

**MINUTES OF THE MARCH 28, 2012 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER:

President Adams called the meeting to order at 6:15 pm in the conference room at 1425 N. McDowell Blvd.

PRESENT:

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

ALSO PRESENT:

Suzanne Cochrane, Board Clerk
Ramona Faith, CEO
Carl Gerlach, Healthshare IQ
Rick Nadale, Controller
Jane Read, VP of Operations, PVH

CONSENT CALENDAR:

A motion was made by Director Ostroff, seconded by Director Steady to approve the March 28, 2012 Agenda and the February 22, 2012 minutes. The motion was approved by all present.

PUBLIC COMMENTS:

There were no public comments.

BOARD COMMENTS:

There were no board comments.

HEALTHSHARE IQ:

Ramona Faith introduced Carl Gerlach of Healthshare IQ. Mr. Gerlach will be presenting a web-based hospital informational program for evaluation by the District Board.

Mr. Gerlach explained that Healthshare IQ was developed to provide benchmarks to organizations that need analytical information in various formats to assist in making strategic decisions. It was also designed to improve profitability by obtaining a better understanding of the competitive landscape and the trends that are shaping the future in healthcare.

Healthshare IQ outperforms other sources. It integrates hospital, census and transportation time data, is faster and less expensive and allows the user to create various data scenarios that are appropriate for their individual needs. Each custom report, graph and map can be created in seconds and is easily exported to Excel or PowerPoint.

Mr. Gerlach provided a demonstration of the data that is available allowing the ability to compare your organization's performance to selected competitors by using operational statistics and market trends across time, payer, service line, etc. Data can be drilled down to a single neighborhood or aggregate an entire region.

Single hospital subscriptions are at a cost of \$15,000 per year and systems only pay \$2,500 per year for each additional facility.

Board of Directors thanked Mr. Gerlach for his presentation and noted the availability to obtain data from various comparables could be of interest to the District in the future.

CEO REPORT/UPDATE:

Ramona Faith is scheduling meetings with Northern California Center for Well-Being and Sonoma County Area Agency on Aging to discuss an evidenced based program developed by Stanford Medical Center titled Chronic Disease Symptom Management Program. This program is being offered at Beach Cities Health Care District and Camarillo Health Care District and was shared at the recent visit by PHCD Management.

In addition to this program, the Beach Cities and Camarillo Health Care Districts have created a volunteer program utilizing volunteers as the need arises. The District is moving forward in developing a volunteer program that can assist the District's programs. Currently, PHCD's Lifeline program utilizes a volunteer one day per week. Various documents for volunteers to complete are being developed along with a District Policy that outlines the purpose and process of this program.

Ms. Faith further shared information regarding a Partners in Care program that is offered at Beach Cities and Camarillo Health Care Districts. A brochure regarding the Partners in Care was distributed to the Board of Directors.

Ms. Faith and Richard Nadale have been in communication with Jim Stephens of Browman Development Company regarding the recent findings of CC&Rs for Lynch Creek area that

stipulates requirements for building on the District's Lynch Creek property. All property owners located on Lynch Creek have been sent an invitation to attend a meeting to hear about the proposed Walgreen's project on Wednesday, April 11, 2012. The purpose of the meeting is to review the project with property owners and address any concerns or questions raised by property owners. Property owners have 30 days to respond to the letter. Depending on the outcome of this meeting, the next step is to prepare the appropriate documents for submittal to the City of Petaluma Planning Department.

Included in the Board packet was a detailed summary of Healthy Community Consortium's accomplishments and undertakings for the past year as well as current projects and goals for the future.

FINANCE REPORT:

Rick Nadale presented the financial report ending February 29, 2012. Mr. Nadale reported the Statement of Net Assets reflected assets of \$15,573,705 and liabilities and deferred revenue of \$2,763,749 leaving the net fund balance at \$12,809,956.

The year to date Statement of Revenue and Expense shows a loss of \$23,476 (which includes \$31,343 in unrealized losses) which is \$248,440 better than the budgeted year to date loss of \$271,916.

PHCD spent \$33,246 in the month of February 2012 for Petaluma Women's Health (PWH) operational expenses. PWH made a \$30,000 reimbursement payment to the District in February. The note receivable from PWH at the end of February reflected a balance of \$707,018 on the District's books.

The District's rate of return on investments decreased .08% to 4.91% for February 2012.

The Petaluma Women's Health physicians will be making a decision by the end of March on a medical group from proposals received by RRMG and Annadel Medical Group.

Director Thornton presented a Budget Development and Management Policy approved by the Asset Management Committee and is being brought forth to the full Board for approval. This policy provides timelines and defines processes for the development of a fiscal budget which starts the process on March 20th. Draft 1 of the 2012-2013 Fiscal Year PHCD Budget will be presented at the April Board meeting.

A motion was made by Director Ostroff, seconded by Director Powell to approve the Budget Development and Management Policy as written. This motion was

approved by all present.

Rick Nadale received a response from District Council regarding the District's Statement of Investment Policy recommending a change under Investment Guidelines, #3, to read "The maximum maturity shall not exceed five (5) years unless approved by the Finance Committee".

Discussion ensued regarding the proposed recommendation indicating that the Finance Committee (Asset Management Committee) should be revised to "Board of Directors" and under best practices how often should the District's investment banks and auditors be changed?

Mr. Nadale responded a change in auditors will occur for next year and will be working with Asset Management to determine banking changes/recommendations for the District's investments.

A motion was made by Director Ostroff, seconded by Director Steady to approve the Petaluma Health Care District's Statement of Investment Policy to include the revision for Board approval. This motion was approved by all present.

PETALUMA VALLEY HOSPITAL:

Petaluma Valley Hospital Board of Trustees minutes and Finance Committee minutes dated February 28, 2012 were distributed. The Executive Summary Financial Report ending February 29, 2012 was also distributed.

Jane Read, VP of Operations at Petaluma Valley Hospital, reported financials ending in February reflected expenses at a higher rate due to the implementation of the Medi-tech system. With this implementation, additional staff were hired to cover shifts allowing permanent nursing staff appropriate time for training on the Medi-tech system. In addition, patient ratios were reduced to allow the nursing staff adequate time to care for their patients. The Computerized Physician Order Entry (CPOE) is scheduled to be implemented on April 1, 2012.

Ms. Read also noted an increase in employee benefits not only for PVH but for the entire SJHS and is current being researched for reasons of this increase.

CNA negotiations will most likely end at an impasse. It will take 60-90 days to declare an impasse due to technical/legal formalities. The key issue remains call pay.

Employee Forums were held at Petaluma Valley Hospital asking for input from staff for any recommended changes to improve moral. Responses included staff was fearful of retaliation and are now having meetings with a variety of people to address this concern and

work toward consistency among departments.

A new physician, Nicholas Strange, DO, has joined El Rose Medical Group and Peter Rothenberg, MD has joined the staff at PVH as a new Intensivist.

Ms. Read noted Ms. Faith presented the District's Strategic Plan to the SRM Alliance Board and indicated the PHCD offered to contribute up to \$500,000 per year over the next three years to services and programs that will build revenue. Meetings are being arranged with SJHS and PHCD Management to discuss possible services and programs for partnering to build revenue at PVH.

PVH LEASE:

Ms. Faith had a conversation with District Council that has indicated a majority community vote is required to enter into a new Lease with any organization at the end of the Lease with St. Joseph Health System. This is also true if the District elects to sell PVH.

COMMUNITY HEALTH:

CHIPA Committee Update:

Director Thornton reported the Community Health Initiative for Petaluma Area Committee did not meet in the month of March with the next meeting scheduled for Tuesday, April 10th. At the April meeting, presentations on the Sonoma County Community Health Needs Assessment for 2011-2014 and the Petaluma City Schools are scheduled.

South County Behavioral Health Collaborative Update:

President Adams provided an overview on the South County Behavioral Health Collaborative meeting held in March. At this meeting a process for handling 5150's in the PVH Emergency Department were discussed with a clear process developed with the County agreeing to assist in evaluating patients in the ER at PVH. Additional meetings will be scheduled to finalize the process with the County and PVH ER Manager.

COLLABORATION AND PARTNERSHIPS:

Business Development Committee:

Director Steady reported the Business Development Committee met in March with a presentation from Dunakilly. This topic will be discussed later in the meeting under closed session.

Petaluma Community Foundation:

President Adams reported the Petaluma Community Foundation has agreed to postpone their presentation of a Business Plan and the 2012-2013 PCF Budget until after the Community Celebration event scheduled for April 21, 2012.

INFRASTRUCTURE DEVELOPMENT:

Suzanne Cochrane, Board Clerk, presented Resolution 12-01 regarding General District Election for the Petaluma Health Care District Board of Directors that will take place on November 6, 2012. Nominations for offices in the PHCD's District open on July 16, 2012 and close on August 10, 2012 unless one of the three incumbents fails to file during the nomination period which extends the process until August 15, 2012. The resolution lists the three Directors whose term ends as of December 7, 2012.

A motion was made by Director Ostroff, seconded by Director Thornton to approve Resolution 12-01 Ordering an Election to be held and requesting consolidating with the November 6, 2012 General District Election. This motion was approved by all present.

PRESIDENT'S REPORT:

President Adams reviewed upcoming events that are sponsored by the District and encouraged Directors to communicate to the Board clerk their interest in participating in any upcoming events:

Petaluma Community Foundation – Community Celebration – April 21, 2012

PVH Foundation – Benedetti Leadership Celebration – May 4, 2012

Community Health Care Reform Forum – May 3, 2012

PEP Housing Fund Raiser – May 4, 2012

American Heart Association – Heart Chase Event for Petaluma – May 12, 2012

Legislative Day – May 16-17, 2012

Sonoma-Marin Fair – June 20-24, 2012

Center for Well-Being – Celebration of Dreams – September 14, 2012

ADJOURNED TO CLOSED SESSION:

President Adams adjourned the meeting into closed session pursuant to the following section:

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.

Estimate date of public disclosure: July 2012

ADJOURNED TO OPEN SESSION:

President Adams adjourned to open session and reported no action was taken in closed session.

Discussion ensued amongst Board of Directors regarding the proposal for Dunakilly to prepare a Master Site Plan for the District.

Due to time restraints, Kathy Powell removed herself from the meeting.

A motion was made by Director Ostroff to approve the concept of the Dunakilly Proposal with instructions for the CEO and Controller to continue with negotiations of the contract that includes safeguards, outlines specific payments based on performance, complete appropriate due diligence, and contract is reviewed by District Real Estate Attorney and District Council. This motion further instructs that if any concerns are raised during the due diligence period, information is to be brought back to the full Board for discussion. This motion was seconded by Director Steady and approved with a vote of 4 ayes, 0 noes, and 1 absent.

DISCUSSION OF PUBLIC COMMENTS:

No discussion occurred.

PLUS/DELTA:

No comments were made.

ADJOURN:

President Adams adjourned the meeting at 9:55pm

Respectfully submitted,

Stephen Steady, MD, Board Secretary

RECORDED BY:

Suzanne Cochrane, Board Clerk

PAGE

PAGE 6

PHCD Board of Directors minutes 3-28-12