



PUBLIC HOSPITAL DISTRICT NO. 4, KING COUNTY
Board of Commissioners
MINUTES
September 3, 2015, 6:30 p.m.
Snoqualmie City Hall, Council Chambers, Snoqualmie, WA

PRESENT:

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

ALSO PRESENT:

Jay Rodne, General Counsel
Valerie Huffman, Recorder

EXCUSED:

Rodger McCollum, CAO/Superintendent – on vacation

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

APPROVAL OF AGENDA –

Pres. Young called for a motion to approve the agenda; however, Comm. Speikers moved to amend the bylaws to allow termination of the president's term without cause at this time and Comm. Pollard seconded.

Comm. Speikers stated he did not wish to publicly discuss the reasons at this time but felt it was in the best interest of the District to pass this motion.

Pres. Young asked the advice of general counsel who responded by saying the board could certainly amend their bylaws at any time they chose.

Other commissioners asked for the reasoning behind the motion and Comm. Speikers stated there would be another motion following this one and reiterated he did not want to discuss the reasons in a public forum.

Jay Rodne, General Counsel clarified that if the bylaws are amended for this particular purpose, caution should be taken that it doesn't have a ripple effect on other areas of the bylaws.

Discussion ensued. Pres. Young requested that the motion be restated which Comm. Speikers so stated. He further stated that he would like to still have the elections per the schedule laid out in the bylaws and then amend the bylaws in the future to have a procedure on this at some time. Comm. Speikers stated in his opinion this temporary measure needed to happen now.

Following further discussion, Comm. Speikers called for the vote. Comm. Roberts stated this was not something he came to the meeting planning on voting on and suggested that more thought be given to this to consider the consequences and reasoning. **Further discussion ensued and Comm. Speikers again called for the vote. The call for the vote was seconded by Comm. Norris. The motion passed by a vote of 3 yes, 2 abstentions.**

Vote was then taken on the original motion stated above to amend the bylaws which passed by a vote of 3 yes, 1 no and 1 abstention.

Comm. Speikers made a motion for removal of Joan Young and appointing Dariel Norris as president in the interim until January. M/Speikers, S/Pollard

Comm. Speikers stating he again feels this is in the best interest of the District and necessary in his opinion based on the internal auditing he has been conducting and looking at types of things that were not on the agenda that had been requested on several matters. Discussion followed.

The motion passed by a vote of 4-1.

At this point, Comm. Norris took over as president.

APPROVAL OF AGENDA

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

Comm. Speikers requested an amendment to the agenda. The changes included:

1. Emergency interim measure based on his research done on the District financials having to do with the limitation of the CEO for expenditures and to have authority to sign off on contracts. This includes a list of 6 items that had been distributed via email to the other commissioners prior to the meeting.

It was requested that the above topic be considered under new business entitled Limitation of CEO Authority. However, it was pointed out that there was already an agenda item under New Business entitled Authorizations and Transactions policy. Comm. Speikers agreed this could be covered there, but also stated he had other agenda items but further agreed they could be covered under his finance committee report.

Comm. Young questioned why she, as president, did not receive a request to add these items to the agenda but no response was given.

A motion to amend the agenda as referenced above was made and seconded.

M/Speikers, S/Pollard

The motion unanimously passed.

APPROVAL OF MINUTES

A motion was made and seconded to approve the minutes of August 6, 2015.

M/Pollard, S/Roberts

There was a brief discussion about the start time of the meeting, as well as noting the actual time Comm. Speikers arrived. It was requested to note the actual time for any late arrivals in the future.

There was no further discussion and the motion unanimously passed.

COMMUNICATIONS: None.

COMMITTEE REPORTS

1. Finance Committee Report - Approval of warrants, payroll and payroll taxes – July 2015. Comm. David Speikers, Chairman of the Finance Committee, reported on the meeting that was held on August 26, 2015 wherein July 2015 financial reports were reviewed. The highlights include:

- A ledger of all warrants issued in July 2015 was given to all commissioners; warrants issued were higher than usual due to outstanding payments to vendors
- We are 1.2 million over budget in non-payment, self-pay customers. The projection is that this will increase.
- An immediate rebudget is requested to look at expenses and unnecessary spending, i.e. advertising and employee parties
- Long term patients are creating daily losses
- As an emergency and interim measure, Comm. Speikers recommended adoption of the six items listed below proposed in his report to the board. The six items include:
 - No contractual authority to enter consulting agreement without Board approval;
 - Authority to limit all capital improvement projects without Board approval;
 - All contracts for credit and/or loans;
 - All service contracts \$5,000 or more;
 - All independent contractor agreements \$5,000 or more or agreements that are open ended to be paid on an hourly basis; and
 - Limit all land, real estate, building, portable leases, purchase, sale and/or rental agreements not involving medical equipment, medical supplies, or day to day patient safety, food preparation, or plant

maintenance or repair.

Comm. Speikers would like to have adoption of these items as an action item to be voted on as an interim measure. It was requested that Tom Parker, COO and Steve Daniel, CFO look at a specific procedure to present to the board within 30 days.

- We are obtaining good money from CAH reimbursement because we are depreciating and taking interest for the first 15 years and paying interest only. We are not accumulating any principal for the first 15 years. Comm. Speikers is concerned. Therefore, as a point of discussion, Comm. Speikers would like to see a regular 30 year amortization schedule, all the principal that would normally be accumulates as equity in the hospital for those first 15 years be set aside in a blocked account. Within 15 years, it would probably be somewhere between 5-8 million dollars. A question was raised if the District actually had this money to be set aside. The goal is to be able to accumulate cash in the same amount that would normally be paying off principal in a regular 30 year amortization schedule. At this point, Steve Daniel was asked to comment and went back to some earlier elements of the finance committee report for clarification as follows:
 - Regarding reforecasting the budgeting process, under the leadership of the CFO, management is looking at rebudgeting this year's budget and management will then make adjustments as necessary; in the process of finalizing and will report results to the Finance Committee next month and then to the full board.
 - Regarding the idea of accumulating cash, we have a requirement that the District accumulate cash per the bond covenants. Once the annual projections are completed, there will be longer term projections done to see what the cash accumulation looks like over the life of the bonds. We are also looking at what should strategically be done with cash balances as an organization to protect the District, having sufficient working capital, having sufficient cash reserves going forward and to handle the changes in healthcare reimbursement. The longer term forecast will be a couple months out.
 - Regarding the Authorization and Transaction policy, Steve will be working with Tom to look at what practices other hospitals our size have and look at what makes sense for us operationally and will then make recommendations to the finance committee and ultimately to the full board on this policy
- Comm. Norris commented that the board should not be micromanaging finance but stated the Board will start looking at what the current budget is and where the District is month to month in relation to the budget.
- Comm. Speikers further stated that there were expenditures as laid out in his report to the board that were unnecessary and ultra vires in his opinion, beyond the authority of the board.
- Comm. Speikers further stated that he would ask for an executive session immediately following this meeting to discuss an employment issue. There will be no action from the executive session, discussion only.

Further extensive discussion took place regarding the Finance Committee report.

ACTION ITEM: Approval of Warrants, payroll and payroll taxes – July, 2015.

A motion was made and seconded to post approve total disbursements that include warrants, payroll and payroll taxes in the amount of \$4,204,521.20 for July 1 thru July 31, 2015. Commissioner Roberts moved and Commissioner Speikers seconded.

Comm. Speikers cautioned that if these kinds of items come up again he may not be in favor of approving the finances. Comm. Speikers further mentioned there will be two community members appointed to sit on the Finance Committee.

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

2. Medical Committee Report. The Medical Committee met on August 18, 2015 and Comm. Young reported on the various topics in all areas of the district that were discussed in the meeting.

At Comm. Young's request, Tom Parker provided an update on the outpatient rehab program. It has been determined that the program would have a significant impact of approximately \$400,000 on the cost report if it were moved back into the hospital. It was noted that the hospital was designed to originally house the outpatient rehab program. A move plan will be developed and implemented to make this move by the end of November, if not sooner. The lease on the building expires at the end of November.

It was also reported that a new rehab department director has been hired.

Medical Staff Bylaws are being updated and will be presented at an upcoming meeting.

2(a). Physician Credentialing. The Medical Executive Committee met on August 31, 2015. Recommendation for approval of the providers listed below was made by the Medical Executive Committee and presented by Jay Rodne in the absence of both Supt. McCollum and Dr. Kim Witkop.

Recredentialing - Active Staff:

John Sindorf, MD – Psychiatry

Recredentialing – Courtesy Staff:

Barbara Blankenship, MD - TeleRadiology

David Marlow, MD – TeleRadiology

Mark Mayhle, MD – TeleRadiology

John McGowan, MD – TeleRadiology

Nancy Neubauer, MD – TeleRadiology

Richard Satre, MD – TeleRadiology

Lloyd Stambaugh, MD – TeleRadiology
Milton Van Hise, MD – TeleRadiology
Scott Vanderheiden, MD – TeleRadiology
Pedro Vieco, MD – TeleRadiology
Ying Wang, MD – TeleRadiology
Bonnie Witrak, MD – TeleRadiology

Recredentialing – Initial Staff:

Harry Conley, MD – TeleRadiology
Somnath Prabhu, MD - TeleRadiology

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

There was no further discussion and the motion unanimously carried.

3. Facilities Committee Report. Since the July regularly scheduled Facilities Committee meeting was rescheduled and to August 4, 2015, there was no meeting for August.

However, Comm. Pollard reported on a couple of recent developments. At the superintendent's request, he and Comm. Roberts met with City of Snoqualmie staff on some long range development plans that may impact the District. It was a constructive meeting but nothing further to report at this time. The Board may be hearing additional information at a future executive session.

Additionally, we are moving forward with regard to exploring the possibility of getting a share of the \$8 million dollars the legislature has set aside for non-profit organizations for solar installation. There is a slim chance that the District will be able to participate in this but it is being explored. Tom Parker gave a brief report on his initial contact with McKinstry who has been asked to help determine if the building is compatible for solar installations. They will be meeting on September 16th to do a walk-thru.

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: Jill Green, North Bend resident and District employee. Jill has been a District employee for three years and is the Marketing and Communications Director. She has a background of 20 years that includes marketing, advertising, public relations and management. Jill wanted to make a point of clarification regarding a comment by Comm. Speikers that a lot of the small hospitals in the area do not have marketing departments. Jill is part of a group in the Washington Rural Health Collaborative of marketing directors and every single one of the 12 critical access hospitals in the collaborative have at least one marketing person in their employment.

The District marketing numbers include many diverse things, including social media, newspaper articles, press releases, events, banners, flyers, ads in the local theater and right now are looking at cable TV ads. Jill stated she certainly understands advertising as one of those intangibles that make it really hard to measure; however, one thing that can be measured as a good example that shows our efforts have warranted a response and that is the community open house. This was a combined marketing effort of all of the things just mentioned, and further that if any of the commissioners attended the open house held last April, they would know it was an outrageous success. There were nearly 800 people and with a goal of 500, this goal was vastly exceeded.

As part of Jill's responsibility, it is her job to develop strategies to attract new and existing patients to the hospital and clinics.

She stated she has a vested interest in this, not only because it's her job, but because her family has lived here for 10 years and healthcare is very important to them as well.

She also places a very high importance on making sure that we are being good stewards of the taxpayer dollars and she recently reached out to the marketing directors of the hospitals in the collaborative, mentioned above, and asked for their marketing budget for the year. Two of them responded; one from Jefferson Healthcare in Port Townsend and the other was Morton Hospital. These are both critical access hospitals but one has a bigger budget than the other. Port Townsend's marketing budget is \$175,000 and Morton Hospital was \$148,000. We're definitely well within being good stewards of our advertising dollars. With opening a new hospital, we did not spend that much.

Jill works very closely in her job with the exec team and with all departmental managers so that there is a team effort and collaborative effort as well as thoughtful planning so as to decide what does the community need to know and what do we need to tell them. It is not just her making the decision.

Jill's value comes especially from strategic planning and choosing the best possible avenues for promoting the District's services. She has the expertise. She has been in the industry for many, many years and has worked with many hundreds of advertisers, during her 20 years of experience, of different clients and researching and knowing what kind of venues are the best thing for growing a business and is very capable.

Jill would like to ask the Board that they trust our expertise and know that we are exploring every possible avenue for restoring our viability for years to come because it is in all of our best interests. Jill also stated she always welcomes all ideas from the Board and invited them to feel free to contact her at any time with any questions.

There was a brief question period by the board.

NEW BUSINESS – Action Items as noted

1. **Scheduling of Strategic Planning Workshop.** It was decided to schedule a strategic planning session on Wednesday, September 30, 2015, 1 – 5 pm at the hospital,

East/West Conference Rooms on the main level. There is no facilitator scheduled at this time. Comm. Pollard will contact WSHA and/or AWPHD regarding a facilitator.

There was a brief discussion of holding off on this until after the November elections. Since this will be an ongoing process, it was agreed by majority that it would be better to start the process now.

Pres. Norris requested each commissioner to send agenda items and ideas for discussion to her. It was suggested for each commissioner to bring at least one item that is important to them.

2. Authorizations and Transactions Policy.

A motion was made and seconded to adopt the six items listed in Comm. Speikers' letter from the Finance Committee to the Board as referenced above, effectively immediately, as an interim measure. M/Speikers, S/Pollard

As mentioned, administration will be working on developing a policy. After brief discussion, the motion passed by a vote of 4-1.

Comm. Young moved that management be charged with developing proposed authorizations and transactions policy that establishes proper financial controls and promotes the efficient administration of all affairs of the District. S/Speikers

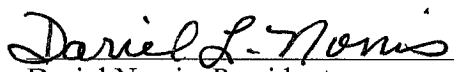
Motion unanimously passed.

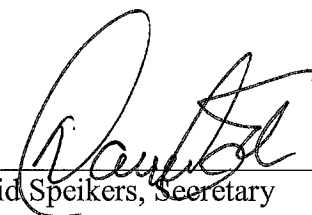
3. Executive Session – unscheduled. Comm. Speikers requested a short executive session to discuss a personnel matter. Comm. Speikers requested that Tom Parker remain available until the end of the executive session. Therefore, after a short recess, the board went into Executive session at approximately 8:25.

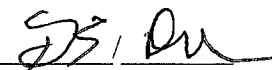
Please note that the audio recording of this meeting of the Board of Commissioners for PHD #4 can be accessed on the District's website, Governance Page or at: <http://www.snoqualmiehospital.org/audio>.

NEXT SCHEDULED MEETING: Regular monthly business meeting will be held on Thursday, October 1, 2015, 6:30 pm, Snoqualmie City Hall, Council Chambers, 38624 SE River Street, Snoqualmie.

Following completion of the executive session at approximately 9:05 the meeting was adjourned.


Daniel Norris, President


David Speikers, Secretary


Initials