



**MINUTES OF THE MAY 2, 2017 SPECIAL MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER

President Hempel called the meeting to order at 7:30 AM in the Suite 103 conference room at 1425 N. McDowell Blvd.

PRESENT

Elece Hempel
Fran Adams, RN, BSN
Josephine S. Thornton, M.A.
Joseph Stern
Becky Monday

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Board Clerk, PHCD
Andrew Koblick, Controller, PHCD
Dr. Robert Ostroff

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

Director Stern read the mission and vision of the Petaluma Health Care District.

The mission of the Petaluma Health Care District is to improve the health and well-being of our community through leadership, advocacy, support, partnerships and education.

Petaluma Health Care District envisions: A healthier community; a thriving hospital; local access to comprehensive health and wellness services for all.

CONSENT CALENDAR

President Hempel called for a correction in the agenda: the insertion of a call for Public Comment after Item #6. A motion was made by Director Adams to approve the corrected May 2, 2017 agenda, which was seconded by Director Monday. This motion was passed by a vote of 5 ayes (Directors: Hempel, Monday, Thornton, Adams, Stern) and 0 noes.

PUBLIC COMMENTS

Dr. Robert Ostroff commented that St. Joseph's Health needs the revenue from Petaluma, but it does not need the hospital; therefore he believes SJH will be competing for patient's dollars with the District and the next operator. Dr. Ostroff stated that no public vote is required if the District were to enter into a management agreement with an operator, as opposed to entering into a lease. Dr. Ostroff proposed that the District be looking at all possible options in regards to the future of the hospital, and also promote and explain the District's work on the transition to the public.

ADJOURN TO CLOSED SESSION

President Hempel adjourned the meeting into closed session pursuant to:

- **Government Code §54956.8 closed session; real property transaction; meeting with negotiator – 400 North McDowell Blvd.; GE Healthcare Camden Group, and Bouey & Black, LLP.**

ADJOURN TO OPEN SESSION

Vice-president Thornton adjourned the meeting to open session in the lobby conference room at 1425 N. McDowell Blvd, and reported no action taken in closed session. President Hempel was unable to be present for the Open Session of the board meeting.

PUBLIC COMMENTS

There were no public comments.

BOARD COMMENTS

Director Monday commented that she attended the Petaluma City Council proclamation of May as Health Care District month the previous evening, and that a Municipal Clerk's Week proclamation was also announced.

ADMINISTRATIVE REPORT

CEO REPORT

CEO Ramona Faith thanked Directors Monday and Adams, and Board President Hempel for attending the City Council's proclamation highlighting awareness of the work of the Petaluma Health Care District, and noted that another proclamation for all health care districts in Sonoma County would be given that day by the Sonoma County Board of Supervisors.

Ms. Faith reported that the Local Agency Formation Commission (LAFCO) has approved its budget, noting that it would be advantageous for the District to build a relationship with LAFCO. Ms. Faith suggested one of the PHCD board members consider attending LAFCO's meetings and serving on LAFCO's board.

ASSET PURCHASE AGREEMENT: AMERICAN MEDICAL ALERT CORP., DBA TUNSTALL AMERICAS TO PURCHASE THE ASSETS OF LIFELINE OF THE NORTH BAY, A MEDICAL ALERT BUSINESS AND PROGRAM OF THE PETALUMA HEALTH CARE DISTRICT

Ms. Faith reported that at its peak, Lifeline of the North Bay had 3,500 subscribers, but has steadily been losing subscribers and is currently just at 2,650. Ms. Faith stated that competition is making it difficult for the District to maintain a strong business, and Phillips Lifeline is slow to produce new products and services. The District was approached by American Medical Alert Corporation, DBA Tunstall to purchase Lifeline of the North Bay. Tunstall, the world's largest provider of personal emergency response services, is planning to use the Petaluma site as a hub for a service area that would extend to the Oregon border. The purchase price is \$1.725 million for the working capital adjustment for accounts receivable and accrued expenses. The closing date will be on or about July 3, with a 60-day notice to Phillips beginning May 2, 2017. The decision to sell is strictly a strategic decision and the Lifeline of the North Bay staff is excited about the opportunities that will come with the change. The contract will include a bonus payment to the District related to growth, and also a non-compete clause between the District and Tunstall which will not apply to the hospital or the new operator.

BOARD COMMENTS

Director Stern commented that it is a win for the District and a good time to exit the business. Director Thornton commented that the sale to Tunstall is an unexpected boon for the District, and something to take advantage of.

A motion was made by Director Stern to approve the asset purchase of Lifeline of the North Bay by American Medical Alert Corporation, DBA Tunstall Americas, which was seconded by Director Monday. This motion was passed by a vote of 4 ayes (Directors: Monday, Thornton, Adams, Stern) and 0 noes.

CEO Faith reported that President Hempel also supported the asset purchase agreement.

RESOURCES TO SUPPORT PHCD'S EDUCATION AND COMMUNITY AWARENESS EFFORTS

CEO Faith stated that the District will need to educate the community on the importance of voting on the PHCD Board's recommendation for the next hospital operator. To support the District's education effort, Ms. Faith considered three consultants with election expertise. Ms. Faith is recommending Paschal Roth, a consulting firm in Sacramento to assist the District in strategy development and execution on an education and community awareness campaign.

Paschal Roth's fee would be a flat rate of \$15,000, which would apply to the period from now until the vote. The fee does not include the cost of polling, which is recommended by Paschal Roth, nor the cost of mailing educational materials. Ms. Faith requested an approval by the board to move forward in finalizing an agreement. It is important to note that Paschal Roth will assist the district in enhancing education and community awareness regarding a new hospital operator – what a yes vote would mean and what a no vote would mean.

Public Comments

In answer to a question regarding whether the proposed consultation was related to a parcel tax, Ms. Faith responded that the District had previously engaged a consultant, Larry Tramutola, to determine the community's feelings about a parcel tax to support the hospital. However, it was later determined that a district may only ask for a parcel tax if it both owns and operates the hospital, which PHCD did not, since at the time, it was leasing the hospital to St. Joseph's Health.

A motion was made by Director Monday to approve the expenditure of \$15,000 to engage Paschal Roth to support PHCD's Education and Community Awareness Campaign, which was seconded by Director Adams. This motion was passed by a vote of 4 ayes (Directors: Monday, Thornton, Adams, Stern) and 0 noes.

FORGING A NEW PATH FOR PETALUMA VALLEY HOSPITAL

CEO Faith updated the board on the transition of PVH operations from SJH to Paladin Healthcare, reporting that a meeting was held on April 26 between Paladin Healthcare, St. Joseph's and the District, including their legal counsels. The purpose of the meeting was to reach agreement on a process to finalize agreements which are necessary to the transition. There will be a transfer and lease agreement between the District and Paladin, the new operator, which will be finalized before the end of May. There will also be an Operations Transfer Agreement between St. Joseph's and the District which is dependent on discussions between St. Joseph's and Paladin. In addition there will be a service agreement between Paladin and St. Joseph's. All parties are committed to a smooth transition of operations. Ms. Faith reported that IT is the issue that is causing the greatest complexity, and meetings will be held in the following week to continue working on resolutions for a smooth IT transition.

Director Thornton summarized that St. Joseph's must be able to turn over a hospital in working condition with IT functioning independently of St. Joseph's. Ms. Faith agreed that PVH's IT would have to be unwound from St. Joseph's regional IT system regardless of which new operator would be taking over.

Public Comments

Jim Goerlich, PVH nurse, questioned if Paladin Healthcare planned to continue with Meditech IT system. Ms. Faith responded that Paladin wants to have a stand-alone IT system, separate from St. Joseph's IT system. Paladin uses Meditech at their other hospitals, and does not plan to change the whole system or cause disruption to the staff or physicians.

INFORMATIONAL ITEMS

Ms. Faith directed the board members' attention to the upcoming events listed in the agenda, including the Benedetti Leadership Celebration to be held on May 6. Directors Stern and Hempel will attend along with Ms. Faith. In addition, Joel Freedman, Chairman of Paladin, will be attending.

Ms. Faith reported that Matt Brown of the Argus Courier had inquired about the future of the PVH Foundation after the transition, and in response, Ms. Faith commended the PVH Foundation Board for their dedication over the years and stated that every community hospital needs ongoing community support. Ms. Faith informed Mr. Brown that the District will be exploring the formation of a 501c3 since Paladin is a for-profit organization. Ms. Faith stated that she is hopeful that members of the current PVH Foundation board will want to serve on the board of the newly formed 501c3. Paladin has indicated that it will support the foundation both directly and indirectly.

The PHCD Community Partnership Appreciation Breakfast will be held on May 25, and Ms. Faith encouraged the board members to attend. In addition, the SRJC Community Breakfast is coming up on June 8, and Ms. Faith invited board members to attend. Directors Stern, Monday, and Thornton said they would like to attend.

Lastly, Ms. Faith noted the upcoming board meetings. The next regular board meeting will be held on May 16, and the board also agreed to a special board meeting on May 30 at 7:30 AM.

ADJOURN

Vice-president Thornton adjourned the meeting at 9:30 AM.

Submitted by Fran Adams, Board Secretary

Recorded by Erin Howseman, Board Clerk