

**MINUTES OF THE SEPTEMBER 23, 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. in Groverman Hall at Petaluma Valley Hospital.

PRESENT:

Robert Ostroff, MD, President
Kathryn Powell, MS, Vice-President
Stephen Steady, MD, Secretary
Josephine S. Thornton, MS, Treasurer

ABSENT:

Fran Adams, RN, BSN, Member-At-Large

ALSO PRESENT:

Kitty Brown, RN, PVH
Suzanne Cochrane, Board Liaison
Daymon Doss, CEO
Joe Manthey, Community Member
Richard Nadale, Controller
Todd Salnas, COO, SJHS

CONSENT CALENDAR:

A motion was made by Director Thornton to approve the September 23, 2010 Agenda and August 26, 2010 minutes to include a change in wording from Medical to Medicare (page 4), seconded by Director Steady and approved by a vote of 4 ayes and 1 absent.

PUBLIC COMMENTS / QUESTIONS:

Joe Manthey, community member, attended this meeting to discuss a conflict regarding unpaid invoices for his services for the Why Boys Fail event sponsored by the Petaluma Health Care District. This event is scheduled for October 7, 2010 and Mr. Manthey is presenting his concern to the Board in an effort for the Board to direct the CEO to initiate payment for services.

Discussion ensued between Board of Directors and Mr. Manthey clarifying the issues around contracts and payments that Mr. Manthey feels is owed to him.

President Ostroff questioned if a contract had been signed between the Petaluma Health Care District and Mr. Manthey.

Mr. Manthey noted no contract has been signed.

Mr. Doss explained that Mr. Manthey's contract was not signed due to the fact that the information outlined in his proposal did not reflect the agreed upon data and was currently working from a verbal agreement. To date, no contract has been signed but work continues on this event as information announcing this event had already been distributed.

Mr. Nadale provided a summary of sponsorships collected and estimated expenses for the Why Boys Fail event noting that a \$500.00 payment is due to Mr. Manthey per speaker contract but that no additional payments at this time are warranted.

After lengthy discussion, a motion was made by Director Powell, seconded by Director Steady that the issues relative to payments to Mr. Manthey for the Why Boys Fail event be resolved with the PHCD staff and any additional payments to Mr. Manthey be granted if sponsorships exceed expenses and are split between the PHCD and Mr. Manthey.

BOARD COMMENTS / QUESTIONS:

There were no board comments.

LYNCH CREEK PROPERTY:

Mr. Doss reported there was no new business regarding the Lynch Creek property to be addressed in public at this time.

STRATEGIC PLANNING COMMITTEE REPORTS:

Asset Management Committee:

Director Thornton reported on the recent Asset Management Committee meeting of September 22, 2010 where discussion occurred regarding 1301 Southpoint property for sale or for lease using Bob Lipman as the District's realtor upon closure on the recent legal issues surrounding the Cader Lane Property.

In addition to listing the property for sale or lease, discussions with Redwood Regional Medical Center, Marin IPA and SJHS will occur relative to their interest in utilizing 1301 Southpoint once the Petaluma Health Center vacates the premises in July 2011.

Asset Management Committee also reviewed the District's profit and lost statements for year end 2010.

Petaluma Valley Hospital:

Todd Salnas, COO, SJHS, reported on the Petaluma Valley Hospital July financials indicating a loss which was anticipated in the preparation of the Budget due to the implementation of the MediTech program. Revenues were down 4% due to lower volume. Operating expenses were lower but did not flex down to the same level as the lower revenue.

Mr. Salnas announced the installation of the Medi-Tech System is moving forward and is on schedule with the implementation of the core system completing their transition on November 1, 2010.

SJHS recently purchased the El Rose Physician Group allowing physicians to partner in the Annadel Foundation. Transition into the Annadel Foundation will take about 60 to 90 days until contracts are complete. At this time, the practice location will remain the same and will be developing a transition plan.

Mr. Salnas announced that digital mammography will be available at PVH in the month of November 2010. Plans to remodel an area designated for digital mammography are in process.

The current model of the Hospitalist program is being evaluated. Efforts continue with primary care physicians and general surgeons to provide coverage for on-call Emergency Room Surgery schedule. Several options have been presented and discussed with no resolution except to continue to utilize locums. An offer has been presented to a physician in the North Bay area to provide coverage for specific periods of time. This same offer was also presented to local general surgeons.

Director Thornton discussed her present term as PHCD Board designee on the SRM Alliance Board is scheduled to end December 2010. Director Thornton is bringing forth a communication that has been addressed to the full Board from Director Powell indicating her interest to serve as the PHCD Board Representative on the SRM Alliance Board.

Director Thornton made a motion to nominate Director Powell as representative on the SRM Alliance Board, seconded by President Ostroff with a vote of 3 ayes, 1 absent, and 1 abstain.

Hospital Stewardship Committee:

Kitty Brown, RN, PVH, announced the installation of the GRASP program has been completed. Ms. Brown noted that staff is very pleased with the system providing accuracy and reliability to this organization. The next steps are to incorporate the final two medical units into the GRASP program which is scheduled to occur in the near future. Ms. Brown acknowledged the GRASP representative's expertise and current Administration for completing this project.

Joint Venture Committee:

Mr. Doss reported that the next Regional Action Plan meeting is scheduled for Friday, October 8, 2010 at the PHCD office with the focus to continue with the implementation process and marketing strategies for joint venturing with Marin IPA. The goal for marketing is to have an ad campaign in

place providing information to the public regarding the Marin IPA transition in October, November and December. Healdsburg, Sonoma Valley Hospital, SJHS, and Petaluma physicians have indicated a desire to join with Marin IPA to be able to provide comparable rates in our area. Palm Drive Hospital physicians have indicated they are not interested at this time.

Lease Oversight Committee:

President Ostroff reported on a recent Lease Oversight Committee meeting that is in the process of composing a report regarding their findings on Capital Expenditures. The Committee acknowledges that SJHS has invested in capital equipment over their contracted amount established in the Lease between PHCD and SRM Alliance. The information addressed to SRM Alliance will also reflect the Committee's review that some capital equipment may not have been purchased if PVH was a stand alone entity as well as programs did not appear to be developed to fully utilize the equipment purchased. The letter addressed to SRM Alliance will be brought to the PHCD Board of Directors for review at the October Board meeting.

In addition, the Lease Oversight Committee is preparing a second letter addressed to SRM Alliance pertaining to the specific details that comprise the area wide 17% Corporate Charge for Petaluma Valley Hospital. The Committee is working to obtain a better understanding of what types of expenses encompass the 17% Corporate Charge as the Board looks to the future and if PVH was to operate independently.

Physician Relations Committee:

Richard Nadale, Controller, reported Petaluma Women's Health had the highest month in collections in August and September continues to be positive. Concern has been addressed with the Petaluma Women's Health in the areas of reaching monthly collections to a point that payments can be made to the PHCD for their loan advancement. Meetings with PHCD and PWH continue to develop a plan that includes monthly payments to the District for repayment of the start up loan.

Mr. Doss discussed the recent marketing campaign for the Petaluma Women's Health which will also include a few ads that are specific to Dr. Kosinski's specialty surgery interventions offered through the Petaluma Women's Health.

South County Mental Health Collaborative:

Director Thornton reported on a recent South County Mental Health Collaborative meeting held on September 16, 2010. At this meeting, NAMI provided a presentation on an "In Our Voice" program with clients who participate in this program sharing their process to the group. Presentations were very moving.

Director Thornton wanted the Board to revisit the area relative to Mental Health services to determine if there are any specific areas the Board should focus on.

Mr. Doss noted the Board has provided support to mental health specialists by developing the South County Mental Health Collaborative. Information presented, disbursed, and shared at this

Committee has been very informative. Meetings are held every other month with no meetings occurring during the summer months.

WORK ITEM: REPORTS

Finance Report:

Mr. Nadale presented the financials ending August 31, 2010. The Statement of Net Assets reflected assets of \$17,018,979 and liabilities and deferred revenue of \$3,610,855 leaving the net fund balance at \$13,408,124.

The year to date Statement of Revenue and expense shows a loss of \$36,441 which is \$24,100 less than budgeted.

PHCD operational income from Petaluma Women's Health (PWH) in the month of August 2010 was \$14,134. The total advanced to PWH through August 2010 is \$431,365. Total cash collections for the month of August for PWH were \$73,233.

The District's rate of return on investments dropped .25% to 4.86% for August 2010.

Mr. Nadale reported there have been four payments made to the Petaluma Health Center due to the non-passing of the State of California 2010-11 budget. Weekly advances of \$80,000 for a total of \$320,000 have been made with one more scheduled for September 27th which would reach the cap of \$400,000.

A motion was made by Director Thornton to approve granting four additional advancements in the amount of \$80,000 each due to the non-passing of the State of California 2010-11 budget. This motion was seconded by Director Steady and passed with a vote of 3 ayes, 1 absent and 1 abstained.

President Ostroff instructed a plan be developed for assisting the Petaluma Health Center and presented at the October Board meeting if the State of California does not pass the 2010-11 budget.

President's Report:

President Ostroff reviewed the on-going Task List with Directors. Changes will be incorporated for the next Board meeting.

Mr. Doss recommended moving ahead with the completion of a Strategic Plan utilizing a different process than originally developed. Mr. Doss will review the materials that have been completed and bring to the Board for discussion on next steps and how to develop a Strategic Plan that encompasses the implementation of the new CEO.

Director's Report:

Mr. Doss reported on two upcoming events as follows:

The Community Health forum is scheduled for September 30, 2010 at 7:00 p.m. at the Petaluma Community Center. Four speakers have been identified and meetings have occurred with representatives from the Dutra Asphalt Plant and Community representatives.

An event titled "Why Boys Fail" is set for October 7, 2010 from 6:30 p.m. to 9:00 p.m. at the Petaluma SRJC campus. Speakers include Richard Whitmire, Author of Why Boys Fail and Joe Manthey.

Next Gen is sponsoring a Bunco and Poker fundraiser scheduled for November 13th with Lifeline participating as a table sponsor. Directors are welcome to participate in this event and were instructed to contact Suzanne Cochrane if interested.

ADJOURN TO CLOSED SESSION:

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

- **Government Code §54956.8 closed session regarding real property negotiations at Lynch Creek property.**
- **Government Code §54956.9 closed session regarding pending litigation at 1460 Cader Lane.**
- **Government Code §54957.6 closed session regarding employee matters.**

ADJOURNED TO OPEN SESSION:

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

DISCUSSION OF PUBLIC COMMENTS:

There were no discussions regarding public comments.

NEXT STEPS:

No items were discussed.

ADJOURN:

President Ostroff adjourned the meeting at 9:00 p.m.

Respectfully submitted,

Stephen Steady, MD, Board Secretary

RECORDED BY:

Suzanne Cochrane, Board Liaison