

**GRAYS HARBOR PUBLIC HOSPITAL DISTRICT NO. 2
BOARD OF COMMISSIONERS REGULAR MEETING
October 27, 2015**

COMMISSIONERS PRESENT

Ryan Farrer, At Large 2
Armando Juarez, Jr, District 2
Miles Longenbaugh, District 3
Pete Scroggs, District 5
Robert Torgerson, At Large 1
Maryann Welch, District 1

OTHERS PRESENT

Tom Jensen, CEO, GHCH
Joe Vessey, CFO, GHCH
Teresa Ramirez, Executive Assistant, GHCH
Members of the Public

ABSENT

Andrew Bickar, District 4

CALL TO ORDER

Chairman Maryann Welch called the meeting to order at 1:50p.

PUBLIC COMMENT – Agenda

Commissioner Welch opened the meeting to members of the public for comment regarding topics listed on the agenda.

CONSENT AGENDA

- I. Minutes of September 22, 2015 Board of Commissioners meeting.
- II. Vouchers for September 2015 in the amount of \$2,038.18.

Action: A motion was made by Commissioner Juarez, seconded by Commissioner Farrer, and unanimously carried to approve the Consent Agenda as presented.

BOARD DISCUSSION AND ACTION

Presentation of Resolution

Commissioner Longenbaugh brought forward for the Board's approval, Resolution 2015-06 Appointment of Auditor and Deputy Auditors. Currently, Cindy Sherman is the Auditor, and Diana Thompson and Pamela Nygaard are being appointed as Deputy Auditors.

Action: A motion was made by Commissioner Scroggs, seconded by Commissioner Torgerson and unanimously carried to approve Resolution 2015-06 Appointment of Auditor and Deputy Auditors.

Levy

Kathryn Skolrood, City of Aberdeen Finance Director, attended the October Board Finance meeting and brought forward issues she believed were relevant to the City of Aberdeen if the hospital were to levy a 0.50 cent rate. Misinformation was identified, in that the Port of Grays Harbor is not one of the junior taxing districts included in the evaluation. Mr. Vessey directed the Committee to the County Assessor's documents, as well as the Department of Health, where figures calculate out to a less than \$30k impact on the City, rather than \$100k as Ms. Skolrood initially presented.

Over the past few months, Board Finance welcomed several individuals who came and spoke about potential impacts of the levy. Based on everything that has been received and the impact to the hospital as it relates to capital purchases, Board Finance recommends that the Board move forward in their consideration to adopt the Resolution during the November 10th Budget

Hearing, reflecting a 0.50 cent levy. The levy will allow the hospital to access future financing, it will improve bond credit ratings, and will allow the hospital to increase its market share.

Commissioner Longenbaugh brought forward Resolution 2015-07 2016 Budget & Tax Levy. The Resolution reflects a property tax levy in the amount of \$2,400,000. Districts typically request an amount that allows for a cushion for new construction, new state property that has been assessed, etc.

An inquiry was raised as to how the Memorandum of Understandings (MOU's) will be approved? Mr. Vessey explained that MOU's are supplemental agreements that exist strictly between the districts. The three-part agreement between the City of Hoquiam, Timberland Library, and the Hospital has been vetted through all three entities' attorneys and now all the parties are reviewing/accepting the revisions. All parties appear to be committed to supporting the agreement. The dollar amounts to be exchanged between the entities will depend upon the assessed valuations from the County. The MOU dollar amount for buying down the entities will come from the levy dollars. The levy funds can be used for anything that the district deems necessary; however, there are clearly capital needs to be addressed.

Total revenue of \$1M (non-levied money) is being allocated for capital; however, these funds will not allow the hospital to replace any capital, it will be designated for break-fix.

Commissioner Longenbaugh brought forward Resolution 2015-08 2016 Levy. This resolution adopts the levy amount of \$2,400,000. Attached with the resolution was the 2016 Budget. Mr. Vessey provided a brief overview of the Budget:

- A decrease of inpatient services is anticipated as more procedures move to the outpatient setting. In addition, inpatient surgical minutes are trending downward and outpatient surgical minutes are trending upward. These trends are being experienced nationally.
- A small decrease is being budgeted for inpatient visits - the hospital is making efforts to increase access to primary care and reducing avoidable ED visits. The other factor to consider is healthcare insurance increasing patients' ED co-pays to incentivize hospitals and consumers not to utilize the ED for primary care visits.
- An agency decrease of 53% is being budgeted as downward trends were realized over 2014 and 2015, which speaks largely to the emphasized efforts by nursing and HR with recruiting, to avoid agency costs.
- A bottom line of \$970k is being budgeted for 2016. 2015 year-to-date, the hospital is in the black and adding the levy, the \$970K is conservative.
- The hospital's payor mix is highly governmental (MC/MD), as compared to other hospitals, and those reimbursements are fairly fixed and don't keep up with inflation. These factors will erode some of the net income in 2016.

Because Mr. Vessey is the Treasurer for the Hospital, the County Treasurer does not need a separate District Budget. It was clarified that for accounting purposes, the district expenses are maintained separately from the 5013c budget.

Commissioner Longenbaugh brought forward the 2016 Levy Certification, which will certify when the Board adopts Resolution 2015-07 and 2015-08.

Commissioner Welch commended the Board Finance Committee for wading through the complexities of the levy and bringing forward recommendations to the Board.

Budget Hearing

The Budget Hearing is scheduled Tuesday, November 10th at 1:00p in Conf Rm. C.

OLD BUSINESS

None

NEW BUSINESS

None

PUBLIC COMMENT – General

Ms. Welch opened the meeting to public comment from members of the community regarding issues that were not part of the agenda.

NEXT MEETING

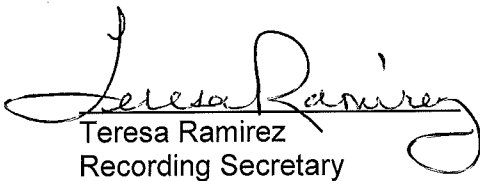
Tuesday, November 24th; immediately following the 6:00p Hospital Board Mtg.

ADJOURNMENT

The meeting was adjourned at 2:20p.

APPROVED AND ADOPTED THIS 24th day of November, 2015.

ATTEST:


Teresa Ramirez
Recording Secretary


Robert Torgerson
Board Secretary