



**PUBLIC HOSPITAL DISTRICT NO. 4, KING COUNTY**  
**Board of Commissioners**  
**MINUTES**  
**October 1, 2015, 6:30 p.m.**  
**Snoqualmie City Hall, Council Chambers, Snoqualmie, WA**

**PRESENT:**

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

**ALSO PRESENT:**

Jay Rodne, General Counsel  
Valerie Huffman, Recorder

**EXCUSED:**

Rodger McCollum, CAO/Superintendent – not present due to illness

**CALL TO ORDER:** The meeting was called to order at 6:30 pm. by Pres. Norris

**APPROVAL OF AGENDA** – Commissioner Young called for a motion to approve the agenda.

**Comm. Speikers made a motion to amend the agenda to add a short, 15 min. Executive Session at the end of the business meeting to discuss a property matter.**

**The motion was seconded by Comm. Young. There was no discussion and the motion unanimously passed.**

There were two items of new business that were on the published agenda but inadvertently not showing on the agenda passed out at this meeting. Therefore, Pres. Norris announced they would essentially be additions:

1. Nomination and election of Vice President.
2. Scheduling of Annual Public Hearing for 2016 Operating Budget. Proposed date: Thursday, November 12, 2015, 6:30 pm.

**Comm. Speikers made a motion to have an election for vice president currently vacant. Comm. Roberts seconded the motion.** The motion was unanimous.

**Scheduling of Annual Public Hearing for 2016 Operating Budget – Proposed date: Thursday, November 12, 2015, 6:30 pm.**

**Comm. Speikers made a motion that the annual public hearing on the 2016 Operating Budget be held on November 12, 2015 at 6:30 pm, with the contingency that the board is provided a draft copy of the budget by the week of 10/19/2015. Comm. Roberts seconded the motion.**

The location of the above referenced meeting will be Snoqualmie Valley Hospital. There was no further discussion and the motion unanimously passed.

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

There was no discussion and the motion unanimously passed.

**COMMUNICATIONS:**

Pres. Norris shared a letter from Jan Smith and Lori Filion to the commissioners thanking the Board for their support over the years for the Adult Day Health program at the Carnation Senior Center. The program is now closed.

Pres. Norris announced that the board held a strategic planning workshop on Wednesday, September 30, 2015 with commissioners and administrative staff present. It was a productive and good working meeting. It was an open public meeting. Future workshops will be scheduled to continue the work started.

**APPROVAL OF MINUTES**

**A motion was made and seconded to approve the minutes of September 3, 2015. M/Speikers, S/Roberts**

There was no further discussion and the motion unanimously passed.

**A motion was made and seconded to approve the minutes of the special meeting held on September 18, 2015. M/Speikers, S/Young**

There was no further discussion and the motion unanimously passed.

**A motion was made and seconded to approve the minutes of the special meeting of September 21, 2015. M/Speikers, S/Young**

There was no further discussion and the motion unanimously passed.

**COMMITTEE REPORTS**

1. **Finance Committee Report - Approval of warrants, payroll and payroll taxes – August 2015.** Comm. David Speikers, Chairman of the Finance Committee, reported

on the meeting that was held on September 29, 2015 wherein August 2015 financial reports were reviewed. The highlights include:

- Numbers have increased in almost all departments: endoscopy, lab, x-ray, ultrasound, CT, outpatient rehab. All performing at levels predicted or higher, except for MRI. MRI numbers were down due to the tech being out on extended bereavement leave.
- We are above predicted census average for the year. Conservative prediction was roughly 18 and we are at 19.7 for the year.
- Long Term debt discussed: 98 million in debt, capital leases, LTGO bonds.
- For the benefit of the public and so that there is no misinformation going out, Comm. Speikers wanted to again discuss the topic of accumulating cash. We will be accumulating cash at approximately 2% and it's expected that we would have about 6 million in the bank by the end of the year. We're putting all the money in the bank from Critical Access reimbursement that would similarly accumulate as principal on a 30 year loan and then we'll decide as a board what to do with it, where that should go, i.e. whether it's kept available for a new line of services or payback taxes. This will be part of the strategic planning.

We will be losing money this year on paper. The reason is that there is 2.5 million dollars in bond financing costs that was going to be amortized over a period of time but by law we cannot do that. Also we will be able to depreciate a brand new hospital, approximately half a million and about a half million in interest. As stated, we're taking the write off on all interest. We are not accumulating any equity in the hospital for the first 15 years. The goal is that all the equity that would normally build up in the hospital be set aside. Comm. Speikers is proposing a blocked account so that the equity sits in the bank. That way, if critical access goes away, or if we need to go in to a new service line, the money will be there or we can get a loan with money in the bank.

- Line of Credit. About 2-3 months ago it was discussed that when the switch to ICD-10 is made it is anticipated there will be a snag with reimbursements. We're preparing to get a line of credit for 4.6 million dollars for this very purpose in case this issue comes up. We may not need it but we will be prepared.
- Advertising costs were again discussed. Comm. Speikers stated he would like this on the agenda for further explanation and discussion.

Further discussion ensued regarding the Finance Committee report.

**Approval of Warrants, payroll and payroll taxes – August, 2015.**

**A motion was made and seconded to post approve total disbursements that include warrants, payroll and payroll taxes in the amount of \$2,427,071.81 for August 1 thru August 31, 2015. M/Norris, S/Roberts**

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

**2. Nomination and election of Vice President. A motion was made and seconded to nominate Joan Young as Vice President through the remainder of the year. M/Pollard, S/Norris**

Comm. Young accepted the nomination and the motion unanimously passed.

**3. Medical Committee Report.** The Medical Committee met on September 15, 2015 and Comm. Young reported on the various topics in all areas of the district that were discussed in the meeting. Points of interest included:

- Daily Emergency Department volumes are 53% higher since being in the new hospital
- We have received high praise from EMS drivers for turnaround times
- Outpatient Rehab clinic will be moving into the hospital with a targeted date of October 30

**a) Resolution No. 484-1015 – Adoption of Updated Medical Staff Bylaws –** Dr. Kim Witkop presented the updated Medical Staff Bylaws for the board's consideration for adoption. The changes were briefly reviewed and discussed. They are:

- The one major change is that pharmacists and dietitians are now being credentialed as set forth by state legislature to allow prescribing authorities within their scope of practice
- There were other changes for clarity purposes as well as just housekeeping changes.

Comm. Pollard requested a copy of the Code of Conduct.

**A motion was made and seconded to accept Resolution 484-1015 to adopt the updated Medical Staff Bylaws. M/Young, S/Pollard**

There was no further discussion and the motion unanimously passed.

**4. Facilities Committee Report.** The committee met on September 21, 2015. Comm. Pollard asked Tom Parker, COO to address solar power and hospital signs.

**SOLAR POWER**

- As reported previously, McKinstry did a walk thru of the hospital. Solar to electricity have long payback periods. If we are looking for a return on investment, they did not recommend solar to electric
- Solar to thermal, however, was recommended and they will provide a proposal
- We also talked to them about our server room that challenges the HVAC system. They are also doing a proposal on chillers to service just the server room.

**HOSPITAL SIGNS** - There are two phases for signs:

- Phase One: Building and monument signs will be installed on 10/27.
- Phase Two consists of two more signs:  
1) corner of 99<sup>th</sup> and Parkway

2) one a little farther north on parkway.

Once final proofs are received we will take them to the City for permitting.

**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>.

### **NEW BUSINESS**

1. **Quality Improvement Quarterly Update – Kim Witkop, M.D.** - Dr. Kim Witkop provided a presentation on the Quality Improvement program that will be done on a quarterly basis going forward. Topics covered included how the program works, benchmarking information and statistics. A PowerPoint presentation was provided to the board and public and is available upon written request to the District Administration Office.

2. **Resolution No. 485-1015 – Ratification of Bylaws Amendment made September 3, 2015.** Jay Rodne stated that last month there was a floor motion and voice vote to amend the bylaws regarding removal of the president. Therefore, the purpose of this resolution is to ratify that motion and provide it in writing so there is historical record by way of resolution.

3. **Resolution 486-1015 – Approving Spending Authorities Policy. A motion was made to table this motion until additional work is done.** M/Speikers

Comm. Speikers stated he was frustrated when he spent time analyzing spending habits of the District and proposed certain conditions he gets a backlash of things that were completely different than what was anticipated in the spending. Therefore, he would like to table the motion, he will revise it and send it out for discussion and approval next month.

4. **Resolution 487-1015 – Approving Settlement Agreement re real estate commission.** Jay Rodne explained that this resolution approves a settlement agreement to end litigation that is currently ongoing between the District and a former real estate broker, Jim Grace. This deals with the Leisure Time property. Back in 2007 the District signed a Purchase and Sale Agreement with Leisure Time that made reference to a commission to Jim Grace. The District's position after the litigation with Leisure Time is that no commissions were due and owing to Mr. Grace. Mr. Grace had a different interpretation and thus filed a lawsuit in July 2014. Mr. Grace was asking for damages in excess of \$400,000 plus attorney's fees and costs. Rather than incur the expense of further litigation and/or trial, and potentially the cost of an appeal, and to gain finality, it is recommended that the negotiated settlement be accepted. The terms of the agreement would require the District to pay Jim Grace \$100,000 by December 15<sup>th</sup> and then \$50,000 by January 29, 2016 for a total of \$150,000. The recommendation from outside counsel and Jay Rodne is that the board approves the settlement agreement.

Comm. Speakers pointed out that outside counsel had been retained in this matter due to the fact that Jay Rodne was called as a witness in the case and cannot be both a witness and attorney.

**5. Absher Punchlist Items and Interest Payment.** Jay Rodne provided a status update on this issue and explained that under the terms of the agreement with Benaroya, which also included Absher Construction Company, the District was obligated to pay Absher Construction a 4 million dollar payment at substantial completion. Substantial completion is defined under the development agreement as 85% complete, when the project, not construction, had achieved an 85% completion milestone. That milestone was reached in late March of this year. Because the District's revenue bond issue process had not yet been completed, we did not have 4 million dollars to pay so Absher agreed to a late payment that included interest. As previously alluded, we are still in dispute with Absher regarding the applicable interest rate that will be charged. They are arguing for 12% interest rate, which is the legal rate, versus the district's offer for somewhere between 5-6%. Absher still has about half a million dollars in punchlist items that they are contractually bound to complete. Therefore, we have indicated to Absher that we will not discuss an interest payment until the punchlist items are finally completed. It is anticipated that there will be a resolution for final agreement on this issue presented through the committee structure and ultimately to the full board within the next month.

**PUBLIC COMMENT:**

Carol Peterson, Snoqualmie:

- Carol asked two questions of Comm. Speakers regarding the debt summary:
  - The \$182,000 notes payable is referenced as being researched; wants to know what that is
  - Secondly it was mentioned that 6 million would be in an account at the end of the year and asked for further explanation.

Questions were addressed and further discussed.

Jim Simon, Snoqualmie

- Mr. Simon asked if the revised strategic plan along with dated revisions would be posted on the website.
- Additionally, Mr. Simon stated with the CAH chaos coast to coast, north to south, on the Affordable Care Act, admitted he is not totally up to snuff on this, but there seems along the lines of - is there going to be reimbursement? Between now and then there is a lot going on, and is the collaborative or the district itself, in any way commuting with other CAHs for supportive responses? Is there lobbying?
- Mr. Simon referenced HR 3225 that is trying to get rid of sequestration for CAHs.

Mr. Simon's comments were addressed and discussion ensued.

Charles Peterson, Snoqualmie

- Stated he doesn't understand the amortization plan referenced to having money put into a blocked account, etc. and asked for clarification.

Comm. Speikers provided clarification.

**NEW BUSINESS – Action Items as noted**

**1. Resolution No. 485-1015 – Ratification of Bylaws Amendment made September 3, 2015.**

**A motion was made and seconded to approve Resolution 485-1015 for ratification of bylaws amendment made on September 3, 2015. M/Pollard, S/Roberts**

There was no discussion and the vote was unanimous.

**2. Resolution 486-1015 – Approving Spending Authorities Policy**

**Comm. Speikers renewed his earlier motion to table this resolution to do some adjustments. The motion was seconded by Comm. Young.**

There was no further discussion and the motion unanimously passed.

**3. Resolution 487-1015 – Approving Settlement Agreement re real estate commission.**

**A motion was made and seconded to approve Settlement Agreement regarding real estate commission. M/Young, S/Norris**

There was no further discussion and the motion unanimously passed.

**Executive Session:** Following a short break, the board went into Executive Session to discuss a real estate matter with an estimated return time of approximately 15 min.

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>.

**NEXT SCHEDULED MEETING:** Regular monthly business meeting will be held on Thursday, November 5, 2015, 6:30 pm, Snoqualmie City Hall, Council Chambers, 38624 SE River Street, Snoqualmie.

Following completion of the executive session at approximately 9:15 the meeting was adjourned.

  
Daniel Norris, President

  
David Speikers, Secretary