

**San Juan County Public Hospital District #3**  
**Db: Orcas Island Health Care District**  
**Board of Commissioners - REGULAR Meeting Minutes**  
**Tuesday, October 9, 2018**  
**4:00 pm – 6:00 pm**  
**Eastsound Firehall**

**Commissioners Present:**

Patricia Miller  
Pegi Groundwater  
Richard Fralick

**Staff:**

Superintendent Anne Presson

**Commissioners Absent:**

Art Lange  
Diane Boteler

**I. Call to Order**

President Fralick called the meeting to order at 4:07 pm. He noted that Commissioner Boteler was working in Bellingham and will try to dial-in later in the meeting, if possible.

**II. Public Comment**

President Fralick asked for a show of hands as to how many guests were interested in presenting a public comment. There were no raised hands.

**III. Consent Agenda**

President Fralick asked if there were any changes to the 10/02 Regular Board Minutes, which was the only item in the Consent Agenda. Hearing none, he asked for a motion to approve the Consent as presented.

**MOVED by Commissioner Miller, seconded by Commissioner Groundwater to approve the 10/02 Regular Meeting Minutes as presented in the Consent Agenda. VOTE 3:0:0. MOTION CARRIED.**

**IV. Committee & Work Group Reports**

**a. After-Hours Work Group:**

Superintendent Presson shared an update from UW Medicine regarding after-hours activity. They have been reviewing their data to ensure all activity specific to the number of times a physician saw a patient after-hours was being reported. Prior data had been pulled from the Contact Center records; however, during the 10/1 meeting with EMS the Medical Director suggested that the after-hours activity was much more robust than what had been reported. UW has been analyzing data directly in EPIC which is showing more appointments with times either after 5 pm or on the weekends. UW is still researching how patients were able to connect with a provider and data from certain appointments isn't captured in the Contact Center's records. Superintendent Presson is hopeful to have more details next week.

Commissioner Miller asked if there was any update on a candidate to fill the Project Manager role. In a prior discussion UW agreed to ask if their former Director of Finance, Karen Schiller, would be interested in serving in this capacity for a short period. Superintendent Presson reported that there continued to be no definitive

answer on Karen's availability. Discussion continued around what the \$50,000 allocation for a Project Manager would support. Would it simply entail creating an action plan or would it cover running a 6-month trial? President Fralick said the details remain to be worked out yet his expectation is for the individual to help move the work from UW's memo into action, help create milestones, and keep the work moving forward.

**b. Building Purchase**

Commissioner Miller reported that she and President Fralick have reviewed the draft Real Estate Purchase and Sale Agreement (REPSA). The draft is being reviewed by the Orcas Medical Foundation and the various attorneys representing both sides in the transaction. Once finalized, the REPSA will come to the Board for approval with a goal to close the sale by 11/01. The biggest issue has been to understand what equipment is owned by UW Medicine versus OMF. Superintendent Presson agreed to follow up with UW regarding the list of OMF versus UW owned equipment and estimated replacement costs. **It's expected a Resolution to approve the transaction and the final REPSA will be brought to the 10/16 meeting for Board approval.**

Superintendent Presson is also working with Chicago Title on the logistics to close and move the funds into escrow. President Fralick had a question about the title report and Superintendent Presson was asked to share that document with the Board. There had been some initial concerns around the land use restrictions and the need to have neighboring properties sign off should the parcel be changed from a medical facility; however, the attorneys believe their outstanding questions have been adequately addressed.

**c. Contract Negotiations Committee:**

Commissioner Miller shared that she and Commissioner Lange have reviewed a first draft of the UW Medicine Interim Funding Agreement (IFA) and provided comments back to the attorney who is working on an updated draft. That version is expected to be sent to UW's attorney in the next day or two and will include a caveat that the IFA is pending Board review. Commissioner Miller felt the IFA was very straightforward and is intended to maintain services until a Clinical Services Agreement (CSA) is executed. It does provide for a 6-month wind-down period should that not happen. The draft CSA for UW has not yet been started.

The Committee expects to see the first draft of the OFHC CSA within the next days. The plan is to bring that to the Board for review and action on 10/16. President Fralick indicated that he and Commissioner Miller had a conference call with all parties earlier in the day and he was pleased with the progress of the OMF/UW contract extension, OMF/UW lease termination, REPSA, and OIHCD/UW lease. The new lease follows much of the existing lease, making the process easier since they didn't have to start from scratch. Commissioner Miller indicated that the CSAs will contain much more specific language around what the OIHCD is purchasing from the Clinics, making it much more in depth than the IFA. Commissioner Boteler was asked to help draft the language describing the services to be purchased for the contract.

**d. Finance Committee**

Commissioner Miller asked Superintendent Presson to work with the Bond Attorney on the details for drawing funds from the General Obligation (GO) Bond. She also reminded the Board that the long-term GO Bond funds can only be used for capital expenditures. Anything a CPA says you capitalize would meet the definition. President Fralick indicated that the Resolution to approve the GO Bond will be brought for Board review and action at the 10/16 meeting. If approved, the funding is scheduled to close on Friday, 10/19.

**V. 2019 Budget**

Superintendent Presson shared the first look at the 2019 Budget. The format is like what she used for Lopez and matches up to what she'll need to complete for the County. She explained that the numbers align with the budget modeling tool, with a few exceptions, that she will discuss further with Commissioner Miller. Having the

checks and balances between the two documents is a good process. She will bring back an updated version at the 10/16 Board meeting.

Commissioner Miller shared a few updates made to the budget modeling tool since the initial budget discussion last week. After receiving OFHC's current year financials, it was noted that their current Revenue was \$75,000 higher than what was included in their 2019 budget. OFHC understood that OIHCD couldn't support a proposed budget with a lower Revenue expectation than current year. There was agreement to lower the OFHC FY '19 subsidy by \$75,000. In doing a similar review, Commissioner Miller also received UW's FY '18 final budget. She noted that UW is projecting a substantial increase in visits in the FY '19 budget to generate the Revenue needed.

Regarding other budget inputs, the Revenue from Property Tax has been discounted the recommended 4% to account for funds that aren't collected in the property tax year. There's also an allocation of \$50,000 to the Reserve Fund in Q'4 2019, and the SJC Assessor provided the updated assessed values for the two parcels which was used in determining the FY '19 Property Tax Expense.

Looking over the five-year period in the model, the ongoing Revenue assumptions were conservative in that they only account for a 1% increase in Property Tax and nothing for new construction. In looking at the model's Quarterly Summary tab the Board will see that setting the millage rate at \$.65 supports the revenue, expense and reserve assumptions. If the Board feels the Reserve allocation isn't adequate, the millage rate will need to be revisited. **Commissioner Groundwater asked Superintendent Presson to confirm the requirements set forth in the RCW regarding audits. She would like to confirm the frequency and estimated costs for the required audits by the State Auditor's Office.** Commissioner Groundwater also asked what would happen if there was a decrease in the assessed values because of a downturn in the economy. Commissioner Miller said if that were to happen the Board could increase the millage rate to maintain Revenues. President Fralick said that's also why it's important to build a Reserve as those funds can be tapped into to hedge against unforeseen events. President Fralick also thanked Commissioner Miller and Superintendent Presson for their work throughout this budget development process.

#### **VI. Old Business**

Commissioner Groundwater asked if UW Medicine had provided their Privilege Sheet that was requested during the After-Hours Special Meeting. Superintendent Presson indicated that the information had not yet been provided.

#### **VII. New Business**

President Fralick indicated no new business to report at this time.

#### **VIII. Operations Report**

Superintendent Presson shared an updated version of the formerly adopted Public Records Policy. She was able to send to the Consultant in the Attorney General's office who visited the island a few months prior. As part of his service, he offered to perform a review and noted only a couple of substantive changes having to do with a correction of code references and the addition of language to reflect the updating of the RCW after the policy was adopted to reflect changes made in the last legislative sessions. Most of the other updates were stylistic in nature. **The Board was asked to review, and the document would be brought to the 10/16 meeting for a second review. It will be scheduled late in the agenda in case the budget discussion is lengthy.**

#### **IX. Public Comment**

There were no members of the public interested in the final public comment period.

**X. Upcoming Meetings**

A list of the upcoming meetings was included on the Agenda. President Fralick asked Superintendent Presson to confirm that all Commissioners would be present at the 10/16 meeting as the Board will be close to finalizing the 2019 Budget.

**XI. Meeting adjournment**

**MOVED by Commissioner Miller, seconded by Commissioner Groundwater to adjourn the meeting at 5:20 pm.  
VOTE 3:0:0. MOTION CARRIED.**

Minutes approved this \_\_\_\_ day of \_\_\_\_\_, 2018.

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**Attest: Anne L. Presson, OIHCD Superintendent**