



PUBLIC HOSPITAL DISTRICT NO. 4, KING COUNTY
Board of Commissioners
MINUTES
May 7, 2015, 6:30 p.m.
Snoqualmie City Hall, Council Chambers, Snoqualmie, WA

IN ATTENDANCE:

Joan Young, President
David Speikers, Secretary
Dariel Norris, Vice President
Ryan Roberts, Commissioner – in attendance via speaker phone
Gene Pollard, Commissioner

ALSO PRESENT:

Rodger McCollum, CAO/Superintendent
Jay Rodne, General Counsel
Valerie Huffman, Recorder

GUESTS

Tom Whitson, Piper Jaffray
Keith Kleven, Piper Jaffray
Brad Berg, Foster Pepper

CALL TO ORDER: The meeting was called to order at 6:37 pm. by Pres. Young.

APPROVAL OF AGENDA - A motion was made and seconded to approve the agenda as written. M/Norris, S/Speikers

It was pointed out that there were two sets of minutes that needed approval; therefore, Comm. Speikers made a motion to amend the agenda and motion to include the approval of minutes from the Special Meeting of April 17, 2015. Comm. Young seconded the motion.

Comm. Pollard raised a point that the agenda did not clearly identify the meeting as a public hearing. Comm. Pollard's point was duly noted.

There was no discussion and the amended motion carried by a vote of 4:1.

APPROVAL OF MINUTES - A motion was made and seconded to approve the minutes of the regular meeting of April 2, 2015 meeting. M/Speikers, S/Norris

It was requested to amend both sets of minutes referenced above to add that Jay Rodne, General Counsel, was not present at either meeting.

There was no further discussion and the motion unanimously carried.

A motion was made and seconded to approve the minutes of the special meeting of April 17, 2015 meeting. M/Speikers, S/Pollard

There was no discussion and the motion unanimously carried.

COMMUNICATIONS:

Joan Young, President

- Pres. Young commented that she was ecstatic that the new hospital was open and functioning.

Rodger McCollum, CAO/Superintendent

- Supt. McCollum stated that over the past 11 years it has been his pleasure to meet periodically with the Hospital Auxiliary. The group has been great community supporters for the hospital going back to 1983. He recently toured one of the members who later sent a note thanking Rodger for the tour of the "magnificent new hospital," and stated that the tour was the "highlight" of her 32 years of serving the hospital Auxiliary.
- Supt. McCollum recognized Tom Parker, COO who did a wonderful job of leading the move to the new hospital and asked him to provide a few details on the move.

COMMITTEE REPORTS

1. Finance Committee Report - Approval of warrants, payroll and payroll taxes – March 2015. Comm. David Speikers, Chairman of the Finance Committee, reported on the meeting that was held on April 28, 2015 wherein March 2015 financial reports were reviewed. Highlights included:

- It was also reported that Jay Rodne had provided an update on the legislative Transportation Committee during the meeting. It is expected that \$211 million will be in the budget to work on the interchange problem near the new hospital.
- The 2014 audit should be completed in a couple of weeks.
- It was announced that it is anticipated that there could be a special meeting to approve a Bond Anticipation Note.

2. Medical Committee Report. The Medical Committee met on April 21, 2015 and Comm. Norris reported on several different topics in all areas of the district that were covered in the meeting.

3. Facilities Committee Report. The Facilities Committee met on April 20, 2015 and made reference to the printed minutes. Prompted by Comm. Pollard, Supt.

McCollum reported that the MRI trailer is up and running at the new facility. This is a new piece of equipment that fits adjacent to the hospital without having to go outside. The other MRI will be removed from the old hospital.

NOTE: All written reports and/or presentations from each committee meeting are provided for the public and are part of the official record of the District. Additional copies are available upon written request. To hear the full discussion on each of the above committee reports, go to <http://www.snoqualmiehospital.org/audio>.

PUBLIC COMMENT:

Carol Peterson, Snoqualmie:

Carol commented that the women's clinic is now closed. It was her understanding that the District took over the space next to the Snoqualmie Ridge Medical Clinic last August and paid \$150,000 to Dr. Brian Duval in order to move the women's clinic there. The lease was supposed to run thru this coming August/September; so there's the lease for the women's clinic, the \$150,000 paid to Brian Duval for his space and all that is there now is a desk and a chair.

Supt. McCollum responded that Dr. Duval vacated the extension and the expansion space of the current Snoqualmie Ridge Medical Clinic, not the Women's Clinic. The Women's Clinic has been in the same location for about five years. Supt. McCollum added that several things were considered for that space but currently District staff in the Finance Department occupies the space.

Britney Varhley, North Bend:

- As a District employee, Britney wanted to comment how great the move went and that everything went relatively smooth and wanted to thank all those involved.
- Expressed appreciation as an employee and resident

PROPOSED BONDS

1. Review of Financial Details – Keith Kleven, Tom Whitson, Piper Jaffray.

Steve introduced Tom Whitson and Keith Kleven from Piper Jaffray and Brad Berg from Foster Pepper to present updates and information on the proposed bonds and resolutions.

The bonds being considered are LTGO Refunding Bonds (2005, 2009 and 2014 bonds) and hospital revenue bonds.

Mr. Kleven presented detailed information on the sources and uses of the funds from the LTGO bonds and the hospital revenue bonds. This included how the dollars are being allocated.

LTGO BONDS, SERIES 2015:

Sources:

Par amount	32,370,000
Net Premium	22,284
Prior Funds	1,875,748
TOTAL SOURCES	34,268,032


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<u>Uses:</u>	
Loan Bonds Loan Payoff	5,500,000
2005 & 2009 Refunding	25,750,894
Debt Service Reserve Fund	2,319,225
Costs of Issuance	697,913
TOTAL USES	34,268,032

REVENUE BONDS SERIES 2015

<u>Sources</u>	
Par amount	49,340,000.
Discount	(1,457,285)
TOTAL SOURCES	47,882,715

<u>Uses:</u>	
Hospital Purchase	38,587,094
Liquidity Support	4,263,111
Debt Service Reserve Fund	3,538,938
Costs of Issuance	1,493,572
TOTAL USES	47,882,715

It was explained that the difference between tax-exempt funds and taxable funds represent how the investors can treat the income from the investment.

The par amount of the revenue bonds may fluctuate as the transaction is finalized; however, the board will be approving the parameters for the minimum and maximum amount of the bonds.

The length of the revenue bonds is 30 years and 23 years for the LTGO bonds.

Mr. Whitson went through the process between now and the bond issuance as well as reviewed the financing schedule of the two different bond issuances. It will be an enhancement to have the audit included which is anticipated to be completed by May 18th. The preliminary official statement is scheduled to be sent to public potential investors the week of May 25th. There was further extensive discussion regarding interest rates.

2. Review of Resolutions – Brad Berg, Foster Pepper

- a. **Resolution 474-0515 – Approving the sale and issuance of hospital revenue bonds.**
- b. **Resolution 475-0515 – Approving LTGO Refunding bonds.**

Mr. Berg reviewed the above resolutions that were being presented for adoption. Both resolutions are in the form of delegation resolutions, which means the board is delegating authority to management to market the bonds subject to the parameters that are specified in the exhibit attached to each resolution. The numbers shown in the resolutions are in

terms of maximums, not-to-exceed parameters, maximum amount of bonds and interest rates.

It was explained that it used to be that bond resolutions were approved on the same day the bonds were marketed. At that point, the final principal amount and final interest rates were known. This particular approach of delegating authority to management is being used in part because it will take time to market the bonds and it is not entirely clear when the market will be in a position to actually commit to them. Mr. Berg explained that the board had the option of going back to the old approach if there was concern with the parameters set forth in the resolutions. However, this would require the board to meet on the day of the final offers but there would be uncertainty as to when that would be. The meeting of the board would need to be called on short notice with the District still having to comply with the OPMA requirements of giving 24-hour notice.

Mr. Berg went through the specifics of each resolution pointing out the changes made since draft copies were previously provided to the board. One change made is that a bond indenture document is now being used that includes some of the provisions that were previously in the resolutions.

It was discovered that there was an error on Resolution 475-0515, Exhibit A, Page A1, under Principal Amount. It should read the aggregate principal amount issued as tax-exempt shall not exceed \$28,000,000 and the aggregate principal amount issued as taxable should not exceed \$7,000,000, totaling \$35,000,000.

Further discussion took place with Q&A and clarifications with Mr. Berg as well as Mr. Kleven and Mr. Whitson. It was agreed that frequent communication with the Board would take place by one-way transmission of information via emails and/or conference calls.

TEFRA HEARING/PUBLIC COMMENT: Re Revenue Bonds and LTGO Bonds:
Kevin Hauglie, Fall City

- Discussion has been interesting and certainly not a first time for this board. He values all the due diligence everyone is undergoing and appreciates the seriousness of the endeavors and the long-reaching effects that is going to impact the communities.
- Encouraged the Board to think long and hard about the revision and efforts over the last 10 years, and even before that, to get to this point. With the integrity level and best intentions of everybody here in trying to make the right decision for the communities served, Mr. Hauglie again encouraged the board to move forward on this. Not being in the position to have the vote himself, he feels the decision to do this is the right one to be made.

Charles Peterson, Snoqualmie

- A couple of other public agencies that meet in this room do not delegate their authority to some principal officer to sign off on bonds but then again they are rated whereas the hospital district is not rated. He understands that the timing of marketing of the bonds is very difficult. Although Mr. Peterson hopes he is wrong, he suspects the interest rate moving up around 7%.

- It's hard for him to understand why it would be difficult to get at least three commissioners together with 24 hours' notice.
- Under the circumstances, delegating authority to the superintendent to sign off on the bond deal inside the parameters may be necessary. It's hard for him to say that but after listening to the information here at this meeting, as much as he would like to see the board exercise their elected authority to do it, perhaps the board may want to delegate that and he wouldn't hold it against the board. It's a difficult situation for the board to be in.
- He is glad to hear that there will be constant communication from administration to the board.

There was no further public comment but before moving into new business, Supt. McCollum clarified his role wherein authority would be delegated to him. His role is simply as the designee to rely on Piper Jaffray in selling the bonds. He is not making any decisions himself on selling the bonds and approval would be given based on the parameters as set forth in the resolutions.

NEW BUSINESS – Action Items

1. Resolution 474-0515 – Approving the sale and issuance of hospital revenue bonds.

A motion was made and seconded to adopt Resolution 474-0515 – Approving the sale and issuance of hospital revenue bonds. M/Speikers, S/Norris

There were brief comments and discussion, including further input from Mr. Whitson. It was again clarified that the issuance of revenues bonds was not to exceed \$53,000,000 as stated in the resolution. Following this, the motion passed by a vote of 4:1 with Comm. Pollard abstaining.

2. Resolution 475-0515 – Approving LTGO refunding bonds.

A motion was made and seconded to adopt Resolution 475-0515 – Approving LTGO refunding bonds. M/Speikers, S/Norris

Mr. Berg reminded the board that adoption of the resolution would include the correction made on Exhibit A, Page A1 referenced above, wherein the principal amount of the tax-exempt bonds is being adjusted from \$30,000,000 to \$28,000,000.

There was no further discussion and the motion unanimously carried.

3. Approval of warrants, payroll and payroll taxes – March 2015.

A motion was made and seconded to post approve total disbursements that include warrants, payroll and payroll taxes in the amount of \$1,849,853.03 for March 1 thru March 31, 2015. M/Speikers, S/Young

There was no further discussion and the motion passed by a vote of 4:1 with Comm. Pollard voting in opposition.

4. Physician Credentialing.

The Medical Executive Committee met on April 27, 2015. Recommendation for approval of providers listed below was made by the Medical Executive Committee and presented by Dr. Kim Witkop.

Recredentialing – Active Staff:

Afshin Bidari, MD

Tricia Nielsen, DO

Recredentialing - Courtesy Staff:

Dmitriy Akselrod, MD – Teleradiology

Leila Bender, MD – Teleradiology

Marc Koenig, MD – Teleradiology

Brendan McCullough, MD – Teleradiology

Venkatachala Mohan, MD – GI

Laura Nason, MD – Teleradiology

Allan Romano, MD, Teleradiology

Robert Wohlman, MD – GI

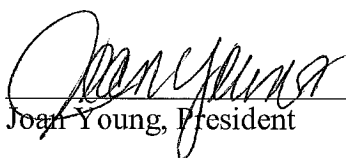
A motion was made and seconded to approve the recommendations for physician credentialing as presented Kim Witkop, MD, on behalf of the Medical Executive Committee. M/Young, S/Speikers

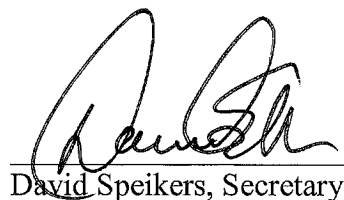
There was no further discussion and the motion unanimously passed.

NEXT SCHEDULED MEETING: June 4, 2015, 6:30 pm, Snoqualmie City Hall, Council Chambers, 38624 SE River Street, Snoqualmie.

Please note that the audio recording of this meeting of the Board of Commissioners for PHD #4 can be accessed on the District's website, Governance Page or at: <http://www.snoqualmiehospital.org/audio>.

There being no further business, the meeting was adjourned at approximately 9:12 pm.
M/Pollard, S/Speikers


Joan Young, President


David Speikers, Secretary


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