

**San Juan County Public Hospital District #2
Dba Lopez Island Hospital District (LIHD)**

Board of Commissioners – Special Meeting

October 8, 2020

REMOTE MEETING DUE TO COVID-19

Zoom Video/Audio

5:00 – 6:30 pm

Minutes

Commissioners Present

Albert Berger, Board Secretary
Christa Campbell
Iris Graville, Board President
James Orcutt
Steven Greenstein

Staff

Superintendent Anne Presson

Commissioners Absent

None

I. Call to Order

The meeting was called to order at 5:00 pm by the Chair, President Graville. President Graville started with a land acknowledgment to recognize the traditional land of the Coast Salish. President Graville also reiterated the Board's online meeting protocols as a result of COVID-19, and the fact that the format of the Agenda is modified since this is a Special Board Meeting.

II. Old Business

- a. **Superintendent Performance Review** – Having discussed the performance of the Superintendent at an Executive Session in September, the Board expressed support for an increase in the Superintendent's compensation for FY '21.

MOVED by Commissioner Berger, seconded by Commissioner Greenstein to approve a 5% increase in compensation for Superintendent Anne Presson, effective January 1, 2021. The raise is in recognition of the good work she is doing on behalf of the District. VOTE: 5:0:0. Motion Carried.

- b. **General Obligation (GO) Bond** – Commissioner Berger reviewed the two refinancing options under consideration by the Board for the existing GO Bond with Islanders Bank. The first is to remain with Islanders and accept a rate reduction to 3.25%, and the second option is to move the bond to WAFed at a rate of 2.65%.

In the Islanders option they wouldn't charge any bank fees, and the District's bond counsel indicated their cost for the refinancing is approximately \$1,000 less with Islanders. The loan term would remain the same. In the case of moving to WAFed, the loan would be 15 years and they require their own legal counsel review which adds \$5,000 to the cost of their refinance.

When reviewing the interest savings, Commissioner Berger explained the savings with the WAFed rate is approximately \$36,000 over the life of the loan. One concern with the WAFed contract is that there is a significant prepayment penalty, which isn't the case in the current loan contract. Another consideration is that the annual Principal and Interest payments are less with Islanders due to the longer term.

Discussion continued around the benefits of each offer. Commissioner Orcutt expressed his appreciation for the service and support of the local bank, and would like to recognize the strong partnership that has existed since the inception of the District.

MOVED by Commissioner Orcutt, seconded by Commissioner Berger to reenter the motion from the September Board meeting to work with Islanders Bank to secure the interest rate reduction on the GO Bond with no other change in terms. VOTE: 5:0:0. Motion Carried.

- c. **San Juan County Community Based Long-Term Care (LTC) Network** – as a carryover from the September Board meeting, the Board considered the possibility of serving as the Fiscal Agent to resubmit a LTC Planning Grant with Health Resources and Services Administration (HRSA). HRSA is an agency of the U.S. Department of Health and Human Services, and is the primary federal agency for improving access to health care services for people who are uninsured, isolated or medically vulnerable.

Discussion continued around the implications of having LIHD service in this role, and if it would commit the District to future services that were perhaps outside of its scope. Commissioner Orcutt shared feelings of concerns yet also saw it as an opportunity to give rise to legislative changes that could allow for increase payment to LTC facilities, which would support more Medicaid patients. He acknowledged this was a very important issue yet wasn't sure the LIHD should take on this role.

There was consensus of the Board to proceed with a meeting schedule for Commissioners Orcutt and Greenstein, along with Superintendent Presson, to talk with the consultants who prepared the grant application. Following that meeting, there will be a report back for further discussion.

III. Finance Committee

Commissioner Berger shared the updated 5-year financial projections with the Board. The report incorporates historical data from 2018 and 2019, as well as the 2020 Forecast with actuals through August. In looking forward to 2024, Commissioner Berger pointed out the fact that the District begins

to run into potential cash flow challenges. After continued discussion, there was consensus that the District's strategic planning process, scheduled to take place in 2021, will need to look at the sustainability of the current health care model. It will be important to begin looking at the future now and be prepared for whatever changes might need to be considered.

Following a review of the reports prepared by the District's Accountant, Superintendent Presson walked the Commissioners through the LIHD FY '21 budget draft. She reminded the Board that this review is in preparation for the November 11th Special Meeting, which includes a Public Hearing on the Budget and Levy amounts. The budget contains an increase in Revenue of the 1% limit plus amounts associated with new construction. As she walked through Expenses, the biggest impact is the new UW subsidy, which increased 10% over 2020, and the increased support of LIPT to \$50,000. There will also be an election and accountability audit in 2021. Otherwise, the majority of other expenses remain in line with the 2020 budget. After making the allocation to the District's Reserve Fund, the Ending Cash balance is \$110,436. These funds are needed to get the District through the period in between tax receipts, and is somewhat lower than what would normally be the ideal cushion.

There were no significant changes to the proposed draft, which will be posted on the District website two weeks prior to the November 11th Special Meeting.

IV. Upcoming Meetings

The next Regular Meeting of the LIHD is scheduled for October 28th. It's assumed meetings will continue to be held via Zoom. A Special Meeting will be added on November 11th to adopt the FY '21 Budget & Levy.

V. Adjourn

MOVED by Commissioner Berger, seconded by Commissioner Campbell to adjourn the Special meeting at 6:27 pm. VOTE: 5:0:0. Motion Carried.