



**BOARD OF COMMISSIONERS
PUBLIC HOSPITAL DISTRICT NO. 1
OF KLICKITAT COUNTY**

**Special Meeting/Open Public
Meeting KVH Conference Rooms**

A&B

February 20, 2023

Zoom ID 815 3002 6386

SPECIAL MEETING MINUTES

A Special meeting of the Klickitat Valley Health (KVH) Board of Commissioners was held on Monday, February 20, 2023 at 2:30 p.m. in Conference Rooms A/B for the purpose of Bond discussion. A quorum was present with the following commissioners present: Commissioners Crystal Scott, Larry Hocter, Mark Sigfrinius, Connie Pond, and Ron Ihrig.

Also present were: Lori Groves, CFO; Leslie Hiebert, CEO; Charis Weis, Director of Human Resources and Community Outreach Jonathan Lewis, Director of Environmental Services (via Zoom); Jonathan Hatfield, Director of IT and Compliance (via Zoom); Annie Stone, Out-Patient Clinic Director; Erin Wooley, CNO; Jeff Fivecoat, Managing Director Piper Jaffrey & Company; and Barbara Bostick, Recorder. Community Member Lori Anderson was also present.

CALL TO ORDER CONFLICT OF INTEREST DISCLOSURE

President Scott called the meeting to order at 2:33 p.m. President Scott asked if any Commissioner present had a conflict of interest with any item on the agenda. All Commissioners present noted that they had no conflict.

SPECIAL MEETING BUSINESS

Leslie Hiebert, CEO provided information packets to the Board to help everyone to get back into the project. She noted that if the Board determines they want to the project to be included on the agenda for consideration at the February 22, 2023 regular board meeting, the prior resolutions used in 2021 are ready to be sent to attorney Brad Berg for review prior to that meeting. She noted that the deadline to file the resolutions is February 24th for the April 25th election.

Jeff Fivecoat, Managing Director at Piper Jaffrey and Company provided a PowerPoint presentation (Please see Copy of PowerPoint included in the Board record book). He noted that there are three sources of revenue that the Board could consider including Revenue bond, LTGO bond and UTGO bond. He noted that the UTGO bond option is best for small hospitals because the interest rates are lower and there are no capitalized covenants, no capitalized interest or debt service reserve required. Leslie Hiebert added that we have been looking at alternative sources for funding/debt service, but have determined that UTGO is really the best option. Jeff agreed and noted that the UTGO bond would give the hospital breathing room and could potentially be combined with a USDA loan for a lower interest rate.

Commissioner Ihrig noted that another option would be to raise the levy limit and asked what the limit is. Leslie replied that there is not much room left to raise it and Jeff Fivecoat added that there is not enough to do the project. Jeff noted that after removing the outstanding non-voted debt, the remaining debt capacity would be \$31,355,459. He reviewed the series 2023 UTGO bond structure and financing, as well as the millage and taxing impact on residents of the district. He reviewed the estimated timeline. He noted that July or August would be the earliest to close. He noted that Taxes wouldn't start until the following year. He added that if the interest rate is good, would price bonds in October and then close and fund in November. He noted that the risk of waiting the six months between April and October is that the interest rate may change.

Commissioner Ihrig asked if the Board moves forward, how many years would the district be obligated to the loan before it could be refinanced. Jeff replied 9-10 years. Commissioner Ihrig asked if the district could buy down the interest rate if it goes up. Jeff responded that it would not really be possible.

Community member Lori Anderson noted that Parks and Recreation always goes out for their levy at the Special election in August and then in November if it doesn't pass. Commissioner Pond noted that she had a follow-up discussion regarding the timing with Matt Ellsworth, Executive Director of AWPHD while she was in Olympia, and he expressed that it is up to the Board when to go out for the Bond, but that the current favorability rate for hospitals will likely lessen over time.

Lori Anderson noted her concern regarding the change in the voters. She noted that they have not had a levy not pass, but it has passed by a smaller margin the last two times. Leslie Hiebert reiterated that Matt Ellsworth did a presentation to the Board regarding the timing of going out for a bond and that because hospitals currently have a high positivity rate his recommendation was to take advantage of that.

Lori Anderson inquired what has changed in the project since the last bond attempt. Leslie noted that the project hasn't changed, other than possibly adding air handlers to the current acute care rooms that would be used for long term care if the bond passes. Lori Groves noted that we have been looking at other ways to pay for the project ourselves, without going to the voters, but just can't do it on our own. She added the needs of the district haven't changed.

Erin Wooley, CNO, noted that she recently had a long term care patient that had to go to Tacoma for placement. She noted that she feels terrible when someone has to be sent so far away from their home and family, and that is why it is so important to open up long term beds for our community.

Commissioner Scott noted that the need isn't going to go away and it will only get worse. Commissioner Hoctor added that the cost will continue to increase. Jonathan Lewis noted that the cost to keep the older spaces up and running is much higher than to maintain the newer spaces.

Jonathan Lewis provided a PowerPoint historical overview of the project. (See copy of PowerPoint in Board record book).

Commissioner Hoctor asked if there are other procedures that will be able to do if the bond

passes that will capture voters' attention. Leslie noted that we have the staff now to do hips/knees if we have the proper equipment and could bring in specialists if needed. She added that we are currently limited in space in surgery and need a larger room to be safer and have better environmental controls.

Jonathan Lewis reminded the Board that Matt Ellsworth wants the Senior Leaders and Board to do lists and he will help narrow it down.

Commissioner Scott asked if a skilled swing bed patient would go to the new acute care wing, Leslie noted that skilled swing patients would be in the new wing and long-term care would be in the current acute care wing. Leslie added that she is excited for Matt to review the information brochures, and noted that she thinks long term care should be the first thing on the list.

Jonathan Lewis noted that we have engaged Mahlum for 100% design development to be completed so that cost will not be included in the request and it also shows that we have invested funds. Leslie added that we are way further along on the project than we were previously and that will shorten the amount of time it will take to complete. Commissioner Ihrig noted that we need to express to the community that we are ready to begin.

Leslie noted that if the Board decides to go forward with consideration of approval on Wednesday, there are a few things that need to be done including creation of "For" and "Against" Committees. Commissioners discussed different individuals that may be interested in being on the committee(s). Leslie noted that we need to have representation of the voter demographics on the For Committee.

Commissioner Scott asked about the impact on going out to bond in April would have on the senior leader team. Annie Stone responded that we have been through the process previously and she feels that we have momentum now and 75% approval rate for hospitals that will wane if we postpone too long.

Commissioner Hactor noted that completion of the project may improve recruitment. Leslie agreed and noted that it could definitely help with nursing and providers. Jonathan Lewis added that we could lose surgeons that we have if we don't improve the surgery wing.

Commissioner Ihrig noted that we need to make sure we ask for what we need including the air handler so we don't have to go back out to the community later to complete the project. He added that he feels the ask should stay below \$20 million. Leslie agreed that it should be below \$20 million and should include the air handlers in the proposed long term care rooms. Lori Groves noted that if she hears from Dick Bratton and Apollo on the cost of the air handler, she will have a better idea of the cost. Leslie noted that Dick Bratton will be attending the Board meeting on February 22, 2023 via zoom and he will be able to provide additional information including if there are still supply chain issues that may impact the project.

Following discussion, all commissioners expressed agreement for the bond issue to be included as an action item on the agenda of the February 22, 2023 regular board meeting.

Having no further business to come before the Board, Commissioner Sigfrinius made a motion to

adjourn the meeting at 3:57 p.m. The motion was seconded by Commissioner Ihrig. The motion carried unanimously.



Crystal Scott, President of the Board



Ron Ihrig, Secretary of the Board