GRAYS HARBOR PUBLIC HOSPITAL DISTRICT NO. 2
BOARD OF COMMISSIONERS REGULAR MEETING
November 27, 2018

COMMISSIONERS PRESENT
Andrew Bickar, District 4
Michael Bruce, District 2
Miles Longenbaugh, District 3
Melanie Sturgeon, At Large 2
Becky Walsh, District 5 (via conf. line)
Maryann Welch, District 1

OTHERS PRESENT
Niall Foley, Executive Director Finance
Tom Jensen, CEO, GHCH
Attorney Brad Berg, Foster Pepper
Teresa Ramirez, Executive Assistant

Members of the Public

CALL TO ORDER

President Welch called the meeting to order at 6:44p.

Public Comment – Agenda Topics
President Welch opened the meeting to members of the public for comment regarding topics listed on the agenda.

CONSENT AGENDA

Submitted under the Consent Agenda were:

- District Board Minutes; October 23, 2018
- District Special Meeting Minutes; November 13, 2018
- October Voucher; $3,435.17

ACTION: A motion was made by Commissioner Walsh, seconded by Commissioner Bickar, and unanimously carried to approve the Consent Agenda.

COMMITTEE / CHAIRMAN REPORTS

Board Finance

Submitted was Resolution 2018-09 LTGO & Refunding Bonds 2018, as recommended by Board Finance for Board approval. Commissioner Longenbaugh and Mr. Foley provided report:

- The Resolution allows the District to move forward in refinancing the hospital debt.
- The Resolution grants the District Board authority to appoint a Superintendent to enter into negotiations regarding the terms of the sale of the bonds.
- Language outlines:
  - The aggregate principal amount of all Series of Bonds shall not exceed $38,200,000.
  - Interest rates the District can agree to.
  - How the funds will be spent; to refund, prepay or pay the 2007 and 2011 outstanding bonds, as well as the swap termination fee, the Key Bank line of credit, and Bank of Pacific LTGO currently in existence.
  - Authorizes the District Board to distribute funds as necessary to the Hospital, as has been the practice in the past. It is within the best interest that additional funds be used by the hospital to pay outstanding debt.
  - Exhibit A outlines that each Series shall mature no later than the date that is 30 years after the Date of Issue of that Series.

Commissioner Longenbaugh noted that four separate firms were evaluated, with the selection based on the firm who was most feasible in getting the job done.

Mr. Foley brought forward that there is a schedule of uses and sources of funds, and that the current plan is to pay off the debt, fund $2M in capital related to cardiology and imaging, and to then provide funds to pay down some of the outstanding accounts payable. He added that any proceeds the hospital retains will increase days cash on hand; however, this will not occur until after two years. Commissioner Longenbaugh emphasized the importance of growing service lines in order to grow volumes. Mr. Foley added that the two cardiologists in the area are retiring, and the Hospital is working with a cardiology program to utilize the Hospital's Cath Lab to provide services, which will increase volumes and feed other departmental services within the hospital. The Hospital is also exploring the purchase of a 3-D Tomosynthesis Machine, which help to recapture patient outmigration.

Piper Jaffray is the underwriting firm who will be providing the timeline, and it is hopeful that the bonds will be sold by first of the year. The Forbearance Agreement expires the end of this year and the Bank of the Pacific has been supportive thus far in extending the payment deadline.

Commissioner Longenbaugh brought forward considerations to be aware. Refinancing will extend the debt out further with a higher debt service load on the back-end, however, the hospital is currently on the back-end of its current debt. Moving the debt to the District shifts the burden of paying the debt from the non-profit hospital to the public District.

Resolution 2018-10
Submitted was Resolution 2018-10 Bank of Pacific Term Extension, as recommended by Board Finance for Board approval. Mr. Foley reported that part of refinancing includes the current loan with the Bank of Pacific, which has an outstanding balance of $2.6M. December 10th is next payment due date; however, refinancing will not occur until after that date. Mr. Foley spoke with the Bank who is supporting the payment extension to February 10, 2019, after which time payment will be made in full from the sale of the bonds.

ACTION

Resolution 2018-09 LTGO & Refunding Bonds 2018:

A motion was made by Commissioner Longenbaugh and seconded by Commissioner Walsh.

Commissioner Bruce brought forward that a significant amount of strategic progress has been accomplished to improve the financial viability of the hospital. The LTGO Bonds are the last measure in keeping the hospital whole so that it can be here for the community.

The motion and second were unanimously carried to approve Resolution 2018-09 LTGO & Refunding Bonds 2018.

Resolution 2018-10 Bank of Pacific Term Extension:

A motion was made by Commissioner Longenbaugh, seconded by Commissioner Walsh, and unanimously carried to approve Resolution 2018-10 Bank of Pacific Term Extension.

OLD BUSINESS

None

NEW BUSINESS

Mr. Jensen announced Mr. Foley's promotion to the CFO position, as he has already been carrying the load of CFO responsibilities and doing a great job in accomplishing a significant amount of initiatives.

Good of the Order

None

PUBLIC COMMENT – General

President Welch opened the meeting to members of the public for comment.

ADJOURNMENT

The meeting adjourned at 7:04p.

APPROVED AND ADOPTED THIS 20th day of December, 2018.

ATTEST:

Teresa Ramirez
Recording Secretary

Commissioner Longenbaugh,
Board Secretary