



**MINUTES OF THE DECEMBER 15, 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 lobby conference room at 1425 N. McDowell Blvd.

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
Jane Read, VP of Operations, PVH
Chris Manson, St. Joseph Health
Susan Kay Gilbert
Jim Carr
Addie Jouganelos Delgado
Matt Thomas
Frederick Groverman
Theresa Lopez
Rosa Lopez

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.

CONSENT CALENDAR

PUBLIC COMMENTS

Chris Manson commented that St. Joseph Health will be conducting a survey in the community within the next few weeks as a proactive approach to gauge community interest and opinions regarding Saint Joseph's Health as a future hospital operator.

BOARD COMMENTS

There were no board comments.

2015 DISTRICT EMPLOYEE RECOGNITION FOR YEARS OF SERVICE

The CEO recognized Leenie Atwood, District Administrative Assistant, for 15 years of service, and Jeannie Cappa, Billing Coordinator for Lifeline of the North Bay, for 20 years of service. How the employees joined the District and what they most enjoyed about their employment was shared. Both employees were commended for their fine work and loyalty to the mission of the Petaluma Health Care District.

PROPOSED DECISION CRITERIA TO DETERMINE FUTURE HOSPITAL OPERATOR

The decision criteria to determine the future hospital operator was presented by the CEO who noted that the board will continue to review the criteria at the next two special board meetings which are scheduled for January 6th and January 14th, 2016. The CEO noted that the decision criteria was recently shared with the PVH physicians on November 24, 2015, and meetings will be scheduled in January for Petaluma Valley Hospital staff and volunteers to provide input into the decision making criteria. These meetings are to support the goal of the District to seek public input on the criteria. In the coming months the board will consider input received from the public, clearly define and prioritize the criteria, and formulate a recommendation on the future operator of the hospital.

The decision criteria presented by the CEO is included at the end of these minutes. The public was invited to comment.

PUBLIC COMMENTS

Susan Kay Gilbert, a volunteer at Petaluma Valley Hospital, commented: the care that the practitioners, technicians and others provide at the hospital is exemplary. When change in ownership takes place, the core and heart of organizations can change as well. Her recommendation is that St. Joseph's continues to manage the hospital.

Fred Groverman, a long-time resident and retired District Board Director, commented: he thanked the board for their work, and stated that he does not want the hospital to be sold. There has to be an operator who has a feeling for people and for health care. There have been some issues over the years with St. Joe's, but things seem to be better now. St. Joe's heart is in the right place.

Theresa Lopez, employee of St. Joseph Health, and Petaluma resident for 25 years commented: she would like to see the District continue the relationship with St. Joseph Health.

Addie Jougandalos-Delgado, employee of Petaluma Valley Hospital in the laboratory commented: she does not feel that St. Joseph's has lived up to their promises, and is concerned that services have been moved from Petaluma to Santa Rosa.

Jim Carr, long time resident of Petaluma, commented: we are not getting the word out regarding existing community benefits such as dental and health clinics and community outreach. He hopes that any future operator keeps the focus of working with local agencies that he sees with St. Joseph's Health. Areas of importance to him include keeping the ER open and care of the uninsured. He feels St. Joseph's mission is to take care of everyone, and the staff is very committed and caring.

Rosa Lopez, employee of St. Joseph's, resident of Petaluma commented: she would like to see the District continue the relationship with St. Joseph's.

President Hempel thanked the community members for coming and sharing comments. She noted that there will be future public meetings to seek more community dialog on this issue. Meetings will be held on January 6th and January 14th, 2016 at the large conference room at the district office. The Board encourages the public to encourage other members of the public to attend one of the meetings and provide input into this process.

BOARD DISCUSSION

The board discussed the criteria point by point.

1. *Continued access to Petaluma community based hospital*

Directors Ostroff and Adams recommended that core services need to be specifically identified and listed in this criteria. The Board will need to clarify what can be included and expected from the next hospital operator, such as an emergency room. The board will review the core services listed in the current lease.

2. *Vision for population health and future minded- healthcare services for a community of our size*

Director Thornton suggested a change of wording from "vision" to "credible plan" that would articulate a vision for population health and future needs allowing for flexibility regarding services based on the possibility of the needs of the community changing over time. Insurance needs to be part of the plan.

3. *Commitment to operating capital*

Director Thornton suggested a change of wording to "investing in the operations of the hospital."

4. *Core Services maintained – any discontinuation requires District Board approval (to be defined in contract)*

It could be stipulated in the contract that an operator would have to come back to the District Board if they want to change core services. The board will have the authority to determine if a service will be discontinued or moved off campus. Legal counsel stated that a lease or a sale contract could stipulate certain core services.

5. *Significant financial investment in physician services, clinical services, facility and community benefit programs*

CEO mentioned that the future operator must understand that health care is provided both within and outside the walls of a hospital and would need to articulate a plan for investing in community benefit programs. The level of investment made by the current operator should be maintained or

exceeded by a future operator. Director Thornton proposed that community benefit programs are important enough to be a separate criteria. Director Ostroff noted that financial commitment alone is not sufficient and that this criteria involves “boots on the ground.”

6. *Financial commitment and support to physician recruitment and retention*

Director Ostroff would like to see a plan for physician recruitment with a stated dollar amount. Director Thornton stated that insurance is part of the issue. For some specialties there may not be enough volume. It was suggested by Director Thornton that a separate criteria be *a credible plan for the future of surgery in Petaluma, which would include a commitment to recruit surgeons for PVH.*

11. *On site senior level administrator with hospital operations oversight and Petaluma community focus*

The CEO noted that there also needs to be resources allocated for a senior level administrator to be dedicated to community outreach. Director Stern proposed making *Petaluma community focus* a separate criteria. This responsibility could be assumed by the future operator of the hospital, or by the District, but if it is assumed by the District, there would need to be financial compensation for the District to do so.

President Hempel ended the discussion because of time constraints, but stated that the discussion would continue at the next meeting of the board.

PETALUMA VALLEY HOSPITAL

Jane Read, PVH Vice President of Operations, reported on November finances. Read stated that even with an increase in volumes for the month of November, the hospital is \$249,000 over budget for the month. Read noted that Hospice has had additional financial needs. Dr. Kitts, a general surgeon, will start in January and has agreed to participate in the GI coverage, but there are still days where there is no GI coverage. Some lab services are moving to Santa Rosa Memorial Hospital. Management is looking at ways to make the lab more efficient and to provide more coverage.

PVH is working to hire more “travelers” in order to increase PVH’s census as planned. Read noted that the compensation for travelers is very competitive and costly which is affecting hospital finances. Management is trying to reduce regional referral denials. Some denials are due to a lack of GI coverage, but Read also noted that some patients are not appropriate patients for Petaluma in terms of the intensity of need. In January, Dr. Rothenburg, an intensivist, will be on medical leave for 6 – 8 weeks, so PVH is working with OffSiteCare Resources, a telemedicine group, to provide pulmonary coverage. The plan is that Monday through Friday there will be a pulmonologist onsite with training in critical care medicine. The new ENT doctor will begin in January. In response to a question by Director Thornton if PVH has had any shifts in volume due to the opening of Sonoma West Medical Center in Sebastopol, Read responded that ER visits at PVH increased by 11% over what was budgeted for November. Read noted that there has been a general increase in patients who are covered by medical insurance, and PVH management continues to work with patients who are without medical insurance to get coverage for them.

The budget process began this week, including both operating and capital budgets.

2014 – 2015 PHCD AUDIT REPORT

Marilyn Everett, K-COE and Isom, presented the 2014-2015 PHCD Audited Financials. Ms. Everett explained the process and auditors' responsibilities as well as management's responsibility for the financial statements.

Ms. Everett reviewed the Statements of Revenues, Expenses, and Changes in Net position noting the net position for the end of 2015 was \$9,699,079. Cash flows from operating and investing activities were reviewed. The report shows the District has a total cash and investments of \$3,651,566.

The District's investment portfolio includes individual securities plus shares held by investment pools. The investment pools are comprised of various tax-exempt bonds and corporate bonds according to the District's investment policy.

Under notes received, the District has two promissory notes secured by second deeds of trust amounting to \$512,979 at an annual rate of 6% and \$1,215,419 at an annual rate of 5.75%.

There were no noted deficiencies in accounting processes and procedures. Ms. Everett complimented the accounting department staff on the excellent job they did in the preparation of the audit documents.

A motion was made by Director Ostroff, seconded by Director Thornton to approve the 2014-2015 Audited Financials Report by K-COE and Isom. This motion was passed by a vote of 5 ayes (Directors: Hempel, Ostroff, Thornton, Adams, Stern) and 0 noes.

ADMINISTRATIVE REPORT

CEO Update

There were no questions on the CEO report.

CEO reported the District, as a member of ACHD, is eligible for ACHD scholarships that can be used for conferences and educational sessions. Robert Wood Johnson Foundation provided feedback to Health Action Council regarding the application the Robert Wood Foundation received from Sonoma County. Sonoma County was one of the top 10 applicants but did not receive the award primarily due to the fact that more community involvement needed to be articulated in the work being done.

The Petaluma Community Foundation (PCF) Board President requested a meeting with the District. District CEO and President Hempel met with two PCF Board members, Board President and Executive Director and discussed mission alignment between District and PCF. The CEO and President Hempel reiterated that the District is looking to form a 501(c)3 and has spoken to HC2 and PCF. If PCF is looking to restructure, the District would be interested in discussing the possibility of PCF becoming part of the District under a new management structure.

The CEO reported the Petaluma Sober Circle Pilot Project has received \$100,000 in grant funds and will begin implementation in January 2016. Project members are seeking an additional \$100,000 which will provide funding for the two year project. Director Adams requested that the public be informed about the program once it's implemented.

The board was thanked for participating in the Board Governance Self-Assessment Survey. The results will be shared at an upcoming board meeting.

A meeting for PVH physicians and one of the possible future hospital operators will be held on Thursday, December 17, 2015 at Petaluma Valley Hospital. Two meetings are also being planned for January 2016 at the District office for hospital staff and volunteers to share their input on the decision criteria for determining the future hospital operator.

Articles of interest regarding the District were shared.

BOARD GOVERNANCE

The Board review the following three policies: Board Meeting and Conduct Policy; Access to Public Records; and Board Meeting Policy. At the next board meeting, three additional board governance policies will be reviewed. Director Adams and Director Stern will present the review. After all policies have been reviewed the policies will be approved by the board.

INFORMATIONAL ITEMS

The ACHD Annual meeting will be held in Monterey in May 2016. The CEO will be attending the ALPHA Funds' Participant's Meeting February 18 and 19 in Newport Beach.

MEDVAL ADVISORS CONTRACT TO CONDUCT APPRAISAL FOR DISTRICT ASSETS McDOWELL CAMPUS AND HOSPICE OF PETALUMA

Andrew Koblick presented the updated proposal for MedVal Advisors Contract for a fair market valuation and fair market lease valuation of Petaluma Valley Hospital and Petaluma Hospice building. The proposal was initially presented in June 2015, at which time the board requested a postponement of the decision to accept the proposal until it was time to initiate the valuation. The proposal has been updated to begin in January 2016. The cost of the work is estimated between \$40,000 and \$48,000. In addition, there would be expenses for travel, communications and computer needs which are anticipated to be between \$6,000 and \$7,000. If the appraisal needs to updated, there would be an additional cost of \$15,000 plus expenses.

Legal counsel noted that an appraisal must be done within 6 months of a transaction: i.e., if the boards' recommendation for the future hospital operator is on the November 2016 ballot, the appraisal must be done within 6 months preceding the date in which the District approves the resolution. It is possible that the District would have to pay the additional \$15,000 if the appraisal needs to be updated. Legal counsel noted that the District has a legal obligation to have an appraisal done.

A motion was made by Director Ostroff, seconded by Director Stern to schedule the MedVal Advisors Appraisal. This motion was passed by a vote of 5 ayes (Directors: Hempel, Ostroff, Thornton, Adams, Stern) and 0 noes.

The CEO noted that the appraisal by MedVal Advisors does not include a physical valuation of the building by an engineer. A discussion ensued and it was the consensus of the board to have an engineer conduct an evaluation of the building, requiring a separate contract.

A motion was made by Director Ostroff, seconded by Director Thornton to schedule the physical examination by a structural engineer for approximately \$5,000. This motion was passed by a vote of 5 ayes (Directors: Hempel, Ostroff, Thornton, Adams, 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.; 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