



**KITTITAS COUNTY PUBLIC HOSPITAL DISTRICT No. 1**  
**BOARD OF COMMISSIONERS' REGULAR MEETING**  
**KVH Conference Room A & B - 5:00 p.m.**

**June 28, 2018**

**1. Call Regular Meeting to Order**

**2. Approval of Agenda \*\***

(Items to be pulled from the Consent Agenda) (1-2)

**3. Consent Agenda \*\***

- a. Minutes of Board Meetings: May 24, 2018 (3-5)
- b. Approval of Checks (6)
- c. Report: Foundation (7)
- d. Minutes: Finance Committee (8)
- e. Minutes: Quality Council (9-12)

**4. Presentations:** Amy Fuller: Kittitas County Public Health Department

**5. Public Comment and Announcements**

**6. Reports and Dashboards**

- a. Quality – Mandee Olsen, Director of Quality Improvement (13-18)
- b. Chief Executive Officer – Julie Petersen (14-16)
  - i. Motion to Accept the Apparent Low Bid for Medical Arts Center, Phase 1 (MAC1) Build Out \*\* (17)
- c. Medical Staff
  - i. Chief of Staff, Timothy O'Brien MD
    - 1. Medical Executive Committee Recommendations for Appointment and Re-Appointment \*\* (18)
    - ii. Chief Medical Officer, Kevin Martin MD (19)
- d. Finance – Chief Financial Officer - Libby Allgood
  - i. Operations Report (20-25)
  - ii. Finance Committee Report – Commissioner Liahna Armstrong
    - 1. Resolution No. 18-05: Debt Resolution \*\* (26-45)
    - 2. Resolution No. 18-06: WRHC PHD Operating Board Interlocal Agreement \*\* (46-73)
    - 3. Capital Expenditure Requests \*\* (74-75)
- e. Operations (76-78)
  - i. Vicky Machorro, Chief Nursing Officer
  - ii. Rhonda Holden, Chief Ancillary Officer
  - iii. Carrie Barr, Chief of Clinic Operations



**KITTITAS COUNTY PUBLIC HOSPITAL DISTRICT No. 1**  
**BOARD OF COMMISSIONERS' REGULAR MEETING**  
**KVH Conference Room A & B - 5:00 p.m.**

**7. Education and Board Reports**

- a. Report from attendance at the WSHA/AWPHD Rural Summer Conference, at Chelan, June 24-27

**8. Old Business**

**9. New Business**

- a. Approval of Teamsters Registered Respiratory Therapist Contract \*\*

**10. Community Relations Report:** Michele Wurl, Director of Communications & Marketing (79)

**11. Executive Session**

- a. Recess into Executive Session, Personnel & Real Estate - RCW 42.30.110 (b)(g)
- b. Convene to Open Session

**12. Adjournment**

**Future Meetings**

- July 26, Regular Meeting
- August 23, Regular Meeting

**Future Agenda Items**



**KITTITAS COUNTY PUBLIC HOSPITAL DISTRICT No. 1**  
**BOARD OF COMMISSIONERS' REGULAR MEETING**  
**KVH Conference Room A & B**  
**May 24, 2018**

BOARD MEMBERS PRESENT: Matt Altman, Liahna Armstrong, Erica Libenow, Roy Savoian

KVH STAFF PRESENT: Julie Petersen, Libby Allgood, Mandee Olsen, Rhonda Holden, Michele Wurl, Vicky Machorro

MEDICAL STAFF PRESENT: Dr. Timothy O'Brien

1. At 5:00 p.m., President Matt Altman called the regular meeting to order. President Altman announced that Commissioner Bob Davis was excused from attendance at the meeting.

2. **Approval of Agenda:**

**ACTION:** On motion of Roy Savoian and second of Erica Libenow, the Board members unanimously approved the agenda.

3. **Consent Agenda:**

**ACTION:** On motion of Liahna Armstrong and second of Erica Libenow, the Board members unanimously approved the Consent Agenda.

4. **Presentation:**

President Altman presented Liahna Armstrong with a Certificate of Appreciation for her twenty years of service to Kittitas Valley Community Hospital as a Commissioner.

Bill Mannewitz gave a PowerPoint presentation updating the Board members regarding physical therapy and other related services provided by Rehab Visions for Kittitas Valley Healthcare (KVH). He reported that overall the program was doing very well. He noted that due to the new Cerner information system installation at KVH, business declined for a few months. He reported that patient satisfaction scores were positive with an overall rating of 98%.

Tom Dingus, from Dingus, Zarecor & Associates, gave a PowerPoint presentation regarding the latest independent financial audit of Kittitas Valley Healthcare. He reported that overall the hospital was doing very well financially. He stated that there were no material findings or financial weaknesses reported for KVH.

5. **Public Comment/Announcements:**

Mandy Wilson, Washington State Auditor, was in attendance at the meeting and introduced herself to the Board members.

6. **Reports and Dashboards:**

The Board members reviewed the QI dashboards and summary. The Board members reviewed the implementation plan for the Patient Family Engagement Program.

**ACTION:** On motion of Roy Savoian and second of Erica Libenow, the Board members unanimously adopted the implementation plan for the Patient Family Engagement Program.

The Board members reviewed the CEO report with Julie Petersen. Julie Petersen noted that due to the implementation of the Cerner Program, completion of employee evaluations has been somewhat delayed.

**ACTION:** On motion of Roy Savoian and second of Erica Libenow, the Board members unanimously approved Resolution No. 18-04, authorizing the bid process for the public works project for the KVH Medical Arts Center Building, Phase I.

**ACTION:** On motion of Erica Libenow and second of Liahna Armstrong, the Board members approved the reappointments for Dr. Micahlyn Powers, Dr. Elise Herman, Dr. John Merrill-Steskal, Dr. Brian McElaney, and Jose Diaz, PA-C, as recommend by the Medical Executive Committee. Dr. O'Brien announced that the Medical Executive Meetings are being moved from noon to 5:15 p.m. on the second Wednesday of each month to better accommodate the schedules for the members of the committee.

The Board members reviewed the Chief Medical Officer report.

Libby Allgood reported financials for April and stated that she is working on a cash recovery plan. Liahna Armstrong reported that the Finance Committee met to review the financials for April and the independent audit report, and that the committee recommends approval of the capital expenditure request.

**ACTION:** On motion of Liahna Armstrong and second of Roy Savoian, the Board members unanimously approved the capital expenditure request for the purchase of the ultrasound guidance system.

The Board members reviewed the operations report with Vicky Machorro and Rhonda Holden. Vicky Machorro reported that the recent staff Education Fair was a success. Rhonda Holden reported that the new pharmacy in Cle Elum has opened. She reported that there will be a two-week delay in conducting mammography tests at the hospital due to digital problems. She noted that the Department of Health inspection of the Lab at the KVH Family Practice clinic in Cle Elum went very well.

7. **Education and Board Reports:**

Matt Altman reported that he and Roy Savoian recently attended the WSHA CEO & Trustee Patient Safety Summit. He stated that topics covered at the summit included healthcare disparities and provider burnout. He noted that he sent his notes from the summit to the other Board members.

Julie Petersen reviewed the agenda for the upcoming WSHA/AWPHD rural hospital leadership conference at Campbell's Resort in Chelan on June 24-27. She announced that there will be a dinner on Monday, June 25, with the Hospital District No. 2 Commissioners at the Adante's Restaurant in Chelan at 6:30 p.m. and there will be a special KVH Board meeting on Wednesday, June 27, at noon in a meeting room at the Campbell's Resort regarding medical staff development.

8. **Old Business:**

None.

9. **New Business:**

None.

10. **Community Relations Report:**

The Board members reviewed the Community Relations report. At 7:10 p.m., President Altman announced that there would be a 15-minute recess followed by a 15-minute executive session regarding personnel and real estate. RCW 42.30.110(b)(g)

At 7:35 p.m., the meeting was reconvened into open session.

With no further action and business, the meeting was adjourned at 7:36 p.m.

**CONCLUSIONS:**

1. Motion passed to approve the Board agenda.
2. Motion passed to approve the Consent Agenda.
3. Motion passed to adopt the implementation plan for the Patient Family Engagement Program.
4. Motion passed to approve Resolution No. 18-04 authorizing the bid process for the public works project for the Medical Arts Center Building, Phase I.
5. Motion passed to approve the reappointments as recommended by the Medical Executive Committee.
6. Motion passed to approve the capital expenditure request for the purchase of the ultrasound guidance system.

Respectfully submitted,

Franki Storlie/Erica Libenow  
Executive Coordinator/Secretary, Board of Commissioners

**DATE OF BOARD MEETING:** June 28, 2018

**ACCOUNTS PAYABLE CHECKS/EFTS TO BE APPROVED:**

#1	AP CHECK NUMBERS	<u>243833-244631</u>	NET AMOUNT:	<u>\$3,689,218.47</u>
			SUB-TOTAL:	<u>\$3,689,218.47</u>

**PAYROLL CHECKS/EFTS TO BE APPROVED:**

#1	PAYROLL CHECK NUMBERS	<u>80957-80979</u>	NET AMOUNT:	<u>\$31,110.57</u>
#2	PAYROLL CHECK NUMBERS	<u>80980-81001</u>	NET AMOUNT:	<u>\$25,175.93</u>
#3	PAYROLL DIRECT DEPOSIT	<u>EFT</u>	NET AMOUNT:	<u>\$1,032,600.41</u>
#4	PAYROLL DIRECT DEPOSIT	<u>EFT</u>	NET AMOUNT:	<u>\$1,040,675.10</u>
			SUB-TOTAL:	<u>\$2,129,562.01</u>

**TOTAL CHECKS & EFTs:** \$5,818,780.48

Prepared by

  
 \_\_\_\_\_  
 Sharoll Cummins  
 Staff Accountant



### **Foundation Welcomes New Board Members**

The Foundation welcomed Penny Hein and Kathy Johnson to the board in May. Penny has been a community member of the Foundation's Tough Enough to Wear Pink event committee for a few years, and is passionate about giving back to her community. Kathy Johnson, born and raised in Ellensburg, loves her community and brings a vast amount of knowledge and volunteer experience across sectors. We would like to welcome them both and look forward to working with them in the years to come to advance healthcare here at KVH.

### **Foundation Activities**

The Foundation Board held its annual retreat mid-year focusing on 2018 goals and engagement. Much of the discussion centered on positive messaging about KVH and the patients we serve as well as opportunities to further connect with our generous supporters and KVH employees. Throughout the conversation, a constant theme was to keep the connections between The Foundation and the KVH Board strong. Thank you Roy, for serving as the Board's liaison and helping us in this capacity while showing your passion and support for the health and wellbeing of our community.

*Tough Enough to Wear Pink (Sunday, Sept. 2)*- We are thankful to continue our partnership with the Ellensburg Rodeo in this national campaign to raise funds and awareness for breast cancer prevention efforts. Merchandise and a pick-your-prize raffle will begin at KVH and community-wide in August. More information to come.

Respectfully submitted,

**Lauren Denton**  
Director, Foundation

Kittitas Valley Healthcare  
Finance Committee Meeting Minutes  
May 22, 2018

Members Present: Liahna Armstrong, Roy Savoian, Jerry Decker, Paul Malinski, Julie Petersen

Staff Present: Kelli Goodian Delys, Jason Adler, Amy Krogstad

Guests Present: Tom Dingus

The meeting was called to order by Liahna Armstrong at 7:32am.

Motion was made to approve the Agenda and Minutes as written. Both motions carried.

Tom Dingus from Dingus, Zarecor & Associates PLLC, presented the audited financial statements and financial indicators for 2017. KVH received a clean opinion and did not have any audit findings. Net patient service revenue was lower in 2017 than 2016, yet expenses were reduced greater than the reduction in net patient revenue, resulting in positive operating income. It was noted that the 2008 UTGO Debt will be paid in December 2018 which will impact the 2019 Statement of Revenues, Expenses, and Changes in Net Position due to reduced non-operating revenues and interest expense. Tom also touched upon upcoming accounting pronouncements that will have an impact on the financial statements.

Kelli Goodian Delys presented a financial overview for April operations. The details were provided in the Chief Financial Officer Report. The committee was updated on the progress with our new electronic health record, OneSource (Cerner) including cash flow implications. We are reviewing charges daily with department directors to validate charges and correct the mapping to departments as necessary.

Amy Krogstad, Director Surgical Services, brought forth a capital request for an Ultrasound Guidance System. Amy explained use of the equipment for PICC line placement and how this equipment prevents a patient from needing a chest x-ray. Our current equipment is eight years old and fully depreciated. The Digital Imaging & Communications in Medicine Software listed on the agenda was pulled from consideration.

The June 26, 2018 Finance Committee meeting will be held with Board members and administration only at the Rural Health Conference in Chelan.

With no further business, the meeting was adjourned at 8:42am.



<b>Quality Improvement Council</b>	<b>MEETING MINUTES</b>	<b>June 18, 2018</b>
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**Present:** Mandee Olsen, Matt Altman, Julie Petersen, Rhonda Holden, Liahna Armstrong, Dr. O'Brien, Michele Wurl, Libby Allgood, Dr. Martin, Judy Love, Carrie Barr, Vicki Machorro, Ron Urlacher  
**Guests:** Jim Allen, Amy Krogstad, Nasser Basmeh  
**Recording Secretary:** Mandy Weed  
**Minutes Reviewed by:** Mandee Olsen

<u>ITEM</u>	<u>DISCUSSION</u>	<u>ACTION ITEM/ RESPONSIBLE PARTY</u>
<ul style="list-style-type: none"> <li>Called to order</li> </ul>	The meeting was called to order by Matt at 3:04pm.	
<ul style="list-style-type: none"> <li>Agenda &amp; Minutes</li> </ul>	The agenda was approved as presented and Matt stated the minutes were not included in their packet but they were approved at the last board meeting and if anyone wanted a copy Mandy could send them to them.	
<b>New Business</b>		
<ul style="list-style-type: none"> <li>Patient and Family Engagement Update: Board Decision</li> </ul>	<p><b>Handouts:</b> None</p> <p><b>Discussion:</b> Matt stated the board unanimously approved forming the steering committee for Patient and Family Engagement.</p>	
<ul style="list-style-type: none"> <li>Patient and Family Engagement Update: Steering Committee Members</li> </ul>	<p><b>Handouts:</b> None</p> <p><b>Discussion:</b> Mandee stated Judy, Michele and she had met and sketched out a plan for the Patient and Family Engagement (PFE) steering committee members. Mandee stated PFE initiative aligns with the Community Engagement strategic business plan – building community trust and transparency. She stated Patient Family Advisors or a Patient Family Advisory Committee (PFAC) meet one of the national metrics in</p>	

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	<p>achieving PFE, and having a member of the board on the steering committee may meet an additional metric. She stated they are going to try this plan out this summer to see if it is adequate or if they need a larger committee. Mandee stated the committee level would be Dr. Martin, Julie Petersen, Erica Libenow, Judy Love, Mandee Olsen, Michele Wurl and hoping that Dr. Martin and Julie could also help with the prioritizing projects for Advisors to work on. QI committee approved moving forward with proposed group.</p>	
<b>Reports</b>		
<ul style="list-style-type: none"> <li>Quality Improvement Council Dashboard Review</li> </ul>	<p><b>Handouts:</b> QI Council Dashboard &amp; Summary</p> <p><b>Discussion:</b> Mandee went over the dashboard summary and stated they are still working with Cerner and data abstractions for February data and it is challenging as it is pulling part of a month with the system change. Mandee stated we were at 100% for sepsis and stroke timing and we had no falls with injury. Mandee stated the timeliness with Hospice looks great. Rhonda stated a lot of their fallouts have to do with documentation and maybe we should be looking at the timeliness of care for initial visit and to physical therapy and we may want to consider adding one of those to the dashboard and removing opioids. Matt suggested adding another line for patient harm. Committee agreed to removing opioids and adding in time to referral and to initial assessment.</p>	
<ul style="list-style-type: none"> <li>Patient Satisfaction</li> </ul>	<p><b>Handouts:</b> Patient Satisfaction Dashboard &amp; Summary</p> <p><b>Discussion:</b> Mandee stated this dashboard is the same as last meeting and that Family Birthing Place is at the highest possible percentile rank.</p>	<p>Julie questioned how we can recognize FBP</p>

	<p>She stated that the ED is more stable and creeping up to the target; however lab and imaging is struggling. Julie stated we need to look at what small things we can implement to bump those 7's and 8's up to 9's and 10's. Rhonda stated she read the comments and unfortunately they are referring to things KVH wide not just specific to those departments. Liahna suggested an analysis of the comments. Rhonda stated it was important to note there were as many positive comments as there were negative.</p>	<p>for their hard work. Mandee and Julie will discuss ways to recognize them. Mandee will aggregate the comments and bring them to the next meeting.</p>
<b>Policy Review</b>		
<ul style="list-style-type: none"> <li>• Occurrence Reporting</li> </ul>	<p><b>Handouts:</b> Occurrence Reporting Policy</p> <p><b>Discussion:</b> Mandee stated QI needs to review this policy as it was reviewed in January with no language changes to the policy but it wasn't brought to QI at that time. Mandee stated we have to report the number of adverse events to the state quarterly. KVH had no adverse events to report in almost three years. QI Committee approved policy as presented.</p>	
<ul style="list-style-type: none"> <li>• Disclosure of Unplanned Medical Events</li> </ul>	<p><b>Handouts:</b> Disclosure of Unplanned Medical Events &amp; Standard Work</p> <p><b>Discussion:</b> Matt stated it appeared the only changes to the policy were to the references. Mandee that was correct and it is state law that we have this policy. Julie proposed adding a change that would add CEO to those being notified.</p>	<p>Vicky, Mandee and Julie will work on revisions and bring back for approval.</p>
<ul style="list-style-type: none"> <li>• <b>New Business</b></li> </ul>		
<ul style="list-style-type: none"> <li>• Improvement Outcomes: Cardiopulmonary Services</li> </ul>	<p><b>Handouts:</b> None</p> <p><b>Discussion:</b> Jim stated so far this year they have worked on 3 projects.</p>	

	Switching to Neo puff, increased number of response to surveys and letting them know that they will be receiving a call, and switching over from a DPI inhaler to nebulized treatments for patients in the hospital resulting in increased patient satisfaction as well as cost savings.	
<ul style="list-style-type: none"> <li>Improvement Outcomes: Surgical Services</li> </ul>	<p><b>Handouts:</b> Ecolab handout</p> <p><b>Discussion:</b> Amy stated they have implemented a surgical services task force group and they haven't picked their metrics yet but they have been focusing on how they clean rooms by tracking a multi-disciplinary team approach. Amy stated Ecolab has a system to help make visible things that are touched in the OR and what is touched between patients that need to be cleaned. Amy stated the system is very easy to use and the baseline was done by the company and the staff was not aware they would be coming in. Amy stated she shares the data with the staff and Micah and they have fallen a bit which shows her they need to do education again.</p>	
<ul style="list-style-type: none"> <li>Improvement Outcomes: Patient Satisfaction Update</li> </ul>	<p><b>Handouts:</b></p> <p><b>Discussion:</b> Mandee stated Healthstream was acquired by Press Ganey and they are preparing for that transition and they are working on building the data files. We will also start sending out surveys in the mail as well as some text messages and emails and they will say which service it is for. Mandee stated we will also have some different peer groups that we can compare ourselves to.</p>	
<ul style="list-style-type: none"> <li><b>Closing</b></li> </ul>		
<ul style="list-style-type: none"> <li>Adjourned at 4:30 pm</li> </ul>	Next meeting August 20, 2018 from 3:30-5:00 pm	

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## QUALITY IMPROVEMENT REPORT – Mande Olsen, BSN RN CPHQ

June 2018

### **Patient and Family Engagement (PFE)**

Last month the board endorsed the proposed PFE plan. Since then, KVH Patient Family Advisor to QI Council, Judy Love, Michele Wurl, and I met to brainstorm initiation of a PFE Steering Committee. Selected members of the Patient Family Advisor Steering Committee are Erica Libenow, Julie Petersen, Dr. Kevin Martin, Judy Love, Michele Wurl and Mande Olsen. This group will be meeting over the next few months to flesh out the structure, materials and priority projects for Patient Family Advisors to work on.

## **Quality Improvement Dashboard Data Summary – For use in June 2018**

### **Summary of Areas Meeting Goal or Showing Improvement**

- Sepsis at 100%
- Median time to ECG is below benchmark of 10 minutes for the month of April, but did not meet the stretch goal of 5 minutes
- No HAIs or needlesticks in the month of April
- Above benchmark for patient satisfaction in talking about medications for home health
- Above benchmark for patient satisfaction in timeliness of help when needed and timeliness of help after hours for hospice
- No patient falls in the month of April
- Exclusive breastfeeding continues to be strong

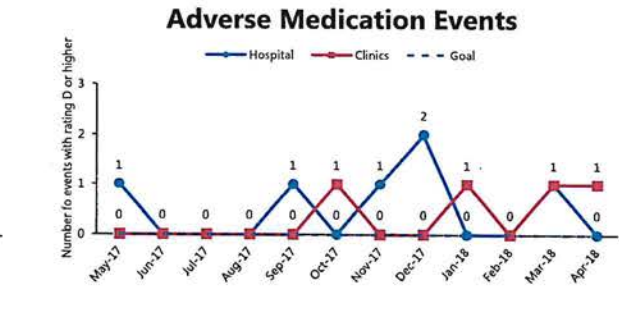
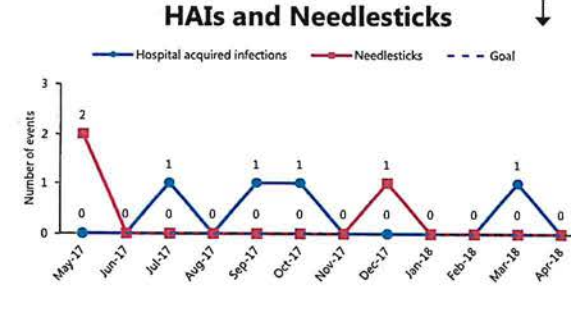
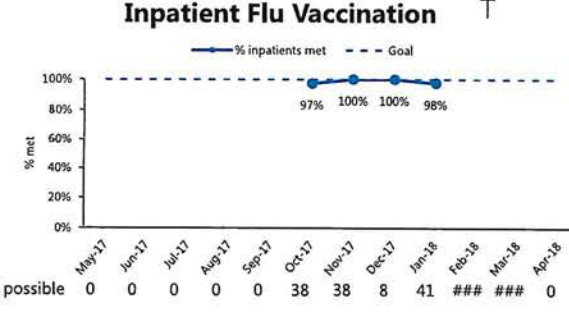
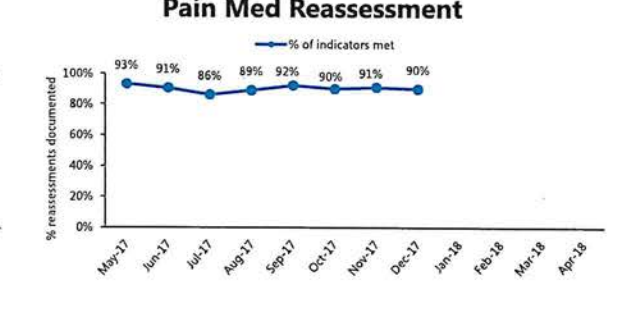
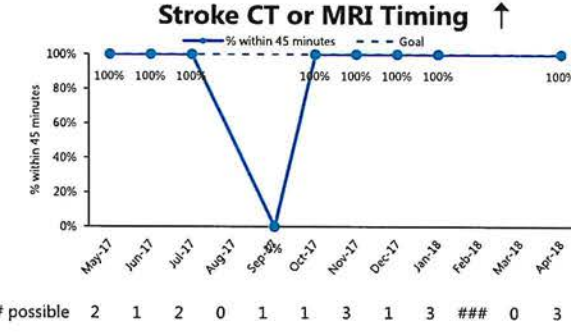
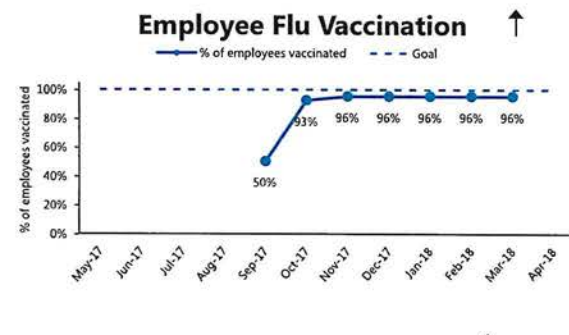
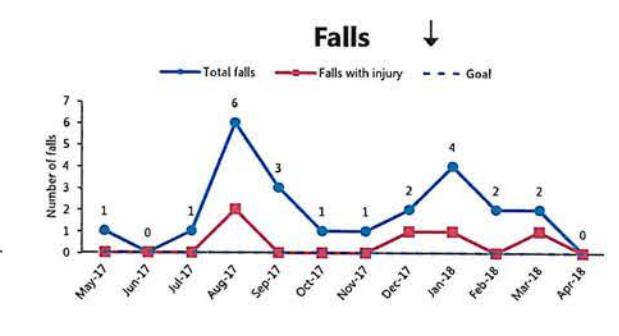
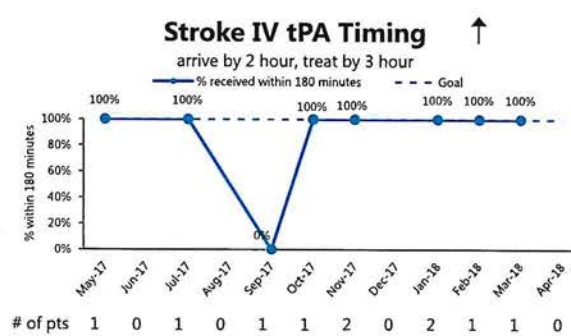
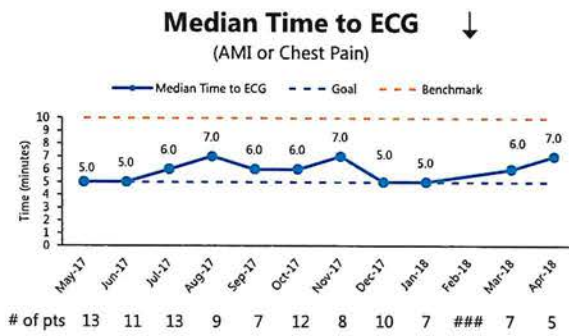
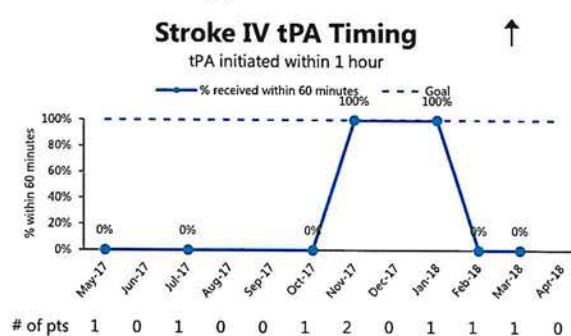
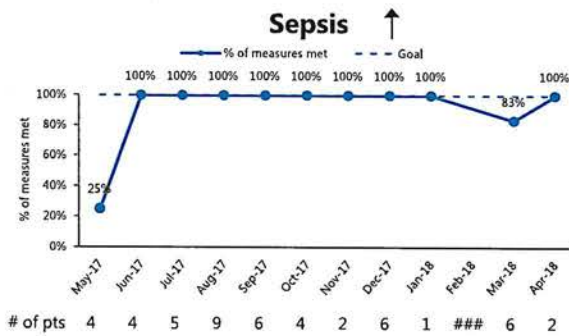
### **Summary of Improvement Opportunities**

One medication was ordered correctly but dispensed at a lower dose than ordered. The patient required an additional visit to adjust medication dose.

### **Patient Satisfaction**

- Family Birthing Center in highest percentile rank. Way to go!
- MedSurg/CCU, Cardiopulmonary, Home Health and Hospice all at goal.
- The nursing and ancillary departments (Lab, Imaging, Cardiopulmonary), as well as support departments such as Housekeeping and Pharmacy, have selected improvement topics and activities to try.

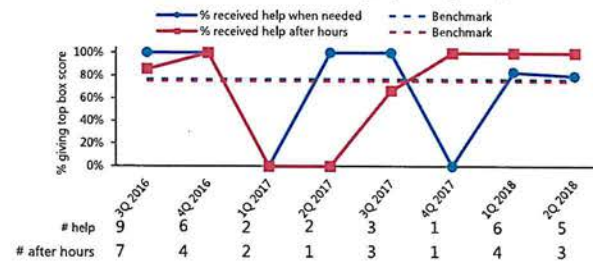
# QI Council



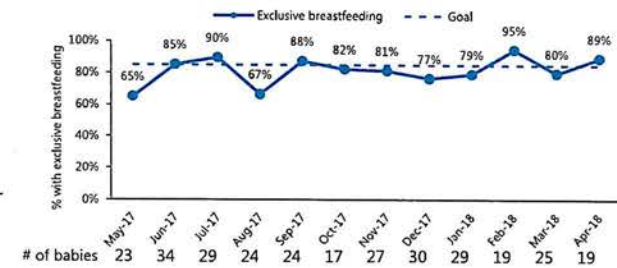
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*Proposed measure:*  
surgical site infection  
taskforce measure

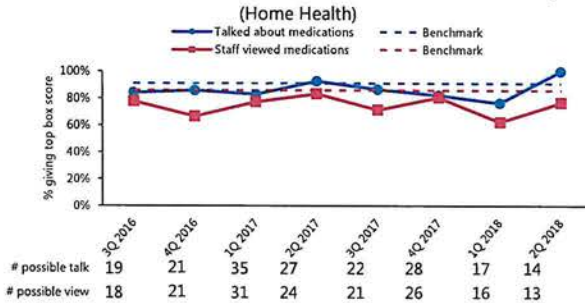
**Patient Satisfaction:  
Timeliness of Help (Hospice)**



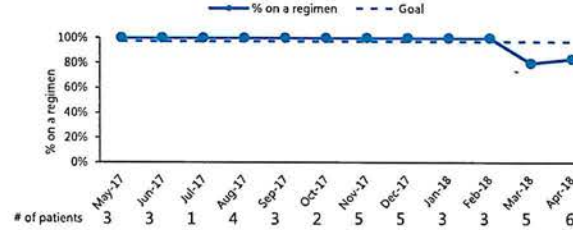
**Exclusive Breastfeeding**



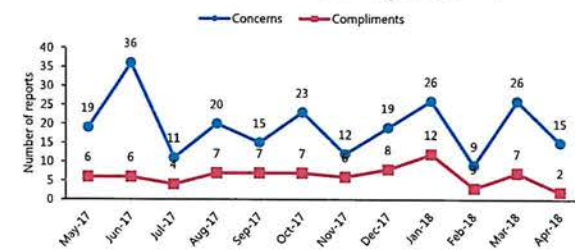
**Patient Satisfaction: Medications (Home Health)**



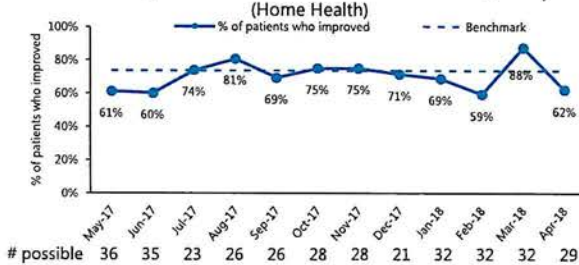
**Patients on Opioids Given a Bowel Regimen (Hospice)**



**Care and Service Reports**

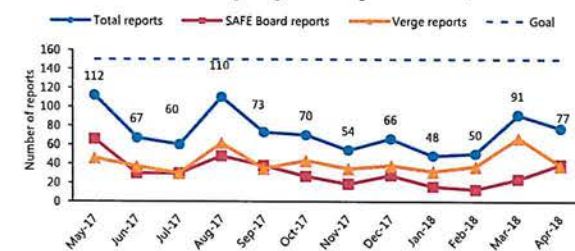


**Improvement in Bed Transferring (Home Health)**

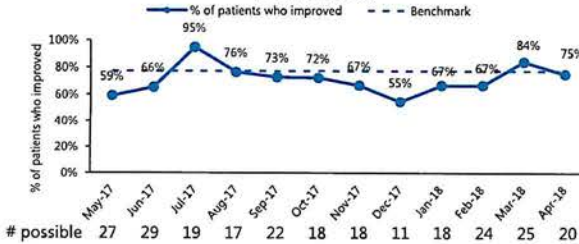


*Proposed measure:*  
days to referral, clinics

**Employee Reports**



**Improvement in Dyspnea with Activity (Home Health)**



*Proposed measure:*  
meaningful use/MIPS

**Reports of Occurrences**

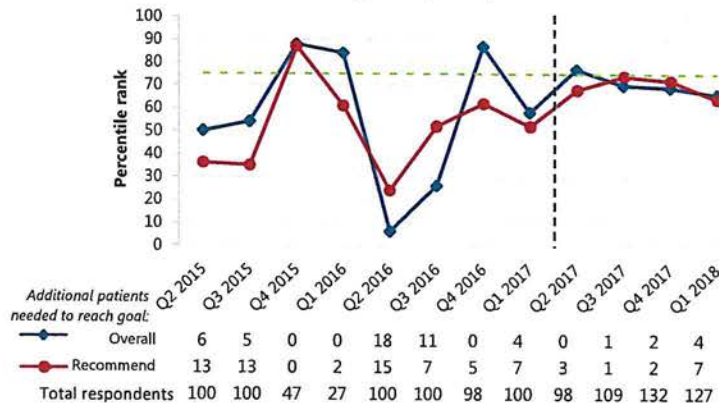


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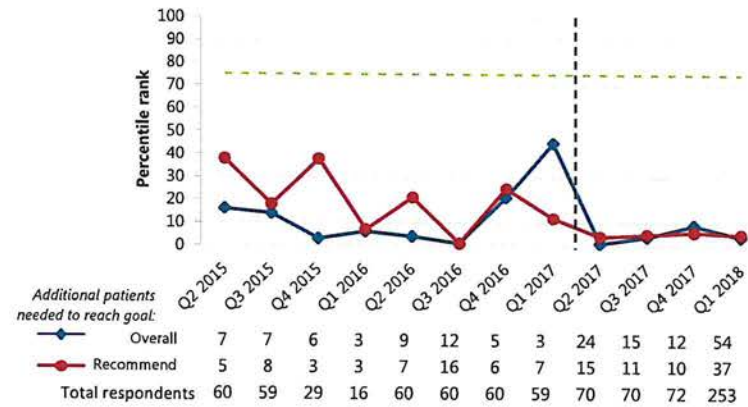


# Patient Satisfaction Dashboard

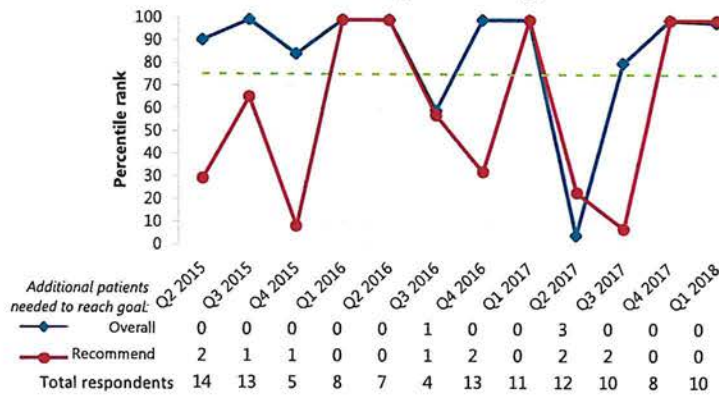
## Emergency Department



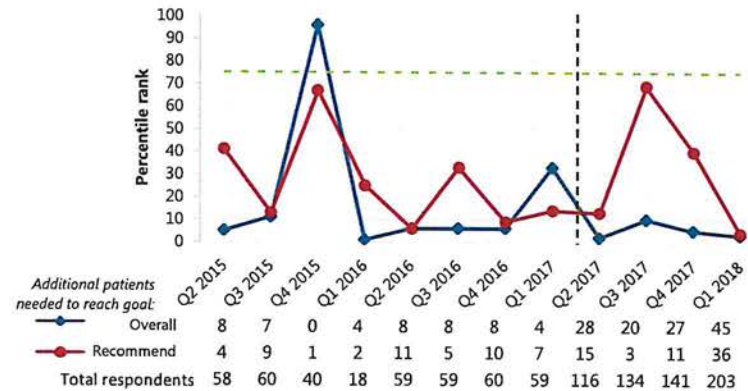
## Laboratory



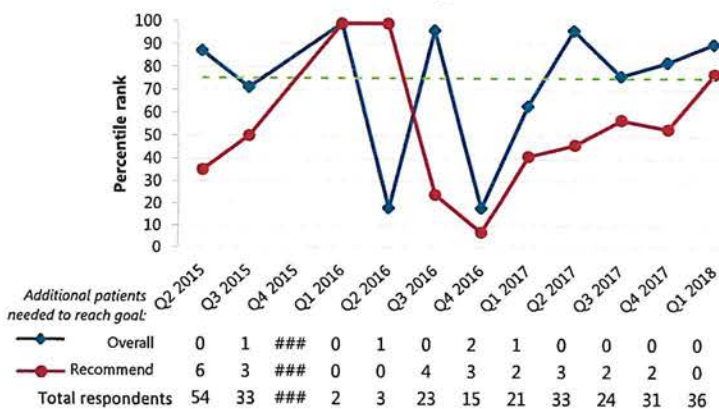
## Family Birthing



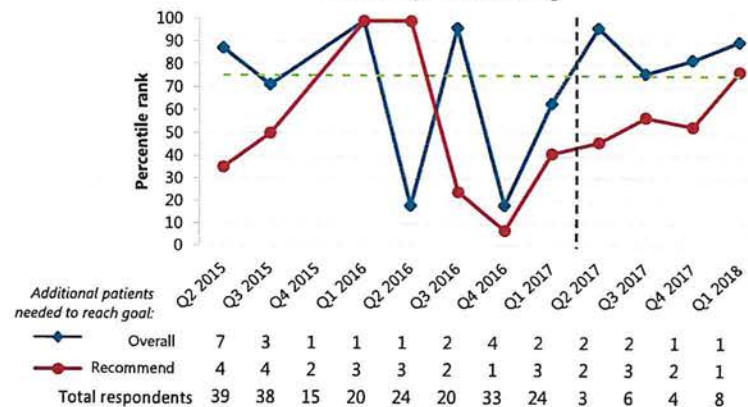
## Imaging



## MedSurg/CCU



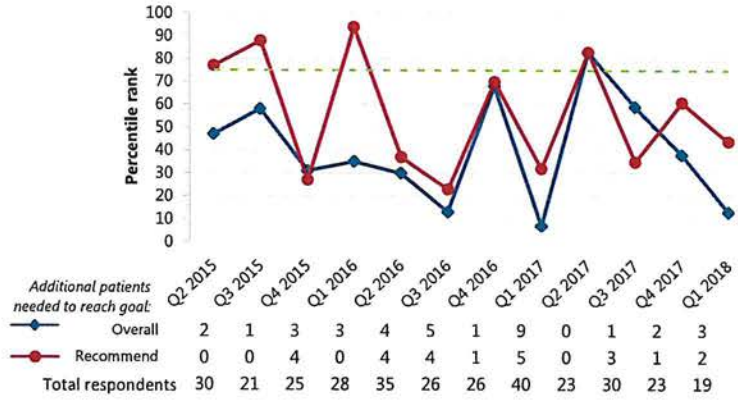
## Cardiopulmonary



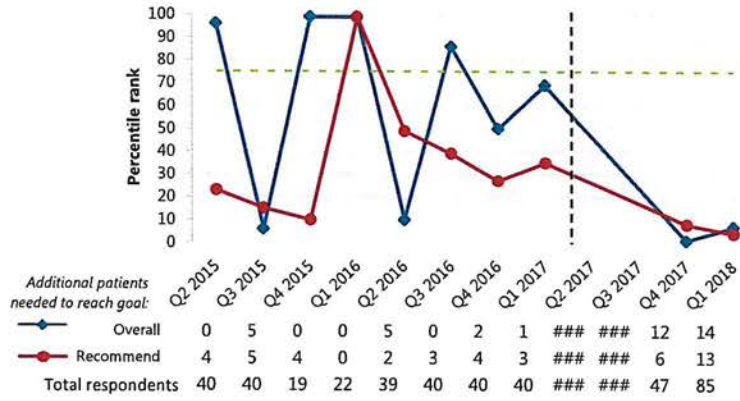
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# Patient Satisfaction Dashboard

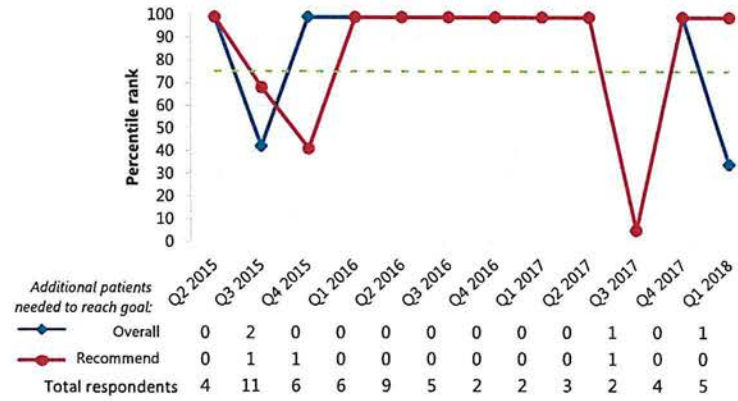
## Home Health



## Outpatient Surgery



## Hospice





## CHIEF EXECUTIVE REPORT – Julie Petersen

June 2018

### **Medical Arts Center #1**

The bid process for the Medical Arts Center 1 Build Out certainly went more smoothly than the Radio Hill Phase #1 project. The preliminary estimate of \$535,000 was significantly higher than the final bid. Administration will ask the Board to accept the apparent low bid. Contracts should be executed shortly thereafter with occupancy to follow 13 – 15 weeks later. I have asked Randy/Ron to request a very specific schedule from the contractor. If everything goes according to plan, occupancy by KVH Women's Health will occur early to mid-4<sup>th</sup> quarter 2018.

In addition to the actual construction costs, project costs of approximately \$130,000 are anticipated. These costs include: Furniture and equipment, artwork, security, data and cabling, phones, moving and start-up supplies. Administration will be asking for approval of the additional \$130,000 in project costs.

An internal team has been identified to manage the project. The team consists of Facilities, IT, Finance (Revenue Cycle), Materials Management, Clinic Operations, CMO, CFO and Commissioner.

One of the first orders of business will be to format an ongoing report for the Board on project(s) progress, both budget and schedule.

### **Radio Hill Phase #1**

VK Powell has demolition underway at Radio Hill. Occupancy is anticipated in 90 days.

### **SOP Gemba**

I was very pleased to spend a large portion of a day with the Surgical team. The process that we use to admit, prep and recover surgical patients is unique in my experience. Rather than transferring patients from department to department, the process is centered on the patient and really connects the patient to a specific nurse (friendly face) for the duration of their stay. I was scrupulously supervised and kept well out of the way but was still able to observe the wonderful care and attention that your nurses provide as well as actual orthopedic, cataract and scope procedures.

I witnessed this very seamless combination of competence and compassion in the care that your patients receive. It is a reminder of why community hospital care is so important and so special. Thank you to the SOP and surgical team.

We have not scheduled an August Board presentation and I would like to recommend that David Swory who operates our Central Sterile department and Julie Hiersche from Infection Control describe the role that CS plays in patient care. I think you will find it informative and impressive.

### **Teamsters**

The Teamsters RRT contract has not yet been ratified by the membership but we have no reason to believe that it will lack the votes to pass. We hope to ask the Board to approve the new contract and will present the general terms of the agreement at the meeting.

### **Announcing New Providers**

Our practice in the past has been to delay the announcement, scheduling and advertising of new providers until they have been credentialed by the Board. This has left us scrambling and with very slow start-ups. Our plan is to begin introducing new providers to the community once we have a signed contract, start date, and they have cleared HR (UA, references and background checks). Absent any red flags from credentialing, we would begin the communication plan. This will afford us several additional weeks, if not months, for planning. I would appreciate the Board input regarding this change.



## CHIEF EXECUTIVE REPORT – Julie Petersen

June 2018

### **Dr. Nancy Wells**

After more than a quarter century of service, Dr. Wells has closed her practice. Carrie Barr is working to place her patients with providers and we will assist with transitions in any way we can. Ron Urlacher will be doing a general refresh of her suite and discussion about how to best use the space continues. Thank you for your years of service Dr. Wells.

### **Communication Plans**

Michele Wurl will facilitate a discussion about the construction and space communication plan with the Board and also provide an update on the MVV roll out.

### **Home Health Survey**

In the space between two Board meetings, our Home Health agency has been surveyed, passed their survey, provided a plan of correction and had their plan accepted. The survey was conducted under the very recently released new Medicare conditions of participation. Essentially a whole new set of rules were applied. The survey team showed up, of course, on a Wednesday morning when some key people were out of town. Despite that, we were confident that the survey would go well based on the quality of the care that is delivered and the rigor of the quality/process improvement program. We will be working on closing the gap between the time our providers refer to home health and evaluation is initiated. Congratulations KVH Home Health!

### **End of an Era**

Effective July 1<sup>st</sup>, the Auxiliary will step away from operating the KVH Coffee stand and gift shop. D&M coffee will begin operating the coffee stand and the gift shop will be manned largely by KVH volunteers. The Auxiliary has provided decades of service to the Hospital and thousands of hours of selfless service over the years. Like so many hospital guilds and auxiliaries they were no longer able to recruit a new generation of volunteers. Retirement activities it turns out have changed over the years.

D&M will begin serving up hot coffee, lattes and pastries on July 1 and will soon be the coffee provider throughout the District. This is a great opportunity to partner with a celebrated local business.

### **Swedish Specialty Clinic Update and PHD #2 Updates**

No recent updates on the Swedish Specialty Clinic. Hospital District #2 is continuing its work on the site plan and identifying priorities. They are evaluating options to accommodate partnerships, new services and clinic expansion and new ambulance facilities. They are in the very preliminary visioning stages.

### **Happy Event**

Longtime volunteer Michele Beckham and her fiancé Wayne Sargent were quietly married in the KVH Chapel on June 11<sup>th</sup>. There is some debate about whether this is the first wedding to take place at KVH but we were honored to host this special and happy event.

HR Dashboard

Measurement		18-May	18-Apr	18-Mar	18-Feb	18-Jan	17-Dec	17-Nov	17-Oct	17-Sep	17-Aug	17-Jul	17-Jun	May-17	Apr-17	
Employee Population	Available workforce	Rolling 12 Variance														
	Full-time	25	353	351	350	347	353	350	349	322	346	339	333	328	326	328
	Part-time	-34	139	139	137	140	140	140	142	167	146	147	151	157	170	173
	Per Diem	12	91	91	92	90	85	85	87	86	88	88	89	89	84	79
	Total Employees	3	583	581	579	577	578	575	578	575	580	574	573	574	580	580
Turnover	Quality of recruitment and retention	Rolling 12 Total														
	Voluntary (excludes pd terms, includes reduction of FTE to pd)	125	8	8	10	10	6	8	8	9	3	14	12	11	12	6
	Involuntary (excludes pd terms)	28	0	1	1	2	2	1	1	15	2	1	0	1	0	1
	Overall Percentage (excludes pd terms, includes reduction of FTE to pd)	26.52%	1.37%	1.55%	1.90%	2.08%	1.38%	1.57%	1.56%	4.17%	0.86%	2.61%	2.09%	2.09%	2.07%	1.21%
	Total All Employees Separated	162	12	8	11	12	10	11	8	24	8	15	11	14	11	7
General Recruitment	Efficiency of sourcing, selecting and placing talent	Rolling 12 Total														
	Open Postings	273	14	13	23	14	19	14	26	14	28	22	16	35	17	18
	Unique Applications Received	1818	135	137	169	80	111	78	125	133	191	168	137	148	129	77
	Employees Hired	177	14	11	13	14	12	10	11	21	18	16	13	7	11	6
	Time to Fill (Average)	44.82	48.53	51.00	41.89	49.7	34	33	34.2	33.24	48.29	40	54.5	49.76	54.4	55
Provider Recruitment	Efficiency of sourcing, selecting and placing talent	Rolling 12 Total														
	Open Postings	9	0	1	1	0	2	1	2	0	1	0	0	0	0	1
	Open Slots	9	0	1	1	0	2	1	2	0	1	0	0	0	0	1
	Unique Applications Received	76	7	0	0	2	9	4	12	9	9	3	3	4	4	10
	Employees Hired	16	1	2	1	1	2	0	1	2	0	5	0	0	1	0
Benefits	Financial Impact of adding talent	Rolling 12 Total														
	Workers Comp Claims	58	1	4	6	4	9	3	4	6	5	4	6	1	3	2
	Time Loss Days	359	76	34	27	4	33	31	30	34	40	30	18	0	2	0
	Employee Population on Medical Benefits (Average)	66.5%	66.2%	67.1%	66.0%	67.2%	67.0%	68.3%	66.3%	68.2%	66.0%	67.4%	65.4%	66.2%	64.5%	65.4%
	Total cost in benefits per FTE - welfare (Average)	-	\$ 876.48	\$ 890.63	\$ 1,044.44	\$ 880.85	-	-	-	-	\$ 832.77	\$ 748.08	\$ 918.37	\$ 769.37	\$ 1,130.34	\$ 807.65
Total cost in benefits per FTE - total (Average)	-	\$ 1,997.11	\$ 1,805.07	\$ 1,961.73	\$ 1,877.45	-	-	-	-	\$ 1,778.93	\$ 1,254.06	\$ 1,825.61	\$ 1,972.79	\$ 2,117.56	\$ 1,786.15	
Evaluations	Providing timely feedback to employee	Total Percentage														
	Percentage of employees with completed annual evaluation	92.8%	92.8%	86.5%	87.2%	86.7%	89.9%	90.8%	90.9%	87.0%	85.3%	86.4%	83.3%	88.2%	92.6%	89.5%



**Bid Tabulation Form**

KVH MAC First Floor Tenant Improvement

NAC #111-18013

June 14, 2018, 11:00 A.M.

12-Apr-18

BIDDER	Signed	Add 1	Add 2	Add 3	Bid Bond	Qual.	AIA-A305	TOTAL BASE BID	Alt 1	Alt 2	Unit Price #1	Unit Price #2	SUBCONTRACTOR LISTING	Total
									Add Select Cabinetry	Add Barn Doors	Self Leveling Underlayment	Feather Finish Underlayment		
1														
VK Powell PO Box 10295 Yakima, WA 98909	x	x	x	x	x	x	x	\$ 402,700.00	\$ 3,600.00	\$ 11,600.00	\$ 413.00	\$ 124.00	HVAC: All Seasons Mech Plumbing: Apex Plumbing Electrical: Garrett Electric	\$ 417,900.00
2														
Belsaas \$ Smith Constr., Inc 103 E 4th Ave Ste 209 Ellensburg, WA 98926								\$ 463,700.00	\$ 3,800.00	\$ 21,000.00	\$ 400.00	\$ 340.00	HVAC: All Seasons Mech Plumbing: Apex Plumbing Electrical: Garrett Electric	\$ 488,500.00
3													HVAC: Plumbing: Electrical:	
4													HVAC: Plumbing: Electrical:	
5													HVAC: Plumbing: Electrical:	

Reader: Michael O'Malley

Recorder: Randy Kaiser

Certified by: Michael O'Malley

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**NOTIFICATION OF CREDENTIAL FILES**  
**FOR REVIEW**

Date: June 20, 2018  
TO: Board of Commissioners  
FROM: Mandy Weed  
Medical Staff Services

The Medical Executive Committee has reviewed the applications for appointment or reappointment for the practitioners listed below. They recommend to the Board that these practitioners be granted appointment and privileges. Please stop by Franki's office prior to the next Board meeting if you wish to review these credentials files.

<u>PRACTITIONER</u>	<u>STATUS</u>	<u>APPT/REAPPT</u>
Neena Nzeocha, ARNP	Provisional/AHP	Initial Appointment
Liem Mansfield, MD	Provisional/Associate	Initial Appointment
Andrew Thomas, MD	Provisional/Active	Initial Appointment
Andrew Shock, PA-C	AHP	Reappointment
Stuart Cardon, DPM	Associate	Reappointment
Cynthia Oberfelder, MD	Associate	Reappointment
Steven Johnson, MD	Associate	Reappointment
Kelly Noyes, DO	Active	Reappointment
Kristina Bowen, DO	Resident	Resident
Cierra DeLay, DO	Resident	Resident
Laurel Gorham, ARNP	AHP	Additional Privilege

**June 2018**

**Medical Staff Services:**

- Mitch Engel and I will report separately with an overview of our recruiting plans. We interviewed 4 candidates in May, and 2 have accepted offers. Additionally, we are talking with 2 physicians with previous work history in Ellensburg about joining KVH.
- Lisa Potter is working on a number of fronts. These include:
  - **Wound Care**
    - Pulling together an implementation team, scheduling kickoff meeting and implementation huddles
    - Wound care symposium organizing
  - **Dermatology**
    - Now seeing patients in KVIM space
  - **Workplace Health**
    - Continued work with new customer account setups including 3 significant contracts.
- Mandy Weed, Medical Staff Coordinator, is currently working on privileging for 7 initial appointments, 17 reappointments, 2 residents and 3 students.

**Clinics:**

- **Wound Care**
  - Mary Nouwens joined our staff 5/21. We continue to work with Cerner around implementation.

**CMO activities:**

- **Medical Staff:**
  - There continues to be work supporting inpatient and outpatient providers in Cerner implementation.
- **Community Outreach:**
  - On May 2, I was part of a panel discussing Aging in Place at an event sponsored by The Daily Record.
  - On May 15, I addressed the Central Washington University Retirement Association annual meeting on the topic of The Future Elder Care.
- **Community & Regional Partnerships**
  - GCACH: I continue to work with the Practice Transformation Workgroup. KVH has been identified as a well-suited partner of the ACH in their efforts around practice transformation, behavioral health/primary care bidirectional integration, opioid overuse, and chronic disease management.
  - KCHN: Kittitas County Health Network has been named as a pilot partner with GCACH and will be receiving IT support and consultancy to build the infrastructure of the network. KVH is actively partnering with a range of participants to address population health. Julie Peterson and I both serve on the Steering Committee/Board. I am also active in the Advisory Workgroup and the Care Coordination Workgroup (aka, A-Team).

Kevin Martin, MD  
Chief Medical Officer





## CHIEF FINANCIAL OFFICER REPORT- Libby Allgood, CFO

### May Operating Results

- Average daily IP census was 8.3 patients compared to a budget of 7.4. The average daily census for observation patients was 2.8 patients compared to a budget of 2.9 resulting in overall average census of 11.1 patients compared to budget of 10.3 patients.
- Overall gross revenue was \$12,896,665 which was \$936,639 or 7.8% above budget. Clinic revenue was budgeted at lower levels in February, March and April in anticipation of reduced productivity due to OneSource but back to normal level for May. Clinic visits were 14% below the budget.
- Operating expenses exceeded budget by \$122,962 or 1.9%. The variance in purchased services is primarily due to costs associated with billing of legacy accounts receivable. This was a budgeted expense but the budget was spread over the year.
- May operations resulted in a gain of \$301,457, a positive variance of \$110,962. Year to date the operating loss is \$107,997 which is a positive variance of \$300,923. The operating margin is (0.34) % year to date compared to a year to date budget of (1.28) %.
- Days in Accounts Receivable was 80 days at the end of May. We expected to see an increase in the months following the OneSource implementation. We continue to identify and address the remaining coding and billing issues.
- Days Cash on Hand was 163.5 at end of May reflecting issuance of \$6,000,000 to refinance KVH Medical Arts Center and stronger cash collections.

### OneSource – Cash Recovery Plan

- We have updated our Cash Recovery Plan to reflect current pattern in cash receipts. The plan includes problem identification, proposed resolution and projected timeline for completion.

**Kittitas Valley Healthcare**  
**Key Statistics and Indicators**  
 May 2018

Activity Measures	Current Month			Year to Date			Prior YTD		
	Actual	Budget	Var. %	Actual	Budget	Var. %	Actual	Var. %	
01 Admissions	86	81	6.2%	404	395	2.3%	359	12.5%	01
02 Patient Days - W/O Newborn	258	230	12.3%	1,222	1,112	9.9%	1,024	19.3%	02
03 Avg Daily IP Census	8.3	7.4	12.3%	8.1	7.4	9.9%	6.8	19.3%	03
04 Average Length of Stay	3.0	2.8	5.7%	3.0	2.8	7.4%	2.9	6.0%	04
05 Deliveries	28	28	0.0%	130	137	-5.1%	131	-0.8%	05
06 Case Mix Inpatient	1.08	1.00	8.2%	1.07	1.00	7.5%	1.08	-0.5%	06
07 Surgery Minutes - Inpatient	3,166	2,868	10.4%	14,438	13,820	4.5%	14,422	0.1%	07
08 Surgery Minutes - Outpatient	7,586	7,433	2.1%	36,294	35,819	1.3%	35,240	3.0%	08
09 Surgery Procedures - Inpatient	24	25	-4.0%	115	120	-4.2%	117	-1.7%	09
10 Surgery Procedures - Outpatient	108	126	-14.3%	528	608	-13.2%	640	-17.5%	10
11 ER Visits	2,041	1,105	84.7%	5,986	5,358	11.7%	5,356	11.8%	11
12 Laboratory	17,539	15,812	10.9%	84,133	76,743	9.6%	78,582	NA	12
13 Radiology Exams	3,615	2,948	22.6%	13,877	14,225	-2.4%	14,478	-4.2%	13
14 Rehab Visit	1,811	1,290	40.4%	6,703	6,212	7.9%	6,040	11.0%	14
15 Outpatient Visits	NA	NA	NA	NA	NA	NA	NA	NA	15
16 Outpatient Percent of Total Revenue	84.7%	84.4%	0.4%	83.9%	84.0%	-0.1%	84.3%	-0.5%	16
17 Clinic Visits	4,556	5,308	-14.2%	21,423	21,549	-0.6%	20,685	3.6%	17
18 Adjusted Patient Days	1,687	1,474	14.5%	7,598	6,957	9.2%	6,537	16.2%	18
19 Equivalent Observation Days	87	89	-1.9%	416	433	-4.0%	432	-3.9%	19
20 Avg Daily Obs Census	2.8	2.9	-1.9%	2.8	2.9	-4.0%	2.9	-3.9%	20
<b>Financial Measures</b>									
21 Salaries as % of Operating Revenue	49.2%	50.7%	2.9%	52.4%	52.2%	-0.4%	53.3%	1.8%	21
22 Total Labor as % of Operating Revenue	61.2%	62.4%	2.0%	64.9%	64.9%	0.1%	66.0%	1.6%	22
23 Revenue Deduction %	47.5%	44.4%	-7.0%	46.0%	44.8%	-2.6%	46.1%	0.4%	23
24 Operating Margin	4.3%	2.8%	53.0%	-0.3%	-1.3%	-73.6%	2.7%	-112.4%	24
<b>Operating Measures</b>									
25 Productive FTE's	422.5	422.5	0.0%	416.7	421.7	1.2%	406.2	-2.6%	25
26 Non-Productive FTE's	44.3	52.8	16.1%	46.7	52.8	11.6%	51.5	9.3%	26
27 Paid FTE's	466.8	475.3	1.8%	463.4	474.5	2.3%	457.7	-1.2%	27
28 Operating Expense per Adj Pat Day	\$ 3,984	\$ 4,479	11.0%	\$ 4,206	\$ 4,642	9.4%	\$ 4,442	5.3%	28
29 Operating Revenue per Adj Pat Day	\$ 4,163	\$ 4,608	-9.7%	\$ 4,192	\$ 4,584	-8.5%	\$ 4,567	-8.2%	29
30 A/R Days-Hospital Only	80.0	50.0	-60.0%	80.0	50.0	-60.0%	48.5	-64.9%	30
31 Days Cash on Hand	163.5	175.0	-6.6%	163.5	175.0	-6.6%	155.0	5.5%	31

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**Kittitas Valley Healthcare**  
**Statement of Revenue and Expense**

	Current Month			Year to Date			Prior Y t D
	Actual	Budget	Variance	Actual	Budget	Variance	Actual
INPATIENT REVENUE	1,973,277	1,866,551	106,727	9,146,750	9,032,485	114,265	8,539,248
OUTPATIENT REVENUE	9,487,471	8,386,541	1,100,930	41,348,047	40,570,741	777,306	39,537,614
CLINIC REVENUE	1,435,917	1,706,935	(271,018)	6,377,453	6,906,387	(528,934)	6,438,598
<b>REVENUE</b>	<b>12,896,665</b>	<b>11,960,026</b>	<b>936,639</b>	<b>56,872,250</b>	<b>56,509,613</b>	<b>362,637</b>	<b>54,515,460</b>
CONTRACTUALS	5,585,463	4,958,071	627,393	24,029,749	23,620,549	409,200	23,605,695
PROVISION FOR BAD DEBTS	383,497	214,111	169,386	1,450,667	1,035,571	415,095	944,210
FINANCIAL ASSISTANCE	111,772	74,939	36,833	430,861	362,450	68,411	312,599
OTHER DEDUCTIONS	41,486	59,951	(18,465)	225,683	289,960	(64,277)	290,830
<b>DEDUCTIONS FROM REVENUE</b>	<b>6,122,219</b>	<b>5,307,072</b>	<b>815,147</b>	<b>26,136,960</b>	<b>25,308,530</b>	<b>828,430</b>	<b>25,153,335</b>
NET PATIENT SERVICE REVENUE	6,774,446	6,652,955	121,491	30,735,290	31,201,083	(465,793)	29,362,125
OTHER OPERATING REVENUE	250,279	138,217	112,062	1,112,650	686,494	426,156	492,705
<b>TOTAL OPERATING REVENUE</b>	<b>7,024,725</b>	<b>6,791,172</b>	<b>233,553</b>	<b>31,847,940</b>	<b>31,887,577</b>	<b>(39,637)</b>	<b>29,854,830</b>
SALARIES	3,455,826	3,440,239	15,587	16,679,499	16,635,657	43,842	15,927,166
TEMPORARY LABOR	30,891	13,869	17,022	169,269	103,909	65,360	163,728
BENEFITS	842,686	800,319	42,367	3,991,846	4,073,808	(81,961)	3,762,761
PROFESSIONAL FEES	52,333	90,705	(38,372)	311,541	473,127	(161,586)	301,906
SUPPLIES	757,939	806,911	(48,972)	3,639,493	3,905,891	(266,398)	3,671,038
UTILITIES	85,013	79,494	5,519	391,162	425,453	(34,290)	367,100
PURCHASED SERVICES	907,295	713,780	193,515	3,891,820	3,380,703	511,117	2,078,808
DEPRECIATION	233,988	262,850	(28,862)	1,168,586	1,315,693	(147,107)	1,203,781
RENTS AND LEASES	128,962	136,574	(7,612)	562,522	682,869	(120,346)	528,571
INSURANCE	18,467	47,438	(28,970)	196,767	237,187	(40,420)	200,689
LICENSES & TAXES	58,354	79,700	(21,346)	317,177	386,345	(69,168)	369,219
INTEREST	66,508	50,468	16,039	266,225	252,342	13,884	99,000
TRAVEL & EDUCATION	39,501	37,332	2,169	143,969	207,650	(63,681)	154,355
OTHER DIRECT	45,504	40,998	4,506	226,059	215,864	10,195	210,807
<b>EXPENSES</b>	<b>6,723,268</b>	<b>6,600,677</b>	<b>122,591</b>	<b>31,955,937</b>	<b>32,296,497</b>	<b>(340,560)</b>	<b>29,038,930</b>
<b>OPERATING INCOME (LOSS)</b>	<b>301,457</b>	<b>190,495</b>	<b>110,962</b>	<b>(107,997)</b>	<b>(408,920)</b>	<b>300,923</b>	<b>815,901</b>
OPERATING MARGIN	4.29%	2.81%	47.51%	-0.34%	-1.28%	-759.20%	2.73%
NON-OPERATING REV/EXP	230,501	180,183	50,318	845,992	892,028	(46,036)	859,106
<b>NET INCOME (LOSS)</b>	<b>531,958</b>	<b>370,678</b>	<b>161,280</b>	<b>737,995</b>	<b>483,108</b>	<b>254,887</b>	<b>1,675,006</b>
<b>UNIT OPERATING INCOME</b>							
HOSPITAL	640,134	312,421	327,714	1,437,605	1,040,228	397,377	1,767,568
URGENT CARE	(153,125)	4,944	(158,070)	(143,247)	16,951	(160,197)	(1,673)
CLINICS	(192,175)	(189,023)	(3,151)	(1,742,605)	(1,753,970)	11,365	(1,193,841)
HOME CARE	6,623	62,154	(55,531)	340,249	287,871	52,378	243,846
<b>OPERATING INCOME</b>	<b>301,457</b>	<b>190,495</b>	<b>110,962</b>	<b>(107,997)</b>	<b>(408,920)</b>	<b>300,923</b>	<b>815,901</b>

05/31/2018

Kittitas Valley Healthcare  
Balance SheetKittitas Valley Healthcare  
Balance Sheet and Cash Flow

	YEAR TO DATE	PRIOR YEAR END	CHANGE
CASH AND CASH EQUIVALENTS	8,533,604	2,807,871	5,725,733
ACCOUNTS RECEIVABLE	31,381,836	17,233,881	14,147,955
ALLOWANCE FOR CONTRACTUAL	(17,767,178)	(8,991,453)	(8,775,725)
THIRD PARTY RECEIVABLE	1,576,364	1,301,364	275,000
OTHER RECEIVABLES	1,003,978	515,263	488,714
INVENTORY	1,286,725	1,424,982	(138,257)
PREPAIDS	948,581	795,740	152,841
<b>CURRENT ASSETS</b>	<b>26,963,909</b>	<b>15,087,648</b>	<b>11,876,262</b>
INVESTMENTS	24,796,633	30,405,576	(5,608,944)
PLANT PROPERTY AND EQUIPMENT	75,867,773	74,186,394	1,681,379
ACCUMULATED DEPRECIATION	38,513,731	37,256,104	1,257,627
<b>NET PROPERTY, PLANT, &amp; EQUIP</b>	<b>37,354,041</b>	<b>36,930,290</b>	<b>423,752</b>
OTHER ASSETS	(0)	(0)	0
<b>NONCURRENT ASSETS</b>	<b>62,150,674</b>	<b>67,335,866</b>	<b>(5,185,192)</b>
<b>ASSETS</b>	<b>89,114,583</b>	<b>82,423,513</b>	<b>6,691,070</b>
ACCOUNTS PAYABLE	1,276,191	1,644,923	(368,732)
ACCRUED PAYROLL	583,584	1,058,758	(475,174)
ACCRUED BENEFITS	697,148	1,192,503	(495,355)
ACCRUED VACATION PAYABLE	2,217,112	1,864,043	353,068
THIRD PARTY PAYABLES	1,687,300	1,590,200	97,100
CURRENT PORTION OF LONG TERM DEBT	2,388,666	2,208,666	180,000
OTHER CURRENT LIABILITIES	0	0	0
<b>CURRENT LIABILITIES</b>	<b>8,850,001</b>	<b>9,559,093</b>	<b>(709,092)</b>
ACCRUED INTEREST	290,846	178,079	112,767
BOND PREMIUM 2008 REFUND	10,035	18,397	(8,362)
DEFERRED TAX COLLECTIONS	836,216	0	836,216
DEFERRED REVENUE HOME HEALTH	122,116	120,268	1,848
<b>DEFERRED LIABILITIES</b>	<b>1,259,212</b>	<b>316,744</b>	<b>942,468</b>
LONG-TERM DEBT - 2008 UTGO BONDS	(1,033,666)	(853,666)	(180,000)
LONG-TERM DEBT - 2009 LTGO BONDS	2,754,616	2,754,616	0
LONG-TERM DEBT - 2017 REVENUE BONDS	13,399,698	13,500,000	(100,302)
LONG-TERM DEBT - 2018 REVENUE BOND	6,000,000	0	6,000,000
<b>LONG TERM DEBT</b>	<b>21,120,648</b>	<b>15,400,950</b>	<b>5,719,698</b>
<b>NONCURRENT LIABILITIES</b>	<b>22,379,860</b>	<b>15,717,694</b>	<b>6,662,166</b>
FUND BALANCE	57,146,727	57,146,727	0
NET REVENUE OVER EXPENSES	737,995	(0)	737,995
<b>FUND BALANCE</b>	<b>57,884,722</b>	<b>57,146,727</b>	<b>737,995</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>89,114,583</b>	<b>82,423,513</b>	<b>6,691,070</b>

05/31/2018

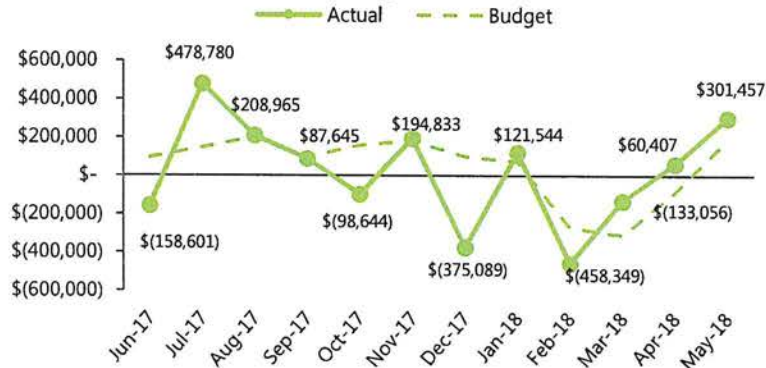
Kittitas Valley Healthcare  
Balance Sheet and Cash Flow

## Statement of Cash Flow

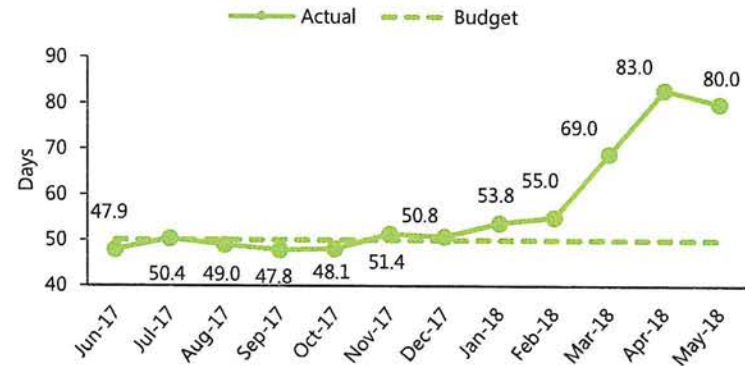
	CASH
NET BOOK INCOME	737,995
<b>ADD BACK NON-CASH EXPENSE</b>	
DEPRECIATION	1,257,627
PROVISIONS FOR BAD DEBT	
LOSS ON SALE OF ASSETS	
<b>NET CASH FROM OPERATIONS</b>	<b>1,995,622</b>
<b>INCREASE IN CURRENT ASSETS ( \$ )</b>	
PATIENT ACCOUNTS	(5,372,231)
OTHER RECEIVABLES	(763,714)
INVENTORIES	138,257
PREPAID EXPENSES & DEPOSITS	(152,841)
<b>TOTAL CURRENT ASSETS</b>	<b>(6,150,528)</b>
INVESTMENTS	5,608,944
PROPERTY, PLANT, & EQUIP.	(1,681,379)
OTHER ASSETS	0
<b>TOTAL ASSETS</b>	<b>(227,341)</b>
<b>DECREASE IN CURRENT LIABILITIES ( \$ )</b>	
ACCOUNTS PAYABLE	(368,732)
ACCRUED SALARIES	(475,174)
ACCRUED EMPLOYEE BENEFITS	(495,355)
ACCRUED VACATIONS	353,068
COST REIMBURSEMENT PAYABLE	97,100
CURRENT MATURITIES OF LONG-TERM DEBT	180,000
CURRENT MATURITIES OF CAPITAL LEASES	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>(709,092)</b>
<b>DECREASE IN OTHER LIABILITIES ( \$ )</b>	
ACCRUED INTEREST ON 1998, 1999 UTGO	112,767
2008 UTGO REFUNDING BOND PREMIUM	(8,362)
DEFERRED TAX COLLECTIONS	836,216
DEFERRED REVENUE - HOME HEALTH	1,848
<b>TOTAL OTHER LIABILITIES</b>	<b>942,468</b>
<b>DECREASE IN LT DEBT &amp; CAPITAL LEASES ( \$ )</b>	
LONG-TERM DEBT - 2008 UTGO BONDS	(180,000)
LONG-TERM DEBT - 2009 LTGO BONDS	0
LONG-TERM DEBT - 2017 REVENUE BONDS	(100,302)
LONG-TERM DEBT - 2018 REVENUE BOND	6,000,000
<b>TOTAL LONG-TERM DEBT &amp; LEASES</b>	<b>5,719,698</b>
<b>TOTAL LIABILITIES</b>	<b>5,953,075</b>
NET CHANGE IN CASH	5,725,733
BEGINNING CASH ON HAND	2,807,871
ENDING CASH ON HAND	8,533,604

# Financial Sustainability

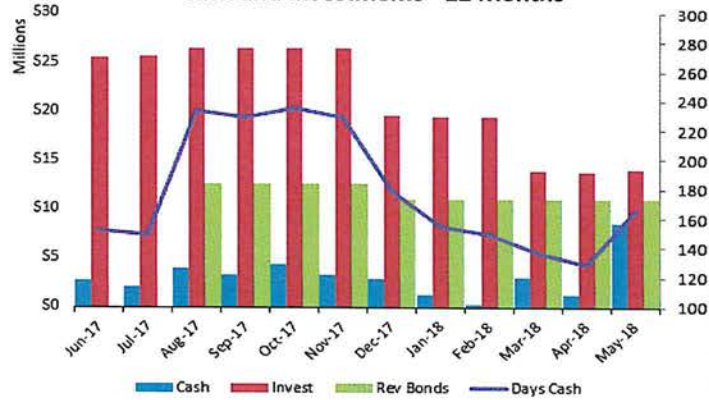
## Operating Income



## Accounts Receivable Days



## Cash and Investments - 12 Months



## Payer Mix

	CY 2016	CY 2017	YTD 2018
Medicare	40.68%	40.47%	41.03%
Medicaid	18.82%	18.90%	18.56%
Commercial	33.58%	33.14%	33.08%
Self Pay	4.10%	4.31%	3.36%
Other	2.82%	3.18%	3.96%

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PUBLIC HOSPITAL DISTRICT NO. 1

KITTITAS COUNTY, WASHINGTON

RESOLUTION NO. 18-05

A RESOLUTION of the Commission of Public Hospital District No. 1, Kittitas County, Washington, providing for the issuance of a Limited Tax General Obligation and Revenue Refunding Bond, 2018, in the aggregate principal amount of \$2,913,789, to prepay the District's outstanding Limited Tax General Obligation and Revenue Bond, 2009 and pay the costs of issuing and selling the bond; specifying the installment payments, interest rate, terms, and covenants and fixing the form of the bond; approving the sale and providing for the delivery of the bond to Compass Bank; and amending the definition of "Net Income Available for Debt Service" in the Parity Bond Authorizing Resolutions.

WHEREAS, Public Hospital District No. 1, Kittitas County, Washington (the "District"), has been duly established for the purpose of owning and operating hospitals and other health care facilities and providing hospital services and other health care services for the residents of the District and other persons pursuant to the provisions of Chapter 70.44 RCW; and

WHEREAS, the District owns and operates Kittitas Valley Healthcare (the "Hospital") located in Ellensburg, Washington; and

WHEREAS, pursuant to Resolution No. 09-20, the District issued its Limited Tax General Obligation and Revenue Bond, 2009 (the "2009 Bond"), in the aggregate principal amount of \$5,000,000; and

WHEREAS, Resolution No. 09-20 provides that U.S. Bank National Association ("U.S. Bank") may consider requests to prepay the 2009 Bond prior to its maturity date of December 1, 2024 with a potential prepayment fee; and

WHEREAS, U.S. Bank has consented for the District to prepay the 2009 Bond prior to its maturity date with a prepayment fee; and

WHEREAS, the Commission deems it to be in the best interests of the District to issue and sell a single bond payable from the regular property taxes and revenues of the Hospital and other health care facilities of the District to prepay the 2009 Bond, and to pay the costs of issuing and selling the bond; and

WHEREAS, Compass Bank has offered to purchase such bond on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE COMMISSION OF PUBLIC HOSPITAL DISTRICT NO. 1, KITTITAS COUNTY, WASHINGTON, as follows:

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Section 1. Definitions. As used in this resolution, the following words shall have the meanings hereinafter set forth:

“Adjusted Gross Revenue of the Hospital” means, for any period, Gross Revenue of the Hospital less adjustments for contractual allowances and uncompensated care and income from any defeasance deposit to the extent that such income is necessary to pay debt service on the indebtedness for which such defeasance deposit was made, all as determined in accordance with generally accepted accounting principles.

“Annual Debt Service” means, for any year, all amounts required to be paid in respect of interest on and principal of Parity Bonds (excluding interest payments capitalized by Parity Bonds and accrued interest paid upon the issuance of Parity Bonds), subject to the following:

(i) Debt Service on Term Bonds. For purposes of calculating the principal portion of debt service on Term Bonds, only the scheduled mandatory redemption amounts payable in respect of principal of Term Bonds shall be taken into account in any year prior to the Term Bond Maturity Year, and only the principal amount scheduled to remain Outstanding after payment of all prior mandatory redemption amounts shall be taken into account in the Term Bond Maturity Year;

(ii) Interest on Parity Bonds. For purposes of determining compliance with the conditions for the issuance of Future Parity Bonds, the following shall apply:

(A) Generally. Except as otherwise provided by subparagraph (ii)(B) with respect to Variable Interest Rate Bonds, interest on any issue of Parity Bonds payable in a year shall be calculated based on the actual amount of accrued, accreted or otherwise accumulated interest that is payable in that year in respect of that issue taken as a whole, at the rate or rates set forth in the resolution authorizing the Parity Bonds; and

(B) Interest on Variable Interest Rate Bonds. The amount of interest deemed to be payable on any issue of Variable Interest Rate Bonds shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate (the "assumed RBI-based rate") that is 100% of the average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in which the calculation is made; except that, for purposes of determining actual compliance with the Coverage Requirement in any past year, the actual amount of interest paid on any issue of Variable Interest Rate Bonds shall be used.

“Authorized Representative” means any one of the following: the President of the Commission, the Superintendent or the Chief Financial Officer of the District.

“Bond” means the \$2,913,789 par value Limited Tax General Obligation and Revenue Refunding Bond, 2018, of the District issued pursuant to and for the purposes provided in this resolution.

“Bond Fund” means the fund previously created for the purpose of paying the principal of and interest on the Parity Bonds.



“Bond Register” means the books or records maintained by the Bond Registrar containing the name and mailing address of the owner of the Bond and the principal amount held by the owner.

“Bond Registrar” means the Chief Financial Officer of the District.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“Commission” means the legislative authority of the District.

“Coverage Requirement” means in any year an amount of Net Income Available for Debt Service equal to at least 115% of the sum of the Annual Debt Service on the Bond and all Outstanding Parity Bonds plus the rent and lease expenses incurred by the District during that year.

“Days Cash on Hand” means the product obtained by multiplying 365 by the quotient determined by dividing the sum of the fair market value of the District’s cash, cash equivalents and board-designated funds as of the end of the most recent fiscal year for which audited financial statements are available by Expenses (minus depreciation, amortization, extraordinary items and other noncash expenses) as of the end of the most recent fiscal year for which audited financial statements are available.

“District” means Public Hospital District No. 1, Kittitas County, Washington, a municipal corporation of the State of Washington, duly organized pursuant to the provisions of Chapter 70.44 RCW.

“Event of Default” means with respect to the Bond, (i) if a default is made in the payment of the principal of or interest on the Bond when the same shall become due and payable or (ii) if the District defaults in the observance and performance of any other of the covenants, conditions, and agreements on the part of the District set forth in this resolution, or (iii) if the District files a petition in bankruptcy or is placed in receivership under any state or federal bankruptcy or insolvency law.

“Expenses” means, for any period, all the expenses incurred by the District in operating the Hospital and other facilities and services of the District that are “expenses” under generally accepted accounting principles, but not including any interest, depreciation, or amortization expense of the District.

“Future Parity Bonds” means any and all revenue bonds of the District hereafter issued, the payment of which, both principal and interest shall constitute a lien and charge upon the Net Revenue of the Hospital for the payments required to pay and secure the payment of the Bond, the 2017A Bond, the 2017B Bond and the 2018 Bond.

“Government Obligations” means those government obligations defined by RCW39.53.010(9) as it now reads or hereafter may be amended and which are otherwise lawful investments of the District at the time of such investment.

“Gross Revenue of the Hospital” means, for any period, operating and nonoperating revenues derived or to be derived from any source by the District from the operation of the Hospital or other facilities or services of the District, from which shall be excluded (i) all grants and donations which have been specifically restricted by the grantor or donor to a particular purpose inconsistent with the payment of expenses or debt service on any indebtedness incurred by the District and (ii) all proceeds of tax levies other than Regular Property Taxes, all as determined in accordance with generally accepted accounting principles.

“Hospital” means Kittitas Valley Healthcare located in Ellensburg, Washington, as now owned and operated by the District and as the same may be added to, bettered or improved for so long as the Bond is outstanding.

“Liquidity Requirement” means 75 Days Cash on Hand, measured annually.

“Net Income Available for Debt Service” means, for any period, the excess of the operating and non-operating revenue derived by the District from any source over all expenses and other proper charges incurred by the District plus:

- (a) interest expenses incurred by the District;
- (b) tax expenses incurred by the District;
- (c) depreciation expenses incurred by the District;
- (d) amortization expenses incurred by the District;
- (e) rent and lease expenses incurred by the District;
- (f) the value of cash, cash equivalents and investments as of the last day of the immediately preceding fiscal year as shown in the current assets section of the District’s balance sheet; and
- (g) the value of the debt service fund required for current liabilities as of the last day of the immediately preceding fiscal year as shown in the current asset section of the District’s balance sheet;

and less (1) all grants, donations, trust funds and proceeds of tax levies, including investment income earned thereon, which have been specifically restricted to a particular purpose inconsistent with the payment of Expenses or the principal of and interest on the Parity Bonds or other obligations of the District payable from the Gross Revenue of the Hospital, (2) income derived from investments irrevocably pledged to the payment of any defeased bonds, and (3) investment income earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code. Such calculation shall be made in accordance with generally accepted accounting principles and shall exclude:

- (A) profits or losses resulting from the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets;

- (B) profits or losses resulting from the early extinguishment of debt;
- (C) the net proceeds of insurance (other than business interruption insurance);
- (D) non-cash liability for other post-employment benefits; and
- (E) other extraordinary items.

“Net Revenue of the Hospital” means, for any period, the excess of Adjusted Gross Revenue of the Hospital over Expenses.

“Outstanding,” when used as of any particular time with reference to bonds, means all bonds theretofore, or thereupon being, authenticated and delivered by the Bond Registrar under this resolution except (1) bonds theretofore cancelled by the Bond Registrar or surrendered to the Bond Registrar for cancellation; (2) bonds with respect to which all liability of the District shall have been discharged in accordance with Section 18; and (3) bonds for the transfer or exchange of or in lieu of or in substitution for which other bonds shall have been authenticated and delivered by the Bond Registrar pursuant to this resolution.

“Parity Bond Authorizing Resolution” means this resolution and any resolution of the District that authorizes the issuance and sale and establishes the terms of a particular issue of Parity Bonds and other matters relating thereto.

“Parity Bonds” means the Bond, the 2017A Bond, the 2017B Bond, the 2018 Bond and any and all revenue bonds of the District payable from the Bond Fund, the payment of which, both principal and interest, constitutes a lien and charge upon Gross Revenue of the Hospital equal in rank with the lien and charge upon such revenues for the payments required to pay or secure the payment of such bonds.

“Proposal” means the Purchaser’s proposal letter dated May 30, 2018, proposing to purchase the Bond.

“Purchaser” means Compass Bank or any affiliate, successor, assign or designee thereof.

“RCW” means the Revised Code of Washington.

“Regular Property Taxes” means the proceeds of the annual ad valorem tax levy caused to be made by the District pursuant to RCW 70.44.060(6) on all of the taxable property within its territorial boundaries not to exceed 75 cents per \$1,000 of assessed valuation without a vote of the people.

“State” means the State of Washington.

“Term Bonds” means Parity Bonds of any single issue or series designated as Term Bonds in the resolution authorizing their sale and which are subject to mandatory prior redemption or for which mandatory sinking fund payments are required.

“2009 Bond” means the \$5,000,000 original aggregate principal amount Limited Tax General Obligation and Revenue Bond, 2009, of the District issued pursuant to and for the purposes provided in Resolution No. 09-20.

“2017A Bond” means the \$12,500,000 original aggregate principal amount Hospital Revenue Bond, 2017A, of the District issued pursuant to and for the purposes provided in Resolution No. 17-09.

“2017B Bond” means the \$1,000,000 original aggregate principal amount Hospital Revenue Bond, 2017B (Taxable), of the District issued pursuant to and for the purposes provided in Resolution No. 17-09.

“2018 Bond” means the \$6,000,000 original aggregate principal amount Hospital Revenue Bond, 2018, of the District issued pursuant to and for the purposes provided in Resolution No. 18-03.

“Utilization Statistics” means the usage rate of the Hospital, which may include admissions, patient days, average length of stay and other service visits.

“Variable Interest Rate” means any variable interest rate or rates to be borne by any Parity Bonds. The method of computing such a variable interest rate shall be as specified in the applicable Parity Bond Authorizing Resolution, which resolution also shall specify either (1) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (2) the time or times upon which any change in such variable interest rate shall become effective. A Variable Interest Rate may, without limitation, be based on the interest rate on certain bonds or may be based on interest rate, currency, commodity or other indexes.

“Variable Interest Rate Bonds” means, for any period of time, any Parity Bonds that bear a Variable Interest Rate during that period, except that Parity Bonds shall not be treated as Variable Interest Rate Bonds if the net economic effect of interest rates on particular Parity Bonds of an issue and interest rates on other Parity Bonds of the same issue, as set forth in the applicable Parity Bond Authorizing Resolution, or the net economic effect of a payment agreement with respect to particular Parity Bonds, in either case is to produce obligations that bear interest at a fixed interest rate.

Section 2. Debt Capacity. The assessed valuation of the taxable property within the District as ascertained by the last preceding assessment for District purposes for the calendar year 2018 is \$3,885,253,915, and the District has outstanding general indebtedness evidenced as of June 1, 2018 evidenced by limited tax general obligation bonds in the principal amount of \$2,754,616 incurred within the limit of up to 3/4% of the value of the taxable property within the District permitted for general municipal purposes without a vote of the qualified voters therein, and unlimited tax general obligation bonds or notes in the principal amount of \$1,355,000 incurred within the limit of up to 2 1/2% of the value of the taxable property within the District for capital purposes issued pursuant to a vote of the qualified voters of the District. The amount of indebtedness for which bonds are authorized herein to be issued is \$2,913,789.

Section 3. Compliance with Parity Conditions. The Commission hereby finds and determines, as required by Section 13 of Resolution No. 17-09, which authorized the 2017A Bond and the 2017B Bond, and Resolution No. 18-03, which authorized the 2018 Bond, that:

(a) All payments required by Resolutions Nos. 17-09 and 18-03 were made into the Bond Fund; and

(b) The Chief Financial Officer of the District will provide a written statement to the Purchaser that the requirements under Section 13(b) of Resolutions Nos. 17-09 and 18-03 are met.

The conditions contained in Section 13 of Resolutions Nos. 17-09 and 18-03 having been complied with or assured, the payments required herein to be made into the Bond Fund to pay and secure the payment of the principal of and interest on the Bond shall constitute a lien and charge upon the money in the Bond Fund equal in rank with the lien and charge thereon for the payments required to be made for the Outstanding Parity Bonds.

Section 4. Authorization of the Bond. The District shall issue and sell the Bond for the purpose of prepaying the 2009 Bond, and paying the costs of issuance and sale of the Bond.

Section 5. Description of the Bond. The Bond shall be issued in the aggregate principal amount of \$2,913,789; shall be dated as of its date of delivery to the Purchaser (the "Issue Date"); shall bear interest at the interest rate 3.04%, and may be adjusted upon an Event of Default or Event of Taxability (as described below) for the Bond. Interest on the Bond is payable semi-annually on each June 1 and December 1, beginning December 1, 2018. Principal is payable annually on each December 1, beginning December 1, 2018, through December 31, 2024, as will be finalized by the Chief Financial Officer.

If an Event of Default occurs and is continuing, the District shall be obligated to pay interest on the Bond at the rate of 5.00% above the interest rate on the Bond (the "Default Rate") while the Event of Default continues.

If the District at any time takes any action or omits to take any action that results in an Event of Taxability (the date of such Event of Taxability being a "Taxable Date"), then the District shall pay to the Purchaser, within 30 days after such Taxable Date, the amount which, taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on or applicable to the Bond previously paid and through the Taxable Date) that are imposed on or applicable to the Bond as a result of the loss of the exclusion, will restore the Purchaser the same after-tax yield on the Bond (assuming tax at the highest statutory rate of federal income taxation applicable to the Purchaser) that it would have realized had the exclusion of the interest component from federal gross income not been lost (the "Taxable Rate"). Additionally, the District agrees that commencing on the Taxable Date, the Bond shall bear interest at the Taxable Rate and the payment schedule shall be recalculated by the Bond Purchaser at the Taxable Rate and shall supersede any existing payment schedule.

"Event of Taxability" means that the District has violated its tax covenants in this resolution and, as a result thereof, there has been rendered a final judgment or order of a court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, in any such

case to the effect that the interest payable on the Bond is includable in the gross income for federal income tax purposes of the Purchaser or its assignees pursuant to Section 103(b) of the Internal Revenue Code and the rules and regulations promulgated thereunder. A judgment or order of a court of competent jurisdiction or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed (and is pending) and the time for filing such appeal or action has expired.

Section 6. Bond Registrar; Registration and Transfer of the Bond. Pursuant to RCW 39.46.030(4) the District's Chief Financial Officer shall serve as initial fiscal agent for the District (the "Bond Registrar") with respect to the Bond and is authorized, on behalf of the District, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Bond Registrar (the "Bond Register"). The Bond Register shall contain the name and mailing address of the owner of the Bond.

Upon a determination by the Chief Financial Officer that maintenance of the duties of the Bond Registrar is no longer convenient, the fiscal agent of the State of Washington shall act as Bond Registrar.

The Bond Registrar shall keep, or cause to be kept, at its office, sufficient books for the registration, assignment or transfer of the Bond, which books shall be open to inspection by the District at all times. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver the Bond transferred or exchanged in accordance with the provisions of the Bond and this resolution, to serve as the District's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this resolution.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bond.

The Bond may be assigned or transferred only in whole by the registered owner to (i) an affiliate of the registered owner, (ii) a state-chartered bank or national banking association, or (iii) a trust or other custodial arrangement established by the registered owner or an affiliate of the registered owner, the owners of any beneficial interest in which are limited to "Qualified Institutional Buyers" as defined in Rule 144A promulgated pursuant to the Securities Act of 1933, as amended. Any transfer shall be without cost to the owner or transferee, except for governmental charges imposed on any such transfer or exchange. The Bond Registrar shall not be obligated to exchange or transfer the Bond during the 15 days preceding any installment or prepayment date. When the Bond has been paid in full, both principal and interest, such Bond shall be surrendered to the Bond Registrar, who shall cancel such Bond.

Section 7. Payment of the Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by checks or drafts of the Bond Registrar mailed on the applicable payment date to the Purchaser at the address appearing on the Bond Register or by electronic transfer on the payment date to an account designated by the Purchaser. The Bond will be surrendered upon the final payment of principal and interest, and destroyed or cancelled in accordance with law. Interest on any principal

amount of the Bond which is paid or prepaid shall cease to accrue on the date of such payment or prepayment.

Section 8. Prepayment Provisions. The District may prepay the Bond, in whole or in part, prior to its stated maturity date, upon 20 days' written notice to the Purchaser, and upon the payment of any applicable Break-Funding Fee. The Break-Funding Fee shall equal the Annual Yield Differential (as defined below) multiplied by the Percent Being Prepared (as defined below), multiplied by the Average Remaining Outstanding Principal Amount (as defined below), multiplied by the number of days the Bond was to be outstanding (the "Maturity Date"), divided by 360.

The "Annual Yield Differential" is the difference (but not less than zero) between the U.S. Treasury yield (from the Federal Reserve daily H.15 report) on the maturity closest to the final maturity of the Bond at the time of rate lock, and the U.S. Treasury yield (from the Federal Reserve daily H.15 report) on the maturity closest to the final maturity of the Bond at the date of notification of prepayment. The "Average Remaining Outstanding Principal Amount" of the Bond is defined as the simple average of the original principal Bond balance and the Bond balance due at the Maturity Date. The "Percent Being Prepaid" shall be determined by dividing the principal amount being prepaid by the existing principal Bond amount.

Section 9. Failure to Pay; No Acceleration. If all or a portion of the principal on the Bond is not paid on any payment date, the District shall be obligated to pay interest on that unpaid amount at the Default Rate until that principal amount, together with interest due, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund. The Bond is not subject to acceleration upon the occurrence of a payment default.

Section 10. Deposits to Bond Fund, Payment Source and Lien of Bond; Deposit of Bond Proceeds. There heretofore was created and established a special fund known and designated as the Hospital Revenue Bond Fund (herein defined as the "Bond Fund"). The District shall pay into the Bond Fund out of the Gross Revenue of the Hospital an amount sufficient to make the payment of principal and interest requirements on any Outstanding Parity Bonds on or prior to each payment date.

The District may provide for the purchase, redemption or defeasance of Parity Bonds by the use of money on deposit in any account in the Bond Fund as long as the money remaining in those accounts is sufficient to satisfy the required deposits in those accounts for the remaining Parity Bonds outstanding.

All money in the Bond Fund may be kept in cash or invested in legal investments maturing not later than the date when the funds are required for the payment of principal of or interest on the outstanding Parity Bonds or having a guaranteed redemption price prior to maturity and, in no event, maturing later than the last maturity of any remaining outstanding Parity Bonds. Earnings from investments in the Bond Fund shall be deposited in that fund.

The District may create sinking fund accounts or other accounts or subaccounts in the Bond Fund for the payment or securing the payment of Parity Bonds as long as the maintenance of such accounts does not conflict with the rights of the Purchaser or owners of Parity Bonds.

If the District fails to set aside and pay into the Bond Fund the amounts set forth above, the owner of any of the outstanding Parity Bonds may bring action against the District and compel such setting aside and payment.

The Net Revenue of the Hospital is pledged to the payments to be made into the Bond Fund for the Bond, and this pledge shall constitute a lien and charge upon such Net Revenue of the Hospital prior and superior to any other charges whatsoever, except as provided in Section 16 hereof for any Future Parity Bonds.

The proceeds of the Bond shall be deposited into the Bond Fund and used to prepay the 2009 Bond on the Issue Date. The remaining proceeds of the Bond shall be used to pay costs of issuance of the Bond.

Section 11. Pledge of Taxes. The District irrevocably covenants and pledges that it will levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the District, upon all the taxable property within the District in an amount sufficient, together with other funds of the District available for such purpose, to pay the principal of and interest on the Bond as the same shall become due and the full faith, credit and resources of the District are pledged irrevocably for the prompt payment of such principal and interest.

Section 12. Form and Execution of the Bond. The Bond shall be prepared in a form consistent with the provisions of this resolution and State law, shall be signed in the corporate name of the District by the President and the Secretary, either or both of whose signatures may be manual or in facsimile. The Bond shall be printed at District expense and shall be delivered to the Bank in accordance with the Proposal, together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Bond.

The Bond shall not be valid or obligatory for any purpose, or entitled to the benefits of this resolution, unless the Bond bears a certificate of authentication manually signed by the Bond Registrar stating: "This Bond is the fully registered Public Hospital District No. 1, Kittitas County, Washington, Limited Tax General Obligation and Revenue Refunding Bond, 2018, described in the Bond Resolution." A minor deviation in the language of such certificate shall not void a certificate of authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a certificate of authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose signature appears on the Bond ceases to be an officer of the District authorized to sign bonds before the Bond bearing his or her signature is authenticated or delivered by the Bond Registrar or issued by the District, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the District as though that person had continued to be an officer of the District authorized to sign bonds. Any Bond also may be signed on behalf of the District by any person who, on the actual date of signing of the Bond, is an officer of the District authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.



Section 13. Commission Declaration Regarding Sufficiency of Revenues. The Commission of the District declares that in fixing the amounts to be paid into the Bond Fund as set forth herein it has exercised due regard for Expenses and the debt service requirements of the Bond and any Outstanding Parity Bonds, and the District has not bound and obligated itself to set aside and pay into the Bond Fund a greater amount or proportion of the Gross Revenue of the Hospital than in the judgment of the Commission will be available over and above such Expenses and the debt service requirements of the Bond and any Outstanding Parity Bonds.

Section 14. Flow of Funds. A special fund of the District known as the general fund (sometimes herein called the "Hospital District Fund"), heretofore has been created and constitutes the general operational fund of the District. All of the Gross Revenue of the Hospital shall be deposited in or credited to the Hospital District Fund as collected and the Chief Financial Officer of the District shall designate the amounts of such money to be deposited in the Bond Fund and the amounts to be deposited in or credited to any other funds or accounts of the District heretofore or hereafter created by resolutions of the Commission of the District.

Gross Revenue of the Hospital when deposited as received in the Hospital District Fund shall be used, paid out and distributed in the following order of priority:

- (a) To meet Expenses;
- (b) To meet the required payments into the Bond Fund for the Parity Bonds including the amounts necessary to make up any deficiency in the reserve account, if one is created, of the Bond Fund created by authorized withdrawals therefrom;
- (c) To meet the debt service requirements for any District bonds hereafter issued for the payment of which the lien and charge upon the Gross Revenue of the Hospital shall be junior to the prior lien and charge thereon for payments to be made into the Bond Fund;
- (d) To redeem and retire any bonds of the District then Outstanding or to purchase any or all of those bonds in the open market at a price determined in accordance with the resolution providing for their issuance, plus accrued interest, to make necessary additions, betterments, improvements, repairs, extensions and replacements of any parts of the Hospital and other purposes proper to their maintenance and operation; and
- (e) To pay any other proper District costs or expenses.

Section 15. Financial Covenants. The District further covenants and agrees with the registered owner of the Bond as follows:

- (a) It will not sell, lease, mortgage, or in any manner encumber or dispose of all of the Hospital facility unless provision is made for the payment into the Bond Fund of a sum sufficient to pay the principal of and interest on the Bond and any Parity Bonds and Future Parity Bonds then Outstanding as they come due in accordance with the terms thereof; it will not sell, lease, mortgage, or in any manner encumber or dispose of any part of the Hospital facility that is used, useful or material in the operation of the Hospital and that contributes substantially to the Net Revenue of the Hospital unless provision is made for the replacement thereof or for the application of the net proceeds of such sale to either (1) capital expenditures for facilities which

will contribute in some measure to the Net Revenue of the Hospital; or (2) the retirement of the Bond, the Parity Bonds or Outstanding Future Parity Bonds at the earliest possible date; and

(b) It will maintain in good condition and operate the Hospital and establish, maintain and collect rates and charges for patient services furnished by the Hospital, subject to applicable law and regulation, as will produce Net Income Available for Debt Service sufficient to meet the Coverage Requirement and the Liquidity Requirement and to make all payments required to be made into the Bond Fund for the payment of the Bond and any Parity Bonds or Future Parity Bonds.

(c) It will keep proper books of accounts and records, separate and apart from other accounts and records, and will prepare annual financial statements ("Annual Financial Statements") audited by the District's regular independent certified public accountants, which shall be a public accounting firm experienced in hospital accounting practices. Annual Financial Statements shall be prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental Accounting Standards Board or its successor or such other accounting principles as may be applicable in the future pursuant to the applicable accounting standards board. Annual Financial Statements shall be provided to the Purchaser not later than 150 days after the end of the District's fiscal year. In addition, the District shall provide to the Purchaser (i) unaudited quarterly financial statements, including Utilization Statistics, prepared by the District, which shall be furnished to the Purchaser on a quarterly basis not later than the 45th day after the end of each quarter of the District's fiscal year beginning with the quarter ending June 30, 2018; (ii) District-prepared projections (including an income statement, balance sheet and cash flow statement) within 30 days after the beginning of each fiscal year beginning with fiscal year 2018; (iii) a compliance certificate executed by an Authorized Representative due within 45 days after the end of each fiscal quarter beginning with the fiscal quarter ending June 30, 2018; and (iv) such other information as the Purchaser may reasonably request from time to time.

(d) It will carry the types of insurance on the Hospital in the amounts normally in good practice carried on such properties by comparable private hospitals in the State to the full insurable value thereof, and also will carry adequate public liability insurance at all times, including malpractice insurance in at least the amounts customarily carried by similar hospitals in the State (unless such coverage is not available in the market place at what appears in the discretion of the Commission to be reasonable cost, in which case an experienced insurance consultant shall be retained by the District to recommend alternative options), or in lieu thereof it may self-insure through such individual or pooled risk management program as may be determined by the Commission to be in the best interests of the District after receiving the recommendations of an experienced insurance consultant. The cost of such insurance or program shall be considered a part of Expenses.

(f) It will operate the Hospital subject to and in accordance with the laws, ordinances, rules, regulations and orders of all government authorities or agencies having jurisdiction over the Hospital and the District.

(g) It will maintain its corporate existence and continue to operate the Hospital so long as the Parity Bonds are Outstanding.

Section 16. Future Parity Bonds. The District covenants and agrees that for so long as the Bond is Outstanding it will not hereafter issue any revenue bonds or refunding revenue bonds which shall constitute a lien and charge against the Net Revenue of the Hospital prior to the lien and charge against the same for payments required to be made into the Bond Fund for the Parity Bonds. The District reserves the right to issue additional and/or refunding hospital revenue bonds (herein referred to as Future Parity Bonds) which shall constitute a lien and charge upon such Net Revenue of the Hospital on a parity of lien with the Parity Bonds, if the following conditions are met and complied with at the time of the issuance of such Future Parity Bonds:

(a) All payments then required by this resolution and any resolution hereafter adopted pertaining to any Future Parity Bonds theretofore issued and then Outstanding shall have been made into the Bond Fund.

(b) The District provides the following statements to the Purchaser: (i) a written statement of its Chief Financial Officer stating that the Net Income Available for Debt Service for each of the two years immediately preceding the date of issuance of such Future Parity Bonds, as evidenced by annual audit reports (provided, however, that if during the first five months of any year the audited financial report of the District for the Hospital for the immediately preceding year is not available, then such average annual Net Income Available for Debt Service shall be calculated based upon the unaudited statement of revenues and expenses for the immediately preceding year prepared by the administrative staff of the District in accordance with generally accepted accounting principles), was equal to at least 125% of the sum of the Annual Debt Service with respect to the Parity Bonds and any Future Parity Bonds (excluding the Parity Bonds to be issued) plus the rental and lease expense incurred by the District during each of the two years, and (ii) a written statement of the Chief Financial Officer of the District reporting as of the time immediately after the delivery of such Future Parity Bonds that for the year immediately following the year in which the Future Parity Bonds are issued (or, if improvements are to be constructed with the proceeds of Future Parity Bonds, that for the year immediately following the first full year after completion), the Net Income Available for Debt Service is forecasted to be at least equal to 125% of the sum of the Annual Debt Service coming due with respect to the Parity Bonds and the Future Parity Bonds (including the Future Parity Bonds to be issued) plus the rental and lease expense of District coming due during the same period.

All Future Parity Bonds shall have a lien equal in rank to that of the Outstanding Parity Bonds against the Bond Fund and its accounts, and shall be payable equally and ratably from such Bond Fund without preference, priority or distinction because of date of issue.

The District reserves the right to issue Future Parity Bonds for the purpose of refunding by exchange or purchasing or calling and retiring at or prior to their maturity any part or all of the then Outstanding Parity Bonds, payable out of the Bond Fund if the issuance of such refunding Future Parity Bonds does not require a greater amount to be paid out of the Gross Revenue of the Hospital for such refunding bonds in any year.

Nothing contained in this section shall prevent the District from issuing revenue bonds, notes or warrants, the payment of the principal of and interest on which is a charge upon the Net

Revenue of the Hospital junior and inferior to the payments required to be made from such Net Revenue of the Hospital into the Bond Fund.

Nothing contained in this section shall prevent the District from issuing revenue bonds to refund maturing revenue bonds of the District for the payment of which money is not otherwise available.

Nothing contained in this section shall prevent the District from issuing limited tax general obligation bonds payable solely from Regular Property Taxes of the District.

Section 17. Enforceability of Covenants. The covenants of the District contained in this resolution constitute a contract between the District and the registered owner. In an Event of Default of any covenant or agreement herein by the District, the registered owner may enforce performance and obtain other appropriate relief in the proper forum as permitted by law. In the event the registered owner must commence legal proceedings to enforce the District's obligations contained herein, or in any bankruptcy proceeding of the District, Purchaser shall be entitled to recover from the District, in addition to the obligations contained herein, its costs and reasonable attorney fees.

Section 18. Refunding or Defeasance of the Bond. In the event the District shall have irrevocably set aside for and pledged to the payment of the principal of and interest on the Bond as it matures or is called for redemption, money and/or Government Obligations (and, if deemed appropriate, provided for the substitution of other Government Obligations for such obligations and investments) sufficient in amount together with known earned income from the investments thereof, to make such payments and accomplish the refunding as scheduled (hereinafter called the "trust account"), and shall irrevocably make provision for redemption of the Bond, then in that case all right and interest of the registered owner of the Bond to be so retired or refunded in the Bond (hereinafter called the "defeased Bond") in the covenants of this resolution, in the Gross Revenue of the Hospital and taxes of the District, and in funds and accounts obligated to the payment of such Bond shall thereafter cease and become void, except such registered owners shall have the right to receive payment of the principal of and interest on the defeased Bond from the trust account. After the establishing and full funding of such trust account, the District may then apply any money in any other fund or account established for the payment or redemption of the defeased Bond to any lawful purposes as it shall determine, subject only to the rights of the registered owners of any other bonds then outstanding.

The District shall include in the refunding or defeasance plan such provisions as the District deems necessary for notice of the defeasance to be given to the owner of the defeased Bond and to such other persons as the District shall determine. The defeased Bond shall be deemed no longer Outstanding, and the District may apply any money in any other fund or account established for the payment or redemption of the defeased Bond to any lawful purposes as it shall determine.

Section 19. Tax Covenants; Designation of the Bond as a “Qualified Tax Exempt Obligation.”

(a) *Preservation of Tax Exemption for Interest on the Bond.* The District covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the District treated as proceeds of the Bond that will cause interest on the Bond to be included in gross income for federal income tax purposes. The District also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond.

(b) *Post-Issuance Compliance.* The Chief Financial Officer is authorized and directed to review and update the District’s written procedures to facilitate compliance by the District with the covenants in this resolution and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bond from being included in gross income for federal tax purposes.

(c) *Designation of the Bond as a “Qualified Tax-Exempt Obligation.”* The District designates the Bond as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code, and makes the following findings and determinations:

- (i) the Bond does not constitute a “private activity bond” within the meaning of Section 141 of the Code;
- (ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the District and any entity subordinate to the District (including any entity that the District controls, that derives its authority to issue tax-exempt obligations from the District, or that issues tax-exempt obligations on behalf of the District) will issue during the calendar year in which the Bond is issued will not exceed \$10,000,000; and
- (iii) the amount of tax-exempt obligations, including the Bond, designated by the District as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed \$10,000,000.

Section 20. Sale and Delivery of the Bond.

(a) *Manner of Sale of the Bond; Delivery of the Bond.* The Bond shall be sold to the Purchaser by private placement pursuant to the terms of the Proposal attached to this resolution as Exhibit A. The District shall pay all reasonable out-of-pocket costs and expenses of the Purchaser and shall reimburse the Purchaser for the fees of their legal counsel, which shall not exceed \$20,000.

(b) *Preparation, Execution and Delivery of the Bond.* The Bond will be prepared at District expense and will be delivered to the Purchaser in accordance with this resolution, together with the approving legal opinion of bond counsel regarding the Bond.

Section 21. Defaults and Remedies. Upon the happening of an Event of Default and during the continuance thereof, the registered owner may take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owner, to collect any amounts due and owing to or from the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution.

Section 22. Supplemental Resolutions.

(a) The Commission from time to time and at any time may adopt a resolution or resolutions supplemental to this resolution, which supplemental resolution or resolutions thereafter shall, subject to written approval and consent of the Purchaser, become a part of this resolution, for any one or more or all of the following purposes:

(i) To add to the covenants and agreements of the District contained in this resolution other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the owners of any Parity Bonds, or surrender any right or power herein reserved to or conferred upon the District.

(ii) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision or provisions contained in this resolution or any resolution authorizing Future Parity Bonds regarding matters or questions arising under such resolution as the Commission may deem necessary or desirable and not inconsistent with such resolution and which shall not adversely affect the interests of the owners of any Parity Bonds.

Any such supplemental resolution of the District may be adopted without the consent of the registered owners of any Parity Bonds at any time Outstanding, notwithstanding any of the provisions of Subsection (b) of this section.

(b) With the consent of the Purchaser (so long as the Bond is Outstanding) and the owners of not less than 60% in aggregate principal amount of the Parity Bonds at the time Outstanding, the Commission may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall:

(i) Extend the fixed maturity of any Parity Bonds or the time of payment of interest thereon from the established due date, or reduce the rate of interest thereon or the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the registered owner of each bond so affected; or

(ii) Reduce the aforesaid percentage of registered owners required to approve any such supplemental resolution, without the consent of the registered owners of all of the Parity Bonds then Outstanding.

It shall not be necessary for the consent of registered owners or the Purchaser under this Subsection (b) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

Section 23. Amending the Definition of “Net Income Available for Debt Service” in the Parity Bond Authorizing Resolutions. The Purchaser is the owner of the 2017A Bond, the 2017B Bond and the 2018 Bond, and consents to the amendment of the definition of “Net Income Available for Debt Service” in Resolutions Nos. 17-09 and 18-03 to conform to the same definition in Section 1 of this resolution, to exclude non-cash liability for other post-employment benefits from this calculation.

Section 24. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bond.

Section 25. Ratification of Prior Acts. Any action taken consistent with the authority and prior to the effective date of this resolution, including the approval of the summary of the terms and conditions under which the Purchaser proposes to purchase the Bond and provisions for locking in a fixed rate on the Bond, is ratified, approved and confirmed.

Section 26. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Commission of Public Hospital District No. 1, Kittitas County, Washington, at an open public meeting thereof, held this 28<sup>th</sup> day of June, 2018, the following Commissioners being present and voting in favor of the resolution.

PUBLIC HOSPITAL DISTRICT NO. 1,  
KITTITAS COUNTY, WASHINGTON

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President and Commissioner

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Commissioner

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Commissioner

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Commissioner

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Secretary and Commissioner



EXHIBIT A

Proposal

CERTIFICATION

I, the undersigned, Secretary of the Commission (the "Commission") of Public Hospital District No. 1, Kittitas County, Washington (the "District"), hereby certify as follows:

1. The attached copy of Resolution No. 18-05 (the "Resolution") is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Commission held at the regular meeting place thereof on June 28, 2018, as that resolution appears on the minute book of the District; and the Resolution is now in full force and effect.

2. A quorum of the members of the Commission was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_, 2018.

PUBLIC HOSPITAL DISTRICT NO. 1,  
KITTITAS COUNTY, WASHINGTON

\_\_\_\_\_  
Secretary of the Commission

RESOLUTION NO. **18-06**

A RESOLUTION of the Commission of Public Hospital District No. 1, Kittitas County, Washington (the "District"), approving the terms of an interlocal agreement and authorizing and directing the superintendent of the District to enter into that agreement and carry out its terms.

WHEREAS, Chapter 70.44.003 RCW authorizes public hospital districts to provide "hospital services and other health care services for the residents of such districts and other persons"; and

WHEREAS, Chapter 70.44.007(2) defines "other health care services" to include "nursing home, extended care, long-term care, outpatient, rehabilitative, health maintenance and ambulance services and such other services as are appropriate to the health needs of the population served"; and

WHEREAS, most of the public hospital districts in the State of Washington are located in a rural area; and

WHEREAS, the Washington state legislature has determined that maintaining the viability of health care service delivery in rural areas is a primary goal of state health policy and that it is critical to the survival of Washington's rural hospitals that cooperative and collaborative arrangements among rural public hospital districts be pursued; and

WHEREAS, the Public Hospital District statute, Chapter 70.44 RCW, and the Interlocal Cooperation Act, Chapter 39.34 RCW, expressly authorize rural public hospital districts to enter into joint agreements and contracts for health care service delivery and payment with public and private entities; and

WHEREAS, the Commission has determined that it is in the District's best interest and in the best interest of the District's residents and other persons served by the District to enter into an interlocal agreement with rural hospital districts in Washington authorizing joint agreements for health care service delivery and payment with public and private entities; NOW, THEREFORE,

BE IT RESOLVED BY the Commission of Public Hospital District No. 1, Kittitas County, Washington, that the Superintendent of the District, or his or her designee, be authorized and directed to enter into the interlocal agreement attached hereto as Exhibit A and to carry out the terms and conditions of that agreement.

ADOPTED and APPROVED by the Commission of Public Hospital District No. 1, Kittitas County, Washington, at an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this \_\_\_ day of \_\_\_\_\_, 2018, the following commissioners being present and voting in favor of this resolution.

\_\_\_\_\_  
President and Commissioner

\_\_\_\_\_  
Secretary and Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner



Washington Rural Health Collaborative

# Washington Rural Health Collaborative Interlocal Agreement

## Why a \*WRHC Interlocal?

To Support Two Strategic WRHC Goals:

1. Support member sustainability and independence through collective action.
2. Expand joint contracting opportunities

Washington State laws allows rural Public Hospital District under RCW 70.44.450 to enter into cooperative agreements and contracts with one another under the Interlocal Cooperation Act (Chapter 39.34 RCW) to provide for the health care needs of the people they serve.

\*Currently the work has been supported by the PHD Joint Operating Board Interlocal Agreement. Decision to create two interlocal agreements with targeted focus of work.

## The WRHC Interlocal Supports:

- ▶ Joint contracting and negotiations, including sharing of rates allowing us to drive lower prices based on collective volume. Examples include:
  - ▶ Laboratory, provider recruitment, medical malpractice insurance, etc.
  - ▶ Enhance purchases for capital equipment, supplies and shared services through collective action. Examples include radiology (3D mammogram), specialty consultants i.e pharmacy (340B), revenue cycle integrity, coding, etc.
- ▶ Development of joint programs to drive efficiencies. Examples include: delegated payer credentialing and telemedicine programs.

## WASHINGTON RURAL HEALTH COLLABORATIVE INTERLOCAL AGREEMENT

This Interlocal Agreement is made and entered into as of the \_\_\_\_ day of June, 2018, by and among the public hospital districts identified in Exhibit A and such additional public hospital districts as may agree to be bound by the terms of this Agreement in the future (hereinafter collectively referred to as the "Districts").

### RECITALS

A. RCW 70.44.003 authorizes public hospital districts "to provide hospital services and other health care services for the residents of such districts and other persons."

B. RCW 70.44.007(2) defines "other health care services" to include "nursing home, extended care, long-term care, outpatient, rehabilitative, and ambulance services; services that promote health, wellness, and prevention of illness and injury; and such other services as are appropriate to the health and wellness needs of the population served."

C. Each of the Districts is a public hospital district authorized under Chapter 70.44 RCW whose geographic boundaries do not include a city with a population greater than fifty thousand and, therefore, is a "rural public hospital district" as defined by RCW 70.44.460.

D. Each of the Districts provides health care services and facilities, including hospital services, to its residents and others.

E. RCW 70.44.450 expressly authorizes rural public hospital districts as defined by RCW 70.44.460 to enter into cooperative agreements and contracts with one another under the Interlocal Cooperation Act (Chapter 39.34 RCW) to provide for the health care needs of the people they serve. These agreements and contracts are specifically authorized to include: (1) allocation of health care services among the different facilities owned and operated by the public hospital districts; (2) combined purchases and allocations of medical equipment and technologies; (3) joint agreements and contracts for health care service delivery and payment with public and private entities; and (4) other cooperative arrangements consistent with the intent of chapter 161, Washington Laws of 1992.

F. RCW 39.34.030(3) authorizes public agencies who enter into interlocal agreements under the Interlocal Cooperation Act to carry out their joint activities through a separate legal entity including a nonprofit corporation established under Chapter 24.06 RCW.

G. Pursuant to authority granted by Chapter 70.44 RCW and Chapter 24.06 RCW, the Districts established a nonprofit corporation in 2006 under the name Western Washington Rural Health Collaborative, which name was changed to Washington Rural Health Collaborative ("WRHC") in 2016.



H. WRHC was established for the original purpose of assisting public hospital districts and nonprofit corporations that operate hospitals in the State of Washington that have been designated as critical access hospitals under Section 1820 of the Social Security Act, as amended from time to time, to work collaboratively to improve the effectiveness, quality, performance, safety, timeliness, and accessibility of their health care services.

I. The members of WRHC are currently limited to public hospital districts who qualify as rural public hospital districts under RCW 70.44.460 and the members desire to enter into agreements and contracts authorized under RCW 70.44.450 through WRHC.

### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein contained, the Districts agree as follows:

1. Designation of WRHC Under Interlocal Cooperation Act. Pursuant to the authority granted by Chapter 39.34 RCW and Chapter 70.44 RCW, the Districts hereby designates WRHC as the separate legal entity through which the Districts shall carry out the joint activities authorized by RCW 70.44.450. So long as WRHC continues to operate under the authority granted by this Agreement, WHRC shall operate subject to the following limitations:

a. Membership in WRHC. The members of WRHC shall be limited to Washington State public hospital districts who qualify as rural public hospital districts under RCW 70.44.460.

b. The Purpose of WRHC. The purposes of WRHC shall include, but not be limited to, assisting public hospital districts that qualify as rural public hospital districts under RCW 70.44.460 and that operate hospitals in the State of Washington that have been designated as critical access hospitals under Section 1820 of the Social Security Act, as amended from time to time, to work collaboratively to

(i) improve the effectiveness, quality, performance, safety, timeliness, and accessibility of their health care services,

(ii) engage in joint purchasing including but not limited to the purchase of liability insurance on a group basis, and

(iii) engage in all other activities authorized under RCW 70.44.450.

c. Articles of Incorporation and Bylaws. WRHC shall operate under amended and restated articles of incorporation and bylaws in the form attached hereto as Exhibits B and C.

2. Term. This Agreement shall remain in effect until December 31, 2018, and shall automatically renew for additional one-year terms, unless terminated by the Districts as described in Section 10 hereof.
3. Powers. WRHC shall have the power to do all lawful acts and things necessary, appropriate or desirable to carry out and in furtherance of its purposes as described in Section 1 hereof that are consistent with Chapter 24.06 RCW, Chapter 39.04 RCW, Chapter 70.44 RCW and Section 501(c)(3) of the Internal Revenue Code, as amended from time to time.
4. Management of the WRHC's Activities and Scope of Authority. The Districts agree that the management of WRHC activities and supervision of the WRHC's agents shall be under the control of the board of WRHC. No District shall have any independent authority to direct the management of WRHC's activities or any authority to bind or to act for or to assume any obligations or responsibilities on behalf of any other District or WRHC. WRHC shall not have authority to bind or act for or to assume any obligations or responsibilities on behalf of any individual District unless expressly authorized in writing by that District.
5. Contracts. Any contract entered into by the WRHC shall be in writing and shall contain a provision permitting termination of such contract upon no more than twelve (12) months' notice in the event this Agreement is terminated.
6. Property. Any property required to carry out the purposes of this Agreement shall be held by WRHC.
7. Funding. Any costs incurred by WRHC in carrying out the activities described in Section 1 not covered by other sources of revenue available to WRHC shall be allocated among the Districts on the basis of a methodology to be determined by the Board of WRHC.
8. Financial Statements. WRHC shall develop and deliver to the Districts within one hundred twenty (120) days after the close of the Board's fiscal year a balance sheet of WRHC as of the end of the fiscal year and statements of income and cash flow. Each of these documents shall be prepared in accordance with generally accepted accounting principles, consistently applied, reviewed by the Treasurer of WRHC, and clearly reflect any positive or negative variances from the operating budget approved by the Board of WRHC.
9. Audit. An audit of WRHC shall occur at such times as the Board of WRHC deems to be reasonable or as required by state law. This audit shall be conducted by an independent accounting firm, by the Board's internal auditors, or by the State Auditor, as appropriate under the circumstances. In addition, any District may request an audit of WRHC. In the event two or more Districts request such an audit, the cost thereof shall be borne equally by those Districts. In the event any District individually requests such an audit, the cost thereof shall be borne entirely by that District.

10. Termination and Distribution.

a. Termination of Agreement. This Agreement may be terminated prior to the expiration of the term specified in Section 2 as follows: (i) upon mutual agreement of the Districts, in which event the termination shall be effective at any time established by mutual agreement; or (ii) upon receipt by each District of written notice that one or more of the Districts intends to withdraw, in which event the termination shall be effective no sooner than ninety (90) days from the date that each of the Districts receives the written notice of withdrawal; provided, however, that the remaining Districts may elect to continue the business of WRHC as provided by Section 11 hereof. No termination, however, shall be effective until either the winding up and distribution process as described below is completed or two or more of the Districts elect to continue the business of the Board pursuant to the procedures described in Section 11 hereof. In addition, a District that provides notice of withdrawal shall not be liable for any liabilities incurred by the Board following receipt of its notice other than those incurred in connection with the winding up and distribution process described below.

b. Winding Up. Prior to the expiration or termination of this Agreement in accordance with the terms hereof, the Board shall diligently proceed to wind up its affairs through the payment of all debts and liabilities and the settlement or other disposition of all claims by or against WRHC or any of the Districts arising out of or related to this Agreement. During the period of winding up, WRHC shall have no authority to otherwise carry on the business as prescribed in this Agreement except to the extent necessary to complete the winding up.

c. Distribution. Upon completion of the winding up process, WRHC shall distribute any property that it may then be holding to the Districts in proportion to the payments that they have made pursuant to Section 7 of this Agreement.

d. Books and Records. Upon completion of the winding up and distribution process, WRHC shall make arrangements for the safe storage of its books and records for the period of time needed to satisfy any federal or state record keeping laws then in effect. These books and records shall be available during normal business hours to the Districts for inspection and copying at their own cost and expense.

11. Election to Continue the Business of the Board. Upon receipt of a notice of withdrawal pursuant to Section 10 hereof, any two or more of the Districts may elect to continue the business of WRHC after reaching an agreement with the withdrawing District(s) regarding an appropriate allocation of the Board's assets and liabilities among the withdrawing District(s) and those that wish to continue the business of WRHC.

12. Notices. Any and all notices or communications required or permitted to be given under any of the provisions of this Agreement may be in writing and shall be deemed to have been given:

- a. Upon receipt when personally delivered, sent by overnight courier or sent by email; or
- b. Two (2) days after deposit in the United States mail when sent first class, certified or registered mail, return receipt requested.

All notices shall be addressed to the parties at the addresses set forth in Exhibits A, B, C, D and E or at such other address as any District may specify by notice to the other Districts.

13. Entire Agreement and Amendment. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior negotiations or discussions with respect thereto. This Agreement may be amended or modified by written instrument signed by the parties hereto. Such amendments or modifications may be for the purposes of, among other things, adding or deleting parties to this Agreement or expanding the purposes for which WRHC is organized.

14. Assignment. No party to this Agreement may assign its rights or obligations hereunder.

15. Counterparts and Electronic Signatures. This agreement may be executed in counterparts, each of which shall be an original but all of which taken together shall constitute but one and the same instrument. In the event any signature is delivered by facsimile or by e-mail delivery of a .pdf file, such signature shall create a valid and binding obligation of the party with the same force and effect as if the facsimile or .pdf signature page were an original thereof.

16. Filing Requirements. Upon execution of this Agreement, the parties shall file a true and complete copy thereof in compliance with the provisions of Chapter 39.34 RCW.

17. Authorization. Each District does hereby represent and warrant to the others that it is duly authorized to enter into and to carry out the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereby execute this agreement as of the day and year first set forth above.

PUBLIC HOSPITAL DISTRICT NO. 1,  
CLALLAM COUNTY

PUBLIC HOSPITAL DISTRICT NO. 2,  
JEFFERSON COUNTY

By: \_\_\_\_\_  
Tim Cournyer, Superintendent

By: \_\_\_\_\_  
Mike Glen, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 1,  
GRAYS HARBOR COUNTY

By: \_\_\_\_\_  
Josh Martin, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 1,  
MASON COUNTY

By: \_\_\_\_\_  
Eric Moll, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 1,  
LEWIS COUNTY

By: \_\_\_\_\_  
Leianne Everett, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 2,  
PACIFIC COUNTY

By: \_\_\_\_\_  
Carol Halsan, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 3,  
PACIFIC COUNTY

By: \_\_\_\_\_  
Larry Cohen, Superintendent

WHIDBEY ISLAND PUBLIC HOSPITAL  
DISTRICT

By: \_\_\_\_\_  
Geryl Forbes, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 4,  
KING COUNTY

By: \_\_\_\_\_  
Thomas Parker, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 1,  
PEND OREILLE COUNTY

By: \_\_\_\_\_  
Tom Wilbur, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 3,  
LINCOLN COUNTY

By: \_\_\_\_\_  
Tyson Lacy, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 1,  
KLICKITAT COUNTY

By: \_\_\_\_\_  
Leslie Hiebert, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 2,  
KLICKITAT COUNTY

By: \_\_\_\_\_  
Robb Kimmes, Superintendent

PROSSER PUBLIC HOSPITAL DISTRICT,  
BENTON COUNTY

By: \_\_\_\_\_  
Craig Marks, Superintendent

PUBLIC HOSPITAL DISTRICT NO. 1,  
KITKITAS COUNTY

By: \_\_\_\_\_  
Julie Petersen, Superintendent

## EXHIBIT A

### Members

Clallam County Public Hospital District No. 1 <b>dba Forks Community Hospital</b> 530 Bogachiel Way Forks, Washington 98331-9120	Lewis County Public Hospital District No. 1 <b>dba Morton General Hospital</b> 521 Adams Street Morton, Washington 98356
Grays Harbor County Public Hospital District No. 1 <b>dba Summit Pacific Medical Center</b> 600 East Main Street Elma, Washington 98541	Mason County Public Hospital District No. 1 <b>dba Mason General Hospital</b> 901 Mt. View Drive Shelton, Washington 98584-1668
Jefferson County Public Hospital District No. 2 <b>dba Jefferson Healthcare</b> 834 Sheridan Avenue Port Townsend, Washington 98368-2443	Pacific County Public Hospital District No. 2 <b>dba Willapa Harbor Hospital</b> 800 Alder Street South Bend, Washington 98586
King County Public Hospital District No. 4 <b>dba Snoqualmie Valley Hospital and Clinics</b> 9801 Frontier Ave SE Snoqualmie WA 98065-9577	Public Hospital District No. 3 of Pacific County <b>dba Ocean Beach Hospital</b> 174 First Avenue North, Box H Ilwaco, Washington 98624-0258
Kittitas County Public Hospital District No. 1 <b>dba Kittitas Valley Healthcare</b> 603 South Chestnut Street Ellensburg, WA 98926	Pend Oreille County PHD No. 1 <b>dba Newport Hospital &amp; Health Services</b> 714 W Pine Street Newport, WA 99156
Klickitat County Public Hospital District No. 1 <b>dba Klickitat Valley Health</b> 310 S. Roosevelt Goldendale, WA 98620	Prosser Public Hospital District of Benton County <b>dba Prosser Memorial Health</b> 723 Memorial Street Prosser, WA 99350-1524
Klickitat County Public Hospital District No. 2 <b>dba Skyline Hospital</b> 211 Skyline Drive White Salmon, WA 98672	Whidbey Island Public Hospital District <b>dba WhidbeyHealth Medical Center</b> 101 N. Main Street Coupeville, Washington 98239-3413
Lincoln County Public Hospital District No. 3 <b>dba Lincoln Hospital and Clinics</b> 10 Nicholls Street Davenport, WA 99122	

## **EXHIBIT B**

### **Articles of Incorporation**

#### **AMENDED & RESTATED ARTICLES OF**

#### **INCORPORATION OF**

#### **WASHINGTON RURAL HEALTH COLLABORATIVE**

The undersigned, acting pursuant to a resolution of the Board of Directors of Washington Rural Health Collaborative, a Washington Nonprofit Corporation, and Chapter 24.06 of the Revised Code of Washington, hereby adopts the following Amended Articles of Incorporation on behalf of the Board of Directors:

##### **Article I. Name**

The name of this Corporation is: **Washington Rural Health Collaborative.**

##### **Article II. Corporate Form**

The Corporation shall be organized pursuant to Chapter 24.06 of the Revised Code of Washington, Nonprofit Miscellaneous and Mutual Corporations Act (the "Act"), and the Corporation accepts the benefits and shall be bound by the provisions of the Act.

##### **Article III. Duration**

The period of its duration is perpetual unless dissolved by operation of law or otherwise.

##### **Article IV. Purposes**

The purposes of the Corporation shall include, but is not limited to, assisting public hospital districts that qualify as rural public hospital districts under RCW 70.44.460 and that operate hospitals in the State of Washington that have been designated as critical access hospitals under Section 1820 of the Social Security Act, as amended from time to time, to work collaboratively to improve the effectiveness, quality, performance, safety, timeliness, and accessibility of their health care services; engage in joint purchasing including but not limited to the purchase of liability insurance on a group basis; engage in all other activities authorized under RCW 70.44.450; and undertake all businesses and all activities permitted to nonprofit corporations organized under the Act that do not conflict with Section 501(c)(3) of the Internal Revenue Code of 1986, as may be amended from time to time (the "Code"), Chapter 39.34 RCW or Chapter 70.44 RCW.

##### **Article V. Power**

The Corporation shall have the power to do all lawful acts or things necessary, appropriate, or desirable to carry out and in furtherance of its purposes described in Article IV that are consistent with the Act and Section 501(c)(3) of the Code.

## **Article VI. Members**

The Corporation shall have one class of members (the "Members"). Membership shall be available to public hospital districts that (i) qualify as rural public hospital districts under RCW 70.44.460; (ii) have been designated as a critical access hospital under Section 1820 of the Social Security Act; and (iii) have been approved for membership in the Corporation by the Corporation's Board of Directors.

The voting rights of the Members shall be limited to the following matters, all of which shall be exercised in the manner prescribed by the Corporation's bylaws: (1) approval of Member dues; (2) election of directors; (3) approval of any amendment to these Articles of Incorporation or to the Corporation's bylaws; (4) approval of any sale, lease or other disposition of all or substantially all of the Corporation's assets; (5) approval of the merger or consolidation of the Corporation into another corporation or the merger of any other corporation into the Corporation pursuant to the Act; (6) approval of the dissolution of the Corporation; and (7) approval of any other matters required by the Corporation's bylaws or the Act.

## **Article VII. Directors**

The number of directors constituting the Corporation's board of directors, the method of selecting those directors and the specification of their qualifications shall be fixed by the bylaws of the Corporation and may be increased, decreased or changed from time to time in the manner provided therein.

## **Article VIII. Prohibited Activity**

Notwithstanding any of the provisions of these Articles of Incorporation, the Corporation shall not conduct or carry on activities not permitted to be conducted or carried on by an organization exempt from federal income tax under Section 501(c)(3) of the Code or by an organization, contributions to which are deductible under Section 170(c)(2) of the Code. No part of the net earnings of the Corporation shall inure to the benefit of any director, officer, or private individual. No substantial part of the activities of the Corporation shall be devoted to the carrying on of propaganda, or otherwise attempting to influence legislation, except as Section 501(c)(3) organizations may be permitted by the Code, and the Corporation shall not participate in, or intervene in (including the publication or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. The Corporation shall not have or issue shares of stock and shall not make any disbursement of income or any loans to its Members, directors, or officers.

## **Article IX. Limitation of Director Liability**

Except to the extent otherwise required by applicable law (as presently in effect and as hereafter amended), a director of the Corporation shall not be personally liable to the Corporation or its members for monetary damages for conduct as a director, except for liability of the director (i) for acts or omissions which involve intentional misconduct by the director or a knowing violation of law by the director or (ii) for any transaction from which the director personally receives a benefit in money, property or services to which the director is not legally entitled. If the Act or the Washington Business Corporation Act is amended to authorize further eliminating or limiting the



personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Act and the Washington Business Corporation Act, as so amended, without any requirement of further action by the Corporation, or its members or its directors.

No amendment to or repeal of this Article shall adversely affect any right of protection of any director of the Corporation occurring after the date of the adoption of this Article and prior to such amendment or repeal.

#### **Article X. Indemnification**

The Corporation shall indemnify any director of the Corporation who is involved in any capacity in a proceeding (as defined in RCW 23B.08.500, as presently in effect and as hereafter amended) by reason of the position held by such person or entity in the Corporation to the full extent allowed by law, as presently in effect and as hereafter amended. By means of a resolution or of a contract specifically approved by the Board of Directors, the Corporation may indemnify an officer, employee, or agent to such degree as the Board of Directors determines to be reasonable, appropriate, and consistent with applicable law and to be in the best interests of the Corporation. Reasonable expenses incurred by a director, who is involved in any capacity in a proceeding by reason of the position held in the Corporation, shall be advanced by the Corporation to the full extent allowed by and on the conditions required by applicable law, as presently in effect and as hereafter amended, unless and until it is determined that such person is not entitled to be indemnified.

The Board of Directors of the Corporation shall have the right to designate the counsel who shall defend any person or entity who may be entitled to indemnification, to approve any settlement, and to approve in advance any expense. The rights conferred by or pursuant to this Article shall not be exclusive of any other rights that any person may have or acquire under any applicable law (as presently in effect and as hereafter amended), these Articles of Incorporation, the bylaws of the Corporation, a vote of the Board of Directors of the Corporation, or otherwise. No amendment to or repeal of this Article shall adversely affect any right of any director, officer, employee, or agent for events occurring after the date of the adoption of this Article and prior to such amendment or repeal.

Notwithstanding any other provision of this Article, no indemnification shall be provided to any person if in the opinion of counsel, payment of such indemnification would cause the Corporation to lose its exemption from federal income taxation.

#### **Article XI. Distributions Upon Dissolution**

No director, trustee, or officer of the Corporation, nor any private individual, shall be entitled to share in the distribution of any of the corporate assets upon dissolution of the Corporation or the winding up of its affairs. Upon winding up and dissolution of the Corporation, the assets of the Corporation remaining, after paying or making adequate provision for payment of all liabilities of the Corporation, shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax

code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

SIGNED \_\_\_\_\_ Eric Moll, Chair  
SIGNED \_\_\_\_\_ Robb Kimmes, Vice Chair  
SIGNED \_\_\_\_\_ Leslie Hiebert, Secretary/Treasurer

DATED the 8th day of June, 2018

## EXHIBIT C - Bylaws

### AMENDED AND RESTATED BYLAWS OF WASHINGTON RURAL HEALTH COLLABORATIVE

#### ARTICLE I Purposes

**1.1 Charitable Purposes.** The purpose of this nonprofit Corporation shall be to operate exclusively for charitable, scientific, literary or education purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (as amended, or any successor provision or "Code").

**1.2 Primary Purposes.** The primary purposes of the Corporation shall include but not be limited to:

**1.2.1** Assisting public hospital districts and nonprofit corporations that qualify as rural public hospital districts under RCW 70.44.460 and that operate hospitals in the State of Washington that have been designated as critical access hospitals under Section 1820 of the Social Security Act, as amended from time to time, to work collaboratively to improve the effectiveness, quality, performance, safety, timeliness, and accessibility of their health care services; engage in joint purchasing including but not limited to the purchase of liability insurance on a group basis; engage in all other activities authorized under RCW 70.44.450; and undertake all businesses and all activities permitted to nonprofit corporations organized under the Act that do not conflict with Section 501(c)(3) of the Internal Revenue Code of 1986, as may be amended from time to time (the "Code"), Chapter 39.34 RCW or Chapter 70.44 RCW.

**1.2.2** Undertaking all businesses and all activities permitted to nonprofit corporations under the Washington Nonprofit Corporation Act (RCW Chapter 24.06) that do not conflict with the Code. Business and activities undertaken by the Corporation on behalf of public hospital districts are undertaken under the authority granted under the Interlocal Cooperation Act (RCW Chapter 39.34), the Public Hospital District statute (Chapter 70.44), specifically including but not limited to RCW 70.44.450, the Washington Rural Health Collaborative Interlocal Agreement, dated June \_\_, 2018 (as may be amended from time to time), entered into by all Members of the Corporation, and the Second Amended and Restated Interlocal Agreement, dated June 11, 2013 (as may be amended from time to time), entered into by certain Members of the Corporation.

#### ARTICLE II Registered Office and Registered Agent

**2.1 Registered Office and Registered Agent.** The registered office of the Corporation shall be located in the State of Washington at such place as may be fixed from time to time by the Board of Directors upon filing of such notices as may be required by law, and the registered agent shall have a business office identical with such registered office. A registered agent so

appointed shall consent to appointment in writing, and such consent shall be filed with the Secretary of State of the State of Washington.

**2.2 Change of Address.** If a registered agent changes the street address of the agent's business office, the registered agent may change the street address of the registered office of the Corporation by notifying the Corporation in writing of the change and signing, either manually or in facsimile, and delivering to the Secretary of State for filing a statement of such change, as required by law.

**2.3 Change of Agent.** The Corporation may change its registered agent at any time upon the filing of an appropriate notice with the Secretary of State, with the written consent of the new registered agent either included in or attached to such notice.

**2.4 Other Offices.** In addition to the registered office of the Corporation, the Corporation may have such other offices as the Board of Directors may from time to time designate.

### **ARTICLE III Members**

**3.1 Members.** There shall be one class of members.

**3.2 Qualifications.** Membership shall be available to any hospitals that (i) qualify as rural public hospital districts under RCW 70.44.460; (ii) have been designated as a critical access hospital under Section 1820 of the Social Security Act; and (iii) have been approved for membership in the Corporation by the Corporation's Board of Directors.

**3.3 Application for Membership.** Any hospital that qualifies for membership shall apply in writing to the Secretary-Treasurer of the Corporation ("Secretary-Treasurer"). The applicant shall become a member upon: (i) approval of the majority of the members; (ii) payment of any membership fee that is imposed during the calendar year in which the application was made; and (iii) execution of any documents that the Board of Directors deems necessary. The initial members of the Corporation are listed in Attachment A.

**3.4 Termination of Membership.** A member may resign by notifying the Secretary-Treasurer in writing at least 60 days before the resignation is to become effective. Resignation shall not relieve a member of any dues or other financial obligations owed the Corporation as of the date of resignation.

**3.5 Dues.** When the Board of Directors deems it necessary to fulfill the purposes of the Corporation, members shall be required to pay dues from time to time. The Board of Directors shall propose the amount of dues and the dues, as well as any changes to the process to fix the amount of dues as described in the dues policy, must be approved by a majority of the members in attendance at a meeting of the members in which a quorum is present in person or by emailed ballot. Members who do not pay dues within six month of the receipt of the billing date shall become inactive members and shall not be entitled to any of the privileges of membership, including member services, until such time as they pay all outstanding dues. The Board of Directors may, at its discretion, allow continued active membership if good cause is shown for nonpayment or may choose to waive a portion of the outstanding dues.

**3.6 Annual Meeting.** The annual meeting of the members shall be held at such date and time as the members, by mutual agreement, may determine. The annual meeting shall be held for the transaction of such business as may come before the Members.

**3.7 Special Meetings.** Unless otherwise prescribed by law, special meetings of the members for any purpose or purposes may be called by: (i) the Chair; (ii) by the Board of Directors; or (iii) a majority of the members.

**3.8 Place of Meetings.** Meetings of the members shall be held at either the registered office of the Corporation or at such other place within or outside the state of Washington as the Board of Directors may designate.

**3.9 Notice of Meetings.** The Secretary-Treasurer or the person(s) calling the meeting shall give to each member of record entitled to notice of or to vote at such meeting written or printed notice stating the date, time and place of a meeting of members. If the meeting is for a special meeting of members, this notice shall also state the purpose or purposes for which the meeting is called. Notice of annual and special meetings shall be given not less than five (5) days and not more than fifty (50) days before the meeting. The giving of notice shall be in accordance with Article VI of these Bylaws.

**3.10 Waiver of Notice.** A member may waive any notice required to be given under the provisions of these Bylaws, the Articles of Incorporation or by applicable law, whether before or after the date and time stated therein. Such waiver shall be in writing.

**3.11 Voting Privileges.** Each member shall be entitled to one vote and voting shall not be cumulative. Each member shall designate a delegate to act on behalf of the member for voting privileges. The voting privileges of a member that is delinquent in dues owed to the Corporation shall be suspended until those dues are paid.

**3.12 Manner of Acting and Proxies.** A member may vote either in person or by proxy. A member may vote by proxy by means of a proxy appointment form that the member or the member's duly authorized attorney-in-fact has executed in writing. All proxy appointment forms shall be filed with the Secretary-Treasurer before or at the commencement of meetings. A proxy appointment shall be valid for eleven (11) months from the date of its execution unless otherwise expressly provided in the appointment form. A proxy appointment may be revoked; however, no proxy appointment shall be effectively revoked until the member appointing the proxy has given written notice of the revocation to the Secretary-Treasurer.

**3.13 Quorum.** A quorum of the Board of Directors will be defined as no less than fifty percent of the membership present either in person, by phone or proxy and a simple majority of those providing action on an issues shall be necessary at all meetings to constitute a quorum for the transaction of business. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors, except as otherwise provided by express provision of law, the Articles of Incorporation, or these Bylaws. Once a Board of Director is present or represented at a meeting, other than to object to holding the meeting or transacting business, the Director is deemed to be present for purposes of a quorum for the remainder of the meeting. If a quorum exists, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless an express provision of law, the Articles of Incorporation or these Bylaws require a different vote upon the issue.

**3.14 Action of Members without a Meeting.** Any action which may be or is required to be taken at a meeting of the members may be taken without a meeting if one or more written consents setting forth the action so taken shall be signed, either before or after the action taken, by all the members entitled to vote with respect to the subject matter. Action taken by written consent of the members is effective when all consents are in possession of the Corporation, unless the consent specifies a latter effective date. Whenever any notice is required to be given to any member pursuant to applicable law, a waiver in writing, signed by the person or persons entitled to notice shall be deemed equivalent to the giving of notice.

**3.15 Closed Meetings.** From time to time it may be appropriate for voting representatives of the Corporation to discuss issues without the presence of others. It shall be the prerogative of the Chair, with the concurrence of the other officers, to call a special closed meeting or to close a portion of the annual meeting for this purpose.

**3.16 Participation by Means of Communications Equipment.** Members may participate in any annual or special meeting of the members or may conduct the meeting through the use of any means of communication by which all members participating can hear each other during the meeting.

**3.17 Conflict of Interest.** Whenever a director or officer has a financial or personal interest in any matter coming before the board of directors, the affected person shall a) fully disclose the nature of the interest and b) withdraw from discussion, lobbying, and voting on the matter. Any transaction or vote involving a potential conflict of interest shall be approved only when a majority of disinterested directors determine that it is in the best interest of the corporation to do so. The minutes of meetings at which such votes are taken shall record such disclosure, abstention and rationale for approval.

## **ARTICLE IV Board of Directors**

**4.1 Powers.** The management of all the affairs, property and interests of the Corporation shall be vested in a Board of Directors. In addition to the powers and authorities expressly conferred upon it by these Bylaws and by the Articles of Incorporation, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts as are not prohibited by law, the Articles of Incorporation or these Bylaws.

**4.2 Limitations on Powers and Authorities.** The Board of Directors shall have no right, power or authority to perform or authorize any of the following actions without prior approval of the members: (i) approving annual operating and capital budgets for the Corporation and approving material deviations from those budgets; (ii) liquidating, consolidating, merging or transferring substantially all of the assets of the Corporation to or into another entity; (iii) guaranteeing an obligation of any individual, partnership, other corporation, trust or other legal entity; (iv) acquiring another entity, facility or capital asset, the consideration for which exceeds \$10,000 or the value of the assets of the Corporation, whichever is less; (v) entering into significant contracts (for example, those which grant any exclusive rights or arrangements or involve commitments of the Corporation where consideration exceeds \$10,000 or the value of the assets of the Company, whichever is less); (vi) entering into a transaction with a member; (vii) entering into managed care contracts by the Corporation; (viii) hiring key executives and/or managers for the Corporation; (ix) amending or repealing these Bylaws; and (x) amending

the Articles of Incorporation. Such approval shall be by a majority vote of the members unless otherwise prescribed by law.

**4.3 General Standards for Directors.** A director shall discharge the duties of a director, including duties as a member of a committee: (i) in good faith; (ii) in a manner the director reasonably believes to be in the best interests of the Corporation; and (iii) with the care, including making reasonable inquiry, that an ordinarily prudent person in a like position would exercise under similar circumstances.

**4.4 Number.** The Board of Directors shall consist of the Chief Executive Officer or equivalent organizational leader from each of the sustaining member hospitals.

**4.5 Change of Number.** The number of directors may at any time be increased or decreased by amendment to these Bylaws by resolution of the members at any annual or special meeting. However, any change in the number of directors shall result in all members being represented equally on the Board of Directors.

**4.6 Election and Qualifications of Directors.** Each Sustaining Member shall designate in a writing filed with the Secretary or designee the Sustaining Member's chief executive officer or equivalent organizational leader to serve as its Representative in the affairs of the Corporation. Sustaining Members may appoint an alternate who may serve in the absence of the designated Representative. However, appointing an alternate should be the exception rather than the norm to preserve the Corporation's core value as a forum for chief executive officers or equivalent organizational leaders. If a Sustaining Member appoints an alternate, the alternate must have the authority to make decisions on behalf of the Sustaining Member and enjoys full voting rights on behalf of the Sustaining Member pursuant to Sections 3.11 Sustaining Members may not change frequently the person designated as its Representative or alternate in order to preserve continuity and consistency in the oversight of the affairs of the Corporation. Any change of the person designated to serve as the Sustaining Member's Representative or alternate must be filed in writing with the Secretary.

**4.7 Resignation.** A director may resign at any time by: (i) delivering written notice to the Chair or the Secretary-Treasurer; or (ii) giving oral notice at any meeting of the members or directors. If the director serves as an officer of the Corporation, the director's resignation from the Board of Directors shall automatically result in resignation from that office. A resignation is effective when the notice is delivered or given unless the notice specifies a later effective date. Unless specified in the notice, acceptance of the resignation shall not be necessary to make it effective.

**4.8 Removal of Directors.** Only the member who elected the director may remove that director.

**4.9 Vacancies.** In the event a director resigns, is removed or otherwise vacates that position, the member that elected the director shall elect another qualified person to complete the term of the vacating director.

**4.10 Regular Meetings.** A regular meeting of the Board of Directors for the purpose of electing officers of the Corporation and transacting such other business as may properly come before the meeting shall be held, without notice other than this article of the Bylaws, immediately after and at the same place as the annual meeting of members. The Board of Directors may, by resolution, provide for additional regular meetings to be held, either

within or without the State of Washington, without notice other than pursuant to that resolution.

**4.11 Special Meetings.** Any four directors may call a special meeting of the Board of Directors at any time and at any place that they may designate. Notice of all special meetings shall: (i) state the date, time and place, and purpose; and (ii) be given in accordance with the provisions set forth in Article VI of these Bylaws at least five (5) days prior to the date of the meeting.

**4.12 Waiver of Notice.** A director may waive any notice required by law, the Articles of Incorporation or these Bylaws before or after the time stated for the meeting, and such waiver shall be equivalent to the giving of notice. The waiver must be in writing, signed by the director entitled to notice, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records. A director's attendance at or participation in a meeting shall constitute a waiver of notice of the meeting unless the director, either at the beginning of the meeting or promptly upon the director's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

**4.13 Registering Dissent.** A director who is present at a meeting of the Board of Directors at which action on a corporate matter is taken is deemed to have assented to such action unless: (i) the director's dissent or abstention from the action is entered in the minutes of the meeting; or (ii) the director delivers written notice of the director's dissent or abstention to the person acting as the secretary at the meeting before adjournment or to the Secretary-Treasurer immediately after adjournment of the meeting. A director who voted in favor of the action does not have the right to dissent or abstain.

**4.14 Action by Directors Without a Meeting.**

**4.14.1** Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if all directors consent to the action. The action must be evidenced by one or more written consents setting forth the action taken, signed by each of the directors either before or after the action taken, and delivered to the Corporation for inclusion in the minutes or filing with the Corporation's records. Subject to appropriate safeguards, consents transmitted by facsimile or by e-mail shall be considered valid written consents.

**4.14.2** Action taken under this Section is effective when the last director signs the consent, unless the consent specifies a later effective date.

**4.15 Participation by Means of Communications Equipment.** Directors may participate in a regular or special meeting of the Board of Directors by or may conduct the meeting through the use of any means of communication by which all directors participating can hear each other during the meeting.

**4.16 Committees.**

**4.16.1** The Board of Directors, by resolution adopted by a majority of all the directors in office, may designate and appoint one or more committees. Each committee must consist of at least one director or have a staff person appointed to be the board liaison, together with any other persons approved by the Board of Directors. All committee members shall serve at the pleasure of the Board of Directors.



**4.16.2** Any resolution designating a committee must state what authority, if any, the committee has to act on behalf of the Board of Directors. However, such authority may not include: (i) amending, altering or repealing these Bylaws; (ii) electing, appointing or removing any committee member or director or officer of the Corporation; (iii) amending the Articles of Incorporation; (iv) adopting a plan of merger or consolidation with another corporation; (v) authorizing the sale, lease, or exchange of all or substantially all of the property and assets of the corporation not in the ordinary course of business; (vi) authorizing the voluntary dissolution of the Corporation or revoking proceedings therefore; (vii) adopting a plan for the distribution of the assets of the Corporation; or (viii) amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee.

**4.16.2** A committee shall be governed by the same rules as applied to the Board of Directors in Articles 4.10 through 4.15 of these Bylaws.

**4.16.3** The creation of, delegation of authority to, or action by a committee does not relieve the Board of Directors, or any individual director, of any responsibility imposed upon the Board of Directors or an individual director by law.

**4.17 Remuneration.** By resolution of the Board of Directors, directors and committee members may be reimbursed for any reasonable expenses incurred for attendance at meetings of the Board of Directors or at any of its committees.

## **ARTICLE V**

### **Officers of the Corporation**

**5.1 Designations.** The officers of the Corporation shall be a Chair, an Immediate Past Chair, a Vice Chair, a Secretary-Treasurer and such other officers and assistant officers as the Board of Directors may deem necessary. No individual may hold more than one office.

**5.2 Election and Term of Office.** Annually, the Board of Directors shall elect the officers of the Corporation, each of whom must be a director. Each officer shall hold office until a successor is elected/qualified, or until such officer's earlier death, resignation or removal.

#### **5.3 Powers and Duties.**

**5.3.1 The Chair.** The Chair, if present, shall preside at all meetings of the Board of Directors. The Chair shall be the Chief Executive Officer of the Corporation and, subject to the direction and control of the Board of Directors, shall have general control and management of the business affairs and policies of the Corporation. The Chair shall act as liaison from and as spokesman for the Board of Directors. The Chair may sign all certificates, contracts and other instruments of the Corporation, which the Board of Directors has authorized to be executed, except where the signing or execution: (i) has been expressly delegated by the Board of Directors or these Bylaws to some other officer or agent of the Corporation; or (ii) is required by Law to be otherwise signed or executed. In general, the Chair shall perform all duties incident to the office of Chair and such other duties as the Board of Directors, by resolution, may determine.

**5.3.2 Immediate Past Chair.** The Immediate Past Chair, in consultation with the current officers, is responsible for providing a sense of continuity to the work of

the board. The Immediate Past Chair serves a one-year term and performs such duties as the Board Chair may assign.

**5.3.3 The Vice Chair.** The Vice Chair of the Corporation shall serve as Chair in the absence or disability of the Chair. When so acting, the Vice Chair shall have all the powers and duties of the Chair, as well as be subject to all the restrictions imposed upon the Chair. The Vice Chair shall perform such other duties as the Board of Directors, by resolution, may determine.

**5.3.4 The Secretary-Treasurer.** The Secretary-Treasurer shall: (i) issue notices for all meetings, except for notices for special meetings of the members or directors that are called by the requisite number of members or directors; (ii) keep minutes of all meetings of the members and directors; (iii) have charge of the seal and the Corporation's books; (iv) have the custody of all moneys and securities of the Corporation; (v) deposit such monies in the name of the Corporation in banks, trust companies or other depositories as shall be selected in accordance with these Bylaws; (vi) keep regular books of account; (vii) disburse the funds of the Corporation in payment of the just demands against the Corporation or as may be ordered by the Board of Directors, taking proper vouchers or receipts for such disbursements; (viii) render to the Board of Directors from time to time as may be required an account of all transactions as Treasurer and of the financial condition of the Corporation; and (ix) make such reports and perform such other duties incident to the office of Secretary- Treasurer or as the Board of Directors, by resolution, may determine.

**5.5 Vacancies.** The Board of Directors may fill vacancies in any office, regardless of the cause, at any regular or special meeting.

**5.6 Resignation.** An officer may resign at any time by: (i) delivering written notice to the Chair or Secretary-Treasurer; or (ii) giving oral notice at any meeting of the Board of Directors. This notice shall be effective when delivered or given unless the notice specifies a later effective date. Unless specified in the notice, acceptance of the resignation shall not be necessary to make it effective.

**5.7 Removal.** The Board of Directors may remove any officer at any time, with or without cause, by the affirmative vote of a majority of all the directors.

## ARTICLE VI Notices, Demands, Consents and Waiver

**6.1 Requirements.** Except as may otherwise be required by law, any notice, demand, consent or waiver required to be given by these Bylaws must be in writing and directed to the party at the address shown in the Corporation's current records.

**6.2 Method of Delivery.** Notices, demands, consents or waivers must be: (i) personally delivered; (ii) sent by certified or registered mail, return receipt requested, postage and charges prepaid; (iii) sent by express delivery by a national carrier; (iv) transmitted by facsimile equipment; or (v) transmitted electronically when consented to by the recipient in accordance with the provisions of RCW 24.03.009 as now in effect or hereafter amended.

**6.3 Effective Delivery.** Delivery shall be deemed effective as follows: (i) when received by personal delivery, express delivery by national carrier, or by facsimile equipment; (ii)

on the date shown on the return certified or registered mail receipt, if signed by or on behalf of the addressee; or (iii) in accordance with the provisions of RCW 24.03.009 as now in effect or hereafter amended for electronic transmissions.

## **ARTICLE VII Contracts, Checks, Deposits and Funds**

**7.1 Contracts.** The Board of Directors may authorize any officer(s), employee(s) or agent (s) of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. This authority may be general or confined to specific instances.

**7.2 Loans.** Unless authorized by resolution of the Board of Directors, which authority may be general, no loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name.

**7.3 Checks, Drafts, etc.** All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer(s), employee(s) or agent(s) of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, the Chair or the Secretary-Treasurer shall sign these instruments.

**7.4 Deposits.** All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

**7.5 Gifts.** The Board of Directors may accept on behalf of the Corporation any contribution, gift, grant, bequest or devise for the general purposes or any special purpose of the Corporation.

**7.6 Loans to Directors and Officers.** The Corporation shall make no loans to any director or officer.

## **ARTICLE VIII Books and Records**

**8.1 Books and Records.** The Corporation shall keep a copy of the following records at its registered or principal office: (i) the current Articles of Incorporation; (ii) the current Bylaws; (iii) a list of members' names and addresses; (iv) a list of directors' and officers' names and addresses; (v) correct and adequate records of accounts and finances; (vi) minutes of the proceedings of its members, the Board of Directors, and any committees established by the Board of Directors (including all actions taken without a meeting); and (vii) such other records that may be necessary or advisable.

## **ARTICLE IX Fiscal Year**

**9.1 Fiscal Year.** The fiscal year of the Corporation shall be from January 1 to December 31, or such other fiscal years as the Board of Directors, by resolution, may determine.

## **ARTICLE X Liability and Indemnification**

**10.1 Liability.** A director, officer, or committee member of the Corporation shall not be personally liable to the Corporation for monetary damages for conduct as a director, officer or member except for: (i) acts or omissions that involve intentional misconduct or a knowing violation of law by that director; or (ii) any transaction from which the director personally receives a benefit in money, property or service to which the person or member is not legally entitled.

**10.1.1** If the Washington Nonprofit Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors and/or officers, then the liability of a director or officer of the Corporation shall be eliminated or limited to the fullest extent permitted by the Washington Nonprofit Corporation Act, as so amended.

**10.1.2** Any repeal or modification of this Article by the members of the Corporation shall not adversely affect any right or protection of a director or officer existing at the time of such repeal or modification.

**10.2 Indemnification.** The Corporation shall indemnify its members, directors, officers, committee members, employees, and agents against all liability, damage, and expenses arising from or in connection with service for, employment by, or other affiliation with the Corporation or other firms or entities to the maximum extent and under all circumstances permitted by law. However, no indemnification shall be provided under this provision to any such person or member if: (i) the Corporation is prohibited by the nonexclusive provisions of the Washington Nonprofit Corporation Act or other applicable law as then in effect from paying such indemnification; or (ii) in the opinion of counsel, payment of such indemnification would subject the Corporation to imposition of excise taxes under the Internal Revenue Code or cause the Corporation to lose its exempt status from federal income taxation.

## **ARTICLE XI Copies of Resolutions**

**11.1 Copies of Resolutions.** Any person dealing with the Corporation may rely upon a copy of any of the records of the proceedings, resolutions or votes of the Board of Directors when the Chair or Secretary-Treasurer certifies these records.

## **ARTICLE XII Amendments**

**12.1 Amendments.** The members, by a majority vote at any regular or special meeting, shall have the power to amend or repeal these Bylaws or to adopt new Bylaws.

The undersigned, being the Chair of the Corporation, hereby certifies that these amended and restated Bylaws are the Bylaws of the Washington Rural Health Collaborative, approved by resolution of the Board of Directors as of June 8, 2018

Signature: \_\_\_\_\_  
Eric Moll, WRHC Board Chair

Dated: June 8, 2018

**ATTACHMENT A**

**WASHINGTON RURAL HEALTH COLLABORATIVE MEMBERS**

Clallam County Public Hospital District No. 1 <b>dba Forks Community Hospital</b> 530 Bogachiel Way Forks, Washington 98331-9120	Lewis County Public Hospital District No. 1 <b>dba Morton General Hospital</b> 521 Adams Street Morton, Washington 98356
Grays Harbor County Public Hospital District No. 1 <b>dba Summit Pacific Medical Center</b> 600 East Main Street Elma, Washington 98541	Mason County Public Hospital District No. 1 <b>dba Mason General Hospital</b> 901 Mt. View Drive Shelton, Washington 98584-1668
Jefferson County Public Hospital District No. 2 <b>dba Jefferson Healthcare</b> 834 Sheridan Avenue Port Townsend, Washington 98368-2443	Pacific County Public Hospital District No. 2 <b>dba Willapa Harbor Hospital</b> 800 Alder Street South Bend, Washington 98586
King County Public Hospital District No. 4 <b>dba Snoqualmie Valley Hospital and Clinics</b> 9801 Frontier Ave SE Snoqualmie WA 98065-9577	Public Hospital District No. 3 of Pacific County <b>dba Ocean Beach Hospital</b> 174 First Avenue North, Box H Ilwaco, Washington 98624-0258
Kittitas County Public Hospital District No. 1 <b>dba Kittitas Valley Healthcare</b> 603 South Chestnut Street Ellensburg, WA 98926	Pend Oreille County PHD No. 1 <b>dba Newport Hospital &amp; Health Services</b> 714 W Pine Street Newport, WA 99156
Klickitat County Public Hospital District No. 1 <b>dba Klickitat Valley Health</b> 310 S. Roosevelt Goldendale, WA 98620	Prosser Public Hospital District of Benton County <b>dba Prosser Memorial Health</b> 723 Memorial Street Prosser, WA 99350-1524
Klickitat County Public Hospital District No. 2 <b>dba Skyline Hospital</b> 211 Skyline Drive White Salmon, WA 98672	Whidbey Island Public Hospital District <b>dba WhidbeyHealth Medical Center</b> 101 N. Main Street Coupeville, Washington 98239-3413
Lincoln County Public Hospital District No. 3 <b>dba Lincoln Hospital and Clinics</b> 10 Nicholls Street Davenport, WA 99122	

**KITTITAS VALLEY HEALTHCARE  
Capital Expenditure Board Narrative**

**Requesting Department:** Surgical Services

**Capital Item Requested:** Two Anesthesia Machines

**Function of Project:** The main function of an anesthesia machine is to provide an accurate and continuous supply of medical gases, mixed with an accurate concentration of anesthetic vapor, and deliver this to the patient at a safe pressure and flow during surgery.

**Reason Requested:** Replacement of aging anesthesia machines in OR #3 and OB C-section suite. The new anesthesia machines allows for standardized equipment and interface with Cerner software in all four operating rooms.

**Budget:** \$83,942.00

**Actual Cost:** \$97,092.24

**Submitted By:** Amy Krogstadt, Director – Surgical Services

**Date:** 06/28/18

**KITTITAS VALLEY HEALTHCARE  
Capital Expenditure Board Narrative**

**Requesting Department:** Imaging Services

**Capital Item Requested:** Digital C-Arm System: includes high performance mobile C-arm; and mini mobile C-arm for use during surgical procedures for intraoperative imaging.

**Function of Project:** A mobile C-arm is a medical imaging device that is used in general surgery and orthopedics for intraoperative imaging. The devices provide high-resolution X-ray images in real time allowing the physician to monitor progress at any point during the operation and immediately make any adjustments that may be required.

**Reason Requested:** Current C-Arms at end of lives and need to move both to digital for interoperability.

**Budget:** none, initially intended to lease

**Actual Cost:** not to exceed \$262,000

**Submitted By:** Stacy Olea, Director – Diagnostic Services

**Date:** 06/28/18



## OPERATIONS REPORT

June 2018

### PATIENT CARE OPERATIONS

- Jim Gallagher, Registered Dietician, has been named the new Food and Nutrition Services Department Director. After 26 years of service to KVH, Mary Jo Morrissey has decided to retire. Jim has been working for KVH for the past 6 years as a per diem dietician and is familiar with the department staff and service.
- The Surgical Services department received the new Site Rite ultrasound which is used for placing PICC lines for long-term IV infusions. The training for RNs will be next week.
- The Surgical Task force is up and running. The purpose is to bring participation and ideas from the front line staff for the continued efforts of improving the surgical site infection rate at KVH.
- The MS and CCU staff is working on enhancing the shift-to-shift patient hand-off process. They are also streamlining and upgrading training materials and expectations for the Patient Care Technicians to include competency checklists and policy review.

*Thank you, Vicky Machorro, Chief Nursing Officer*

### ANCILLARY SERVICES OPERATIONS

- **Diagnostic Services-**
  - The upgrade to the imaging equipment in radiology room 1 is complete and staff have been trained on using the new equipment.
  - Training on the new MRI is scheduled for the week of June 25<sup>th</sup>.
  - We are continuing to work with CHCW information technology and their EMR vendor to develop a more reliable interface between CHCW and KVH lab.
  - A retired staff member has returned to train one of our ultrasound technologists to perform echocardiograms. This is giving us 5 days a week coverage for echocardiograms and stress echos.
  - We have hired a traveler to fill a vacant ultrasound position and will be able to provide 24/7 call for select emergency ultrasound needs.
- **Cardiopulmonary-**

Teamsters negotiations were held May 30<sup>th</sup> and we reached a tentative agreement. The contract has been sent to Teamsters to review and vote on.
- **Home Health & Hospice-**

The DOH completed a Medicare Survey for Home Health June 6<sup>th</sup>-June 9<sup>th</sup> with minimal deficiencies. They have accepted our plan of correction, which was submitted on June 18. There have been multiple changes to the CMS and Washington State Regulations and this was our first survey under the new guidelines and we are quite pleased with the survey results.

- **Physical Therapy-Cle Elum**

We have been unable to come to agreement on contract terms with the owner of the local physical therapy practice in Cle Elum and are planning to keep KVH physical therapy in its current location at FMC.

- **Cle Elum Pharmacy-**

The new independent pharmacy opened in Cle Elum on May 30<sup>th</sup> and KVH staff attended the open house.

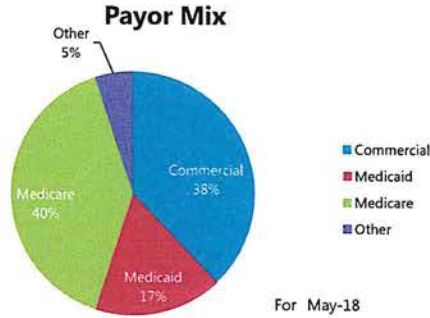
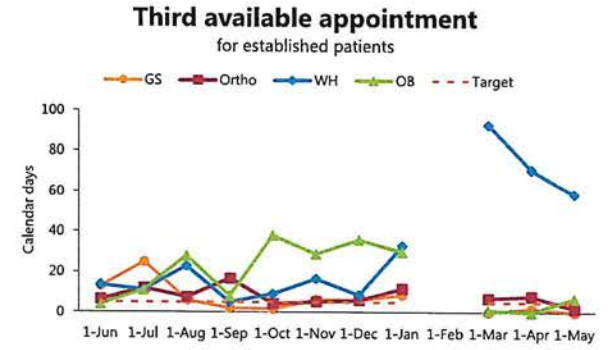
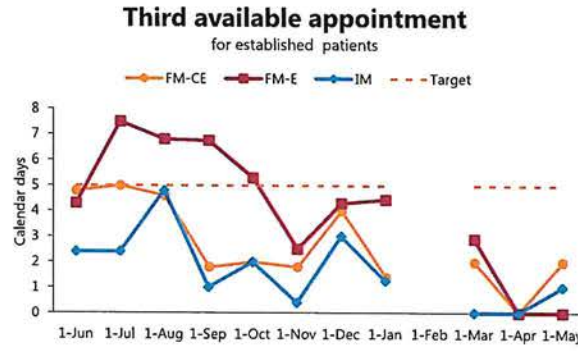
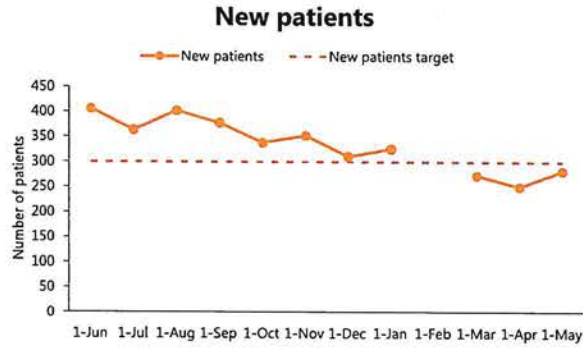
*Thank you, Rhonda Holden, Chief Ancillary Officer*

## **CLINIC OPERATIONS**

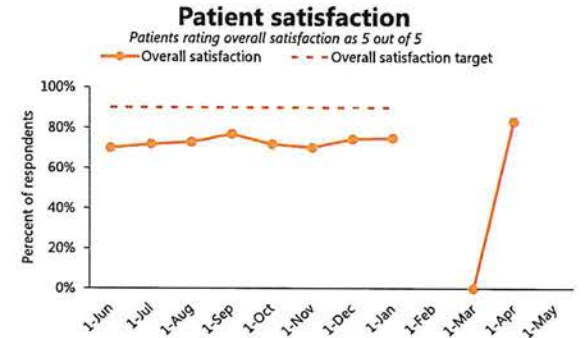
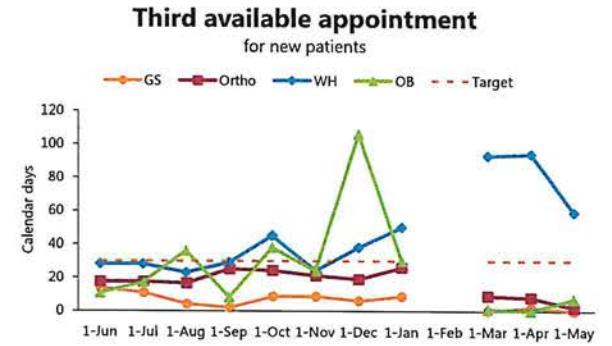
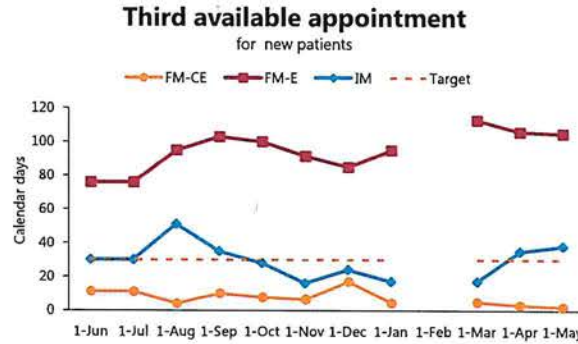
- **Standard Referrals:** In conducting a process walk with Food and Nutrition, it was determined that many of our referrals are sent over lacking all information needed for processing. Kurtis Hampton, Clinic Application Specialist, created an auto-text phrase for all referral staff to use. More work will be happening in the next few months to continually improve our referral systems.
- **Dermatology:** Off and running with a healthy start of 32 patients on June 8<sup>th</sup>. Dr. Susan Oldenkamp and Megan DeSelms are excited about offering dermatology and the community is responding by booking appointments to mid-July.
- **Improvement work:** Improvement work has begun on ABN's with a cross-functional team. ABN's (Advance Beneficiary Notification) is a form signed by Medicare patients, prior to providing service or a test. Workflow for providers and nursing staff is not standard or consistent. Current state mapping will begin on June 26<sup>th</sup>.
- **Cerner:** We continue to look for new ways to get information to staff on how to best use Cerner. Kurtis Hampton has started creating 30 seconds (or less) videos for staff to access when they need to be reminded on how to complete a task. We had Dr. John Merrill-Steskal conduct training and one-on-one sessions with Cle Elum providers on June 20<sup>th</sup>. Lastly, we continue to conduct provider group education sessions, provider one-on-one sessions with Kurtis and regular super user training.

*Thank you, Carrie Barr, Chief of Clinic Operations*

# Clinic Operations Dashboard



For May-18



## COMMUNITY RELATIONS – Michele Wurl

May 24 – June 28, 2018

### External Outreach activities:

- Stroke Panel with Kevin Martin, Anita Schiltz and Cody Staub (May 30)
- Ellensburg Farmer's Market (June 9)
- Join Pain Presentation with Tom Mirich (June 14)
- A KVH 4x4 sign went up outside the Cle Elum/Roslyn Rodeo Arena on 6/19
- Walk with a Doc in Ellensburg with Tom Penoyar and Cle Elum with Norm Wood (6/21)

### Internal Outreach activities:

- HIM Cerner Recognition Lunch (June 6)
- PFS Cerner Recognition Breakfast (June 15)
- KVH Education Fair in Cle Elum – Presentation on Social Media Policies and KVH in the Community Activities (June 21)

### Collaborations & Partnerships:

- Partnered with Easton to provide KVH sling bags and grocery bags during the Memorial Day parade
- Partnered with Kittitas Elementary and provided water bottles to their students
- KVH Swim Safety Program - Kittitas Valley Healthcare is partnering with the Ellensburg Parks & Recreation to promote and enhance water safety in the Kittitas valley community. KVH will be sponsoring local youth for introductory Level 1 swimming lessons. The program is on a "first come-first serve" basis for Level 1 classes only. Participants can only register for one class per session.

### Stories/Letters to the Editor:

- KVH adds dermatology (Daily Record 6.13.18 and Northern Kittitas County Tribune 6.14.18)

### Other:

- I will be at the Washington State Rural Health Conference in Chelan 6/24 – 6/27.
- Almost since the hospital first opened its doors, the members of the KVH Auxiliary have been supporting the work of KVH. Now, after many years of dedicated service, the Auxiliary has informed KVH that they have chosen to step away from their fund-raising role (which includes managing the coffee stand and gift shop) to focus on gifting its remaining resources. We are grateful for all that their efforts have brought to healthcare in our community. Effective July 1, D&M will run the coffee stand and the gift shop will transition to a KVH-managed store. Thank you KVH Auxiliary for your many years of faithful support.

### On the horizon:

- KVH in the Community – "Sun Safety" July 12 at 5:30 at Hal Holmes (Dr. Susan Oldenkamp)
- KVH will be at the Ellensburg Farmer's Market again on Saturday June 23 and July 14. We will be at the Roslyn Market on Sunday, June 24 and July 22.

# Kittitas Valley Healthcare Board of Commissioners Planning Calendar 2018

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>Regular Meeting</b>	25 5pm	22 5pm	29 5pm	26 5pm	24 5pm	28 5pm	26 5pm	23 5pm	27 5pm	25 5pm	29 5pm	<b>1/3/19</b> 5pm
<b>Standing Items</b>	Swearing in of New Board  Conflict of Interest	Update Board Ed/Dev Plan	Compliance Plan and Policies  Orientation of New Board Members	Annual CEO Evaluation	Acceptance of Financial Audit	Annual update of Strategic Plan		Approve Budget Assumptions (Operating & Capital) Board meet with Teamsters and WSNA Officers	Board Self-Evaluation  Approve Annual Strategic Plan Update	Plan Board Retreat	Approve 2019 Operating and Capital Budgets  Approve 2019 Board Committees & 2019 Board Calendar	Update 2018 Operating Budget  Election of 2019 Officers
<b>Presentation Subject to Change</b>	Emerging Topic	Provider Credentialing	Bawa Health Initiative	WRHC Initiatives	Financial Audit & Cost Report DZA	Kittitas County Health Department	Elmview Presentation		PHD & Legislative Update AWPHD Emerging Topic	Patient Satisfaction Health Streams Emerging Topic	Federal Reform WSHA Emerging Topic	Emerging Topic
<b>EDUCATION AND CONFERENCES</b>		2 <sup>nd</sup> -4 <sup>th</sup> AHA Health Forum Rural Conference Phoenix, AZ	26 <sup>th</sup> -28 <sup>th</sup> WRHA Conf. Spokane	26 <sup>th</sup> -28 <sup>th</sup> IHI Annual Summit San Diego CA	5 <sup>th</sup> - 9 <sup>th</sup> AHA Annual Meeting WA DC CEO/Trustee Summit Seattle-TBD	23 <sup>rd</sup> - 27 <sup>th</sup> WSHA Rural Conference Chelan	AHA Rural Hospital Forum Wash., D.C. TBD	5 <sup>th</sup> -7 <sup>th</sup> Gov. Institute Governance Support Forum San Francisco CA	24 <sup>th</sup> - 27 <sup>th</sup> WSHA Rural Advocacy Days WA DC	11 <sup>th</sup> - 12 <sup>th</sup> WSHA Annual Meeting Seattle		
		6 <sup>th</sup> - 9 <sup>th</sup> NRHA Rural Health Policy Institute Washington DC							7 <sup>th</sup> - 10 <sup>th</sup> Gov. Institute Leadership Conference CO Springs 26 <sup>th</sup> - 28 <sup>th</sup> NRHA CAH Conf. Kansas City, MO			

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
<b>Events</b>			Commun. Round-table 3/28/18: Provider Dinner	Tastes to Treasure Dinner 28 <sup>th</sup> Foundation Gala	Hospital Week & Meal Service CWU Athletic Hall of Fame Boots & Bling	Community Round-table	Upper County Roundtable	22 <sup>nd</sup> -KVH BBQ Kids Grow Farmers' Market	Community Roundtable TETWP Rodeo Event		11th Veterans' Day Lunch	Holiday Week Meal Service
<b>Board Finance</b>	23 7:30am	20 7:30am	27 7:30am	24 7:30am	22 7:30am	26 7:30am	24 7:30am	21 7:30am	25 7:30am	23 7:30am	27 7:30am	18 7:30am
<b>MEC</b>	17 12:30P	21 12:30P	21 12:30P	18 12:30P	16 12:30P	13 5:30P	11 5:30P	8 5:30P	12 5:30P	10 5:30P	14 5:30P	12 5:30P
<b>QI Council</b>		12 <sup>th</sup> 3:30 p.m.		16 <sup>th</sup> 3:30 p.m.		18 <sup>th</sup> 3:30 p.m.		20 <sup>th</sup> 3:30 p.m.		15 <sup>th</sup> 3:30 p.m.		17 <sup>th</sup> 3:30 p.m.
<b>Foundation Board</b>	23 <sup>rd</sup> 5:30P		27 <sup>th</sup> 5:30P		22 <sup>nd</sup> 5:30P		24 <sup>th</sup> 5:30P		25 <sup>th</sup> 5:30P		27 <sup>th</sup> 5:30P	
<b>Compliance</b>	11 10am	8 10am	8 10am	12 10am	10 10am	14 10am	12 10am	9 10am	13 10am	11 10am	8 10 am	13 10am
<b>Strategic Planning</b>	TBD											
<b>Joint Districts</b>						June Mtg will be scheduled					TBD	
<b>Master Facilities</b>	TBD											
<b>HD #2</b>	15 6:30pm	19 6:30 pm	19 6:30pm	16 6:30p	21 6:30pm	18 6:30pm	16 6:30pm	20 6:30pm	17 6:30pm	15 6:30pm	19 6:30pm	17 6:30pm

**Emerging Topics:**

Compliance & Regulatory Environment  
Insurance and Reimbursement  
Enterprise Risk  
Healthcare Transformation (e.g. population health, IT)  
Quality and Safety  
Workforce  
Board Effectiveness  
Community Engagement  
Philanthropy (in concert w/KVH Foundation)

Market Developments  
Privacy/Security  
Consumerism  
Medical Staff Relations