

**Orcas Island Health Care District**  
**Board of Commissioners - REGULAR Meeting Minutes**  
**REMOTE BOARD MEETING**  
**Tuesday, September 1, 2020**  
**5:00 – 7:00 pm**

**Commissioners Present (via Zoom):**

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

**Staff (via Zoom):**

Anne Presson, Superintendent

**Commissioners Absent:**

None

**I. Call to Order**

President Fralick called the 19<sup>th</sup> meeting of the OIHCD to order at 5:01 pm. He noted 4 of the 5 Commissioners were present and Commissioner Boteler would join later. The District's Superintendent was also present.

**II. Public Comment**

Superintendent Presson reported there were no Public Comments received via email prior to the meeting.

**III. Consent Agenda**

The items contained in the Consent Agenda included: August 18, 2020 Regular Board Minutes, and one AP Voucher Report dated August 31<sup>st</sup> in the amount of \$9,542.22.

**MOVED by Commissioner Groundwater, seconded by Commissioner Lange to approve the Consent Agenda as presented. No further discussion. VOTE 4:0:0. MOTION CARRIED.**

**IV. Committee and Work Group Reports**

- a. **Negotiations Committee** – Commissioner Groundwater shared the Engagement Letter from the District's new attorney, Katherine Deets. There is no requirement to provide a retainer so no action is needed.

The draft Agreement between the District and Island Hospital has been sent to Katherine. It was noted this document, being between two Public Hospital Districts, will be an Interlocal Agreement as opposed to a Clinical Services Agreement (CSA). Katherine mostly had questions to make sure the wording represented what the District wanted and only had a few changes to the document itself. The updated document was sent to Island Hospital earlier in the day.

The Negotiations Committee is scheduled to meet with Patty Codd from Island Hospital during her visit to Orcas on 9/2. The intent of the visit is to have Patty look at the equipment in each Clinic and provide feedback to help with capital planning. Superintendent Presson shared a brief update on a second visit the full Island Hospital leadership team will be making to Orcas on September 10<sup>th</sup> and 11<sup>th</sup>. The intent of that visit will be to have the CEO, COO and Patty

Codd meet with the providers and staff at each Clinic to provide an opportunity to get to know each other and ask questions. The Negotiations Committee will also take advantage of having the Island Hospital team on Orcas and will be meeting to begin review of the Agreement.

As a follow-up to a prior discussion, the Board materials also contained a Waiver of Conflict letter from Don Black. Don is currently the District's attorney and also represents Island Hospital. If signed, the letter allows Don to represent Island Hospital in negotiations. Commissioner Groundwater noted that she felt generally okay with the letter, although took exception with one reference that stated, "the District asked Don to represent Island Hospital." That was not the case as it would have been the District's preference to have Don represent them. She had the letter modified to remove that reference, and that is the version that is being considered for signature. Commissioner Groundwater also reported she did ask the District's new legal counsel about the document. Katherine saw no reason not to waive the conflict and felt Don's familiarity with both Districts could help facilitate negotiations.

Commissioner Miller asked for clarification on a sentence that read "Under Rule 1.6 of the Rules of Professional Conduct, a lawyer shall not reveal confidences or secrets relating to representation of a client without the prior written consent of the client, unless disclosure is impliedly authorized in order to carry out the representation." Commissioner Groundwater indicated that statement would be the same and hold true whether the District approved the Waiver or not.

Discussion continued and each Commissioner stated their preference. President Fralick stated he felt comfortable signing the Waiver. Commissioner Groundwater also indicated her comfort in signing the letter after getting the feedback from the District's new attorney, who was not opposed to executing the Waiver. Commissioner Lange also felt it was worthwhile signing and didn't see any downside but did see some positive benefits of having Don involved. He doesn't envision the negotiations to be adversarial and felt Don would support a collaborative process.

**MOVED by Commissioner Lange, seconded by Commissioner Fralick to approve the Waiver of Conflict letter. No further discussion. VOTE 3:01:0. MOTION CARRIED with Commissioner Miller opposed.**

The status of the CSA, which is now referred to as an Interlocal Agreement, was discussed earlier. The Committee's next step is to develop the timeline for negotiations. Commissioner Miller expressed concern around the Board's limited meetings schedule, taking into account the budget timeline and October 15<sup>th</sup> deadline to wrap up negotiations. President Fralick indicated the Board should be prepared; there could be a need to hold a Special Meeting in late September.

Finally, Commissioner Miller asked the Negotiations Committee to address the issue of the equipment with Island Hospital. Specifically, making sure there is alignment on who owns any new equipment that is acquired. She feels the District should end up with equipment that is purchased with funds that are part of the subsidy.

- b. **Building Committee** – Commissioner Groundwater reported that the shingles are off the roof and the waterproofing material was placed the prior week. The HVAC guys started their work on Monday of this week, and the bulk of the insulation has been removed from the east wing. The Board must decide whether to move forward with the proposed filtration system that was discussed at the last Board meeting. Based on questions at that meeting, Commissioner

Groundwater posed several questions and received additional information that was provided to the Commissioners.

President Fralick explained that the HVAC work started on the east wing, which is away from patient rooms. This will allow any kinks to be worked out before moving into other areas of the building. During removal of the shingles, it became apparent that the noise level in the patient wing was high, and the providers were having trouble communicating with patients. The Commissioners will work with the contractors to come up with noise mitigation strategies, where possible. President Fralick expressed his appreciation to the UW staff, and he felt everyone is working together and we will learn as we go.

Discussion returned to the filtration system, which comes with a cost of \$6,854. Commissioner Groundwater indicated the HVAC system being installed does include COVID-19 rated filters that the CDC recommends for office building use, which is a MERV 13 filter. The contractor wanted to use MERV 14 but couldn't find the right size filter for the system. A HEPA filter can't work with the new system and would require the District to start over, so not an option at this stage.

There was agreement to have Superintendent Presson get feedback from Island Hospital on the proposed filtration system. The Committee was authorized to proceed with the filtration system unless Island Hospital feels it is a bad idea.

**MOVED by Commissioner Groundwater, seconded by Commissioner Lange to have the Building Committee proceed with the filtration system unless Island Hospital says it is not helpful. No further discussion. VOTE 5:0:0. MOTION CARRIED.**

Commissioner Miller suggested the Committee start an RFP for painting of the building since the last bid for the work is over two years old and did not include prevailing wage. She also asked about the process to get a generator, and the building inspection report indicated there were several windows that needed to be replaced. These other items will likely need to be considered prior to painting. President Fralick also pointed out there will be new fascia boards installed with the roof project, which will also need to be primed and painted. Finally, there was mention of the likelihood of needing new gutters. This last item will be discussed with the roofers and brought back to the Board.

- c. **Finance Committee** – Commissioner Miller shared the Q'3 financial reports from OFHC. OFHC also provided projections for Q'4 and a preliminary 6-month potential wind down budget for the period October 1, 2020 through March 31, 2021. Commissioner Miller notes she will ask them for a full year budget should the District not come to terms with Island Hospital.

The good news is that thru Q'3 OFHC is in a positive financial situation, largely due to their having successfully secured PPP and CARES funding. The practice also received a COVID testing grant and the estate gift. The practice remains in a good position after paying off the start-up loans and working capital due to Dr Shinstrom, as well as half of his deferred salary. Dr. Shinstrom has agreed to write off the other half of his deferred salary, which leaves the practice with approximately \$444,000 in cash available to apply to future quarters of which approximately \$295,000 is payable to Dr. Shinstrom in 2021 as a second payment of a portion of his deferred salary. Since the subsidy payment to OFHC is paid in advance, their Q'4 payment has already been made.

Other funds received include a reconciliation from Apple Health from 2014 through 2017, which amounted to \$123,000. It's likely the practice won't ask for a subsidy for the 6-month wind down and could have \$27,000 at the end of March 2021 to return to the District.

There will be some expenses associated with a wind down, as well as costs associated with a clinic consolidation. This includes a possible move of the X-ray, if needed. Aimee is in the process of getting a revised quote to just dismantle the X-ray and repair the building since they have combined several suites and will need to return those to the prior configuration. She is also hoping to get a quote should the practice be able to sell the X-ray machine.

Commissioner Miller thanked Aimee for the detail and clarity of her financial reports.

In regard to UWNC, the FY '20 year-end financial report is showing a net loss of \$801,000 compared to a budgeted loss of \$683,000. Both Revenue and Expenses are below budget, yet UW is left with the shortfall of \$118,000 since the District is not required to pay beyond the maximum agreed upon funding of \$683,000.

Equipment repairs were \$12,457 as compared to a budget of \$15,000. The District is still waiting for more detail on the actual repairs. Unlike OFHC's subsidy, UW is paid in arrears and the District has not yet been billed for the period July 1, 2019 through December 31, 2019. Payment for January 1, 2020 through June 30, 2020 is due in November.

Commissioner Boteler asked if the PPP funds that UWNC received are reflected in their FY'20 financial report. Commissioner Miller will need to look into if those funds are included and, if so, where they are captured. Superintendent Presson shared that she hasn't yet received a timeline from UW as to when their final FY '21 budget will be provided. She will continue working with UW to secure that information, including any unusual costs that will need to be factored into the budget and/or wind down.

Commissioner Miller indicated that the status of the GO Bond is up in the air pending additional information on equipment, the UW FY'21 budget, and wind down expenses. WAFed previously indicated should the District wish to refinance they would require an increase in the total bond amount of \$100,000 - \$200,000. Superintendent Presson shared that Lopez PHD is talking with WAFed about a possible refinance of their GO Bond, and the interest rate quoted was 2.65%.

Commissioner Miller also asked the Negotiations Team to clarify how Island Hospital will require the subsidy be paid. She would like them to follow a practice similar to UW which is to be paid twice a year in arrears. That is the most favorable approach for the District and could alleviate the need to have to leverage the Line of Credit. That loan has a higher interest rate.

#### **V. Old Business**

Superintendent Presson reported she is working with the Trustees of the Nell F. Brown Charitable Remainder Unitrust to establish the District as the successor in interest of OMF. There is nothing else to report at this time.

#### **VI. New Business**

- a. **OMF Safety Deposit Box** - Commissioner Lange received correspondence from Key Bank that a safety deposit box still exists in the name of OMF. Commissioner Lange's name is on the list of

individuals with access to the box. He has tried to track down others who might have the key or know the contents. Unfortunately, no former OMF Board members have been able to assist. Key Bank indicated should the District want the contents of the box; it would be the District's responsibility to drill into the box to find out what's inside. The cost is \$250; however, if the bank were to proceed it's a much more cumbersome legal process.

After continued discussion there was consensus of the Board to have Commissioner Lange find out when the box was opened. That might help identify the OMF Board members who were involved and possibly one of them might recall the contents.

- b. **Personnel Policy** – as a follow-up to last year's discussion on compensation of District employees, Commissioner Groundwater researched modifications to the existing Personnel Policy. The desire was to have the flexibility with regard to compensation of employees.

Commissioner Groundwater presented new language to be added to the existing policy as a new section: **3.2.4. Achievement Award**. A special achievement award may be awarded by the District's Board of Commissioners when a District employee, in the opinion of the Board of Commissioners or the Superintendent, has performed outstandingly, e.g. completing a difficult assignment well ahead of deadline or at a lower cost than anticipated, carrying through a difficult assignment extremely well, or making a special contribution through community involvement.

This would permit the Board to grant a bonus (i.e. achievement award) to our Superintendent or any other District employee, without running afoul of the language in the State's constitution prohibiting gifts of public funds. When the Board wants to make an award, it will need to articulate the achievement that it is being recognized.

**MOVED by Commissioner Lange, seconded by Commissioner Groundwater to adopt the recommended language circulated by Commissioner Groundwater. Commissioner Miller amended the motion to specifically reference the language to be Article 3.2.4 Achievement Award with the language detailed above added to the District's Personnel Policy. VOTE 5:0:0. MOTION CARRIED.**

Superintendent Presson noted another possible change to the Personnel Policy specific to vacation accrual that will be brought to the next Board meeting for review.

## **VII. Operations Report**

Superintendent Presson provided an overview of the OIHCD's FY'21 budget. As was discussed during the Finance Committee section, there remain a lot of unknowns at this point which make the budget very preliminary. President Fralick commented that even though there is a lot to be determined, having a backbone makes the budget process feel less frantic than in the past.

Superintendent Presson also mentioned the \$750,000 HRSA grant that was reported in Orcas Issues. She has been in contact with PIMC and SJC PHD#1 and will be involved in the ongoing planning of this effort.

## **VIII. Public Comment**

There were no Public Comments submitted at this time.

## **IX. EXECUTIVE SESSION – 6:20 until 6:40**

President Fralick indicated that pursuant to RCW 42.30.110, the Board would move into Executive Session to discuss the Annual Performance Review of Superintendent Presson.

**The Board returned to Open Session at 6:40 and resumed the Regular Meeting.**

- X. Performance Review** – the Board discussed the compensation of Superintendent Presson. President Fralick shared the cost of living increase for Seattle area being 2.3%, which would result in an annual increase of \$1,035, based on a current salary of \$45,000. Looking at the average wage increase in the same area, the rate of increase is 3.4%, or an annual increase of \$1,530.

Commissioner Miller confirmed that any change in salary will not take effect until January 1, 2021. As such, the Board decided they could delay any vote on the 2021 compensation until there was more detail known as to how additional staffing might impact the Superintendent’s job duties.

Commissioner Lange preferred to recognize the accomplishments of the Superintendent this year through a bonus mechanism. There was consensus of the Board to recognize the significant achievements of the Superintendent. Apart from her regular duties, in 2020 she was involved in the County’s COVID response, she was successful in pursuit of a \$100,000 grant to help fund the building repairs, and her individual efforts to establish the relationship with Island Hospital contributed to their willingness to participate in the RFP process.

**MOVED by Commissioner Groundwater, seconded by Commissioner Lange to recognize the Superintendent through an Achievement Award of \$10,000 for her extraordinary efforts this year. VOTE 5:0:0. MOTION CARRIED.**

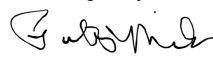
- XI. Upcoming Meetings**

The next Regular Board meeting will be September 15<sup>th</sup> via Zoom.

- XII. Meeting adjournment**

**MOVED by Commissioner Groundwater, seconded by Commissioner Boteler to adjourn the meeting at 6:54 pm. VOTE 5:0:0. MOTION CARRIED.**

Minutes approved this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

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9/22/2020

**Attest: Patricia Miller, OIHCD Board Secretary**

**Date signed**