraiser on November 4, 2015, North Bay Children's Center's A Night in Tuscany on November 7, 2015 and Hospice Light up a Life on December 4, 2015.

PUBLIC COMMENTS

There were no public comments.

ADJOURN TO CLOSED SESSION

President Hempel adjourned the meeting into closed session pursuant to:

- Government Code §54957.6 closed session regarding employee matters
- Government Code §54956.8 closed session; real property transaction; meeting with negotiator – 400 North McDowell Blvd.

ADJOURN TO OPEN SESSION

President Hempel adjourned the meeting into open session and reported that Director Ostroff made a motion, which was seconded by Elece Hempel, that based on a CEO compensation review and annual performance, CEO annual base salary will be \$205K, deferred compensation will increase by 4 ½% of base salary, and vacation accrual will be 6 weeks per year.

ADJOURN

President Hempel adjourned the meeting at 2:40 PM.

Submitted by Fran Adams, Board Secretary

RECORDED BY

Erin Howseman, Board Clerk