

Orcas Island Health Care District
Board of Commissioners – Board Meeting

Tuesday, October 20, 2020
5:00 – 7:00 pm

MINUTES

Commissioners Present (via Zoom):

Art Lange
Diane Boteler
Patricia Miller, Secretary
Pegi Groundwater
Richard Fralick, President

Staff Present (via Zoom):

Anne Presson, Superintendent
Melissa Mahar, Admin Assistant

Commissioners Absent:

None

I. Call to Order

President Fralick called the meeting to order at 5:02 pm, noting that this is the Board's 24th meeting of the year, and four Commissioners and the Superintendent are present via video. Comm. Boteler is working and will join as she is able (joined at 5:35 pm, during Business Committee discussion).

II. Public Comment

President Fralick next invited public comment. Scott Williams, Fire Chief with Orcas Island Fire & Rescue, provided a comment in appreciation for the work of the Board thus far through this challenging process, and for their commitment to the Orcas community. The Chief expressed gratitude to UW and OFHC for their service to the community and said he was looking forward to working with Island Hospital and the District Board on behalf of the EMS system.

III. Consent Agenda - Action

a. AP Voucher Report – 10/12 in the amount of \$7,026.40

Commissioner Groundwater noted correcting a typo regarding a reference to Lopez, which should be Orcas.

Motion to accept AP Voucher by Commissioner Groundwater, 2nd by Commissioner Lange. No discussion. Vote 4:0:0, Motion carried.

IV. Committee Reports

a. Negotiations Committee

i. Agreement with Island Hospital

Commissioner Lange recapped that approval of Island Hospital contract passed 3:2:0 at the last meeting, and the Negotiation Committee met with Charles Hall and Elise Cutter the prior day per the direction at the last Board meeting. There were no further changes in the Termination Section following the request to add a final trigger event specific to a change in services.

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The final document has been corrected for typos and formatting and was received today per Commissioner Groundwater. After the Committee's final review, the Agreement will be forwarded to President Fralick to sign.

Next step is for Charles to meet clinic staff and other entities on Orcas after the contract is signed. Superintendent Presson will ask that he be prepared to attend the District's 11/3 Board meeting to talk about their implementation plan.

ii. Implementation Milestones and Timeline

Superintendent Presson expressed that she will meet with Charles soon to clarify the timeline, and then connect with Deborah Gussin, Matt Jaffy and Mark Bresnick from UWNC to see if the District will be held to the 180-days' notice. Goal is for a smooth transition. She also shared that the Anacortes newspaper requested an interview, which she will be participating in with Charles at the end of the week.

Commissioner Miller inquired about the formal notice process to both UW and Orcas Family Health Center. Commissioner Groundwater offered to assist Superintendent Presson with a formal letter of termination and advised that no further Board action will be necessary.

b. Building Committee

i. HVAC – updated project/costs

Superintendent Presson provided a summary of the project costs to-date. At this point she has not yet received the final invoice from the HVAC contractor for the items billed at a Time & Materials rate. She had spoken to the contractor and was able to provide an overview of what is included in the T&M charges. In addition to the removal of insulation it is for: (1) cleaning and vacuuming of the attic space; (2) air sealing the attic; (3) replacing T-bars and ceiling tiles; and (4) consultation/coordination with the roofer.

Superintendent Presson requested approval to submit invoices received to-date to the County for payment next week during next AP cycle.

Commissioner Miller suggested paying vendors based on completed work from the contract plus the one approved change order for the insulation of the fire walls. The additional T&M items will be held until the itemization is complete. The rest of the Board concurred, so President Fralick authorized Superintendent Presson to do as Patty suggested and discuss final items at the next meeting.

ii. Roof – updated project/costs

President Fralick stated that the fascia board staining was completed Friday before the rains. The cost for the fascia board material & labor ended up being \$15,000 total, half of which was due to the high cost of materials @ \$10/linear foot. Work remaining on the roof is to complete interior of skylight tunnel - scheduled to be completed by the end of this week.

The latest gutter quote is \$17,029 for 6" commercial grade, extruded onsite, including downspouts. President Fralick invited guidance from the Board about whether to move

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ahead with this quote or choose an alternate path. He expressed concern about water coming down on patients once the rain starts. After discussion, authorization was given to the Committee to consider a possible additional quote from Commissioner Miller, and then make the final call.

Motion by Commissioner Miller to authorize Building Committee to make final decision on gutters, 2nd by Commissioner Boteler. No discussion. Vote 5:0:0, Motion carried.

c. Finance Committee

i. Final Bond Amortization Schedule

Commissioner Miller shared the final Loan Amortization schedule, discussing the cost saving scenarios of different payment amounts over time. By structuring payments at \$125,000 for 3 years, then \$100,000 for 2 years, and \$75,000 for each of the final 3 years the cost savings will be equivalent to a refinance at current rate. Payment amounts are also within the realm of cash flow projections.

ii. 5-year financial projections – update

Commissioner Miller provided an updated 5-year cash forecast. It shows the District will be in a good position at the end of 2025 with \$2,129,657 in cash plus \$800K in reserves. She reviewed a few key assumptions that were included in the projection:

- Assumes we get the \$200K bequest in 2021 and put it all in reserves
- Does not include the possible \$100K donation for the X-ray machine but it does include \$150K in expense for the purchase and install
- Includes all the current known costs for the roof and HVAC
- No additional capital expenditures have been budgeted for 2022 – 2025
- Includes \$30,000/year for equipment maintenance and \$50,000/year for equipment purchases.
- Since the future year's expenses trend off of the 2020 budgeted numbers, which includes \$105K in excess expense in 2020 the cash forecast has adjusted for this for future years. This is primarily to account for the \$100K in the budgeted for consulting to possibly assist with EMR or other conversion costs.
- Includes the somewhat accelerated debt pay back schedule. District will pay \$125K per year in 2021 – 2023, \$100K in 2024 & 2025, and \$75K for the remaining years. It assumes no refinancing of the debt.

While there was support to keep the tax assessment at the current rate for 2021, Commissioner Miller suggested the Board plan a retreat/strategic planning session in the middle of 2021 to discuss the long-term plans. At that point there might also be reason to include a discussion around any possible need to expand services. She would like to be able to reconsider a reduction in the levy rate going forward. Commissioner Lange and President Fralick agreed on the importance of reviewing the levy to minimize the burden on the taxpayers as much as possible.

iii. OIHCD FY '21 Budget – update

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Superintendent Presson reviewed version 5 of the OIHCD FY '21 Budget and noted pertinent changes since the last review. Of note was the adjustment to line 15, Provider subsidy for UW and IH. She included the 10-month pro-rated subsidy for IH and 10 months of subsidy for UW, assuming the District is held to the full 6-month wind down. The Superintendent Salary now reflects action taken at the last Board meeting, and the Building Maintenance item has been updated for 2020 to reflect the costs known to-date. She shared that there is the possibility of a move for the District office at some point late in 2021 being that the current space is going to be reconfigured into a condo. Any cost associated with a move could be taken from the Miscellaneous Expense category. Finally, she has incorporated the new Amortization schedule as discussed earlier and the full cost of the X-ray. She noted the last page includes a breakdown the other items that make up the Clinic Equipment expense.

d. Communication Committee

i. Communication Plan during clinic transition

President Fralick inquired about Board's role vis-à-vis the community, relative to IH. Commissioner Lange shared that the Committee is working on a press release draft and will share it with the Board for review after Island Hospital's plan for communication to the community is known.

e. Staffing Committee

i. Establishing Superintendent Performance Goals for 2021

President Fralick sought input on whether this role should be filled by the formerly active Committee or the whole Board. It was suggested that the Committee re-engage and take the lead in developing goals for Superintendent Presson. It will be important to get a sense of what IH sees as the Superintendent's role in the transition. Target date to bring to the Board for review is by the end of the year.

V. Old Business - none

VI. New Business

Comm. Miller inquired about long-term legal counsel and requested that Commissioner Groundwater offer recommendations to the Board. Commissioner Groundwater suggested reinstating the Legal Committee, which formerly consisted of Commissioners Groundwater and Lange. President Fralick supported this idea and asked the Committee to be thinking about options for next year.

VII. Operations Report

a. OIHCD Monthly Financial Report – through 9/30/20

Superintendent Presson shared the OIHCD Monthly report with information through September 30, 2020. She pointed out that the format hasn't been pulling all of the Building Equipment/Other budgeted costs and noted that there had been \$100,000 not reflected in that category under the Annual Budget Column. When corrected, the Actual Expenses forecast for 2020 are only \$19,084 higher than the Total Budgeted Expense for Building Repair/Maintenance and Building Other. She also noted the Forecast was updated to reflect the expected GO Bond payment as of November 1st.

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b. HRSA Grants and Possible Sale of Hospice of the NW

Superintendent Presson shared news of a possible sale of Hospice of the NW to a for-profit entity, which could be precarious for the island. The organization is currently owned by two Public Hospital Districts on the mainland. Commissioner Lange had done some investigation and discovered that the sale is motivated by being financially overextended and needing to reduce tax responsibility. He also shared that a letter from the Board would likely not have much impact, and Superintendent Presson agreed.

Superintendent Presson also announced receiving a notice of award from HRSA for a \$100,000 LTC Planning Grant that Lopez was a participant in. She will have more information to share soon and hopes Orcas will be interested in participating.

VIII. Public Comment

President Fralick invited additional public comments. Live Zoom attendee, Shila Wachtel from Orcas Island Health Center (OIHC), expressed being grateful for the update on the sale of the hospice organization, and highlighted that Hospice of the NW helps with general care, but is also a good connection with Death with Dignity. OFHC shares the concerns that have been expressed.

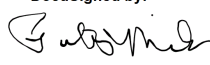
IX. Upcoming Meetings

The next Regular Meeting of the Board is scheduled for November 3rd and will continue to be held via Zoom.

X. Adjourn

MOVED by Commissioner Lange, seconded by Commissioner Groundwater to adjourn the meeting at 6:24 pm. No discussion. VOTE 5:0:0. MOTION CARRIED.

Minutes approved this ____ day of _____, 2020.

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Attest: Patricia Miller, OIHCD Board Secretary

11/11/2020

Date signed