

**MINUTES OF THE FEBRUARY 25, 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:

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

ABSENT:

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

ALSO PRESENT:

Barry Blansett
Suzanne Cochran, Board Liaison
Daymon Doss, Executive Director
Ramona Faith, President, Community Health Foundation
Fred Groverman, DVM, Trustee, Community Health Foundation
Mike Hollingsworth, Trustee, Community Health Foundation
Harvey Lubar, Trustee, Community Health Foundation
Vanna McWhinnie, Community Member
Rick Nadale, Controller
Jane Read, VP of Operations, Petaluma Valley Hospital
Marilyn Segal, Executive Director, Community Health Foundation
William Sullivan, Treasurer, Community Health Foundation

CONSENT CALENDAR:

A motion to approve the Agenda as written and correction to the January 28, 2010 minutes to reflect a change on page five to read “communication process between SRM Alliance and the PHCD Board of Directors” was made by Director Powell, seconded by Director Steady and unanimously approved.

PUBLIC COMMENTS / QUESTIONS:

Fred Groverman, DVM, acknowledged the Board of Directors for their dedication and time as elected officials and their focus on health care issues in the community. As members of the

Groverman family have recently experienced the care at Petaluma Valley Hospital, the Emergency Room at Santa Rosa Memorial Hospital and the Rehabilitation Center, Dr. Groverman reflected on the excellent care received and wanted to relay this message to the District Board and community members present.

BOARD COMMENTS / QUESTIONS:

There were no Board comments.

COMMUNITY HEALTH FOUNDATION:

Ramona Faith, President, Community Health Foundation (CHF) thanked the Board of Directors for the opportunity to provide an update on the Community Health Foundation. CHF Trustees present included Marilyn Segal, Executive Director, William Sullivan, Treasurer, and Trustees Mike Hollingsworth, Harvey Lubar, and Fred Groverman, DVM.

Trustee Faith shared the mission of CHF to raise, manage and disburse funds in support of efforts to promote health and wellness in the Petaluma community and its surrounding area. Our goal is to encourage and facilitate meaningful charitable giving that enhances quality of life in our community, now and for future generations. CHF is committed to building a legacy of community health.

Trustee Faith noted in the past year, CHF Board of Trustees has grown to a 15 member Board adding an additional 10 new Board members. The newly expanded board is learning about the history of the Foundation and working together to develop the future of CHF.

Trustee Faith feels CHF is entering into another chapter since the creation in 1975 to increase our capacity and enhance health in our local community. With the hiring of an Executive Director, Marilyn Segal, and the expansion of new board members, we continue to move forward and identify the needs of the community, increase awareness of CHF into the community and develop priorities in support of programs and services that serve our community.

CHF launched a successful grant program in 2009 and again in 2010. Last year, site visits were organized by the Executive Director providing a better overview on the needs of each grantee and allowing the grant committee to make appropriate decisions. This year the grant committee joined Ms. Segal at selected site visits allowing more input in the decision making process.

April 22, 2010 has been selected for CHF's annual breakfast celebration honoring grantees of our grant giving program. Ms. Segal invited District Board members to attend this event being held at the Petaluma Woman's Club from 8:00 a.m. to 10:30 a.m.

Trustee Faith noted that although CHF has experienced a successful year, it is anticipated to take anywhere from three to five years to build an organization into independence. However, CHF has just started to build with future fundraising projects proposed. Trustee Faith acknowledged the District for their support, partnership and assistance as CHF continues to move forward in the direction of promoting community health in the community.

President Ostroff questioned if CHF has been able to differentiate in the community between PVH Foundation and CHF.

Trustee Faith noted while there has been some improvement in differentiating the two Foundations; work in this area needs to continue.

Ms. Segal explained that one reason CHF planned a big event this year was to promote our grantees, engage in strategic outreach which helped to distinguish between the two Foundations. With promotional materials developed, a new web site implemented, and a grant program developed, the purpose of the event became a fund raiser around our grant recipients promoting CHF as a supporter of local non-profit organizations.

Ms. Segal launched a successful sponsorship campaign to secure enough funds to cover expenses prior to the sale of tickets. Working with Trustee Groverman, honoree of the event, relationships were developed with each contact made. With the ability to expand our donor base, CHF will be inviting our sponsors of the NYE event to attend the breakfast for our 2010-2011 grantees. Last year's breakfast provided an opportunity for grantees to be introduced to other grantees and develop collaborative relationships.

Ms. Segal also worked with Mike Hollingsworth who implemented a successful raffle for downtown businesses providing another opportunity to increase awareness about CHF. Participants of the raffle (local merchants) also attended our event.

The revenue stream for the NYE event was diverse, including advertisements, silent and live auction items, in addition to the raffle.

Ms. Segal announced that CHF's next event will be a Mardi Gras celebration scheduled for March 5, 2011.

Ms. Segal also noted that with the establishment of the grant-making program we are able to distinguish CHF as a local community foundation; through continued dialogue with grantees, information on their funding needs are communicated. Status reports were received and reviewed by grant committee members. These reports include measurable outcomes. There will be a final report that will include budget detail. Between the site visits and reports, accountability is insured.

Trustee Sullivan, provided a budget update on CHF. With a goal of \$75,000 in fund raising, CHF has reached a total of \$63,000 with five months remaining and future fund raising events to follow. Trustee Sullivan thanked the PHCD Board of Directors for their support noting the approval of the CHF Budget was a deficit and with recent economic reports there was uncertainty on the direction of available funds. As CHF's investments are managed through Community Foundation, the 25% deficit that occurred in 2008 greatly affected our investments but in 2009 an increase of 19.5% was achieved. Although CHF continues to fund a deficit budget, there are long term plans established to move forward and sustain our investments as well as grow into an organization that serves non profits in our community. As Trustees are

aware, CHF exists as a result of two significant grants that took place early in the development of CHF. These two grants assisted in the growth, sustainability, and allowed the ability to distribute \$4 million to the Community. One of the goals of this Foundation is not just to maintain our funds, but to grow this Foundation, which includes planned giving and estate planning.

CHF is working to schedule additional fundraisers to maintain the ability to give at a certain financial level in the community to those grantees or prospective grantees that come to CHF. At this time, a dinner and a golf tournament are in the planning stages.

Ms. Segal has been meeting with Community Foundation Sonoma County to build a relationship that could support the Foundation by increasing our assets as well as our donor base. Future meetings with Community Foundation Sonoma County are being scheduled.

President Ostroff asked if CHF was reaching out to schedule additional fundraising events to meet the budget goals and questioned if too many requests were being made for donations before CHF's next event noting the difficulty in asking the same sponsors for donations.

Ms. Segal responded that the Board looks closely at avenues to expand sponsorships and in a way that is not competitive with local organizations. This is the kind of information that gets factored into both fundraising efforts and the grant process.

Director Powell complimented the Trustees on their willingness to donate so much time and energy for the benefit of the community. Director Powell also supports the efforts to obtain documentation that shows actual changes that have occurred through grant funding, how the granted organization was benefited and what are the future needs of the organization. It is apparent that through a reporting system this process is being followed.

Director Thornton attended the New Year's Eve event and acknowledged the success of sponsorships as well as the level of energy and strategy by the Trustees presented at tonight's meeting. Director Thornton asked for a continuation of respect for the funds that are in District's account noting a discomfort in finding that in not having done a great deal of fundraising in the past and with the downfall of the market, the portfolio could rapidly be reduced.

Ms. Segal acknowledged Director Thornton's comments and assured that the budget is analyzed on a regular basis. CHF also recognizes the support of the District and the importance of continued partnering.

Trustee Hollingsworth shared with the Board his experience in attending site visits finding it very rewarding and able to provide input to the grant committee for distribution of grant funding.

Trustee Lubar also shared his experience of joining the Board and was not aware of CHF prior to his introduction and has found that others in the community are also unaware of CHF. Trustee Lubar noted that with such good work being produced, there is even more need to reach out and let the community know that CHF is out there to help local organizations that are touching people's lives.

Daymon Doss introduced Vanna McWhinnie, a previous CHF Board member who was a driving force of the Foundation on the need to move forward and hire an executive director and develop fundraising strategies. Mr. Doss also shared a recent ad in the Chamber Newsletter thanking the sponsors of the NYE event.

Ms. McWhinnie expressed her pleasure to hear the growth of the Foundation as presented in this meeting and acknowledged the efforts put forth to expand the mission of the Foundation.

Trustee Goverman spoke about his involvement in CHF since 1975 and is encouraged about CHF's plans to move forward and raise funds.

President Ostroff and Directors thanked CHF for their presentation and their efforts to raise funds in support of local non-profits.

Mr. Doss explained that CHF will be bringing their 2010-2011 budget for review and endorsement as outlined in the Article of Incorporation at the May or June District Board meeting.

Director Powell noted that previously the Board had indicated a six month review of CHF's budget and questioned the necessity of this request. Discussion ensued relative to this question noting no further discussion is needed per increase in fundraising efforts and the increase in the portfolio that covers their expenses.

Directors acknowledged the enthusiasm displayed by the Trustees at this meeting and the goals set forth to build the organization.

Director Powell made a motion, seconded by Director Thornton to accept CHF's annual financial report and approve the final five months of the remaining twelve month budget. This motion was unanimously approved.

STRATEGIC PLANNING COMMITTEE REPORTS:

Asset Management Committee:

Director Thornton reported acceptance has been received for an extension to the Due Diligence period by the sellers of 1460 Cader Lane to April 23, 2010 as approved by the Board at the January PHCD Board meeting.

Rick Nadale, Controller, stated the due diligence extension included review of STX's first quarter 2010 financials by the Asset Management Committee. Mr. Nadale has received end of year financials for 2009 from STX.

Petaluma Valley Hospital

Director Thornton recently attended a SJHS Trustee conference in Orange County along with other members of the PVH Board. Attendance is valuable for providing insight into system-wide

issues and also enables attendees to get a sense of the size and solidity of St. Joseph and the organization's cultural heritage. Business priorities for St. Joseph as a whole, closely mirror those that the new management team is emphasizing for Sonoma County. The top priority system-wide is physician collaboration and the second is technology, including integration of care. Financial priorities also indicated that SJHS has a very sound balance sheet.

Locally, meetings are occurring to develop a business vision for SJHS Sonoma County, including PVH. Discussions in these meetings indicate a major interest by all members of the group in developing long term viability for PVH. In this first phase, a proposed business vision has been developed and feedback is being obtained primarily from within the system at this point. The next phase will involve developing specific strategies for PVH.

Director Thornton explained that once preliminary strategies for PVH have been developed, they will be presented to the District Board and other stakeholders for input and further participation when appropriate.

Director Steady expressed a concern on a possible conflict of interest with the participation of Dr. Faust pertaining to the recent purchase of an endoscopic ultra sound equipment at SRM while utilization of equipment is low at PVH.

PVH February 23, 2010 Board Meeting:

SRM Alliance Board is looking to add one more community member to their Board. A recommendation has been made and is in the review process.

Director Thornton complimented Jane Read, VP of Operations, PVH, and Todd Salnas, COO, SJHS, who continue to work through several issues and greatly appreciate their participation and work towards improving Petaluma Valley Hospital as updates are given at the SRM Alliance Board meetings.

Director Thornton reported that PVH's financial performance was down with a decrease of 10% in patient days and revenue down \$1.1 million. One of the major contributions to this decrease was the major deterioration of payor mix. With the growth of Kaiser, PVH patient mix has decreased.

Mr. Doss encouraged Directors to attend a SRM Alliance Board meeting with the financial session beginning at 11:30 a.m. and the Board meeting immediately following. Please coordinate participation through Suzanne Cochrane, Board Liaison.

Director Thornton reported on a recent Joint Replacement seminar where 60 community members attended.

Jane Read noted a second Joint Replacement seminar is scheduled for March 30th which is part of our distinction designation. Inpatients that receive a hip or knee replacement will be asked to attend a class to better understand expectations and recovery information on their procedure.

Dr. Barlas provided a presentation titled “Symptoms, Causes and Treatments for Hip and Knee Pain” reviewing information on who would be a candidate for joint replacement, recovery criteria, and a panel discussion with all orthopedics as well as Dr. Tweten, Anesthesiologist participating. The program ended with a question and answer period.

The Hanna Hip and Knee Arthroplasty table purchased through a PVH Foundation capital campaign allows the ability to conduct surgeries that lessen the incision and reduce the recovery period.

Ms. Read also noted that the Jackson table purchased by the Petaluma Health Care District has allowed spine procedures to be scheduled increasing the use of the OR at PVH.

Ms. Read explained that due to the amount of interest from the public, additional seminars will be scheduled. A tracking system for those attending the seminars and receiving services will also be implemented.

The Next Gen Group of the Foundation is also scheduling additional programs for the younger generation in Petaluma to support future growth of PVH.

Ms. Read further outlined SJHS quality initiatives titled rapid improvements have been implemented at PVH with the primary focus on medication management and surgical services. The Emergency Department physicians and nurses recently completed a quality initiative where systems were reviewed and processes implemented to increase patient to physician contact within a 30 minute period.

Ms. Read has also met with local specialty physicians in an effort to build relationships and to understand future needs and issues pertaining to their practice.

Director Steady stated that while physicians are appreciative to meet with PVH Administration, he stressed the importance to move forward on assistance to the physicians in order to increase their practice.

Ms. Read reported the GRASP program is near completion with a March 22 date designed to begin testing for a two week period focusing on attributes and reeducating staff to fully understand the program. The goal is for GRASP implementation to occur in June, 2010.

Joint Venture Committee

Director Steady noted the Regional Action Program (RAP) continues to move forward with the next session scheduled for March 12, 2010.

Daymon Doss distributed documents that were presented by Dr. Martin Serota to the Marin IPA Executive Committee and North Sonoma County District Board of Directors (Healdsburg Hospital). Over the next few months, Dr. Serota will also be presenting to the JPA, Palm Drive Hospital, and Sonoma Valley Hospital. Marin General Health Care District and Marin IPA will be participating in future Regional Action Program meetings.

Dr. Serota also met with the Lab and Radiology Committee developed as a result of the Regional Action Program.

President Ostroff noted from the last RAP meeting there was interest from participating organizations to financially assist in the process.

Mr. Doss reported that North Sonoma County Health Care District Board of Directors approved to financially assist in the Regional Action Program and continued commitment to attend future RAP meetings. SJHS has made available attorney assistance for the Lab and Radiology projects.

Lease Oversight Committee:

President Ostroff reported the Lease Oversight Committee met with Jane Read, VP of Operations and Todd Salnas, COO, SJHS, pertaining to questions/issues raised by the Committee. At this meeting, discussions pertaining to appropriateness of bringing questions/concerns directly to SJHS or if communications should be addressed to the SRM Alliance Board of Directors occurred.

The Lease Oversight Committee is recommending for the PHCD Board of Directors to develop a relationship directly with the SRM Alliance Board on issues pertaining to PVH.

Mr. Doss noted that Don Bouey will be attending the March 25, 2010 PHCD Board of Director's meeting and in closed session will be reviewing the communication process with SRM Alliance pertaining to Lease issues.

Director Thornton questioned the amount of conversations that have occurred in Lease Oversight Committee pertaining to the 17% of corporate charges for PVH when OSHPD data provides an analysis of this information.

President Ostroff summarized the Committee is working to understand the specific charges incurred in corporate charges and to verify that expenses from SRM are not included in this charge.

Physician Relations Committee:

A presentation by Deborah Baker on "Eldercare for Life: A Geriatric Clinic and Wellness Center" was given on Thursday, February 11, 2010 to invitees. While the concept of this project was supported, sustainability appeared to be unavailable.

Discussion ensued with a recommendation for Director Powell to meet with Deborah Baker and discuss the Eldercare program and if assistance from the Petaluma Health Center through the geriatric care programs is available.

OB/GYN:

Rick Nadale reported the Petaluma Women's Health office was financially strong in January but experienced a decrease for the month of February. This could be due to patients needing to pay their deductibles early in the year.

Sonoma County Mental Health Collaborative Meeting:

The next meeting of the Sonoma County Mental Health Collaborative is set for March 18, 2010 from 12:00 noon to 2:00 p.m. and will be held at Petaluma Valley Hospital.

WORK ITEM: REPORTS

Finance Report:

Rick Nadale, Controller, reported on the PHCD financials ending January 31, 2010 noting the Statement of Net Assets reflected assets of \$17,477,112 and liabilities and deferred revenue of \$3,428,768 leaving the net fund balance at \$14,048,344. Certificates of Deposits total \$205,270 and a money market account at Bank of Marin in the amount of \$2,271.

The year to date Statement of Revenue and Expense shows a loss of \$275,465 which is \$58,307 more than budgeted.

Expenditures for the month of January 2010 included a loan to Petaluma Women's Health (PWH) for the down payment on an ultrasound machine, final payment for advertising campaign for PWH and consulting fees for Phase II of the Medical Model study.

Due to the excellent receivable collections, PHCD operational profit from PWH for the month of January 2010 was \$1,582 and a payment of \$20,000 was made to PHCD for outstanding management fees. As of January 2010, the total advanced to PWH is \$279,216.

Daymon Doss distributed a summary of expenses incurred for consulting services for Dr. Martin Serota and Regional Action Program meetings with an expense of \$229,801 for a two fiscal year period. It was noted that reimbursement from other entities involved in the Regional Action Program could be received.

PRESIDENT'S REPORT:

President Ostroff and Directors reviewed the Ongoing Task List providing recommendations/changes to be incorporated and updated for the next Board meeting.

Barry Blansett reported the on-line health care survey is scheduled to be available the first part of March with advertisements selected for the Argus Courier and the Press Democrat. Press Releases will also be prepared to inform the public of the on-line survey as well as an ad on the 360 website allowing those that visit the site accessibility to the survey by clicking on the ad.

EXECUTIVE DIRECTOR'S REPORT:

Rick Nadale reported the District received a distribution of surplus funds from ALPHA Fund in the amount of \$785.60 relating to the 2005, 2006, and 2007 fiscal years.

Thank you letters from Haleh Kashani, Eating Disorders Recovery Services for support of their 4th Annual Eating Disorder Awareness Conference and Pat Landrum, executive Director Healthy Community Consortium for our contribution of \$5,000 was included in the board packet.

ADJOURN TO CLOSED SESSION:

President Ostroff adjourned the meeting into closed session for conference with real property negotiator regarding property at Lynch Creek; Government Code §54956.8 closed session regarding real property negotiations.

ADJOURN TO OPEN SESSION:

President Ostroff adjourned the meeting into open session with no action taken in closed session.

DISCUSSION OF PUBLIC COMMENTS:

There were no public comments.

NEXT STEPS:

No items were discussed.

ADJOURN:

President Ostroff adjourned the meeting at 8:45 p.m.

Respectfully submitted,

Stephen Steady, MD, Board Secretary

RECORDED BY:

Suzanne Cochrane, Board Liaison