

Three Rivers Hospital

Board of Commissioners Special Meeting

July 13, 2017

Minutes

The Three Rivers Hospital Board of Commissioners called a special meeting to order at 3:07 p.m. Thursday, July 13, 2017 in the McKinley Building Conference Room at 507 Hospital Way, Brewster WA 98812. The presiding officer was Vicki Orford, Chair.

A quorum was present. Attending board members were:

Vicki Orford, Chair
Mike Pruett, Vice Chair
Cherri Thomas, Board Member

Others present:

J. Scott Graham, Chief Executive Officer
Melanie Neddo, Chief Operating Officer
Jennifer Munson, Chief Financial Officer
Gretchen Aguilar, Chief Nursing Officer
Jennifer Best, Administrative Assistant
Rob Wylie, Facility Engineering & Maintenance Manager
DJ Dinjian, Housekeeping & Laundry Manager
Nicky Markey, Director of Quality, Compliance & Risk
Christopher Majors, Business Development Coordinator

Vision, Mission & Values

The commissioners took turns reading the vision, mission and values statements.

Agenda

C. Thomas motioned and M. Pruett seconded to accept the agenda as official. Motion passed unanimously.

Consent Items

These consent agenda items were initially presented at the June 22, 2017 regular board meeting, but a quorum was not available to take action at that meeting.

V. Orford read the June 2017 bad debt and charity care figures and noted the payroll and vouchers as listed on the agenda.

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|-----------------------------------|-----------------------------------|-------------------|
| 1. Payroll total: | Gross: \$536,774.71 | Net: \$360,109.25 |
| 5/17/17-5/20/17 | Gross: \$256,609.45 | Net: \$173,574.03 |
| 5/21/17-6/3/17 | Gross: \$280,165.26 | Net: \$186,535.22 |
| 2. Vouchers total: \$1,223,436.71 | | |
| 5/25/17 | 81811-81939 | \$454,083.85 |
| 6/1/17 | 81940-82002 | \$224,411.23 |
| 6/8/17 | 82003-82071 | \$411,465.05 |
| 6/15/17 | 82072-82119 | \$133,476.58 |
| 3. Bad Debt: \$99,864.79 | Financial Assistance: \$47,986.85 | |

V. Orford read the list of medical staff applicants that have been approved by medical staff: Kevin Gurney, CRNA; Eric Haeger, M.D.; Kate Schmitz, M.D.; and Mary Grebenc, M.D.

C. Thomas motioned and M. Pruett seconded accepting the consent items as presented. Motion passed unanimously.

Minutes of Previous Meeting

The May 30, 2017 meeting minutes were initially presented at the June 22, 2017 regular board meeting, but

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there was no quorum to take action at that meeting.

M. Pruett motioned and C. Thomas seconded to approve the minutes as presented from the May 30, 2017 regular meeting. Motion passed unanimously.

Old Business

Resolution 2017-5 and Resolution 2017-6: These resolutions were first proposed in the June 22, 2017 regular meeting, but the board could not take action then due to lack of a quorum. Both resolutions are relating to the process of switching banks from Wells Fargo to North Cascades. The first resolution authorizes the switch, and the second resolution switches our safety deposit box to North Cascades Bank and authorizes those staff who can access the safety deposit box.

C. Thomas motioned to accept Resolution 2017-5 as presented. M. Pruett seconded. Motion passed unanimously.

M. Pruett motioned to accept Resolution 2017-6 as presented. C. Thomas seconded. Motion passed unanimously.

Capital Needs & Financing Discussion: S. Graham explained that administration and the Building & Planning Committee have been weighing the option of seeking a voter-approved bond to complete some needed capital improvements. Administration would like to take a step back to do a thorough analysis of what we want to ask from the voters and how exactly the funds would be used. Lake Chelan Community Hospital took the approach to ask for the funds for a new building because it would, in the long run, be cheaper than repairing and maintaining an older building. We find ourselves in the same boat now, being forced to act quickly on issues stemming from an aging water system and making expensive updates and repairs to remain in compliance with ever-changing legal requirements from the Department of Health.

Administration has discussed the possibility of either building a new facility, repairing the one we have, or a combination of the two. Either way, we want to do our due diligence in determining the wisest path to take. S. Graham recommended not seeking a bond in the November election, and instead taking the next year to complete that analysis. He distributed a written recommendation including a tentative timeline.

M. Pruett thinks this would be a good opportunity to seek local partners that we could collaborate with to complete a needs assessment. C. Thomas asked if we'd have to obtain a certificate of need from the state if we add on to the building; possibly not, but we definitely would need that if we were to build an entirely new facility. Construction Review would also be a required step in the process.

If the board decides to seek a voted bond in 2018, the hospital would start collecting in 2019. J. Munson said the board could opt to also seek a non-voted bond for extra income to ensure completion of the projects. S. Graham observed that this is a difficult decision; whether to take on a greater expense and project now, or keep being nickel-and-dimed by various breakdowns and other issues for the foreseeable future.

M. Pruett stated the Building & Planning Committee had estimated needing at least \$10 million just to complete the highest priority projects. This is an opportunity to reach out to the community and find out what they'd like to see. We have a chance to create a hospital that really meets the community's needs and provides for our district. There is certainly evidence that there is a need for this hospital to be here, especially given circumstances such as the prolonged closure of the Loup Loup Pass.

C. Thomas would like to impress upon the voters that the hospital is trying hard to be mindful of doing the best we can with what we have.

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V. Orford asked if we can still move the ER. As our finances improve we could consider doing that on our own. We've been off warrants for a month, although we know we could get back into them temporarily. The overall trend is improvement. The ER move hinges on moving the clinic into the Hillcrest Administration Building, but that would be delayed now due to a recent irrigation leak that is being repaired. M. Neddo has visited with Construction Review regarding what it would take to convert Hillcrest into a rural health clinic, and they think it would work well with some modifications. She reviewed some of the recommendations.

V. Orford asked if a loan through Coastal Financial Bank is now off the table. Coastal is keeping the door open, but we don't currently have a need for it. Nathan Dean from Barings Multifamily Capital also met with administration recently to discuss financing options. Coastal has indicated they'd be willing to offer improved terms. S. Graham would also like to pursue some grant opportunities.

S. Graham said we may want to revisit moving the clinic into Hillcrest. Depending on the projects selected in the strategic planning process, Hillcrest could potentially be sold to help fund the other improvements. Some ideas already discussed include tearing down the McKinley building in order to build an addition where clinical services would be located. It could be a two- or three-story building with a helipad on top, which would open up space for more parking in the back of the property. A new addition would make it easier to comply with health regulations. The older parts of the current hospital could be used for other departments that are necessary but don't require direct patient care.

Administration will consult with the hospital's attorney regarding the proper steps to follow.

V. Orford asked if we're comfortable with going through another winter with this roof; no, but we don't have much choice. R. Wylie said some spot repairs will be needed before winter. C. Thomas noted that an extensive roof repair will be needed if we keep that building. S. Graham thinks the risk is worth building something that will last the next 30 years; something the community can be proud of and will be more inclined to use.

The timeline in the recommendation is not set in stone. M. Pruett thinks it's more important to be thorough and well-prepared, even if it takes a bit longer.

V. Orford directed administration to follow through on S. Graham's recommendation.

V. Orford hopes leadership passes down the message that the board and administration are working on these issues, even if employees aren't seeing immediate action. N. Markey thinks employees would be understanding of the need to do a comprehensive analysis for the best decision, rather than throwing money at temporary fixes. S. Graham noted that we have been able to do some things – such as providing new patient furniture – that have made it easier to provide good patient care. He thinks most employees are happy with the progress made to get out of warrants and become financially solvent, and they'd prefer the board and administration to make decisions carefully that won't jeopardize the progress. He credited the community as well for its support in seeking services here and providing the additional levy lid lift funds.

V. Orford asked about the progress of repairing Hillcrest. The most damaged parts have been removed, and the insurance company felt we took prudent and swift action to save as much as possible. We hope they'll be flexible enough to allow us to use the funds to repair in a way that would make moving in a clinic easier, should we choose that route.

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C. Thomas asked if it's possible for board members to reroute their stipends to the Three Rivers Hospital Foundation. They likely can't donate their entire stipends, but could have a portion deducted for the Foundation.

Adjournment

C. Thomas motioned and M. Pruett seconded to adjourn the meeting at 4:10 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member