

**MINUTES OF THE JANUARY 28, 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, 1425 N. McDowell Blvd.

PRESENT:

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

ABSENT:

Josephine S. Thornton, MS, Treasurer

ALSO PRESENT:

Suzanne Cochrane, Board Liaison
Nancy Corda, Nurse Manager, PVH
Daymon Doss, Executive Director
Joe Manthey, Community Member
Rick Nadale, Controller

CONSENT CALENDAR:

A motion to approve the January 28, 2010 Agenda and the December 9, 2009 minutes was made by Director Adams, seconded by Director Powell and unanimously approved by all present.

PUBLIC COMMENTS / QUESTIONS:

Joe Manthey, Community Member congratulated the three new Board members on their new position and felt the new Board was not status quo on making decisions that were best served for the Community.

Mr. Manthey shared concerns on the amount of advertisement spent on the Petaluma Women's Health and questioned why this amount of funding provided to the Petaluma Women's Health was not also provided to a Men and Boy's Health Office. Mr. Manthey noted statistics indicate that men and boys are more likely to die at an early age than girls and women as well as having more health issues. Mr. Manthey shared concerns about males not having the same opportunity for health care services than women as the

Petaluma Women's Health has a place for women to go but there appears to not be a separate place for men to go.

Mr. Manthey is attending this evening's meeting to remind the Board of their mission statement and that men are not only worse off regarding health and education, but are the underserved population. Mr. Manthey is requesting for the Board to approve working with the PHCD's Executive Director on providing a health related project for boys and men.

President Ostroff explained that the Petaluma Women's Health was originally Dr. Helena Spivak's practice and in order to maintain OB Services at Petaluma Valley Hospital, the District opened a practice in Petaluma. The Board loaned the Petaluma Women's Health an amount up to \$250,000 for operations and to recruit Dr. Anthony Kosinski to the practice. At this time, Petaluma Women's Health is making payments to the District to repay their loan.

President Ostroff stated that the District has provided loans to more men than women doctors and that the Petaluma Women's Practice is designed specifically for women to obtain OB and GYN services. There are no men's specialty practices.

President Ostroff recommended Mr. Manthey develop a proposal for a project for men and boy's health services and present it to the Executive Director.

Director Powel noted that the Petaluma Health Center has two male physicians that might be interested in developing an educational program for boys and men.

BOARD COMMENTS / QUESTIONS:

There were no Board comments at this time.

STRATEGIC PLANNING COMMITTEE REPORTS:

Asset Management Committee:

1460 Cader Lane – Request for Extension of Due Diligence:

Daymon Doss reported on a recent Asset Management Committee meeting with a recommendation to the Board to extend the Due Diligence period to April 23, 2010. With this extension, the Asset Management Committee would like to review the first quarter financials (January-March) for STX and for STX to agree to establishing a six month stand alone account consisting of pre-paid rent to be evaluated at the end of two years if the Board moves forward with the purchase of 1460 Cader Lane.

President Ostroff requested clarification on who would receive the six month rent account if the Company was no longer in business.

Daymon Doss will research this request and how the account could be set up and maintained.

A motion was made by Director Adams, seconded by Director Steady to approve the request for the Due Diligence period to April 23, 2010. This motion was unanimously passed by all present.

Lynch Creek Property:

Daymon Doss reported on a presentation by Browman Development Company to the Asset Management Committee regarding their interest in purchasing the Lynch Creek Property. The proposal would include a 15,000 square foot building and a smaller 2,000 square foot building. The request also included a two year escrow in order to complete all the necessary permits for the project.

The Asset Management Committee discussed the possibility of a joint venture with the Browman Development Company. A proposal pertaining to this request is in the process of development for discussion at future Asset Management Committee meetings.

Mr. Doss noted that the Lynch Creek Property has been declared as surplus asset by the PHCD Board of Directors allowing the District to receive proposals but no advertising of the property has occurred.

Petaluma Valley Hospital:

As Director Thornton is attending a SRM Alliance meeting in Orange, Daymon Doss provided an overview of the Petaluma Valley Hospital Board meeting.

Financial documents show PVH making a profit in November and December. In December the increase included some of the Medi-Cal pay back funds. There was a higher surgery volume in December and acute patient days were increased.

Discussion ensued on payer mix for outpatient surgery vs. inpatient surgeries noting that both generate revenue for PVH.

Daymon Doss discussed the PVH CEO report stating an urgent care center is being developed in Windsor and NCMA will be submitting a request for proposals to SJHS and Sutter Health for the purpose of determining what offers these organizations would be interested in making to NCMA in exchange for a closer alignment. The report also noted that an aggressive program is being developed to hire physicians through the Heritage Model for Sonoma County over a period course of three years.

Also included in the packet was an ad announcing a Hip/Knee Pain Seminar with local Petaluma physicians providing education on this topic. This will be held on Wednesday, February 10th from 3:00 p.m. to 5:00 p.m.

Hospital Stewardship Committee

Director Adams will be working with Suzanne Cochrane and members of the Hospital Stewardship Committee to set a date for their next meeting in March.

Nancy Corda, Nurse Manager, PVH, reported that Jane Read is working to schedule the consultant to come to PVH to complete the analysis of the GRASP system. At this time, no specific date has been selected.

Joint Venture Committee

Director Steady reported on the January 22, 2010 Regional Action Program meeting which involved physicians, administrators, and Board members. Continued progress towards reaching continuity for a shared medical model is being made with the next meeting scheduled for March 12, 2010.

President Ostroff noted interest from other Districts to assist in the financial cost of the Regional Action Program was discussed at this meeting. Dr. Martin Serota, Consultant for the District, will be attending area District Board meetings that are participating in the Regional Action Program providing an overview and information on the status of the Regional Action Program meetings.

Lease Oversight Committee:

Director Adams provided an overview on a recent Lease Oversight Committee meeting with Jane Read, Vice President of Operations, PVH and Todd Salnas, COO, SJHS. This meeting was to review the collected data by the Committee and compiled into a report titled "Initial Quality Assessment of Lease Performance" for input by SJHS. The goal of the Lease Oversight Committee is to establish a fact based report card indicating how well the SJHS is performing their responsibilities while providing the Board of Directors with a better understanding on past history and what is needed for PVH to be a viable hospital in the future.

At this meeting, data used to compile this report was provided to Ms. Read and Mr. Salnas who will evaluate and discuss at a future meeting. The Committee also discussed concerns relative to PVH's Organizational Chart.

The Lease Oversight Committee is currently gathering data relative to core services, capital expenditures, and corporate charges.

Director Adams further noted discussion ensued regarding patient transfers from PVH. Ms. Read indicated evaluation of transfers are ongoing and will be looking at each one to determine the necessary steps are in place to avoid any transfers.

Daymon Doss and President Ostroff would like to recommend Don Bouey attend the February District Board meeting and in closed session review the communication process between SRM Alliance and PHCD Board of Directors.

Physician Relations Committee:

Director Steady and President Ostroff recently attended a SSCMG meeting discussing the status of the Regional Action Program. Discussions at this meeting pertained to the continuation of SSCMG and representation from SSCMG to participate at PHCD Board meetings to provide input, concerns and current relationship issues with PVH.

Daymon Doss distributed a letter to the Board from Mike Smith, Legislative Liaison, regarding MSSA 209.1 (Petaluma) and MSSA 208 (Sonoma). The letter requested that no action be taken on a previous request by Sonoma Valley Health Care District for re-configuring boundaries. This is due to the recent opportunity to have an independent consultant evaluate the effect of re-configuration on Petaluma's ability to seek a HPSA designation in the future. This consultant has asked that this topic be placed on hold for a three month period until completion of the evaluation.

The District Board supported this request and will place this topic on hold until the results of the consultant can be reviewed.

OB/GYN Update:

Rick Nadale report the Petaluma Women's Health collected their largest month in billings since opening their practice and anticipates the ability for a pay back payment to be made for the month of January towards the \$250,000 designed funds for operational and start up fees.

Daymon Doss explained the Petaluma Women's Health is looking to purchase an ultrasound machine to provide Dr. Kosinski the ability to conduct specific procedures that has not been available at the Petaluma Women's Health. Rick Nadale is working with Dr. Kosinski to purchase this equipment through a loan from the Petaluma Health Care District at prime plus 2 ½ %. The ultrasound equipment is scheduled to arrive by February 15, 2010 at a cost of \$46,000.

South County Mental Health Collaborative:

Director Adams reported on a recent South County Mental Health meeting held on January 21, 2010. NAMI was the guest speaker for this meeting providing information on their various programs. At the next meeting, Allison Murphy, member of the Perinatal Mood Disorder Committee, will be presenting information about the topic and panel's work. Future meetings also include a tour of the jail.

WORK ITEMS: REPJORTS

Finance Report:

Rick Nadale, Controller, presented the PHCD financials ending on November 30, 2009 and December 31, 2009.

As of December 31, 2009 the Statement of Net Assets reflected assets of \$17,550,945 and liabilities and deferred revenue of \$3,496,378 leaving the net fund balance at \$14,054,567. Certificates of Deposits with Exchange Bank and 1st Community Banks total \$205,081 and a Bank of Marin Money Market account of \$2,271.

In December a District Corporate Bond matured and was liquidated and used to pay the Bank of Marin Line of Credit down from \$450,000 to \$200,000.

The year to date Statement of Revenue and Expense shows a loss of \$232,227 which is \$32,612 more than budgeted. The District's rate of return on investments increased .05% to 5.36% for December 2009.

There were three significant expenditures for the month of December 2009 for final payment of the PVH OR lights, Petaluma Women's Health Advertising campaign, and consulting fees for Phase II of the Medical Model study. It was also noted that Physician Support and Purchased Services exceeds budget due to payments made for Phase II of the Medical Model Study and buy out of the independent consultant for Phase II.

PHCD had a net of \$16,413 for operational loss from the Petaluma Women's Health (PWH) in the month of December 2009. The total advanced to PWH through December 30, 2009 is \$260,542. PWH has made a \$20,000 payment to the District in January 2010.

President's Report:

President Ostroff reviewed the current on-going task list with Directors.

A copy of a letter addressed to Steve Dee, Environmental Review Division, indicating comments regarding the adequacy of the DEIR for the proposed Sutter Hospital Project was included in the Board packet.

Also included in the Board packet was a list of PHCD Board meetings, thank you letters from Joan Thompson, ANAD Group Facilitator, Mary K. Blakeslee, Biology teach at Petaluma High School pertaining to the donation to the Rotary Clubs of Petaluma Valley, and Dr. Landis Coghlan.

Executive Director's Report:

A flyer pertaining to the 4th Annual Eating Disorder Awareness Week Conference scheduled for February 4, 5, and 6th was distributed as well as a newspaper article on CHF's successful Soiree.

NEXT STEPS:

No items were discussed.

ADJOURN:

President Ostroff adjourned the meeting at 8:00 p.m.

Respectfully submitted,

Stephen Steady, MD, Board Secretary

RECORDED BY:

Suzanne Cochrane, Board Liaison