

**MINUTES OF THE MARCH 23, 2011 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER:

President Adams called the meeting to order at 6:15 p.m. at 1425 N. McDowell Blvd., building conference room.

PRESENT:

Fran Adams, RN, BSN, President
Robert Ostroff, MD, Vice President
Stephen Steady, MD, Secretary
Josephine S. Thornton, MA, Treasurer

ABSENT:

Kathryn Powell, MS, Member-At-Large

ALSO PRESENT:

Suzanne Cochrane, Board Liaison
Daymon Doss, CEO
Ramona Faith
Bob Lipman, Real Estate Consultant
Richard Nadale, Controller
Todd Salnas, COO, SJHS
Ramona Faith

CONSENT CALENDAR:

Director Ostroff clarified on page 11 of the February 23, 2011 minutes that SSCMG was not responsible for insurances not becoming available to the public but other various reasons occurred that affected this process.

A motion to approve the minutes of the February 23, 2011 minutes reflecting the clarification listed above was made by Director Steady and seconded by Director Thornton.

A motion to approve the March 2, 2011 minutes was made by Director Ostroff and seconded by Director Thornton.

All above motions were approved by all present.

PUBLIC COMMENTS / QUESTIONS

There were no public comments.

BOARD COMMENTS / QUESTIONS

Daymon Doss reflected on the recent passing of Barry Blansett and the contributions he made to the Petaluma Health Care District as well as the ability to create several friendships amongst the PHCD staff. Mr. Blansett also contributed in the transition of the Marin Health Care District during the time the District acquired the hospital from Sutter Medical Group. Several staff of PHCD and Marin Health Care District attended Mr. Blansett's memorial where he was recognized for his numerous contributions to health care in our community.

President Adams presented a retirement gift from the PHCD Board of Directors to Daymon Doss acknowledging his many years of contributions to health services for the Petaluma Community. The gift, a clock plaque, was presented noting the 32 years of service he provided to Petaluma Valley Hospital and the Petaluma Health Care District.

DECLARATION OF SURPLUS ASSET FOR 1301 SOUTHPOINT:

The Asset Management Committee met on March 15, 2011 and is recommending for the full Board to declare the Petaluma Health Care District property at 1301 Southpoint as a surplus asset. With the approval of Resolution 11-01, the PHCD Board of Directors will be able to pursue the sale or lease of the property that will be vacated by the Petaluma Health Center in June or July of 2011.

A motion was made by Director Ostroff, seconded by Director Thornton to approve the adoption of Resolution 11-01 declaring 1301 Southpoint as a surplus asset. This motion was passed by a vote of 4 ayes and 1 absent.

STRATEGIC PLANNING COMMITTEE REPORTS:

Asset Management Committee:

Richard Nadale has been in contact with Browman Development Company regarding the next steps in the joint venture process for the Lynch Creek property. At this time, information is being gathered in preparation for submittal of pre-approval of the project to the City of Petaluma. Browman Development Company will be meeting next week with Walgreen's Corporate regarding the lease on the Lynch Creek property.

Mr. Nadale has also been in communication with Dick Abbey, District Attorney, regarding requirements for District to pay prevailing wages for development of the property if they are a minority partner in a separate entity. It is Mr. Abbey's opinion with the development of an LLC or LLP, prevailing wages should not be required for this project. Mr. Nadale has also communicated this issue to Browman Development Company.

Petaluma Valley Hospital:

A special PHCD Board meeting has been scheduled for Tuesday, April 19, 2011 that will include a closed session with Kevin Klockenga and possible SRM Alliance Board members to discuss strategic planning for Petaluma Valley Hospital.

Todd Salnas reported that Annadel Medical Group will be making an announcement that a local physician group will be joining the foundation. This announcement will occur once all signatures have been obtained.

Two orthopedic surgeons have joined Redwood Regional Medical Group and will be working with PVH to conduct an orthopedic seminar for the community members. Advanced orthopedic equipment has been purchased to accommodate special surgeries that will be performed by the new orthopedic surgeons.

Mr. Salnas further reported that Digital Mammography will open on March 31st, 2011 and is currently working to establish a plan to maintain patients at PVH who require a follow up biopsy.

PVH employees who were interested in participating in a donation program were recently completed. Employees were able to sign up and donate to their area of choice towards a program at Petaluma Valley Hospital with a selection that included; Emergency Department, Employee “Good Neighbor” Fund, Surgical Services (equipment), or Mobile Dental Van.

Todd Salnas reported that although PVH experienced a higher volume in census in February, PVH still had an operational loss of \$140,000 for the month of February.

Hospital Stewardship:

No meeting has been scheduled at this time.

Joint Venture Committee:

Daymon Doss reported the Regional Action Plan group will be meeting on April 29th at Alliance Medical Group in Healdsburg. At this meeting a recommendation to change the name from Regional Action Plan to Regional Access Plan will be presented. This is due to the next steps the group will be moving into as they partner for health care services.

At the last meeting, discussions ensued regarding HIE (Health Information Exchange) decisions and what may happen with shared HIE and with the creation of a physician model becoming our basis for a virtual model. An overall goal to increase participating physicians with Marin/Sonoma IPA by 350 physicians to 500 can be accomplished by acquiring physicians from Healdsburg, Sebastopol, and Santa Rosa.

Physician Relations Committee:

Mr. Doss reported that Redwood Regional Medical Group and Prima OB have toured the Petaluma Women’s Health office and met with Dr. Kosinski and Dr. Clark. Jane Read is in the

process of making arrangements for Annadel Foundation to also meet with Petaluma Women's Health physicians.

Communications continue between the Petaluma Women's Health and the Petaluma Health Care District regarding the current Management Services Contract and a process to implement moving towards independent status or to affiliate with another entity. At this time, the District has extended to Petaluma Women's Health \$554,000 and continues to work with Petaluma Women's Health on establishing a process to pay back the advances on a monthly basis as collections increase.

South County Mental Health:

President Adams reported on a recent South County Mental Health Collaborative meeting held on March 17, 2011. Susan Castillo presented an overview on the Mental Health Services Act Intervention and the concern over decreased funding for mental health services.

The attendance at this meeting has drastically reduced and the group present recommended surveying the participants as to our purpose or plans for future meetings. Meetings are held every other month for five months and not during the summer months. The purpose of the first meetings was to bring information to others of mental health services that are available in the community. Several groups have presented their information and have been a great resource for those involved in mental health services.

Mr. Doss reported information on the future of the Fulton Mental Health campus. The facility will be licensed for 96 beds and will serve Marin, Solano, Lake County, Sonoma County, Yolo, and Sacramento. The goal is to open this facility in 2012.

Community Health Initiatives for Petaluma Area:

Director Thornton reported on a recent meeting with Kathy Powell and Daymon Doss and is working on moving forward with our first meeting to be scheduled in late April or early May. At this time, we are awaiting the completion of SJHS Community Benefit's Needs Assessment currently in its final stage of completion.

Once the Needs Assessment becomes available, the committee will be able to look at what services are available and identify an area of focus.

The Committee would like to work with Rick Nadale on establishing a budget for these services in the amount of \$100,000 for the 2011-2012 Budget.

WORK ITEMS: REPORTS

Finance Report:

Richard Nadale presented the February 28, 2011 financials noting the Statement of Net Assets reflected assets of \$16,037,283 and liabilities and deferred revenue of \$3,044,294 leaving the net fund balance at \$12,992,989.

The year to date Statement of Revenue and Expense shows a loss of \$160,489 which is \$21,252 less than budgeted. In February 2011 \$100,000 was paid on the District's bank line of credit clearing the balance outstanding.

Expenditures/income for the month of February 2011 included a \$5,000 payment as a sponsor to the Community Health Foundation's Mardi Gras event and a final payment to HC2 for this fiscal year's community partnering. A prepayment of Lifeline units of \$26,242 and a payment to Marin/Sonoma IPA of \$15,625 for a portion of the District's contribution to the Regional Action Plan group was also made in the month of February. In addition, a grant of \$2,000 from AT & T was received to cover some of the costs for the Why Boys Fail event.

PHCD operational loss from Petaluma Women's Health (PWH) in the month of February 2011 was \$847. The total advanced to PWH through February 2011 is \$554,044.

The District's rate of return on investments decreased .19% to 4.94% for February 2011.

President's Report:

Ongoing Task List was reviewed by Directors.

President Adams and Daymon Doss recently attended the ACHD Legislative session in Sacramento. Information from this session was distributed to Directors.

The ACHD Annual Meeting is scheduled for May 11 through 13th and will be held at the Hyatt in North Lake Tahoe. Directors were instructed to contact Suzanne Cochrane if they are interested in attending.

CEO Report:

Thank you letters from Petaluma Valley Rotary for the Lend a Hand to Education donation, Petaluma Blacks for Community Development for support of the black history program, and Community Health Foundation's Mardi Gras event were included in the Board packet.

ADJOURN TO CLOSED SESSION:

President Adams adjourned the meeting into closed session pursuant to:

- **Government Code §54956.8 closed session regarding real property negotiations at 1301 Southpoint**
- **Trade Secrets (Health & Safety Code Section 32106(b)). Discussion will concern, physician/hospital agreements, HMO agreements, inter-hospital agreements, management services agreements and development of new services and programs. Estimated date of public disclosure: July 2011.**

- **Government Code §54957.6 closed session regarding employee matters**

ADJOURN TO OPEN SESSION:

President Adams adjourned the meeting into open session and reported discussion ensued regarding a proposed purchase agreement for 1301 Southpoint Blvd.

A motion was made by Director Ostroff seconded by Director Thornton to accept the proposed offer of \$1.8 million for the purchase of 1301 Southpoint Blvd by the Petaluma Dental Group and to close escrow by April 29, 2011. The motion also instructed the purchase agreement be reviewed by the District's Real Estate Attorney, Dick Abbey, and any financial or changes to the purchase agreement be addressed through the Asset Management Committee. This motion was passed by a vote of 4 ayes and 1 absent.

With the passing of the above motion, escrow on 1301 Southpoint will be opened on March 24, 2011.

President Adams stated discussions ensued regarding specific topics to be discussed at the special Board meeting scheduled for April 19, 2011.

The Board of Directors reviewed the recent changes to the CEO Contract with the final contract not available for review. The CEO Committee will work with Jay Putnam, Attorney, on the completion of the CEO Contract.

DISCUSSION OF PUBLIC COMMENTS:

There were no discussions regarding public comments.

NEXT STEPS:

No items were discussed.

ADJOURN:

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

Respectfully submitted,

Stephen Steady, MD, Board Secretary

RECORDED BY:

Suzanne Cochrane, Board Liaison

