

SNOQUALMIE VALLEY HOSPITAL DISTRICT

**PUBLIC HOSPITAL DISTRICT NO. 4, KING COUNTY
BOARD OF COMMISSIONERS
MINUTES – SPECIAL MEETING
November 6, 2014, 6:00 p.m.
Snoqualmie City Hall
Snoqualmie, WA**

IN ATTENDANCE:

Joan Young, President
David Speikers, Secretary
Dariel Norris, Vice President
Ryan Roberts, Commissioner
Gene Pollard, Commissioner

ALSO PRESENT:

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

PRESENTERS:

Eric Nicholson, Moss Adams

CALL TO ORDER: The meeting was called to order at 6:00 pm. by Pres. Young. This is a special meeting due to an earlier start time to allow for the commissioners to hold an executive session prior to the start of the business meeting.

APPROVAL OF AGENDA

**A motion was made and seconded to approve the agenda as written. M/Roberts,
S/Young**

There was objection to the agenda due to an item missing that had been requested by Comm. Speikers. There was extensive discussion, including potentially continuing the meeting. The agenda could not be amended due to it having been published as required for special meetings.

The motion to approve the agenda as written failed by a vote of 3:2.

After further discussion, and in light of Moss Adams being present to discuss the audit, the motion was renewed with the caveat to table certain items on the agenda. **M/Roberts, S/Speikers**

The motion unanimously passed with the caveat so stated in the motion. The Board then proceeded with the meeting as set out below.

EXECUTIVE SESSION – At 6:18 pm. the Board determined and announced the purpose of the Executive Session was to discuss a personnel matter under RCW 42.30.110(g) and estimated to reconvene in 30 min.

The Board reconvened at approximately 6:55 and conducted the following business of the District.

APPROVAL OF MINUTES

A motion was made and seconded to approve the minutes of the October 2, 2014 special meeting. M/Roberts, S/Norris

After brief discussion, the motion carried by a vote of 4:1.

A motion was made and seconded to approve the minutes of the October 16, 2014 special meeting. M/Roberts, S/Speikers

There was a request to add the title Minutes to the heading of all the minutes presented for approval. It was pointed out that the title was included on the minutes for October 2nd so Comm. Pollard modified his vote thereby making the motion to approve October 2nd minutes unanimous. The motion to approve the minutes of October 16, 2014 was unanimous with the amendment to add the title of Minutes in the heading.

A motion was made and seconded to approve the minutes of the October 30, 2014 special meeting. M/Norris, S/Speikers

Again, with the amendment of adding the title of Minutes to the heading, the motion unanimously carried.

There was no further discussion.

COMMUNICATIONS:

Joan Young, President

Pres. Young read a press release in its entirety that announced that the District and Overlake Hospital have agreed to not pursue a formal affiliation, but that they will continue to explore additional collaborative efforts. The press release will be sent to the local area newspapers.

Rodger McCollum, CAO/Superintendent

Supt. McCollum commented on the following:

- Administrator's Report – Third Quarter. There was a request to include an acute care census on this report.
- IPPE (Introductory Pharmacy Practices Experiences) Preceptor of the Year awarded to District Pharmacy Staff from University of Washington School of Pharmacy;
- Snoqualmie Valley Hospital will be awarded the Community Partner of the Year by Encompass on December 8, 2014.

COMMITTEE REPORTS

1. **Finance Committee Report - Approval of warrants, payroll and payroll taxes – September 2014.** Comm. David Speikers, Chairman of the Finance Committee, reported on the meeting of October 28, 2014 to review the September 2014 finances. Copies of all financial reports, as well as minutes from the Finance Committee meeting, are filed with the official record for the District and copies are available upon request.

2. **Medical Committee Report.** Comm. Joan Young reported on the highlights of the meeting held on October 21, 2014. The written medical committee report is filed with the official record of the District and copies are available upon request.

3. **Facilities Committee Report.** Comm. Pollard and Comm. Roberts stated there was no written report as the October 20, 2014 meeting consisted of a guided tour of the new hospital facility.

PUBLIC COMMENT:

Jim Simon, Snoqualmie

- Has been reviewing state auditor's reports, reports by independent auditor, as well as District internal reports.
- Has concerns because the financial statements are not posted on website for this year with the exception of July
- Brought this to Board's attention back on July 7th; received no response and this doubled his concern regarding transparency and access to this information in a timely manner
- Requested that the District's website be brought up to date with 2013 and 2014 monthly statements of operations and statistical reports as well as finance committee meeting minutes
- Going forward, would like to see a change in that practice with the monthly data and committee minutes being posted
- Noted that Evergreen has their financial data posted for 2011, 2012, 2013 and the current year.
- Mr. Simon asked why the District was delinquent in paying property taxes on the East Campus property per King County. It was explained that the District is exempt from these property taxes and that the County is still processing the paperwork on this exemption.
- The East Campus property is paid for and owned by the District.

Charles Peterson, Snoqualmie

- Mentioned there was no due date for the market analysis to be done referenced in the Resolution No. 464-1114 but thought there should be. It was explained that the market analysis is linked to the bond issuance process. If the bonds are issued in the first quarter of 2015, the market analysis would be done by the end of the year.
- Suggested this was something that should have been done prior to building the hospital. Stated he would have liked to have seen this done sooner. It was explained that a five-year projection was done about a year or two ago by the same firm. Mr. Peterson was told that copies could be made available when the new market analysis is completed.

NEW BUSINESS – Action Items

1. **Moss Adams – Presentation of Audited Financial Statements ending December 31, 2013.** Eric Nicholson from Moss Adams was present to report on the recently completed audited financial statements for the fiscal year ending December 31, 2013. Copies were provided to the commissioners and public and additional copies can be obtained by contacting the District Administration Office. Having previously presented the audit in detail to the Finance Committee, the report was issued on October 7, 2014. Eric then went through the audit for purposes of presenting to the full board and public, taking questions throughout.

2. **Presentation of 2015 Operating Budget and Introduction of:**
- a) **Resolution 465-1114 – Approving Regular Property Taxes**
 - b) **Resolution 466-1114 – Approving 2015 Operating Budget and Regular Levy**

Steve Daniel, Chief Financial Officer for the District, presented an overview of the 2015 operating budget discussing assumptions, as well as trends for inpatient stays, outpatient visits, clinic visits, and revenue and expenses. A budget summary was also included. Copies of the PowerPoint slides are available. Resolutions 465-1114 and 466-1114 were introduced and will be presented for consideration for approval at the upcoming November 13, 2014 Annual Public Budget Hearing.

3. **Resolution No. 463-1114 – To Approve Equipment Financing.** This resolution will approve a 2.5 million dollar bridge loan to cover accounts receivable short term but ultimately will convert to a loan to purchase equipment for the new hospital. Doing it this way saves us a considerable sum and essentially combines the two loans into one.

A motion was made and seconded to approve Resolution No. 463-1114 to Approve Equipment Financing. M/Speikers, S/Norris

Following reiteration of why this is needed and further recommendation from the Finance Committee, the motion unanimously carried.

4. Resolution 464-1114 – Approving Eide Bailly, LLP Engagement Letter.

Approval of this resolution will start the process of the district refinancing the cost of the new hospital and moving forward. Piper Jaffray has given their permission to do the market analysis that they require in order to underwrite the revenue bonds. This lead time is part of the process and needs to commence so that the bonds can be issued in February/March 2015 time frame. The approval of the bonds themselves will come later once all the due diligence has been completed, which will probably be by the end of the year.

The cost of the market analysis by Eide Bailly is \$85,000 and approval is sought for management to sign the engagement letter.

It was explained that there are not too many firms that are nationally recognized that do this kind of work that would be approved by Piper Jaffray's. In addition, the fee is less than what we would pay from other firms because credit is being issued for compiled forecast work previously done.

Under the Board's obligation to be diligent and having received a great deal of information, not by the fault of the administration, and having a lot to deal with, the Board asked to table this agenda item until next month. More time is needed for the Board to review.

Administration explained that bumping this a month would delay the bond issuance a month. We have been working with both Absher and Benaroya on the expectation that this would go forward under the development agreement. The District owes Absher four million dollars once the project reaches 85% completion and completion is currently at about 80%. The District is obligated to pay this four million dollars. In lieu of that, they are willing to wait until the bond sale is completed. Therefore, putting the bond sale back 30 days would create difficulties with our contractor. It is unknown if it would delay the opening of the new hospital. If tabled, it was asked if the board would consider adding this to the November 13th budget meeting agenda, which would thereby give another week to review the documents. Supt. McCollum offered the commitment of whatever District resources were needed for the commissioners to be comfortable with this resolution.

It was also suggested by the Board to ask Piper Jaffray for other firms that they would be comfortable working with and getting additional quotes. Administration agreed to do this. The board was asked to keep in mind, the reason for this market analysis is two-fold, 1) good information and also 2) to signal to the market that the District would be a credible investment.

It was stated by the Board that that this could possibly be discussed at next Thursday's meeting, November 13th, public budget hearing.

A motion was made and seconded to table Resolution No. 463-1114 approving Eide Bailly, LLP Engagement Letter until further notice. M/Speikers, S/Pollard

There was no further discussion and the motion unanimously carried.

5. **Approval of warrants, payroll and payroll taxes – September 2014.** Based on discussion and information provided earlier from the Finance Committee meeting, the following motion was made and seconded.

A motion was made and seconded to post approve the warrants, payroll and payroll taxes in the amount of \$1,758,282.46 for September 1 thru September 30, 2014.

M/Speikers, S/Norris

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

6. **Physician Credentialing.** The Medical Executive Committee met on October 21, 2014. Recommendation for approval of all providers listed below was made by the Medical Executive Committee and as presented by Supt. McCollum in Dr. Kim Witkop's absence.

Recredentialing to Courtesy Staff:

Arthur Castagno, MD – Radiology

Virginia Eschbach, MD – Radiology

Aaron Fu, MD – Radiology

Charles William Korbonitis, MD, Emergency

Dean Steele, MD - Emergency

A motion was made and seconded to approve the recommendations for physician credentialing as presented by Supt. McCollum in Dr. Kim Witkop's absence on behalf of the Medical Executive Committee. M/Norris, S/Pollard

There was no further discussion and the motion unanimously carried.

7. At Comm. Speikers request, the Board agreed to add for consideration the approval of a contract with Howard Thomas for consulting services related to real estate matters to the agenda for the upcoming Annual Public Budget Hearing on November 13, 2014.

The board requested Jay Rodne, District Counsel review the contract that had been previously submitted by Mr. Thomas. From the audience, Mr. Thomas stated he is not interested in a rewrite of the contact submitted.

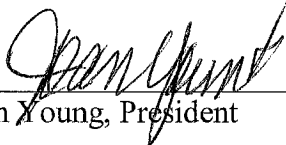
NEXT SCHEDULED MEETING:

Special Meeting – Annual Public Budget Hearing: Thursday, November 13, 2014, 6:00 p.m., Snoqualmie Valley Hospital, Lower Level, Weyerhaeuser Room, 9575 Ethan Wade Way SE, Snoqualmie

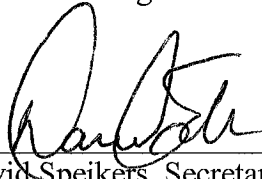
Regular Meeting: Thursday, December 4, 2014, 6:30 pm, Snoqualmie City Hall, Council Chambers.

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

There being no further business, a motion to adjourn the meeting was made and seconded at approximately 8:56. **M/Speikers, S/Roberts**



Joan Young, President



David Speikers, Secretary