

SNOQUALMIE VALLEY HOSPITAL DISTRICT

PUBLIC HOSPITAL DISTRICT NO. 4, KING COUNTY
Board of Commissioners
Minutes - October 2, 2014 Special Meeting
5:30 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:

Brad Berg, Foster Pepper
Jill Green
Jim Grafton

CALL TO ORDER: The meeting was called to order at 5:38 pm. by Pres. Young. This is a special meeting due to an earlier start time to allow for the commissioners to conduct a work session and Public Forum/Community Discussion prior to the regular business meeting.

APPROVAL OF AGENDA

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

The motion carried by a vote of 4:1.

WORK SESSION

The District's bond attorney, Brad Berg of Foster Pepper, was on hand to provide the Board with information regarding the district's tax exempt bond status. Bonds from 2005, 2009 and 2011 were issued under a tax exempt status.

In addition, a brief update was given regarding the negotiations with Overlake by Commissioners Norris and Roberts.

Concluding the work session, Jim Grafton, Capital Project Manager, provided a PowerPoint presentation on the status of the new hospital facility.

At 6:30 pm Jill Green, Public Information Officer provided a PowerPoint presentation regarding the potential affiliation with Overlake Hospital. This was followed by a public Q&A as follows:

Nancy Moore, Fall City

- Member of Volunteer Board for SnoValley Senior Center
- Stated she is having trouble finding out what benefits [the affiliation] would have to the District;
- Doesn't address the clinics or specialty programs;
- Wondering why the board is thinking of giving it up;
- She put the notice out in the Fall City Yahoo Group about tonight's meeting, thought it was important that people were aware of it and had the opportunity to be here;
- Particularly concerned about the \$60,000 per year that the District has provided to the SnoValley Senior Center to operate their Adult Day Health program and the staff that come to help with the blood program one day a week;
- No one in her family is attached to either of those two programs but she and her husband have the experience of having a parent with dementia and caring for them at home for a number of years and understand the stresses and strains on families caring for such a family member;
- Has observed personally the ADH program in operation and have observed interactions;
- The Center provides a caring environment, professional environment with health professionals that are managing the program and provides assistance to people with not just dementia but other issues experienced by seniors as well by helping with relationships, activities that stimulate the mind, exercise programs.
- This is a very valuable program. She and her husband have committed a certain amount of donation each year in support of this program.
- In addition, this program is extremely important to the welfare of the family members and caregivers allowing for a respite for them to function in a more normal environment and to recoup.
- Would like to see some way for the Board to figure out how to keep this funding;
- Shared an email from another person in the community who also was hopeful that the Board could negotiate an agreement with Overlake in which all existing programs would be supported for at least a minimum number of years while Overlake gets to know the community.
- Asked how interested community members could contact the Board.

Bill Moore, Fall City

- With wife, Nancy, they publish the Fall City Neighbors Newsletter;
- Drove bus for attendants for the ADH program;
- Fully supports the program and would like to see it continue;
- Has concern of advisability of handing off decisions related to the hospital to what he looks at as a "foreign entity."
- Also has concerns that from a standpoint of being a member of the community, it seems one would get a better response talking to this Board than Overlake's board, or whatever entity that would be.
- If the commissioners are trying to sell this affiliation, should provide better education to the public than he has seen so far;
- What are the implications of not entering into an agreement with Overlake. Is this a fire sale? Is the District in trouble? What makes this necessary?

Joe Larson, Snoqualmie

- Few months back, had privilege of meeting with the superintendent and staff of the former Snohomish Hospital. They are in a similar situation whereas they sold their hospital to Swedish. There have been a number of mergers/acquisitions in the last three years.
- In the midst of all this fear, uncertainty and lack of expertise, it would make total sense that the District would reach out to people with experience in mergers and acquisitions.
- One of the leading merger/acquisition people in this area is a gentleman named Howard Thomas, who actually lives right in our back yard, in North Bend.
- Feels it's important the board engage someone directly, who would report directly to the commission who represents all of us.

Carol Peterson, Snoqualmie

- Involved with the hospital district since 1970s; Was the very first employee of the PHD #4, hired part time to assist the Board of Commissioners
- Another part time job happened to be working for Congressman Don Bonker and because of that, Congressman Bonker, Carol and others were able to get a loan for six million dollars to build the hospital that we have now.
- Asked for confirmation that the District's Critical Access status would not change Overlake Hospital's revenue by getting critical access reimbursement.

Response: Critical Access status is valuable to Overlake and they could allocate some cost overhead from their Bellevue campus to the hospital here in Snoqualmie.

Trudy Glenn, Carnation

- Working caregiver, her husband is in the Adult Day Health program

- Without this program she would be in a lot of trouble. Her husband gets a lot of care there and the nursing part of this program is very valuable to her. The nurse provides reports to her as well as to the doctor.
- Every six months she gets a status change for her husband;
- If the District sells to Overlake, what happens to the District? Does it stay in the community or does it go to Overlake?

Response: Stays here with the people who live within the District boundaries. How the funds are distributed is a negotiating point; i.e., how much does the Board control and how much they want to subsidize whatever they're going to do in the area.

- Does that mean that the Board is capable, as a District, of subsidizing programs for the seniors in the Valley without them being involved.

Response: Even if we didn't have any operations there are tax revenues, which right now are 3 million dollars. There is a desire to put all of that in escrow to put towards the debt. There is a lot of competing interests involved, there are other programs that are supported outside of the hospital and clinics. The Board is listening; at this point it is just unknown what will happen, how the negotiations will play out. Encouraged everyone to continually seek updates.

- Trudy encouraged the Board to include this program in the negotiations;
- Reiterated how important this program is to the seniors in this community, not just now but into the future.

Response: Overlake is a 501(c)(3). They are a not-for-profit hospital so they're not just a big hospital trying to get wealthy off of our illnesses. They have obligations and their financials, as a 501(c)(3), can be looked at by anybody upon request.

Kathy Gollick, North Bend

- Worked at Snoqualmie Valley Hospital 18 years ago until 16 years ago when her son was born, then the hospital closed much to her chagrin and at that time there were negotiations with Overlake but they didn't pan out. She then went to work at Overlake and has been there for the past 16 years as a physical therapist.
- Having worked for Overlake and having been here, there is nothing like a small environment hospital setting and wanted to say she is not in the board room ever at Overlake, it is big and she doesn't get to go to those things but the CEO does have an open door policy and he was at the meeting when she received her 15 year recognition. The word is that he is very, very community oriented and involved, and believes he would want to embrace the opportunity for some of these programs given the chance.
- She will look forward to serving the community again and thinks that Overlake would be supportive in those endeavors because that's the way they do things.

Jeannie Fessenden, Issaquah, SVHD Employee

- Works in the Swing Bed program at Snoqualmie Valley Hospital;
- Wanted to reiterate and back up Kathy's comments;
- Has had the opportunity to meet with the administrator of the Senior Health Clinic at Overlake and with many of the nurses and staff there. They have many senior programs, i.e., anticoagulant clinic, diabetic clinic, etc.
- Jeannie has experience working with Overlake and sees a huge commitment to the senior community and would not anticipate that changing at all and in fact, thinks that that is probably one of their supreme interests in our hospital because it is mainly seniors that we serve in the Swing Bed program.

Dick Jones, Carnation

- When looking at needs, wanted the commissioners to be aware that Carnation is going to lose the tribal clinic at the end of October. When the District shut down the Fall City Clinic, the understanding was that, as a commission, we would look at that again later on. However, understands finances are a real issue.
- Very concerned that there will be no medical services in the lower Valley, from Preston all the way down to Carnation and Fall City.
- Another issue is that he has been told that there will be cuts in Metro bus services which would have a big impact on the lower valley.
- Hopes that the Board will look closely at this.

Response: There was brief mention regarding the clinic in Duvall that is operated by Evergreen Health and a thought that between the District and Evergreen services could be made more available to residents of both Districts. Also, Kathy Lambert will be holding some community meetings and the bus situation could be brought up at these meetings.

Grant Edwards, North Bend

- Appreciated the commissioners time;
- Conducted a neighborhood survey (Forester Woods), 216 residents. Spent three hours but fortunately did not get to all residents.
- Believes that due diligence has not been done by the board as a whole
- Glad to hear the October 6 deadline has been extended.
- As his survey indicates, it's bring a hospital vote to the people, not the commissioners. Mainly because of the transparency and non-transparency of what is happening. For example, the people can't read the deal until it's agreed on by the commissioners. Feels that is absurd, the people voted the commissioners into the positions and feels that they have a right to be able to see the deal.
- Mentioned he is a person who works in sales and has sold to hospitals in the past and was always told they needed 3-4 bids, even if it was a \$5,000 item. Here we're talking about a \$38 million facility and we are allowing only one entity to bid on this. Believes this should have been opened up to other groups. Feels with the expansion on the ridge, etc. it's going to be a "bucket of gold" for someone.

- Of the 44 houses visited for his survey, 21 did not answer the door, 19 signed the petition, 4 did not want to sign because they wanted more information and 1 refused to sign because they don't do anything in terms of taxes and don't vote.
- Mr. Grant stated his petition read in part: The District Commissioners are accepting the sale of Snoqualmie Valley Hospital (SVH) allowing only Overlake Hospital and by not allowing interested health care groups to be involved in the process, we the residents of Snoqualmie Valley may be put into a legacy of debt without direct funds to recoup taxpayer funds. (Mr. Grant stated he may or may not be correct in this statement.) Currently SVH is \$40 million dollars in debt with an estimated additional \$38 million dollars if the hospital is not sold. If the people, registered voters, of the Valley voted no by 65% (Comm. Pollard corrected the number to 69%) on the new hospital originally but it was still pushed through via vote by the commissioners, or whoever, the people should have a voice in this next transaction.
- Mr. Grant further posed the question of why did we [the District] resell the hospital to the Snoqualmie Tribe for half the amount if we [District] were not in a distress factor to pay off debt that was obviously accumulating. His understanding was that we [District] possibly could have gone Chapter 11 or some other factors at that time. Would like honesty as to what's going on, get it out on the table so the community knows. This is going to continue into his children's future.

Board Comment: Pres. Young stated that being the senior commissioner at the present time, the District was courted by other facilities, including Swedish, who turned us down, and others were found unacceptable to meet the needs of our District.

Jay Rodne reiterated again that all negotiations are going to require an exclusivity provision. Every acquisition gets to the point of sharing confidential information and would require an exclusivity provision.

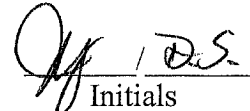
At this point, Mr. Rodne requested Pat Donka, who was in the audience, who has 17 years experience in mergers and acquisitions, to speak to this point.

Pat Donka, North Bend

- 17 years of mergers and acquisitions experience with Microsoft and hospitals.
- Very standard practice to agree to an exclusivity provision. Mr. Donka further stated that it's very rare in a situation like this that a buyer is going to open themselves up to let a number of people in the process.

Susanne Peterson, Preston

- Lived in Preston for 12 years and before that in Issaquah for about 30
- Was part of the Executive team at Evergreen Hospital for 15 years
- In charge of the development of the Hospice Program, Home Health, Senior Clinics and went thru many Certificate of Needs
- Happy to hear the board talk about the importance of community services
- Continuum of care is very important. It's not just hospital beds but it's the responsibility of a public hospital district to support healthcare and the healthcare


Initials

needs within their community. Particularly, people with chronic illness, terminally ill, people who access the Adult Day Health program, people want to live as independently as possible.

- Encouraged the Board in their negotiations with Overlake to seek a commitment in writing about exactly what their contribution would be to community health needs for this community. If this is not written in, it's meaningless.

Peggy McNamara, Carnation resident and Director of SnoValley Senior Center

- Have met with each commissioner individually but first chance to meet with the board as a whole regarding the senior center
- Encouraged by all the feedback
- SnoValley Senior Center serves Fall City, Duvall and Carnation
- Have approximately between 5-600 members, about 50-100 people who visit daily Monday thru Friday
- Part of the operation is the Adult Day Health program mentioned earlier
- Maximum capacity for that program is 12 participants per day (approximately 30 families). Limitations are due to available physical space.
- 3 internal staff members who serve this population as well as two nurses that the hospital district provides.
- The annual salary for the nurses amounts to \$60,000
- The centers total budget to run both sides of operations, the senior center and adult day health program is approximately \$600,000
- Last year the center had a deficit of \$38,000. This year it's projected to have a deficit of \$32,000.
- Also potentially looking at relationship with Senior Services. Right now being under the umbrella of senior services brings the center about 20% of its revenue. However, this may be coming to an end within the next 12-18 months.
- In reference to other options for this program, Evergreen is not an option. They have been approached; they do not go further than Duvall. Peggy stated she welcomes any collaboration.
- Honestly does not know what Plan B would be, other than try to implore, like others have asked, to have Overlake take a look at this if they become the owner.
- If the nursing staff for the Adult Day Health program went away, there would be no program. Without nursing staff the program would become simply an adult daycare program.
- Provided the Board with copies of written testimonials.

Board Comment: The board commented that perhaps Evergreen could be contacted from the Commissioner and/or staff level.

Karen Koenig, Kirkland – SnoValley Senior Center Employee

- Although she lives in Kirkland, she has become very fond of this community and has a job that she believes in, working with the Adult Day Health program and the seniors in the Valley.
- Came to her attention a couple days ago that Evergreen is working with the hospital in Monroe. If they are willing to go outside the county, they may be willing to go

beyond Duvall. They have a big presence as far as Care Network and Home Health throughout the Valley.

- There are an estimated three participants in the program from the Duvall area.

Britney Varley, North Bend, SVHD Employee

- Commented that she has emailed the commissioners and was pleased to say she has received responses
- Most of her questions have been answered tonight in the above exchanges but did ask who was involved in the negotiations, which was answered.
- As an employee, the most important things she hopes the Board keeps in mind thru the negotiations are: 1) Access to good health care in the Valley; appreciates not having to drive into Seattle for appointments; 2) the tax implications; appreciates the information that is coming out and being able to understand more about that; 3) employment opportunities; good for communities to have large employers; 4) would appreciate receiving any information in terms of employee retention.
- Asked for clarification regarding exactly what is for sale as previously referenced, i.e., land, clinics, intangibles, patient population.

Charles Peterson, Snoqualmie

- Disappointed to see the District Superintendent is not here tonight
- Regarding the negotiations committee, Mr. Peterson wanted to know if the whole team was at all meetings were meetings held without board representation. Encouraged to keep a unified front.
- Commented that the existing hospital is a magnificent facility; the staff makes it magnificent. It states in the Letter of Intent that some of the doctors would be retained. Stated that it's important that the present, hard-working staff is retained. It just has to be done.
- In reference to the Critical Access Hospital 10-mile rule, with the location of the new hospital, it will be less than 10 miles between Snoqualmie Valley Hospital and Swedish. This will create an additional problem with Critical Access.
- The \$38 million dollar cost of the new hospital is going to become upwards of \$100 million because of the interest paid over the 20-30 years it would take to pay it off. With the existing \$40 million already in debt, not sure where the money would be found for all the other needed programs for Carnation, etc. It would be very difficult.
- Prior to signing an agreement with Benaroya, there was going to be government loans with low interest rate to help us build the hospital and those have gone by the wayside. Then we were going to have 25 beds and be able to keep them full and have sufficient amount of monies to pay off building the hospital. As soon as we signed the contracts, all of a sudden you were saying perhaps we can't do it anymore and we have to go to Overlake or some other entity so things are shifting and people are concerned. These are things from the previous board but are things that are concerning.

- Commented he knows the board will do the best job possible to represent the citizens of the District and wanted to commend Comm. Speikers for recognizing that there has to be a fallback program.

For the record, Pres. Young announced that Rodger McCollum, Superintendent is attending the National Critical Access Hospital conference in Kansas City to gain information as to what might happen to the CAH status.

Jim Simon, Snoqualmie

- Has been a lifelong Snoqualmie resident
- Seems like everybody is on thin ice in such uncharted territories. With the hospital history of a couple of closures and all these changes that are happening rapidly, it could potentially put the district back in that position again. To protect the best interest of the taxpayers and yet trying to get on board with "this new train," it seems risky.
- Reviewed several financial reports from the State Auditor's office, the district's independent auditors, as well as the district's reports. Over the last 7.5 years thru August 31st, there has been a loss (net revenue, net loss) of 9 million dollars.
- Does not want to end up again with a possible closure.
- Majority of the taxpayers do not have a clue to any of this. Implored the board to hopefully creatively figure out a way to get the taxpayers' attention.
- Stated his background includes military and having retired from Group Health.
- Stated Snoqualmie Valley Hospital saved his father-in-law's life when he had heat stroke.
- With Group Health closing their Seattle hospital a few years ago and then few years later closing their Eastside hospital that has to tell you something about changes that are happening. How are we going to end up with long term sustainability?
- Hopes Overlake doesn't have an escape clause. Wished the board well in this decision.

Not all interaction between the board and the above audience members are recorded in these minutes. Please refer to the hospital district website for full audio.

After a 10 min. recess, the commissioners reconvened to conduct the business meeting at 8:14 pm.

APPROVAL OF MINUTES

A motion was made and seconded to approve the minutes of the September 4, 2014 regular meeting. M/Speikers, S/Roberts

There was a suggestion to list Heather Munden as *Also Present* in the minutes since she is the liaison between the City and Hospital District. Not a correction to the minutes but just as a brief mention, designating a commissioner as Heather Munden's counterpart could be on a future agenda.


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On Page 2, where it refers to EMR, there was a request to spell out the acronym for electronic medical record, and to avoid acronyms altogether.

There was also a suggestion to make note of commissioner late arrival times or early departure times.

There was no further discussion and the motion to approve the minutes unanimously carried with the noted minor change.

COMMUNICATIONS: None.

COMMITTEE REPORTS

1. **Finance Committee Report - Approval of warrants, payroll and payroll taxes – August 2014.** Comm. David Speikers, Chairman of the Finance Committee, reported on the meeting of September 30, 2014 to review the August 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 September 16, 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.** The committee met on September 15, 2014. Comm. Pollard and Comm. Roberts stated that the New Hospital presentation given by Jim Grafton during the Work Session would serve as their report. All written reports, or presentations, are part of the official record of the District and copies are available upon request.

PUBLIC COMMENT:

Carol Peterson, Snoqualmie.

Carol thanked the board for holding the public forum and felt that the Board will be hearing back from a lot of people.

NEW BUSINESS – Action Items

1. **Resolution 462-1014 Approving Gas Easement with PSE regarding replacement hospital site.**

A motion was made and seconded to approve Resolution 462-1014 Approving Gas Easement with PSE regarding replacement hospital site. M/Pollard, S/Roberts

A brief explanation was offered that this gas line has already been installed and this resolution is just to allow the easement to catch up with the construction work.

There was no further discussion and the motion unanimously carried.

2. **Approval of warrants, payroll and payroll taxes – August 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 \$1,861,356.36 for August 1 thru August 30, 2014.
M/Speikers, S/Norris

There was no further discussion and the motion unanimously passed.

3. **Physician Credentialing.** The Medical Executive Committee met on September 29, 2014. Recommendation for approval of all providers listed below was made by the Medical Executive Committee and as presented by Dr. Kim Witkop.

Initial Credentialing:

Kimberly Brockenbrough, MD – Teleradiology

Recredentialing to Active Staff:

Lee Ha (Elisa) Chan, MD – Family Medicine

Dhirendra Kumar, MD – Family Medicine

Jason Rubin, MD – Emergency Medicine

Recredentialing to Courtesy Staff:

Ben Harmon, MD – Teleradiology

Bart Keogh, MD – Teleradiology

Provisional Review to Active Staff:

Nathaniel Schlicher, MD – Emergency Medicine

Provisional Review to Courtesy Staff:

Larry Anderson, MD – Teleradiology

Andrew Levine, MD – Teleradiology

Karen Stone, MD - Teleradiology

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

Following a brief discussion and questions, the motion unanimously carried.

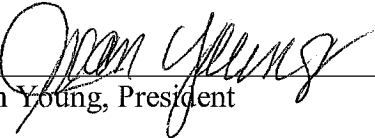
3. **Schedule 2015 Operating Budget Hearing.** It was decided to schedule the annual budget hearing on Thursday, November 13, 2014 at 6 pm. The location will be confirmed.

NEXT SCHEDULED MEETING:

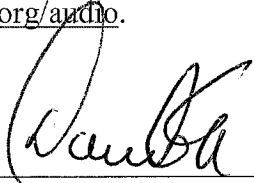
Regular Meeting: Thursday, November 6, 2014, 6:30 pm, Snoqualmie City Hall.

Annual Budget Hearing: Thursday, November 13, 2014, 6:00 pm, Location TBD

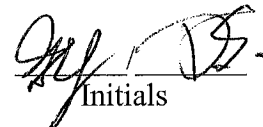
Please note that an audio recording of meetings can be accessed on the District's website, Governance Page or <http://www.snoqualmiehospital.org/audio>.



Joan Young, President



David Speikers, Secretary



Initials