

**MINUTES OF THE AUGUST 26, 2010 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER:

President Ostroff called the meeting to order at 6:15 p.m. at the Petaluma Health Care District building conference room at 1425 N. McDowell Blvd.

PRESENT:

Fran Adams, RN, BSN, Member-At-Large
Robert Ostroff, MD, President
Kathryn Powell, MS, Vice-President
Stephen Steady, MD, Secretary
Josephine S. Thornton, MS, Treasurer

ALSO PRESENT:

Suzanne Cochrane, Board Liaison
Cat Canto, Community Member
Joan Cooper, Community Member
Daymon Doss, CEO
Richard Nadale, Controller
Jane Read, VP of Operations, PVH
Heidi Rhymes, Community Member

CONSENT CALENDAR:

A motion was made by Director Thornton, seconded by Director Powell to approve the August 26, 2010 Agenda and the July 22, 2010 minutes. This motion was unanimously approved by all present.

PUBLIC COMMENTS / QUESTIONS:

Request for Public Forum on Health Impacts:

Community members, Joan Cooper, Cat Canto and Heidi Rhymes, attended this meeting to present a proposal for the PHCD Board of Directors to sponsor a public forum pertaining to the health impacts of the proposed Dutra Asphalt Plant in Southern Sonoma County.

Ms. Cooper noted that the Board of Directors had supported a previously scheduled public forum on the Dutra Asphalt Plan but was cancelled due to the lack of securing a toxicology MD with a specialty in environmental medicine.

At this time, a physician has indicated a willingness to participate in a health forum on the health impacts relative to environmental issues for pediatrics. The physician, Dr. Alice C Brock-Utne, Pediatrician who is part of the University of California San Francisco Pediatric Environmental Health Specialty Unit, would provide information on health impacts of the proposed asphalt plan along the Petaluma River.

President Ostroff stated that he is in support of the District sponsoring a public health forum but in order for the District to remain neutral on the Dutra Asphalt Plant a representative from Dutra would need to be invited to participate in this event.

Ms. Cooper also noted that a tentative date of October 7th has been confirmed with Dr. Brock-Utne which would be held prior to the October 12th date of the Board of Supervisors hearing on the Dutra Asphalt Plant.

Discussion ensued noting that the October 7th date is in conflict with another District sponsored event titled “Why Boys Fail”. Mr. Doss indicated he could work with the committee to establish another date that would work with the MD’s schedule and communicate through email to the Board of Directors.

Board of Directors supported Mr. Doss moving forward with the organization of the District sponsoring a health forum on the proposed Dutra Asphalt Plant in Southern Sonoma County.

Petaluma Health Center:

Kathy Powell, CEO of the Petaluma Health Center, distributed an updated version on the layout of the new Petaluma Health Center located at 1179 N. McDowell Blvd. The information presented displayed the location of various Departments within the Petaluma Health Center under Phase I of construction and the areas that will be developed under the Phase II plan. The Petaluma Health Center will be able to serve 40,000 clients efficiently with 81 exam rooms and a dental facility consisting of 10 dental chairs.

BOARD COMMENTS / QUESTIONS:

President Ostroff acknowledge Director Steady’s birthday.

President Ostroff requested the Board move into closed session to allow enough time to address issues outlined in the closed session Agenda.

The Board of Directors supported this recommendation to move into closed session.

ADJOURNED TO CLOSED SESSION:

President Ostroff adjourned the meeting to closed session pursuant to the following:

- **Government Code §54956.8 closed session regarding real property negotiations at Lynch Creek property.**

ADJOURNED TO OPEN SESSION:

President Ostroff adjourned the meeting to open session and reported no action was taken.

LYNCH CREEK PROPERTY:

Director Thornton explained that the District Board of Directors has received an offer to enter into a joint venture agreement with Browman Development Company for the vacant land known as Lynch Creek Property. The Asset Management Committee endorses moving ahead with negotiations for a possible joint venture project for the Lynch Creek property.

The District Board also supported Asset Management Committee to move forward with negotiations for a possible joint venture project for the Lynch Creek property.

STRATEGIC PLANNING COMMITTEE REPORTS:

Asset Management Committee:

Director Thornton presented a proposed MOU for the Petaluma Health Center recently reviewed by the Asset Management Committee to receive advancements from the Petaluma Health Care District due to the non-passing of the State of California 2010-11 budget. Advances would be made in increments of up to \$80,000 per week with a cap of \$400,000 beginning August 30, 2010 and continuing until the State budget is passed or the cap is reached. The proposed MOU stipulates that any funds borrowed against the District's line of credit will begin paying interest on the 61st day.

Mr. Doss explained that the proposed MOU has been implemented in previous years when the State of California budget had not been passed. Past history has been that the State budget was approved before the Petaluma Health Center reached their cap.

Discussion ensued amongst Directors regarding the Petaluma Health Care District being responsible for the interest accrued noting that the Petaluma Health Center receives secure funding and appears to have the ability to pay the accrued interest.

A motion was made by President Ostroff, seconded by Director Steady to approve a Memorandum of Understanding (MOU) to advance the Petaluma Health Center weekly advances in the amount of \$80,000 with a cap of \$400,000 due to the non-passing of the State of California 2010-11 budget. The interest accrued on any advances made by the Petaluma Health Care District will be reimbursed by the Petaluma Health Center. This motion was passed with 4 ayes and 1 opposed.

Petaluma Valley Hospital:

Jane Read, VP of Operations at Petaluma Valley Hospital, reported year end financials were positive due to the implementation of cost reductions and Medicare reimbursement from AB 75.

Administration continues to monitor revenue and costs with the budget based on an average census of 22 on the Med/Surge Unit.

Ms. Read further explained that long term solutions are being developed relative to the on-call surgery situation. At this time, locums have been hired to meet the needs of the surgery schedule and are working on in house patients receiving follow up care through Petaluma primary care physicians or surgeons. Consistency in the hiring of locums is important and avenues have been developed regarding appropriate follow through on patient reports.

Ms. Read noted that implementation of the new Meditech system, medical record program, has begun with November 1st set for physician orders to be entered electronically along with record data through the Emergency Department Admitting Department. Accessibility from the current A4 system will be available for patients to obtain their medical information.

Patient satisfaction is a continued area being evaluated to determine avenues to improve patient satisfaction scores currently at the 48% percentile and needing to be above the 50% percentile bracket.

Ms. Read reviewed the changes in the Hospitalist Program noting that a Hospitalist is available at all times at PVH with assistance of an FNP Monday through Friday. As census continues to fluctuate utilization of an FNP assists to accommodate the varying census.

Board of Directors questioned if other hospitals of similar size utilized FNPs in their Hospitalist program and were concerned on the perception to the patient or the community but also noted that this is not a quality issue but more a perception concern.

Hospital Stewardship Committee:

Jane Read, VP of Operations at Petaluma Valley Hospital, reported the GRASP Acuity System is in the testing phase with results scheduled to be available within the next two weeks. At that time, the results will be evaluated and next steps determined.

Joint Venture Committee:

Mr. Doss reported the next Regional Action Program meeting is scheduled for Friday, August 30, 2010 to be held in the District's building conference room. Entities have selected their representatives with communications made directly to the selected list of participants.

Mr. Doss further explained that Joel Criste, Marin IPA, will be discussing the next steps in moving Marin IPA into Sonoma County.

Physician Relations:

Mr. Doss will be meeting with the Petaluma Women's Health physicians and CNM to discuss future plans of the practice and develop a mechanism for the District to begin to receive

payments for the initial start up loan. The Petaluma Women's Health is also requesting additional staff be hired to assist in the front office.

Lease Oversight Committee:

President Ostroff provided an overview on the recent Lease Oversight Committee meeting. Discussion included the revision to the Hospitalist Program revising the contract to include an FNP for patient follow up care as discussed earlier in this meeting.

Capital Expenditures have been a topic of discussion by the Committee and will be putting together a report on the findings and present to the District Board of Directors.

The committee continues to request clarification on the topic of corporate charges and will be looking to hire a consultant to provide a better understanding relative to the corporate charges and how they differentiate with other expense line items.

South County Mental Health Collaborative:

Director Adams reported the next South County Mental Health Collaborative meeting is scheduled for Thursday, September 16, 2010.

WORK ITEM: REPORTS

Finance Report:

Richard Nadale, Controller, reported Matson and Isom has completed their preliminary audit work on the Petaluma Health Care District and will be presenting their final report at the October Board meeting. A letter addressed to the Board of Directors outlining the audit plan for the District's fiscal year ending June 30, 2010 was distributed.

Financials ending June 30, 2010 was presented by Mr. Nadale noting that the Statement of Net Assets reflected assets of \$16,987, 880 and liabilities and deferred revenue of \$3,580,416 leaving the net fund balance at \$13,407,464.

The year to date Statement of Revenue and Expense shows a loss of \$939,025 which is \$659,029 more than budgeted.

PHCD operational income from Petaluma Women's Health (PWH) in the month of June 2010 was \$22,827. The total advanced to PWH through June 2010 is \$393,298.

The District's rate of return on investments remained constant at 5.22% for June 2010.

Mr. Nadale further presented the July 31, 2010 financials noting the Statement of Net Assets reflected assets of \$16,920,412 and liabilities and deferred revenue of \$3,550,509 leaving the net fund balance at \$13,369,903. Advances of \$50,000 from the District's operating line of credit were used to fund operations for July 2010.

The year to date Statement of Revenue and Expense shows a loss of \$54,461 which is \$16,967 more than budgeted.

PHCD operational income from Petaluma Women's Health (PWH) in the month of July 2010 was \$5,013. The total advanced to PWH through July 2010 is \$405,103.

The District's rate of return on investments dropped .11% to 5.11% for July 2010.

President's Report:

President Ostroff reviewed the current On-Going Task List with Directors adding to the list that the Board has begun the process for a CEO replacement.

The schedule for November and December meetings were scheduled as follows:

- November 18, 2010
- December 16, 2010

It was also determined that the meetings will be changed to the fourth Wednesday of each month beginning in January, 2011.

Suzanne Cochrane will prepare a schedule to include Board Meeting dates for 2010 and 2011.

The next PHCD Board meeting scheduled for September 23, 2010 will be held in Groverman Hall at Petaluma Valley Hospital.

CEO Report:

Information for upcoming events was reviewed. Directors who are interested in attending an event were to contact Suzanne Cochrane.

ADJOURNED TO CLOSED SESSION:

President Ostroff adjourned the meeting into closed session pursuant to the following sections:

- **Conference with real property negotiator regarding property at: 400 N. McDowell Blvd., Petaluma Valley Hospital renewal or re-negotiation of a lease. Government Code Section 54956.8 closed session; real property transaction; meeting with negotiator.**
- **Government Code Section 54956.8 closed session regarding real property negotiations at Lynch Creek property.**
- **Government Code Section 54957.6 closes session regarding employee matters.**

ADJOURNED TO OPEN SESSION:

President Ostroff adjourned the meeting into open session and reported that the only action taken in closed session was to move forward with pursuing a replacement for the PHCD CEO position.

DISCUSSION OF PUBLIC COMMENTS:

There were no discussions regarding public comments.

NEXT STEPS:

No items were discussed.

ADJOURN:

President Ostroff adjourned the meeting at 9:50 p.m.

Respectfully submitted,

Stephen steady, MD, Board Secretary

RECORDED BY:

Suzanne Cochrane, Board Liaison