KITTITAS COUNTY PUBLIC HOSPITAL DISTRICT No. 1

BOARD OF COMMISSIONERS' REGULAR MEETING

Virtual Meeting hosted by Zoom

Call in by phone: 888-475-4499 Meeting ID: 941-7422-7061

April 23, 2020

Amended

1. **Call Regular Meeting to Order**

2. **Approval of Agenda ****
   (Items to be pulled from the Consent Agenda) **(1)**

3. **Consent Agenda ****
   a. Minutes of Board Meeting: March 20, 2020, March 26, 2020, April 14, 2020 **(2-7)**
   b. Approval of Checks **(8)**
   c. Report: Foundation **(9)**
   d. Minutes: Finance Committee **(10-11)**

4. **Public Comment and Announcements**
   Public comment suspended at this time due to virtual meeting.

5. **Reports and Dashboards**
   a. Quality - Mandee Olsen, Director of Quality Improvement **(12-17)**
   b. Finance – Chief Financial Officer – Scott Olander
      i. Operations Report **(18-29)**
      ii. Capital Expenditure Request: Automatic Door Opener with Badge Reader Access **(30)**
      iii. Capital Expenditure Request: Voice Over Internet Protocol (VOIP) Telephone System **(31)**
      iv. **Approval of Resolution No. 20-02: Authorization of Line of Credit Revised Resolution** **(32-44)**
   c. Update on Operations **(45-52)**

6. **Adjournment**

Future Meetings

May 28, 2020, Regular Meeting
June 25, 2020, Regular Meeting

Future Agenda Items

KVH
Kittitas Valley Healthcare
Your Home for Health

KITTITAS COUNTY PUBLIC HOSPITAL DISTRICT No. 1

BOARD OF COMMISSIONERS' SPECIAL MEETING
KVH Conference Room A & B
March 20, 2020

BOARD MEMBERS PRESENT: Bob Davis, Erica Libenow, Matt Altman, Jon Ward, Terry Clark

KVH STAFF PRESENT: Julie Petersen, Rhonda Holden, Dr. Kevin Martin

MEDICAL STAFF PRESENT: None

The special meeting was called to order at 5:00 p.m. President Bob Davis announced that the purpose of the special meeting was to discuss surge planning and Medical Executive files for provider privileges.

Julie Petersen discussed the surge planning and stated that the COVID-19 clinic is still operating daily. Petersen discussed some of the other changes that have been made, such as moving the wound care clinic, converting rooms to negative pressure, closing the hospital to visitors, on-site security, and cancelling all elective procedures starting Monday, March 23.

Rhonda Holden explained the surge capacity planning and how many patients we could accommodate in each area.

Petersen stated that we can grant emergency privileges for those providers who were reviewed by MEC in March as well as for those who need to take care of patients in the hospital with associate/ambulatory privileges.

With no further business and no action taken, the meeting was adjourned at 6:05 p.m.

Respectfully submitted,

Mandy Weed/Matt Altman
Executive Assistant, Board of Commissioners

KITTITAS COUNTY PUBLIC HOSPITAL DISTRICT No. 1

BOARD OF COMMISSIONERS' REGULAR MEETING
KVH Conference Room A & B/Remote call in
March 26, 2020

BOARD MEMBERS PRESENT: Bob Davis, Erica Libenow, Matt Altman, Jon Ward, Terry Clark

KVH STAFF PRESENT: Julie Petersen, Scott Olander, Vicky Machorro, Rhonda Holden, Lisa Potter, Dr. Kevin Martin, Mandee Olsen, Carrie Barr, Manda Scott, Linda Navarre, Morgan Anderson, Michele Wurl, Ron Urlacher

MEDICAL STAFF PRESENT: None

1. At 5:00 p.m., President Bob Davis called the regular board meeting to order.
2. **Approval of Agenda:**

   ACTION: On motion of Erica Libenow and second of Matt Altman, the Board members unanimously approved the agenda as amended.
3. **Consent Agenda**:

   ACTION: On motion of Jon Ward and second of Terry Clark, the Board members unanimously approved the consent agenda.
4. **Presentations**:

   Linda Navarre, Risk Management Coordinator and Compliance Officer, reviewed the 2019 Compliance Program Annual Report and Compliance Program structure. Navarre summarized the 2019 work of the Compliance Committee.
5. **Public Comment/Announcements**:

   None.
6. **Reports and Dashboards:**

   The Board members reviewed the QI dashboards and summary with Mandee Olsen. Olsen stated that this is the new dashboard and it has a lot of great data. Olsen stated that there is also a new glossary for the updated data.

   Julie Petersen, CEO went over the Incident Command structure and stated that they have been meeting at least once daily and it is serving its purpose well. Morgan

Anderson gave an update on personal protective equipment (PPE) and stated we have been trying to obtain as much as possible due to the shortages.

ACTION: On motion of Terry Clark and second of Matt Altman, the Board members unanimously approved the updates to the Code of Conduct as presented.

Dr. Kevin Martin presented Resolution No. 20-01 authorizing emergency privileges to be allowed. This acknowledges our existing credentialing policy in the case of an emergency. After further discussion, the Board approved the resolution as amended and all agreed that a resolution would be presented to the Board at the conclusion of the emergency, stating everything that was done under the emergency in now withdrawn.

ACTION: On motion of Matt Altman and second of Erica Libenow, the Board members unanimously approved Resolution No 20-01 Authorizing Emergency Privileges per policy as amended.

Scott Olander reported on KVH's financial performance for February and stated that we had a pretty good month. Olander stated that we received some grant money which also helped with our revenue but had some unbudgeted expenses for startup for the ENT clinic and that we will continue to have some ongoing variances related to ENT. Olander stated that, at next month's meeting, he may be bringing forward a request for a line of credit to allow us to hold onto our cash on hand.

Vicky Machorro stated that she has been working on surge planning and considering which rooms we are able to convert to doubles for maximum occupancy. Machorro stated they are also looking at ways to convert CPAP machines into ventilators. Rhonda Holden stated that she has been working with a team on an infection control plan during a surge. Carrie Barr stated that the COVID Clinic opened on March 6th and they are continuing to work on flows for the other clinics along with telehealth and phone visits. Manda Scott reviewed the leaves of absence (LOA) and various workforce processes. Scott stated that we went from about forty leaves per year to thirty at this time.

Michele Wurl stated that her team is mostly working remotely and supporting the organization and the public.

7. **Education and Board Reports**:

President Davis stated that, because the AHA meeting for the end of April has been canceled, the Board meeting will be moved back to the regular date of April 23rd.

8. **Old Business:**
None.

9. **New Business:**
None.

10. **Executive Session:**
At 7:00 pm, President Davis announced that there would be a 5-minute recess followed by a 40-minute executive session regarding real estate. RCW 42.30.110(b)(g). Action was anticipated.

At 7:45 pm, the meeting was reconvened into open session.

ACTION: On motion of Matt Altman and second of Terry Clark, the Board members unanimously authorized administration to begin negotiations for a real estate purchase.

11. **Adjournment:**
With no further action and business, the meeting was adjourned at 7:47 pm.

CONCLUSIONS:

1. Motion passed to approve the board agenda.

2. Motion passed to approve the consent agenda.

3. Motions passed to approve updates to the Code of Conduct as presented

4. Motion passed to approve Resolution No 20-01 Authorizing Emergency Privileges Per policy as amended.

5. Motion passed to begin negotiations for real estate purchase.

Respectfully submitted,

Mandy Weed/Matt Altman
Executive Assistant, Board of Commissioners

KITTITAS COUNTY PUBLIC HOSPITAL DISTRICT No. 1

BOARD OF COMMISSIONERS' SPECIAL MEETING

Virtual Zoom Meeting
April 14, 2020

BOARD MEMBERS PRESENT: Bob Davis, Erica Libenow, Matt Altman, Jon Ward, Terry Clark

KVH STAFF PRESENT: Julie Petersen, Rhonda Holden, Carrie Barr, Manda Scott, Mandee Olsen, Scott Olander, Vicky Machorro

MEDICAL STAFF PRESENT: None

The special meeting was called to order 5:00 p.m. President Bob Davis announced that the purpose of the special meeting was to discuss the COVID-19 response.

Julie Petersen stated that things are changing daily. Petersen stated that at the next regular board meeting the senior leadership team will discuss how we plan to emerge from this. They will have to work closely with employees in order to reduce costs.

Manda Scott explained the state of the KVH workforce and described some ways to mitigate labor costs. Scott stated that Human Resources has started tracking sick calls, which are at about 3-4% daily. She stated that they are also working on labor pool processes and trying to get some compliance work completed from staff. Scott also stated that the school closures are having an impact on our workforce. They have continued to have positive relationships with the different unions.

Petersen stated that they are planning to approach employees to discuss voluntary workforce measures to reduce labor costs in May and June.

Scott Olander reviewed the March financials, which came in at a loss due to revenue shortfall from reduced elective surgeries, lower clinic volumes, and lower number of visits in the Emergency Department. For the month of April, we are looking at a revenue shortfall of about six million dollars and a loss from operations in excess of three million dollars.

Petersen stated that KVH is benefiting from its strong balance sheet position but that the organization will face the same challenges that the entire healthcare industry is facing. Financial viability will require further government support and nationwide relations.

With no further business and no action taken, the meeting was adjourned at 5:58 p.m.

Respectfully submitted,

Mandy Weed/Matt Altman
Executive Assistant, Board of Commissioners

Kittitas Valley Healthcare
Your Home for Health

DATE OF BOARD MEETING: April 23, 2020

ACCOUNTS PAYABLE CHECKS/EFTS TO BE APPROVED:

#1	AP CHECK NUMBERS	262101-263012	NET AMOUNT:	$4,876,646.18
		SUB-TOTAL:	$4,876,646.18	

PAYROLL CHECKS/EFTS TO BE APPROVED:

#1	PAYROLL CHECK NUMBERS	81597-81605	NET AMOUNT:	$7,238.72
#2	PAYROLL CHECK NUMBERS	81606-81615	NET AMOUNT:	$10,623.96
#3	PAYROLL DIRECT DEPOSIT	EFT	NET AMOUNT:	$1,152,122.79
#4	PAYROLL DIRECT DEPOSIT	EFT	NET AMOUNT:	$1,170,010.65
		SUB-TOTAL:	$2,339,996.12	

TOTAL CHECKS & EFTs: $7,216,642.30

Prepared by

Sharoll Cummins

Sharoll Cummins
Staff Accountant

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THE FOUNDATION KVH

FOUNDATION ACTIVITIES

17th Annual Magical Evening: Dreams to Fulfill

We have a hold on the Kittitas Valley Event Center for Saturday, October 10. Should conditions change, we will look forward to seeing everyone in the fall. If the crisis continues, we are researching options for holding the silent auction online and promoting the Fund-a-Need for cardiac stress testing equipment through online donations.

Currently we have raised over $5,200 through sponsorship, donations and raffle ticket sales.

Funding support

A special temporary restricted fund was created to receive donations on behalf of COVID-19. To date we have received over $13,000 from the community. This includes $10,000 from Orrion Farms and $2,500 from the Ellensburg Rodeo.

Respectfully submitted,
Laura Bobovski
Foundation Assistant

KITTITAS COUNTY PUBLIC HOSPITAL DISTRICT #1
AUDIT & FINANCE COMMITTEE MEETING

April 21, 2020
Tuesday

7:30 A.M.

AGENDA

- **Call to Order**
- **Approval of Agenda**
- **Approval of Minutes: March 24, 2020**
- **March Financial Highlights**
- **April COVID Financial Update**
- **Capital Expenditure Requests**
    - **Automatic Door Opener – Med/Surg**
    - **Voice Over Internet Protocol (VOIP) Telephone System -**
        - **KVH Family Medicine – Cle Elum**
        - **KVH Urgent Care – Cle Elum**
- **Line of Credit**
- **Small Business Administration (SBA)Paycheck Protection Program**
- **Adjourn**

Next Meeting Scheduled: May 26, 2020 (*Tuesday*)

Kittitas Valley Healthcare
Audit & Finance Committee Meeting Minutes
March 24, 2020

Members Present: Bob Davis, Jon Ward, Jerry Grebb, and Scott Olander

Members Excused: Julie Petersen

Staff Present: Kelli Goodian Delys, Jason Adler, Lisa Potter

The meeting was called to order by Bob Davis at 7:48 a.m.

A motion was made to approve the agenda and the February 25, 2020 minutes. The motion carried with the agenda being updated to include an update for the current month and an April forecast.

Scott began with a review of the February 2020 financial results. Overall, February was not a bad month. Inpatient volume came back and we had swing bed revenue. Payer mix continues to improve with commercial being 34.44% of the total. Inpatient revenue was below budget, outpatient revenue was above budget, and clinic revenue was below budget. Two providers were out for a total of three weeks which contributed to the total revenue being below budget $7,394 for February. Other operating revenue included $160,000 from an AIMS Grant and $181,262 from GCACH contributing to the above budget amount of $248,347. Overall expenses exceeded budget by $149,893. If we back out the unbudgeted ENT expense of $175,593, expenses would have been below budget $25,700. Operating income for February was $156,842 and $18,457 below budget. Net income was $227,228 and $15,457 below budget. The details are in the Chief Financial Officer Report.

Other financial topics shared were AR days decreased 1 to 84. We have been receiving payments for 2018 claims. This reflects the work of the revenue cycle team on setting up payment plans and that older AR is still collectible. The days cash on hand went from 133 to 122 due to payments for the MAC remodel and ENT equipment. Payer mix continues to improve with an increase in commercial payers.

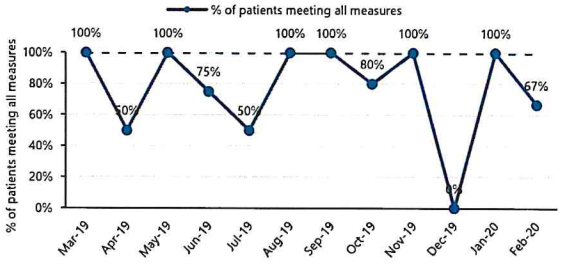
The committee discussed the impacts of the COVID-19 restrictions on KVH.

The committee will begin looking at reconvening the financial sustainability committee.

With no further business, the meeting was adjourned at 8:35 a.m.

QI Council

Sepsis Bundle ↑



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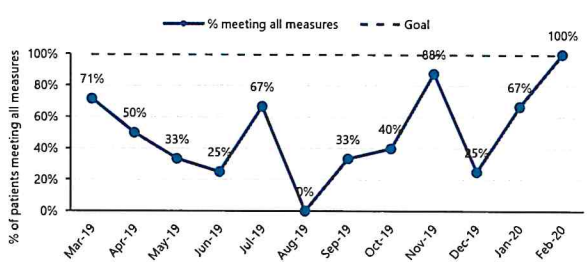
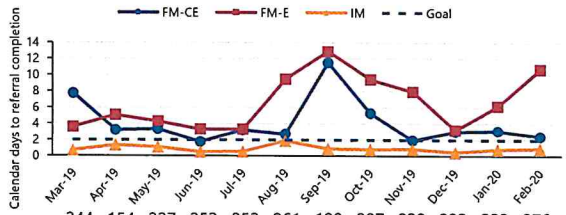
Restraints ↑



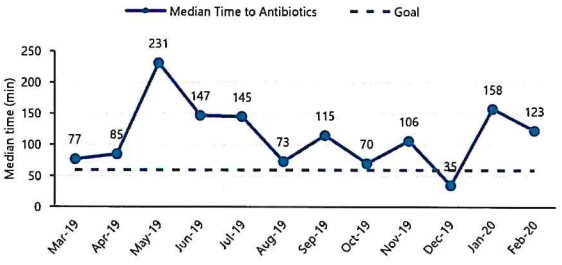
# possible	7	4	6	4	3	3	3	5	8	4	9	7

Days to Referral Completion ↓



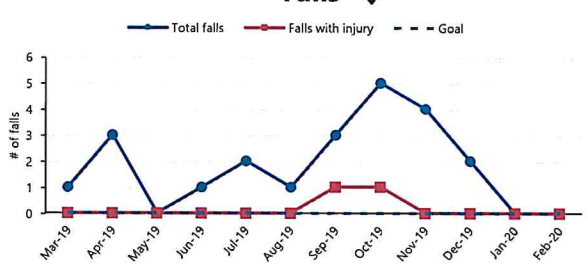
# of												
	244	154	227	253	253	261	190	297	239	223	333	276
	385	383	455	338	396	429	458	573	413	403	629	541
	209	68	120	65	65	89	75	160	166	165	230	197

Sepsis Antibiotic Timing ↓

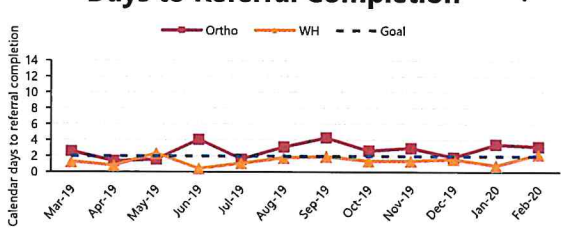


# possible	2	2	2	4	2	1	5	4	3	1	4	3

Falls ↓



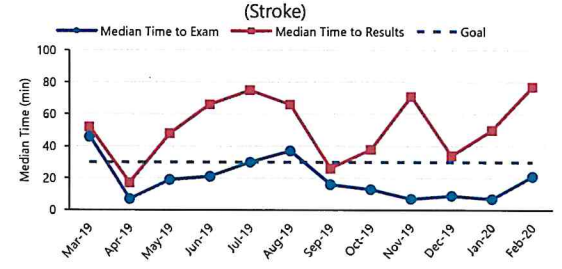
Days to Referral Completion ↓



# of referrals												
	65	70	57	51	67	34	38	49	39	32	53	49
	45	39	24	17	23	38	31	54	46	36	49	70

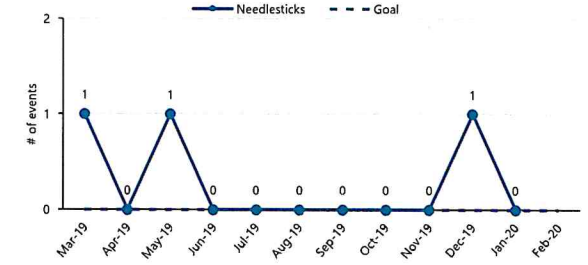
Median Time to CT or MRI ↓

(Stroke)

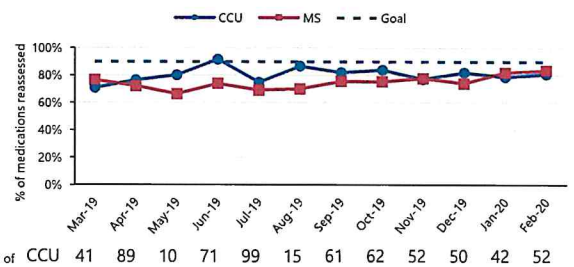


# possible	4	7	4	5	7	11	7	4	6	7	7	8

Needlesticks ↓



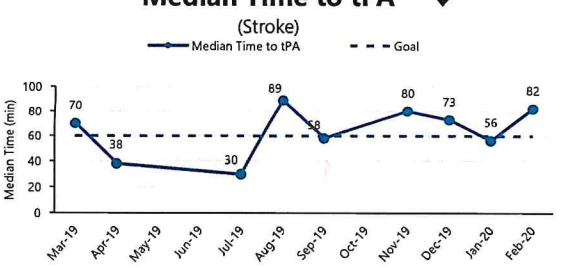
Pain Reassessment after Medication ↑



# of meds												
CCU	41	89	10	71	99	15	61	62	52	50	42	52
MS	372	368	424	438	674	489	606	620	581	506	503	445

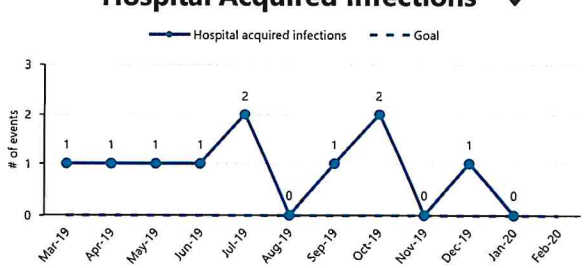
Median Time to tPA ↓

(Stroke)

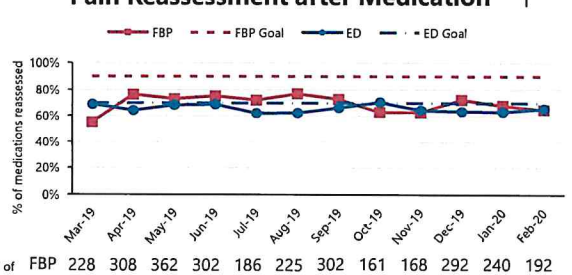


# possible	1	1	###	###	1	1	2	###	2	1	3	3

Hospital Acquired Infections ↓



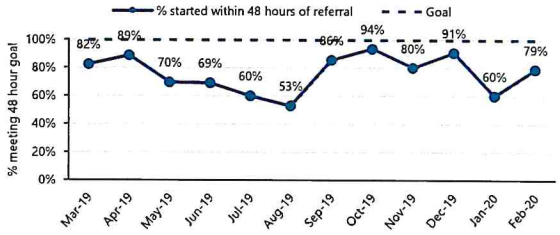
Pain Reassessment after Medication ↑



# of meds												
FBP	228	308	362	302	186	225	302	161	168	292	240	192
ED	451	343	454	438	452	433	480	395	416	484	450	469

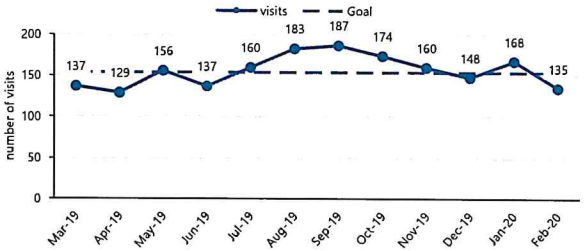
Timely Start for Physical Therapy ↑

(Home Health)

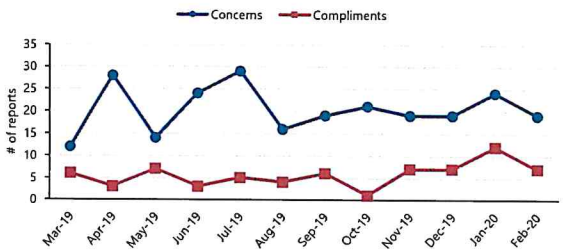


# possible	17	18	23	13	25	17	14	16	15	11	15	19

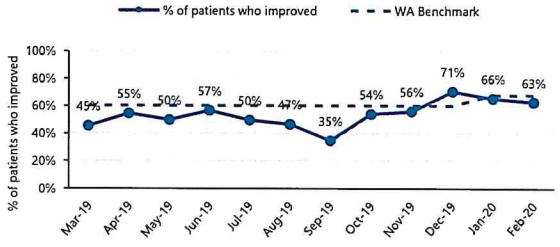
Medicare Wellness Visits ↑



Care and Service Reports ↓

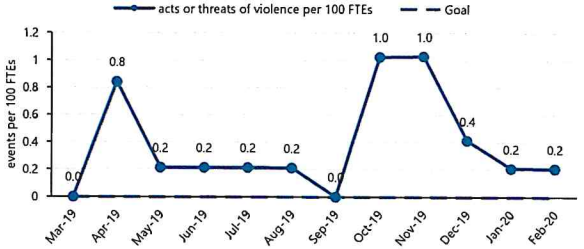


Improvement in Management of Oral Medications (Home Health) ↑

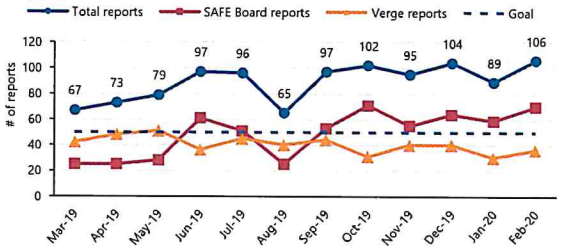


# possible	18	25	17	29	25	22	23	18	28	27	24	22

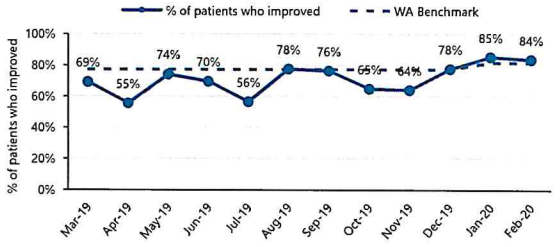
Workplace Violence Events ↓



Employee Reports ↑

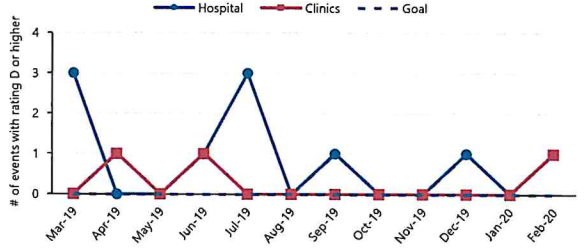


Improvement in Pain Interfering with Activity (Home Health) ↑



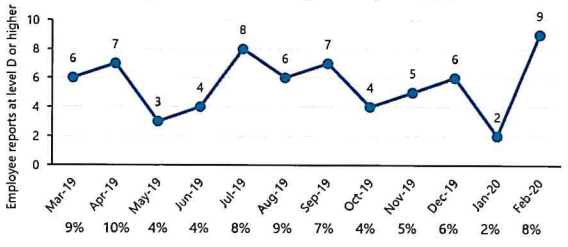
# possible	22	21	16	27	22	23	18	17	21	22	22	20

Adverse Medication Events ↓



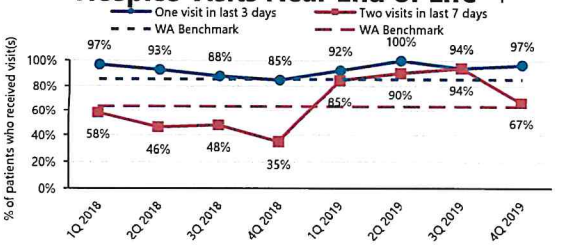
Reports of Occurrences ↓

that require additional monitoring or cause patient harm



	9%	10%	4%	4%	8%	9%	7%	4%	5%	6%	2%	8%

Hospice Visits Near End of Life ↑



# possible	31	28	25	20	26	31	17	30

KVH Quality Improvement Council Dashboard Glossary

KVH Measure Name	Components of the Measure	Simplified explanation or additional information	Other things to know
Sepsis Bundle	Percentage of patients who received all applicable components of the sepsis bundle	1. Received within three hours: initial lactate level measurement, broad spectrum or other antibiotics, blood cultures drawn prior to antibiotics; 2. Received within six hours: repeat lactate level measurement if initial lactate level was elevated; 3. Received within three hours: crystalloid fluid bolus if indicated; 4. Received within six hours: vasopressors if indicated	
Sepsis Antibiotic Timing	Median time from arrival to administration of antibiotics	Sepsis is an infection. The first step in treating the condition is administration of antibiotics.	Timing begins at hospital arrival, which can be before sepsis is suspected.
Median Time to CT or MRI (Stroke)	Median time from arrival to CT or MRI exam and to result for patients with acute ischemic stroke or hemorrhagic stroke	Arrival means the first documented activity in the Emergency Department. At KVH, this is usually a registration/quick registration entry. Time measured to beginning of exam and to availability of result from radiologist.	
Median Time to tPA (Stroke)	Median time from arrival to administration of tPA for acute ischemic stroke patients who arrive at the hospital within 240 minutes of time last known well	Tissue plasminogen activator (tPA) is a medication that dissolves blood clots. Some patients will experience a major improvement in their stroke symptoms if they receive tPA within four hours of symptom onset.	tPA is not used for patients experiencing hemorrhagic stroke; it can increase bleeding and potentially cause more damage to the brain
Restraints	Numerator: Number of patients who met all possible measures for restraints Denominator: Total number of patients in restraints	Measures for restraint use include: ►Initial restraint order written ►Restraint problem added to care plan ►Restraint orders continued/signed by physician every 24 hours or sooner ►Restraint charting/assessment done as frequently as appropriate for the reason for restraint (behavioral: every 15 min, medical: every 60 min)	

KVH Quality Improvement Council Dashboard Glossary

KVH Measure Name	Components of the Measure	Simplified explanation or additional information	Other things to know
Falls	Blue line (circles): The total number of patient falls anywhere in the organization Red line (squares): The number of patient falls that results in any injury	Injuries are defined as anything that requires the application of a dressing or bandage, ice, cleaning of a wound, limb elevation, or topical medication	Non-patient falls are not included (employee falls, visitor falls, parking lot falls), near misses are not included
Needlesticks	Total number of staff who experience a sharps injury during the month	Dependent on reporting by staff.	
Hospital Acquired Infections (HAIs)	Total number of infections contracted by an inpatient as a result of care or treatment provided during their hospital stay. Includes CAUTIs, CLABSIs, VAEs, and SSIs.	Inpatient infections from urinary catheters, certain types of intravascular devices, ventilators or surgeries. Based on criteria from the National Health and Safety Network (a division of the Centers for Disease Control and Prevention). Includes superficial surgical site infections, which are not included in Washington State Hospital Association comparison reports.	CAUTI: Catheter-associated urinary tract infection CLABSI: Central line-associated bloodstream infection VAE: Ventilator-associated event SSI: Surgical site infection
Days to Referral Completion	The number of calendar days to referral completion for KVH clinic patients	Based on month of referral order date. Only completed referrals are included in data (accounting for >90% of all referral orders).	General Surgery and Workplace Health are excluded due to small number of referrals
Pain Reassessment after Medication	Percentage of patients in certain hospital units who had a documented follow up assessment of their pain level after receiving pain medications	Patients should be followed up with to assess whether administered medications are reducing their pain. Follow-up should occur within 60 minutes of medication administration, *except* oral medications in the Emergency Department should be followed up within 90 minutes.	IV Tylenol is currently excluded from this measure
Timely Start for Physical Therapy (Home Health)	Percentage of new home health patients with a physical therapy referral who are seen by physical therapy staff within 48 hours	Patients who have referrals for specialty care while receiving home health services should be assessed and have therapy started promptly	
Improvement in Management of Oral Medications (Home Health)	The percentage of home health patients who got better at taking their drugs correctly by mouth	Improvement is measured from the beginning of the home health episode of care to the end of the episode of care.	Tracked by the month of patient discharge from service

KVH Quality Improvement Council Dashboard Glossary

KVH Measure Name	Components of the Measure	Simplified explanation or additional information	Other things to know
Improvement in Pain Interfering with Activity (Home Health)	The percentage of home health patients who had less pain when moving around	Improvement is measured from the beginning of the home health episode of care to the end of the episode of care.	Tracked by the month of patient discharge from service
Hospice Visits Near End of Life	The percentage of hospice patients who receive at least one visit in the last three days or life and the percentage who receive at least two visits in the last seven days of life	Within the last three days: at least one visit from a registered nurse, physician, nurse practitioner, or physician assistant. Within the last seven days: at least two visits from medical social workers, chaplains or spiritual counselors, licensed practical nurses, or hospice aides	Tracked by the month of patient discharge from service
Medicare Wellness Visits	Number of Medicare Wellness Visits billed by service date	Medicare Wellness Visits are an opportunity for patients with Medicare to develop or update a personalized prevention plan with their care team. This might include: ►A review of medical and family history ►Developing or updating a list of current medications ►Height, weight, blood pressure, and other routine measurements ►Cognitive impairment screening ►Personalized health advice ►A screening schedule (checklist) for appropriate preventive services like cancer screenings	Visits can only cover preventive care. They cannot address current medical concerns. Most recent month may be an undercount due to timing of billing.
Workplace Violence Events	Number of harm events related to workplace violence per 100 FTEs	As defined by the Occupational Safety and Health Administration, workplace violence includes any act or threat of physical violence, harassment, intimidation or other threatening disruptive behavior that occurs at the work site.	Threats and verbal abuse are included as events.
Adverse Medication Events	The number of medication events that are Category D or greater, separated by setting of clinics or hospital	A Category D error is an error that reaches the patient and requires monitoring to confirm that it did not results in harm to the patient and/or required intervention to preclude harm	Unanticipated medication allergies can be included in Category D or greater medication events

KVH Quality Improvement Council Dashboard Glossary

KVH Measure Name	Components of the Measure	Simplified explanation or additional information	Other things to know
Care and Service Reports	The number of care and service patient reports submitted to the Quality Department, separated by concerns and compliments	CMS' conditions of participation in the Medicare program include certain policies and procedures regarding the receipt of and response to grievances	
Employee Reports	The number of employee reports submitted through Verge or on department SAFE Boards	Verge is the electronic occurrence reporting system used at KVH. SAFE Boards are also used for reporting, but typically contain items of lower severity.	
Reports of Occurrences	Percentage of employee reports of a Category D or higher	A Category D error is an error that reaches the patient and requires monitoring to confirm that it did not result in harm to the patient and/or required intervention to preclude harm	

KVH
Kittitas Valley Healthcare
Your Home for Health

CHIEF FINANCIAL OFFICER REPORT- Scott Olander, CFO

March Operating Results

- Three weeks into March the Covid-19 crisis hammered KVH's operations and finances. ER visits dropped from an average of nearly 40 patients per day to less than 20. With the decrease in ER visits the number of diagnostic imaging and lab tests decreased sharply. The elimination of elective surgery and GI cases decreased the average number of surgery and GI cases from 16 per day to 2 or 3 and some days none. PT, OT and Speech visits dropped sharply. Visits to KVH's clinics also dropped by more than half of the normal volume. Because hospital, surgery, rehab, ER and clinic volumes were at or better than budget the first three weeks of March the full impact of the Covid-19 crisis is not fully reflected in March's statistical and financial reports. That said, there were a few positives in March's Revenue and Expense report and the hospital's Balance Sheet. KVH delivered 32 babies compared to a budget of 29. The hospital admitted a swing bed patient. Inpatient patient days were only three days below budget and KVH's payer mix of commercially insured patients increased to 35.32% YTD from 34.44%.

- Gross revenue of $12,171,369 was below budget by $1,855,993. Inpatient revenue had a negative variance of $294,990; outpatient revenue had a negative variance of $1,474,685 and clinic revenue was below budget by $86,319.

- Deductions from revenue were below budget by $858,843 for the month. Contractual adjustments were below budget by $923,361 due to lower gross revenue. The bad debt deductions were below budget by $65,251. Financial assistance exceeded budget by $3,367. So far the number of requests for financial assistance are unchanged from prior months. This may change as the financial impact of the Covid-19 crisis lingers. KVH continues to work proactively with patients to assist with Medicaid or Exchange Insurance plan applications. In March KVH wrote-off of $171k for untimely billing.

- March other operating revenue was below budget by $11,316. 340B receipts exceeded budget by $20,281, retail pharmacy sales were below by $19,037 and gift shop sales were below budget by $3,192. These negative variances were due to reduced patient and visitor traffic through the hospital lobby as KVH seeks to minimize potential exposure to the Covid-19 virus and other infections by controlling visitor access.

- Overall operating expenses exceeded budget by $101,473. Salaries were over budget by $189,734. Wages to operate the Covid-19 pop-up clinic made up $128,917 of this variance and wages of $50,752 associated with the unbudgeted ENT Clinic made up nearly all of the difference. Professional fees were over budget by $75,566 due to a full expense accrual of $105,000 for radiology professional services without the expected radiology professional fee receipts to offset the expense. Utilities were over budget due

to the purchase of a $23,000 telephone system for the Medical Arts Center Clinic. The telephone system will be capitalized rather than expensed in one month. Depreciation was over budget by $12,576 due to a $25,000 accrual for Medical Arts Center Depreciation Expense. KVH was below budget in nearly all of the other expense categories.

- March operations resulted in an operating loss of $813,102 compared to budgeted operating gain of $296,837; a negative variance of $1,109,939. YTD KVH has posted operating loss of $591,263 compared to budgeted operating income of $548,338, a negative variance of $1,139,601.

- Non-operating revenue/expense exceeded budget by $43,872. The Foundation at KVH's donation of $25,000 for PPE is the reason for most of this positive non-operating variance.

- March Days in Accounts Receivable remained unchanged at 84 days, however gross Accounts Receivable decreased by $1,747,923 from $38,777,942 in February to $37,030,019 in March. Total cash receipts were $7,920.433. The Revenue Cycle team is fully staffed and working diligently to bill and collect.

- Days Cash on Hand increased 2.2 days to 124.2 days in March from 122.2 days in February. Significant expenditures in March that impacted cash were $1.8 million spent on the Medical Arts Building, $884k in moveable equipment.

- Average daily cash collections (all cash) decreased to $360,020 in March from $379,082 per working day in February. There were two additional working days in March than February which allowed the Revenue Cycle Teams to increase total receipts by $717,879 over February collections. The hospital averaged $346,094 in collections per working day in 2019.

Financial and Operating Indicators
March 2020 - Key Statistics and Indicators

L	Measure	2020 YTD	2020 Budget	2020 Annualize	2019	2018	2017	2016	2015	2014
1	Total Charges	38,179,995	162,287,212	153,139,538	152,675,062	140,104,003	130,611,388	124,153,636	119,500,425	121,635,699
2	Net Revenue	20,733,653	87,947,737	83,162,454	83,127,969	78,753,810	71,490,964	71,506,819	69,689,466	69,118,460
3	Operating Income	(591,263)	1,720,871	(2,371,548)	2,501,969	474,120	885,655	(5,893)	3,620,482	4,662,688
4	Operating Margin %	-2.9%	2.0%	-2.9%	3.0%	0.6%	1.2%	0.0%	5.2%	6.7%
5	Cash	27,808,919	28,724,206	NA	29,218,516	27,408,625	33,213,447	29,859,717	32,816,113	29,641,010
6	Days Cash on Hand	124.3	127.6	NA	138.6	133.5	178.7	156.0	189.4	175.8
7										
8	Surgeries	328	1,547	1,316	1,305	1,461	1,396	1,510	1,578	1,675
9	Gastrointestinal Procedures	312	1,596	1,251	1,416	1,250	1,383	1,396		
10	Emergency Visits	3,337	13,807	13,385	13,861	13,930	13,162	13,789	13,618	12,250
11	% ED visits To Bed	9.1%	0	9.1%	9.5%	n/a	n/a	n/a	n/a	n/a
12	Diagnostic Imaging Visits	7,530	31,692	30,203	30,397	30,843	33,836	33,471		
13	Laboratory Tests	54,934	213,227	220,340	209,144	207,040	190,587	181,082		
14	Clinic Visits	19,450	77,747	78,014	72,711	59,241	50,917	48,525		
15	IP & Obs Days (no swing)	932	4,074	3,737	3,805	3,999	3,440	3,937	3,740	4,976
16	Deliveries	79	340	317	309	342	322	312	368	334
17	Admits	219	969	878	941	984	899	1,043	1,299	1,433
18										
19	FTEs	491.0	506.6	NA	477.4	469.4	457.6	449.1	437.9	437.7
20	AR Days	83.6	60.0	NA	88.1	92.0	50.8	47.5	45.0	49.5

Normalize charges across years by adjusting for charge master increases:

Normalized Charges to 2020	162,287,212	153,139,538	154,965,188	146,941,008	143,149,491	141,514,697	143,021,342	151,108,818
Operations Growth	4.72%	-1.18%	5.46%	2.65%	1.16%	-1.05%	-5.35%	2.88%

Kittitas Valley Healthcare

March 2020 - Key Statistics and Indicators

		Current Month			Year to Date			Prior YTD		
	Activity Measures	Actual	Budget	Var. %	Actual	Budget	Var. %	Actual	Var. %	
01	Admissions w/Swingbed	79	85	-6.9%	219	245	-10.4%	247	-11.3%	01
02	Patient Days - W/O Newborn	234	237	-1.3%	631	683	-7.6%	735	-14.1%	02
03	Patient Days - Swingbed	14	14	0.0%	29	42	-31.0%	NA	NA	03
04	Avg Daily IP Census w/Swingbed	8.0	8.1	-1.2%	7.3	8.0	-8.9%	8.2	-11.1%	04
05	Average Length of Stay	3.0	2.8	6.0%	2.9	2.8	3.2%	3.0	-3.1%	05
06	Average Length of Stay w/Swingbed	3.1	3.0	6.1%	3.0	3.0	1.7%	3.0	1.3%	06
07	Deliveries	32	29	11.0%	79	84	-5.6%	89	-11.2%	07
08	Case Mix Inpatient	0.96	1.00	-4.1%	1.03	1.00	3.1%	1.20	-14.1%	08
09	Surgery Minutes - Inpatient	2,271	2,930	-22.5%	6,175	8,432	-26.8%	9,380	-34.2%	09
10	Surgery Minutes - Outpatient	5,497	7,575	-27.4%	17,256	21,855	-21.0%	17,167	0.5%	10
11	Surgery Procedures - Inpatient	23	22	4.2%	57	64	-10.3%	71	-19.7%	11
12	Surgery Procedures - Outpatient	88	111	-20.7%	271	320	-15.3%	249	8.8%	12
11	Gastrointestinal Procedures	87	137	-36.7%	312	396	-21.3%	346	-9.8%	11
12	ER Visits	1,009	1,192	-15.3%	3,337	3,431	-2.7%	3,505	-4.8%	12
13	Urgent Care Cle Elum Visits	377	472	-20.1%	1,281	1,360	-5.8%	1,211	5.8%	13
14	Laboratory	17,493	18,397	-4.9%	54,934	52,983	3.7%	53,330	3.0%	14
15	Radiology Exams	2,320	2,733	-15.1%	7,530	7,873	-4.4%	7,512	0.2%	15
16	Rehab Visit	1,157	1,668	-30.6%	4,232	4,804	-11.9%	4,588	-7.8%	16
17	Outpatient Percent of Total Revenue	86.8%	86.4%	0.4%	88.5%	86.4%	2.4%	84.4%	4.8%	17
18	Clinic Visits	5,761	6,731	-14.4%	19,450	19,313	0.7%	17,667	10.1%	18
19	Adjusted Patient Days	1,774	1,749	1.4%	5,480	5,035	8.8%	4,715	16.2%	19
20	Equivalent Observation Days	103	114	-10.0%	301	329	-8.7%	392	-23.4%	20
21	Avg Daily Obs Census	3.3	3.7	-10.0%	3.3	3.6	-8.7%	4.3	-23.4%	21
22	Home Care Visits	565	589	-4.1%	1,422	1,697	-16.2%	1,534	-7.3%	22
23	Hospice Days	767	920	-16.6%	2,295	2,671.1	-14.1%	2,496	-8.1%	23
	Financial Measures									
24	Salaries as % of Operating Revenue	58.9%	48.6%	-21.2%	53.4%	49.1%	-8.9%	50.8%	5.2%	24
25	Total Labor as % of Operating Revenue	73.1%	60.1%	-21.5%	66.6%	60.9%	-9.4%	63.5%	4.8%	25
26	Revenue Deduction %	48.7%	48.4%	-0.7%	48.5%	48.4%	-0.3%	48.8%	-0.5%	26
27	Operating Margin	-12.3%	3.9%	-415.8%	-2.9%	2.5%	-213.8%	0.1%	-3918.6%	27
	Operating Measures									
28	Productive FTE's	455.6	452.1	-0.8%	435.1	452.1	3.8%	419.0	3.8%	28
29	Non-Productive FTE's	49.8	54.4	8.5%	55.9	54.4	-2.8%	58.4	-4.3%	29
27	Paid FTE's	505.4	506.6	0.2%	491.0	506.6	3.1%	477.4	2.8%	27
28	Operating Expense per Adj Pat Day	$ 4,178	$ 4,179	0.0%	$ 3,891	$ 4,237	8.2%	$ 4,268	-8.8%	28
29	Operating Revenue per Adj Pat Day	$ 3,720	$ 4,349	-14.5%	$ 3,783	$ 4,346	-12.9%	$ 4,271	-11.4%	29
30	A/R Days	83.6	60.0	-39.3%	83.6	60.0	-39.3%	89.0	-6.1%	30
31	Days Cash on Hand	124.3	127.6	-2.6%	124.3	127.6	-2.6%	122.0	1.9%	31

KVH

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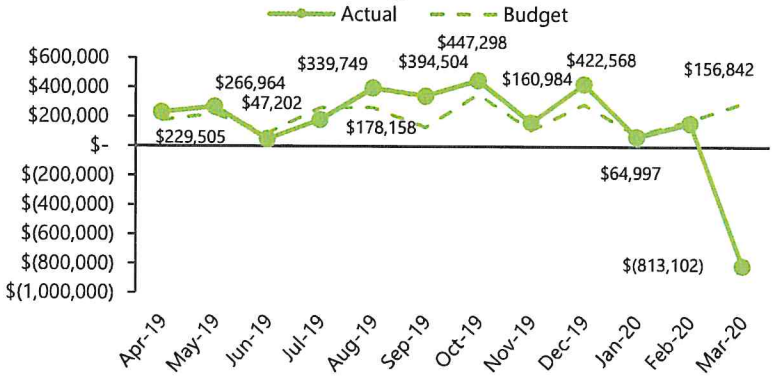
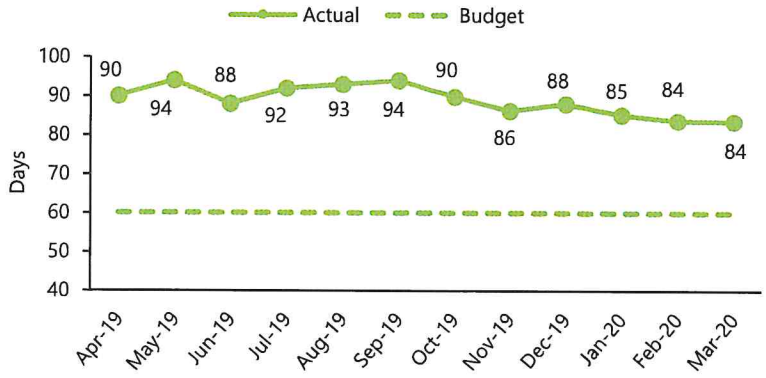
Financial Sustainability

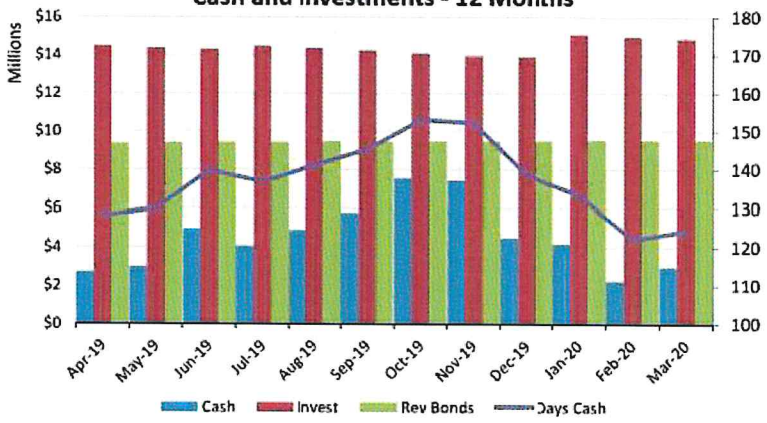
Operating Income



Accounts Receivable Days



Cash and Investments - 12 Months



Payer Mix

	CY 2018	CY 2019	YTD 2020
Medicare	41.85%	41.97%	39.37%
Medicaid	18.45%	18.72%	19.09%
Commercial	32.03%	32.81%	35.32%
Self Pay	3.52%	2.21%	2.72%
Other	4.15%	4.30%	3.50%

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	1,605,953	1,900,942	(294,990)	4,396,933	5,473,158	(1,076,225)	5,827,301
OUTPATIENT REVENUE	8,635,223	10,109,907	(1,474,685)	27,900,812	29,112,859	(1,212,047)	26,392,777
CLINIC REVENUE	1,930,193	2,016,512	(86,319)	5,882,250	5,777,397	104,852	5,177,839
REVENUE	**12,171,369**	**14,027,362**	**(1,855,993)**	**38,179,995**	**40,363,414**	**(2,183,419)**	**37,397,917**
CONTRACTUALS	5,435,736	6,359,097	(923,361)	16,782,487	18,311,648	(1,529,161)	17,149,977
PROVISION FOR BAD DEBTS	228,913	294,164	(65,251)	869,967	843,727	26,240	843,817
FINANCIAL ASSISTANCE	47,083	43,716	3,367	169,926	125,281	44,645	(45,595)
OTHER DEDUCTIONS	212,130	85,729	126,402	707,645	246,303	461,342	291,470
DEDUCTIONS FROM REVENUE	**5,923,863**	**6,782,706**	**(858,843)**	**18,530,025**	**19,526,959**	**(996,933)**	**18,239,669**
NET PATIENT SERVICE REVENUE	6,247,506	7,244,656	(997,150)	19,649,969	20,836,455	(1,186,486)	19,158,248
OTHER OPERATING REVENUE	350,245	361,560	(11,316)	1,083,684	1,043,935	39,748	977,703
TOTAL OPERATING REVENUE	**6,597,751**	**7,606,216**	**(1,008,466)**	**20,733,653**	**21,880,391**	**(1,146,738)**	**20,135,951**
SALARIES	3,886,449	3,696,715	189,734	11,074,566	10,732,397	342,169	10,224,405
TEMPORARY LABOR	33,321	43,179	(9,859)	76,831	125,359	(48,528)	93,250
BENEFITS	933,927	877,616	56,311	2,727,310	2,584,255	143,055	2,560,221
PROFESSIONAL FEES	190,639	115,074	75,566	486,888	334,085	152,803	124,829
SUPPLIES	795,318	801,423	(6,105)	2,301,275	2,313,958	(12,683)	2,156,261
UTILITIES	127,343	83,007	44,335	282,807	267,724	15,084	255,308
PURCHASED SERVICES	729,620	927,522	(197,902)	2,386,471	2,703,666	(317,195)	2,573,849
DEPRECIATION	350,297	337,721	12,576	964,639	1,010,698	(46,059)	939,908
RENTS AND LEASES	112,405	132,395	(19,990)	343,644	396,267	(52,623)	380,306
INSURANCE	50,680	56,873	(6,193)	126,694	170,543	(43,849)	182,406
LICENSES & TAXES	75,774	83,428	(7,654)	200,437	240,492	(40,055)	232,991
INTEREST	54,349	57,150	(2,801)	163,046	171,450	(8,404)	173,126
TRAVEL & EDUCATION	35,939	42,660	(6,721)	91,690	122,596	(30,906)	84,001
OTHER DIRECT	34,792	54,616	(19,825)	98,618	158,563	(59,945)	140,054
EXPENSES	**7,410,853**	**7,309,380**	**101,473**	**21,324,916**	**21,332,052**	**(7,137)**	**20,120,914**
OPERATING INCOME (LOSS)	**(813,102)**	**296,837**	**(1,109,939)**	**(591,263)**	**548,338**	**(1,139,601)**	**15,037**
OPERATING MARGIN	-12.32%	3.90%	110.06%	-2.85%	2.51%	99.38%	0.07%
NON-OPERATING REV/EXP	111,191	67,319	43,872	243,162	201,494	41,668	228,539
NET INCOME (LOSS)	(701,911)	364,156	(1,066,067)	(348,100)	749,832	(1,097,933)	243,577
UNIT OPERATING INCOME							
HOSPITAL	(621,006)	391,456	(1,012,462)	49,110	908,349	(859,239)	584,812
URGENT CARE	(8,730)	(27,196)	18,466	8,681	(81,785)	90,466	(158,393)
CLINICS	(211,060)	(116,746)	(94,314)	(702,225)	(412,650)	(289,575)	(490,075)
HOME CARE COMBINED	27,694	49,324	(21,629)	53,171	134,423	(81,252)	78,693
OPERATING INCOME	**(813,102)**	**296,837**	**(1,109,940)**	**(591,263)**	**548,337**	**(1,139,600)**	**15,037**

Kittitas Valley Healthcare
Balance Sheet

March 2020

	YEAR TO DATE	PRIOR YEAR END	CHANGE
CASH AND CASH EQUIVALENTS	2,950,687	4,488,811	(1,538,125)
ACCOUNTS RECEIVABLE	37,030,019	40,613,365	(3,583,345)
ALLOWANCE FOR CONTRACTUAL	(20,654,690)	(22,382,150)	1,727,460
THIRD PARTY RECEIVABLE	300	300	0
OTHER RECEIVABLES	170,288	588,166	(417,877)
INVENTORY	1,905,053	1,894,491	10,562
PREPAIDS	1,071,241	776,900	294,342
INVESTMENT FOR DEBT SVC	458,412	950,100	(491,688)
CURRENT ASSETS	**22,931,311**	**26,929,983**	**(3,998,672)**
INVESTMENTS	24,399,820	23,779,605	620,215
PLANT PROPERTY AND EQUIPMENT	85,757,524	83,068,141	2,689,382
ACCUMULATED DEPRECIATION	43,592,091	42,573,102	1,018,988
NET PROPERTY, PLANT, & EQUIP	**42,165,433**	**40,495,039**	**1,670,394**
OTHER ASSETS	(0)	(0)	0
NONCURRENT ASSETS	**42,165,433**	**40,495,039**	**1,670,394**
ASSETS	**89,496,564**	**91,204,627**	**(1,708,063)**
ACCOUNTS PAYABLE	768,374	1,395,147	(626,773)
ACCRUED PAYROLL	488,986	1,263,533	(774,547)
ACCRUED BENEFITS	760,428	268,613	491,815
ACCRUED VACATION PAYABLE	1,906,871	1,764,089	142,782
THIRD PARTY PAYABLES	2,373,721	2,142,630	231,091
CURRENT PORTION OF LONG TERM DEBT	1,024,910	1,629,839	(604,929)
OTHER CURRENT LIABILITIES	0	0	0
CURRENT LIABILITIES	**7,323,290**	**8,463,851**	**(1,140,561)**
ACCRUED INTEREST	168,489	311,475	(142,986)
BOND PREMIUM 2008 REFUND	0	0	0
DEFERRED TAX COLLECTIONS	6,960	0	6,960
DEFERRED REVENUE HOME HEALTH	53,579	136,954	(83,375)
DEFERRED OTHER	**0**	**0**	**0**
DEFERRED LIABILITIES	229,029	448,430	(219,401)
LTD - 2008 UTGO BONDS	(0)	(0)	0
LTD - 2009 LTGO BONDS	0	0	0
LTD - 2017 REVENUE BONDS	12,564,910	12,989,839	(424,929)
LTD - 2018 REVENUE BOND	5,640,000	5,820,000	(180,000)
LTD - 2018 LTGO & REVENUE REFUND BONDS	2,148,435	2,148,435	0
LTD - ENERGY PROJECT	0	0	0
CURRENT PORTION OF LONG TERM DEBT CONT	(1,024,910)	(1,629,839)	604,929
LTD - PACS SYSTEM	**0**	**0**	**0**
LONG TERM DEBT	**19,328,435**	**19,328,435**	**0**
NONCURRENT LIABILITIES	19,557,464	19,776,865	(219,401)
LIABILITIES	26,880,753	28,240,716	(1,359,962)
FUND BALANCE	62,963,912	62,963,912	0
NET REVENUE OVER EXPENSES	**(348,100)**	**0**	**(348,100)**
FUND BALANCE	**62,615,811**	**62,963,912**	**(348,100)**
TOTAL LIABILITIES & FUND BALANCE	89,496,564	91,204,627	(1,708,063)

Statement of Cash Flow

	CASH
NET BOOK INCOME	(348,100)
ADD BACK NON-CASH EXPENSE	
DEPRECIATION	1,018,988
PROVISION FOR BAD DEBTS	
LOSS ON SALE OF ASSETS	
NET CASH FROM OPERATIONS	670,888
CHANGE IN CURRENT ASSETS ($)	
PATIENT ACCOUNTS	1,855,886
OTHER RECEIVABLES	417,877
INVENTORIES	(10,562)
PREPAID EXPENSES & DEPOSITS	(294,342)
INVESTMENT FOR DEBT SVC	491,688
TOTAL CURRENT ASSETS	**2,460,547**
INVESTMENTS	(620,215)
PROPERTY, PLANT, & EQUIP.	(2,689,382)
OTHER ASSETS	0
TOTAL ASSETS	**(178,162)**
CHANGE IN CURRENT LIABILITIES ($)	
ACCOUNTS PAYABLE	(626,773)
ACCRUED SALARIES	(774,547)
ACCRUED EMPLOYEE BENEFITS	491,815
ACCRUED VACATIONS	142,782
COST REIMBURSEMENT PAYABLE	231,091
CURRENT MATURITIES OF LONG-TERM DEBT	(604,929)
CURRENT MATURITIES OF CAPITAL LEASES	0
TOTAL CURRENT LIABILITIES	**(1,140,561)**
CHANGE IN OTHER LIABILITIES ($)	
ACCRUED INTEREST ON 1998, 1999 UTGO	(142,986)
2008 UTGO REFUNDING BOND PREMIUM	0
DEFERRED TAX COLLECTIONS	6,960
DEFERRED REVENUE - HOME HEALTH	(83,375)
TOTAL OTHER LIABILITIES	**(219,401)**
CHANGE IN LT DEBT & CAPITAL LEASES ($)	
LTD - 2008 UTGO BONDS	0
LTD - 2009 LTGO BONDS	0
LTD - 2017 REVENUE BONDS	(424,929)
LTD - 2018 REVENUE BOND	(180,000)
LTD - 2018 LTGO & REVENUE REFUND BONDS	0
CURRENT PORTION OF LONG TERM DEBT	604,929
TOTAL LONG-TERM DEBT & LEASES	**0**
TOTAL LIABILITIES	**(1,359,962)**
NET CHANGE IN CASH	(1,538,125)
BEGINNING CASH ON HAND	4,488,811
ENDING CASH ON HAND	2,950,687

Cashmere Valley Bank

TERM SHEET
(For Discussion Purposes Only)
April 3, 2020

Kittitas County Public Hospital District No. 1 (Kittitas Valley Healthcare)

Thank you for the opportunity to propose the following structure for the Kittitas County Public Hospital District No. 1 (Kittitas Valley Healthcare) (the "Organization") proposed Revolving Line of Credit (the "Line"). Cashmere Valley Bank (the "Bank") has outlined general terms below for discussion purposes only. All terms are subject to credit approval and do not constitute a commitment to lend money.

1. Borrower: Kittitas County Public Hospital District No. 1 (Kittitas Valley Healthcare)

2. Amount: $5,000,000

3. Form: Revolving Line of Credit

4. Tax Status: Taxable

5. Purpose: Proceeds of the line will be used to provide liquidity to the organization.

6. Line Description:
   a) Interest Rate: Interest on the Line would accrue on a basis of actual/365. Interest on the Line would be variable at a rate of Prime plus a margin of 25 basis points or 0.25%. As of the date of this Term Sheet, this would equal 3.50%. Prime will be based on the Wall Street Journal US Prime published rate. In the event Wall Street Journal discontinues its publication of the US Prime Rate, a supplanting publisher and/or rate will be mutually agreed upon by the Bank and Organization.
   b) Terms: The Line would mature on June 1, 2021 (the "Maturity Date"). Interest on the outstanding principal balance will be paid monthly in arrears. Principal of the Line will be due at maturity.
   c) Security: Net Revenue Pledge
7. Prepayment: The Line may be prepaid in whole or in part without penalty at any time.

8. Draws: Upon approval, draws may be made on any business day in amounts greater than or equal to $25,000. For same day funding, draw requests must be received and confirmed before 11:00am.

9. Fees: There is no fee due to the Bank.

10. Line Documentation: The Line documentation would be prepared by the Bank for the Organization and would be approved by the Organization's board of commissioners and

the approval would be evidenced by either a resolution or board minutes in accordance with RCW Chapter 70.44 or other applicable chapter.

11. Covenants: The Line would be cross defaulted to the Organization's 2017 Revenue Bonds, 2018 Revenue Bonds and 2018 LTGO & Revenue Refunding Bonds ("Existing Debt"). For as long as the Line is outstanding, the Line would be cross defaulted to all future debt or refundings of the Existing Debt. Prior to the Maturity Date and after the first draw has been made, the Organization would pay down the outstanding balance of the Line in its entirety to a zero balance for a period of thirty (30) consecutive days. Provided no default exists, the Organization would thereafter continue to borrow under the terms of the Line.

12. Additional Terms: Within 30 days of completion, the Organization would provide or make available to the Bank its annual audit during the period the Line is outstanding. At the date of closing the Line, the financial condition and credit of the Organization and all other features of this transaction would be as represented to the Bank without material adverse change. In the event of material adverse changes in the credit worthiness of the Organization, including litigation involving or claims filed against the Organization, any future commitment would terminate upon notice by the Bank. Any future commitment would be non-assignable by the Organization.

13. Credit Approval: The Organization has provided satisfactory financial and other relevant information for the Bank to complete its due diligence. The estimated time between the Organization accepting the term sheet and the Bank completing its credit approval process is 2 weeks. Prior to or upon maturity of the Line, if the Organization wishes to renew the Line, the Bank may ask for information in addition to required continuing financial disclosure in order to complete the renewal process.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

Thank you for this opportunity to discuss this financing with the Organization and its finance team.

Respectfully,

CASHMERE VALLEY BANK
Authorized Representative:
Tom Brown
Vice President, Municipal Finance Manager
1400 112th Ave SE, STE 100
Bellevue, WA 98004
(p) 425.688.3936
tbrown@cvb.bank

Grant	Grantee/ Applicant	Funding Category	Funding Source	Amount	Status	Funds Leveraged/Complimented	Partnerships	Purpose
Construction Grant	D2 via KVHF	Facilities	Sunderland	[redacted]	Researching	BNSF, Shoemaker, Suncadia	Foundation	Funding to supplement cost of new ambulance garage
Construction Grant	D2 via KVHF	Facilities	BNSF		Researching	Sunderland, Shoemaker, Suncadia	Foundation	Funding to supplement cost of new ambulance garage
Construction Grant	D2 via KVHF	Facilities	Shoemaker		Researching	Sunderland, BNSF, Suncadia	Foundation	Funding to supplement cost of new ambulance garage
Construction Grant	D2 via KVHF	Facilities	Suncadia		Researching	Sunderland, BNSF, Shoemaker	Foundation	Funding to supplement cost of new ambulance garage
Opioid Implementation Grant	KCHN	Opioids	HRSA	$1,000,000	Awarded	Opioid Planning and Opioid Resource Network Manager	KCHN Participants	Implement plan created in Opioid Planning Grant to address opioid addiction in our county
Rural Health Network Development Grant	KCHN	Care Coordination	HRSA	$900,000	Applied	HRSA Care Coordination, Implementation, GCACH	KCHN Participants	Funding to improve sustainability of the Health Network and create a community health workers program
Care Coordination	KCHN	Care Coordination	HRSA	$750,000	Applied	HRSA Rural Health Network Development, GCACH	KCHN Participants	Funding to improve care coordination in our community
Community World of Difference	KCHN	Care Coordination	Cigna	$100,000	WIP	HRSA Rural Health Network Development, GCACH, HRSA Care Coordination	KCH Participants	Funding to improve care coordination in our community
Improving Reentry for Individuals with SUD	KCHN	Opioids	BJA	$900,000	Researching	Implementation Grant, Opioid Resource Network manager	KCHN Participants	Provide an emphasis on treatment for individuals being released from incarceration
Second Chance Act Community-Based Reentry Program	KCHN	Care Coordination	BJA	$750,000	Researching	Coordinate the care of incarcerated individuals being released	KCHN Participants	Provides funding to reduce recitivism and support individuals as they leave jail
Opioid Resource Network Manager	KVH	Opioids	GCACH	$100,000	Awarded	Opioid Planning and Implementation Grants	KCHN	Create a robust MAT program in Kittitas County - Provides funding for Dr. Asriel and RN Care Manager
Rural Mental Health Integration	KVH	PCMH	UW/AIMS	$245,000	Awarded	GCACH	Greater Columbia	Provides training and education for integrated mental health at FMCE
Opioid Planning Grant	KVH	Opioids	HRSA	$200,000	Awarded	Implementation Grant, Opioid Resource Network manager	KCHN	Create a robust plan to address opioid addiction in our county
Coder Training Grant	KVH	Education/Staff Development	SoCentral Workforce Council	$3,800	Awarded	WSHA		Provides training for new coders
Rural Health Systems Capacity	KVH via KVHF	Education/Staff Development	WSHA	$5,000	Awarded	SoCentral Workforce Council Grant	Foundation	Provider coder education
Safety Communications Equipment	KVH via KVHF	Facilities	PSEF	$44,000	Applied		Foundation	Purchase emergency communications systems for KVH
Drill Grant	KVH via KVHF	Education/Staff Development	Coverys	$49,000	WIP	PSEF, DOH Trauma	KVFR, Law Enforcement (likely included), Foundation	Create and implement clinical and non-clinical drill program
Behavioral Health Grant	KVH via KVHF	Facilities	Premera	$100,000	WIP	PSEF, Rural Mental Health Integration	ED, Foundation	Remodel ED and ICU rooms to be safe rooms for behavioral holds and training staff

Breast Cancer Education	KVH via KVHF	Education/Staff Development	ASBSF	$5,000	Awarded		Foundation	Provide community education on breast health
Blue Band Initiative	KVH via KVHF	Education/Staff Development	Shoemaker	$6,500	Awarded		Foundation	Provide community education on preeclampsia
Rural Development Grants	KVH, D2, KCHN	Development or Construction	USDA		Researching			Provides funding for development of community identified needs
Firehouse Subs Foundaiton Grant	**D2 via KVHF**	**Development or Construction**	**Firehouse Subs Foundation Grant**		**Researching**		**Foundation**	**Provides funding for the purchasing of lifesaving equipment.**
COVID19 Telehealth Grant	**KVH**	**Technology/ Support**	**FCC**		**Researching**			**Provides funding to offset cost of the purchase of technology to provide telehealth due to COVID**

* Grants under research are not yet assigned a request amount

** Bold and larger fonts are new opportunities

KITTITAS VALLEY HEALTHCARE
Capital Expenditure Board Narrative

Requesting Department: Med/Surg

Capital Item Requested: Automatic Door Opener with Badge Reader Access

Function of Project: To control access to the Medical Surgical Unit and improve infection control.

Reason Requested: This is a portion of an overall access control project for the organization.

Budget: $0 **Actual Cost:** $

Submitted By: Vicky Macharro, Chief Nursing Officer
Ronald Urlacher, Engineering Director

Date: 04/30/2020

KITTITAS VALLEY HEALTHCARE
Capital Expenditure Board Narrative

Requesting Department: KVH Family Medicine - Cle Elum
KVH Urgent Care - Cle Elum

Capital Item Requested: Voice Over Internet Protocol (VOIP) Telephone System

Function of Project: The new VOIP telephone system will help *KVH Family Medicine - Cle Elum* and *KVH Urgent Care- Cle Elum* with patient phone calls, call routing and voicemail.

Huge customer service satisfaction, as most customers cannot get through or leave a voice message.

Reason Requested: Very old technology (*Analog*) phones with no capabilities and only a limited number of phone lines.

Voicemail very limited in capacity that is forcing multiple phone calls from patients and poor customer service.

Replacing/updating five switches for FMCE and one switch for Urgent Care to *Power of Ethernet* (POE) for digital phones.

Budget: $45,000 **Actual Cost:** $53,000

Submitted By: Stephanie Walker, Clinic Manager
Carrie Barr, Chief of Clinic Operations
Jeffrey Yamada, Chief Information Officer

Date: 04/30/2020

PUBLIC HOSPITAL DISTRICT NO. 1

KITTITAS COUNTY, WASHINGTON

RESOLUTION NO. 20-02

A RESOLUTION of the Commission of Public Hospital District No. 1, Kittitas County, Washington, providing for the issuance, sale and delivery of a not to exceed $5,000,000 aggregate principal amount hospital revenue note to provide funds to finance operating and capital expenses of the District; fixing certain terms and covenants of the note; and providing for other related matters.

ADOPTED April 23, 2020

This document prepared by:

Foster Garvey P.C.
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-4400

PUBLIC HOSPITAL DISTRICT NO. 1

KITTITAS COUNTY, WASHINGTON

RESOLUTION NO. 20-02

A RESOLUTION of the Commission of Public Hospital District No. 1, Kittitas County, Washington, providing for the issuance, sale and delivery of a not to exceed $5,000,000 aggregate principal amount hospital revenue note to provide funds to finance operating and capital expenses of the District; fixing certain terms and covenants of the note; and providing for other related matters.

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 does business under the name Kittitas Valley Healthcare and owns and operates KVH Hospital (the "Hospital") located in Ellensburg, Washington; and

WHEREAS, in order for the District to respond to the COVID-19 outbreak and current public health emergency, the Commission deems it to be in the best interest of the District to enter into a revolving line of credit evidenced by a taxable revenue note (the "Note") to help cover operating and capital expenses of the District; and

WHEREAS, there will be materially adverse financial and legal consequences to the District if the Note authorized by this resolution is not put in place as soon as possible; and

WHEREAS, the adoption of this resolution is part of the necessary and routine business of the District and necessary to respond to the COVID-19 outbreak and the current public health emergency, NOW THEREFORE;

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

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

"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 Revenue 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.

"2018 LTGO and Revenue Bond" means the $2,913,789 original aggregate principal amount Limited Tax General Obligation and Revenue Refunding Bond, 2018, of the District issued pursuant to and for the purposes provided in Resolution No. 18-05.

"Adjusted Gross Revenue of 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 Senior Lien Bonds (excluding interest payments capitalized by Senior Lien Bonds and accrued interest paid upon the issuance of Senior Lien Bonds), subject to such covenants as described in the resolutions authorizing such Senior Lien Bonds.

"Authorized Officer" means the Chief Executive Officer or Chief Financial Officer of the District, or such other person as either or both may designate.

"Commission" means the legislative authority of the District.

"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.

"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.

"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, all as determined in accordance with generally accepted accounting principles.

"Hospital" means KVH Hospital 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 Note is outstanding.

"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 Senior Lien Bonds, the Note 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 Internal Revenue Code of 1986, as amended, and such application rules and regulations promulgated thereunder.

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); and

(d) other extraordinary items.

"Junior Lien Note Fund" means the Hospital Revenue Junior Lien Fund, created pursuant to this resolution for the purpose of paying the principal of and interest on the Note.

"Loan Agreement" means the Business Loan Agreement between the District and the Purchaser to be dated as of delivery to the Purchaser.

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

"Note" means the Hospital Junior Lien Revenue Note, 2020 (Taxable Revolving Line of Credit) issued pursuant to and for the purposes provided in this resolution.

"Note Register" means the books or records maintained by the Note Registrar for the purpose of identifying ownership of the Note.

"Note Registrar" means the Chief Financial Officer of the District, or any successor bond registrar selected by the District.

"Outstanding Principal Balance of the Note" means the aggregate of all funds that the District has drawn from the Purchaser pursuant to the Note less the aggregate of all principal payments on the Note made by the District.

"Prime Rate" means the rate based on the Wall Street Journal US Prime published rate. In the event the Wall Street Journal discontinues its publication of the US Prime Rate, a supplanting publisher and/or rate will be mutually agreed upon by the Purchaser and the District.

"Purchaser" means Cashmere Valley Bank, or its successors or assigns.

"Request for Draw" means a written request on any business day by both Authorized Officers for a draw from the non-revolving line of credit authorized to be established by this resolution, all as more fully described in Section 2.

"Senior Lien Bond Fund" means the Hospital Revenue Bond Fund, previously created pursuant to Resolution No. 05-03 of the District for the purpose of paying the principal of and interest on the Senior Lien Bonds.

"Senior Lien Bonds" means the 2017A Bond, the 2017B Bond, the 2018 Revenue Bond, the 2018 LTGO and Revenue Bond, and any and all revenue bonds of the District payable from the Senior Lien 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.

"Senior Lien Bond Authorizing Resolutions" means the resolutions adopted by Commission authorizing the issuance and sale and establishing the terms of a particular issue of Senior Lien Bonds and other matters relating thereto.

Section 2. Authorization and Description of the Note. For the purpose of providing financing for the District's operating and capital expenses, there is hereby authorized to be issued a not to exceed $5,000,000 aggregate principal amount Hospital Junior Lien Revenue Note, 2020 (Taxable Revolving Line of Credit) (the "Note"). The Note shall be dated as of the date of delivery thereof to the Purchaser and shall mature on June 1, 2021 (the "Maturity Date").

The District may request draws on the Note pursuant to a Request for Draw until the Maturity Date. Each draw shall be in the minimum amount of $25,000. Principal on the Note shall be due and payable on the Maturity Date. Interest on the Outstanding Principal Balance of the Note shall be payable at the rate in arrears on the dates as provided in the Note.

The interest rate on the Note is subject to adjustment if there is an event of default as described in the Note and Loan Agreement.

Interest on the Note shall accrue from the date money is drawn, pursuant to a Request for Draw, until paid and shall be computed on the Outstanding Principal Balance of the Note on the basis of a 365-day year, consisting of actual days elapsed.

A Request for Draw on the Note may be made on any business day by an Authorized Officer, each of whom is authorized to act alone. A Request for Draw made prior to 11:00 a.m. and confirmed by the Purchaser will be funded on that business day. The District hereby delegates to the Authorized Officers authority, and each authorized to act alone, to make a written Request for Draw pursuant to this resolution. The Purchaser shall incur no liability to the District or to any other person in acting upon any written communication that the Purchaser believes in good faith to have been given by an official authorized to borrow on behalf of the District. Note proceeds shall be deposited into the appropriate District account determined by an Authorized Officer.

Prior to the Maturity Date, and after the first draw on the Note has been made pursuant to a Request for Draw, the District shall pay down the Outstanding Principal Balance of the Note in its entirety to a zero balance for a period of 30 consecutive days. Provided no default exists after such time, the District may continue to make draws on the Note.

The Note shall be an obligation only of the Junior Lien Note Fund and shall be payable and secured as provided in Section 6 of this resolution.

Section 3. Note Registrar, Registration and Transfer of the Note. Pursuant to RCW 39.46.030(4) the District's Chief Financial Officer shall serve as initial fiscal agent for the District (the "Note Registrar") with respect to the Note and is authorized, on behalf of the District, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution. The Note shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Note Registrar (the "Note Register"). The Note Register shall contain the name and mailing address of the owner of the Note.

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

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

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

The Note 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 Note Registrar shall not be obligated to exchange or transfer the Note during the 15 days preceding any installment or prepayment date. When the Note has been paid in full, both principal and interest, such Note shall be surrendered to the Note Registrar, who shall cancel such Note.

Section 4. Payment of the Note. Both principal of and interest on the Note shall be payable in lawful money of the United States of America and shall be paid by checks or drafts of the Note Registrar mailed on the applicable payment date to the Purchaser at the address appearing on the Note Register or by electronic transfer on the payment date to an account designated by the Purchaser. The Note shall 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 Note which is paid or prepaid shall cease to accrue on the date of such payment or prepayment.

Section 5. Prepayment Provisions. The Note is subject to prepayment as provided in the Note.

Section 6. Junior Lien Note Fund. The Note is a special obligation of the District payable solely out of a special fund or account of the District hereby established and designated the "Junior Lien Note Fund." Amounts on deposit in the Junior Lien Note Fund shall be drawn upon only for the purpose of paying the principal of and interest on the Note, and any debt issued on parity with the Note.

The District hereby covenants that on or before the date interest or principal on the Note is due, it will deposit in the Junior Lien Note Fund from the Net Revenue of the Hospital an amount sufficient, when added to any other amounts on deposit in the Junior Lien Note Fund, to pay the interest and principal due on the Note as the same becomes due. The Note shall have a lien on Net Revenue of the Hospital junior to the payment of Expenses and outstanding Senior Lien Bonds. The Note shall not be deemed to constitute a general obligation or pledge of the full faith and credit of the District.

All money in the Junior Lien Note 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 Note or having a guaranteed redemption price prior to maturity and, in no event, maturing later than the Maturity Date. Earnings from investments in the Junior Lien Note Fund shall be deposited in that fund.

Section 7. Commission Declaration Regarding Sufficiency of Revenues. The Commission of the District declares that in fixing the amounts to be paid into the Senior Lien Bond Fund and Junior Lien Note Fund, it has exercised due regard for Expenses and the debt service requirements of the Senior Lien Bonds and the Note, and the District has not bound and

obligated itself to set aside and pay into the Senior Lien Bond Fund and the Junior Lien Note 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 any outstanding Senior Lien Bonds and the Note.

Section 8. 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 Senior Lien Bond Fund, the Junior Lien Note 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 Senior Lien Bond Fund for the Senior Lien Bonds including the amounts necessary to make up any deficiency in the reserve account, if one is created, of the Senior Lien Bond Fund created by authorized withdrawals therefrom;

(c) To meet the required payments into the Junior Lien Bond Fund for the Note or any other junior lien obligations issued on parity with the Note, including the amounts necessary to make up any deficiency in the reserve account, if one is created, of the Junior Lien Bond Fund created by authorized withdrawals therefrom;

(d) To redeem and retire any bonds or notes 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 9. Financial Covenants. The District further covenants and agrees with the registered owner of the Note, for as long as the Note is outstanding, 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 Senior Lien Bond Fund and the Junior Lien Note Fund previously created of a sum sufficient to pay the principal of and interest on the Senior Lien Bonds and the Note 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 Senior Lien Bonds and the Note 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 requirements of the resolutions authorizing the Senior Lien Bonds and to make all payments required to be made into the Junior Lien Note Fund for payment of the Note.

(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. Audited annual financial statements shall be provided to the Purchaser not later than 30 days after completion.

(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 of Washington 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 of Washington (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 any of the Senior Lien Bonds and the Note are outstanding.

Section 10. Form and Execution of the Note. The Note 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 Secretary of the Commission of the District, either or both of whose signatures may be manual or in facsimile.

The Note shall bear thereon a Certificate of Authentication in the following form, manually signed by the Note Registrar, and only if so executed shall the Note be valid or obligatory for any purpose or entitled to the benefits of this resolution:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Public Hospital District No. 1, Kittitas County, Washington, Hospital Revenue Note, 2020 (Taxable Revolving Line of Credit), described in the Note Resolution.

By _____
Note Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note 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 Note ceases to be an officer of the District authorized to sign bonds before the Note bearing his or her signature is authenticated or delivered by the Note Registrar or issued by the District, the Note 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. The Note also may be signed on behalf of the District by any person who, on the actual date of signing of the Note, 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 Note.

Section 11. Enforceability of Covenants. The covenants of the District contained in this resolution constitute a contract between the District and the owner of the Note. In an event of default (as described in the Loan Agreement and Note) or cross default (as described in Section 12 of this resolution) of any covenant or agreement herein by the District, any such bond owner may enforce performance and obtain other appropriate relief in the proper forum as permitted by law. In the event the owners of the Note or any Senior Lien Bonds must commence legal proceedings to enforce the District's obligations contained herein, or in any bankruptcy proceeding of the District, the Purchaser shall be entitled to recover from the District, in addition to the obligations contained herein, its costs and reasonable attorney fees.

Section 12. Cross Default. If the District shall fail to pay any principal of or premium or interest on any Senior Lien Bonds when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Senior Lien Bonds; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Senior Lien Bonds and shall continue after the applicable grace period, if any, specified in such agreement or instrument, for as long as the Note is outstanding, an event of default shall be deemed to have occurred under the Note.

Section 13. Electronic Signatures. The Commission authorizes the use of one or more methods of electronic signature for specific types of agreements, transactions and general documents, including the documents necessary in connection with this Note. The Chief Executive Officer shall determine the manner, format and criteria for use by a third party, of electronic signatures to be determined on the basis of risk.

Section 14. Supplemental Resolutions. The Commission may supplement or amend this resolution for any one or more of the following purposes without requiring the consent of the owner of the Note:

(a) To add covenants and agreements that do not materially adversely affect the interests of the owner of the Note, or to surrender any right or power reserved to or conferred upon the District.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this resolution in a manner that does not materially adversely affect the interest of the owner of the Note.

Section 15. Approval of Proposal, Loan Agreement and the Note. The Purchaser has submitted its offer to purchase the Note as described in Section 3 hereof under the terms and conditions specified in the Proposal, the Loan Agreement and the Bond. The Commission hereby delegates authority to the Chief Financial Officer, or his designee, to accept the Proposal and approve the final terms and conditions of the Loan Agreement and the Note and to execute and deliver the Proposal, the Loan Agreement and the Note to the Purchaser. The Purchaser is not charging a fee for this Note.

The Note will be printed at the District's expense and will be delivered to the Purchaser in accordance with the Proposal, with the approving legal opinion of Foster Garvey P.C., municipal bond counsel of Seattle, Washington, regarding the Note.

The proper officials of the District are hereby authorized and directed to do all things necessary for the prompt execution and delivery of the Note and the items required to be delivered to the Purchaser under the terms of its offer to purchase the Note.

Section 16. 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 Note.

Section 17. Ratification of Prior Acts. Any action taken consistent with the authority and prior to the effective date of this resolution, is ratified, approved and confirmed.

ADOPTED AND APPROVED by the Commission of Public Hospital District No. 1, Kittitas County, Washington, at an open public meeting thereof this 23rd day of April 2020..

Bob Davis, President	Erica Libenow, Vice President
Matthew Altman, Secretary	Jon Ward, Commissioner
Terry Clark, Commissioner	

CERTIFICATION

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

1. The attached copy of Resolution No. 20-02 (the "Resolution") is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Commission held on April 23, 2020, as that resolution appears on the minute book of the District; and the Resolution is now in full force and effect.

2. That such meeting was duly convened and held in all respects in accordance with law; that a quorum was present throughout the meeting through telephonic, electronic, internet, or other means of remote access, and a majority of the members of the Commission of the District so present at the meeting voted in the proper manner for the adoption of the Resolution;

3. That in accordance with Proclamation 20-28 by the Governor of the State of Washington dated March 24, 2020, (a) such meeting was not conducted in person, (b) one or more options were provided for the public to attend the such meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Commission of the District; and

4. That all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of April, 2020.

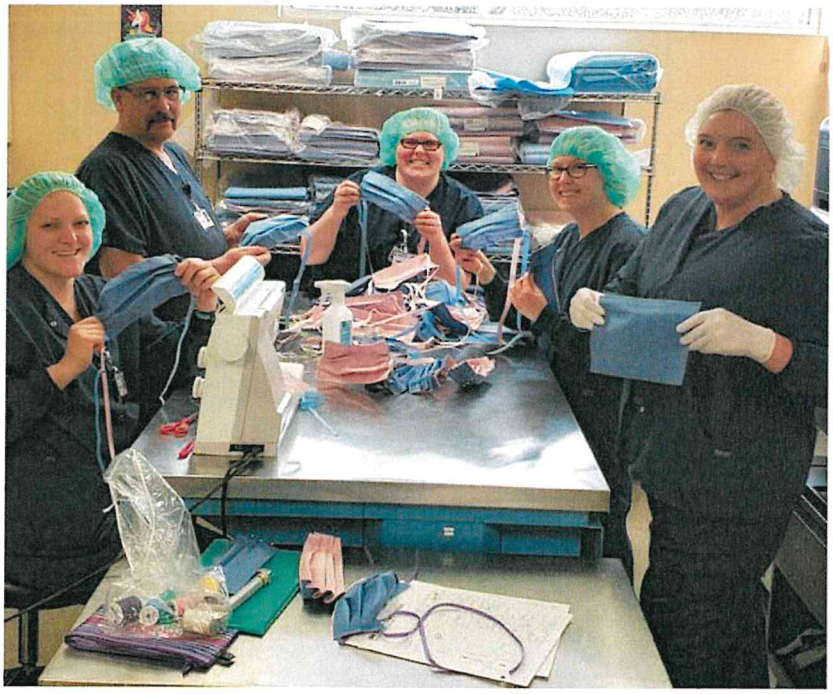
PUBLIC HOSPITAL DISTRICT NO. 1,
KITTITAS COUNTY, WASHINGTON

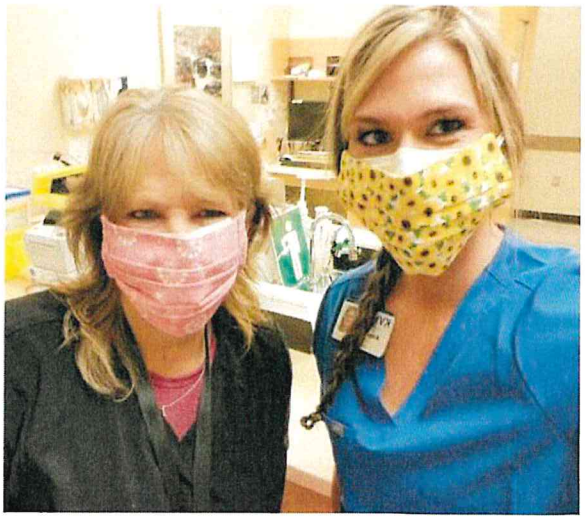
_____

Matthew Altman, Secretary of the Commission

"True courage is not the brutal force of vulgar heroes, but the firm resolve of virtue and reason."

– Alfred North Whitehead





KVH
Kittitas Valley Healthcare
Your Home for Health

Chief Executive Report
April 2020

Note: I was just reviewing my February 2020 CEO report. I reported on rural advocacy days, the leadership conference and our plan to move into the Medical Arts Center. It was an interesting read given all that has transpired since and a testament to the organization's ability to react.

Looking Forward: The last couple of months have taught us a great deal about PPE and the supply chain. At this point it sounds like the Governor is discussing lifting restrictions on scheduled surgeries when hospitals (not clear if that is collective or individual hospitals) can attest to having 30 days PPE on hand. One of the lessons that this crisis has brought home is the rule of the weakest link when it comes to PPE. We have enjoyed a better supply of N95 masks than some facilities while our inventory of procedure masks has, at times, reached critical levels. Likewise, gloves have not been an issue but our inventory of gowns has been near zero at times. Adequate PPE is an all or nothing deal. An abundance of one item does nothing to help balance the absence of another.

At this point we can attest to having a 30 day supply of PPE on hand. That inventory has been sourced by one off distributions through WSHA, the EOC, regular channels, donations and FEMA. **We do not have a secure supply chain for PPE.** Knowing that you have a 30 day supply on hand is only helpful if you know you will be restocked on day 29.

The financial impact of reduced volumes is similar to the supply chain conundrum. We know how much cash we have on hand but we have no idea how long these catastrophic conditions will continue. If we could count on being back to 80% by July 1 we would be much better able to plan. As it stands, we know that, at a minimum, June and July are going to be difficult cash months. We will plan for cost and cash flow reductions for May and June.

We are approaching our routine vendors to request a discount of 10% off of purchased services, leases, maintenance, subscriptions, licenses, fees and insurance. We want these discounts for the three months May, June and July.

Scott has approached our bond holders for a delay in our June interest payment. He is also informing them that we are likely to miss our bond covenants for 2020. As discussed, he has also secured a line of credit for $5,000,000 with a local bank. Rates are favorable and access to cash is critical.

CMS and the state have issued a number of waivers of regulations and restrictions that have directly impacted how we deliver patient care. One of the most obvious is the way we have moved to virtual care. For years we have lobbied CMS and the state for process and payment parity for telemedicine. The wild west of telemedicine that we are currently living through has

none of the guard rails that were contained in our proposals. Patients and providers are really appreciating the increased access and the option of telemedicine so I think it will be difficult to unring this bell. Looking forward this raises a number of very troubling questions. There is nothing to stop Medicare and Medicaid from paying for telemedicine at fee schedule rather than RHC encounter rates. Fee schedule represents somewhere around 60% of the cost of care in our clinics. There is nothing to stop large insurance companies from setting up Amazon style warehouses in low wage states for tele-providers and bypassing our physical clinics for a large % of their care. There is nothing to stop payors from defining access to telemedicine as access to care in rural communities. All of this is to say, we will have our work cut out for us in the arena of rural advocacy as we emerge from this.

AS WE EMERGE – PROJECTS FROM THE FIELD

Medical Staff Services:

In the midst of all are planning in preparation, work goes on. We have made offers to 2 orthopedic physician assistants, one of which has been accepted at this point. Christopher Petty, M.D., general and colorectal surgeon started his orientation April 13. We are also continuing to explore the addition of vascular surgery services at Kittitas Valley Healthcare. This would be a valuable service to the community and would support our wound care services as well as providing direct surgical services to our patients. We are working with Central Washington University in support of their student health services and also supporting their student athletes. We are looking to resume that process more rigorously once we have a better understanding of the impact of the outbreak on the university. We have a virtual site visit coming up to explore the possibility of offering pain management specialty services hear in Kittitas County.

Emergency Department/Urgent Care Clinic:

Both the ED and UC have been very busy these last several weeks focusing on COVID-19 and our role in the response for our County. In addition, ED staff have been involved at a state level working with the REDi Healthcare Coalition on development of the REDi Operations Center (ROC). The ROC features include medical surge, patient movement, and rescue coordination.

Regular operations continue as usual...Trauma, Cardiac, Stroke, Sepsis and SANE...we are here to care for our community and provide quality care!

- **TRAUMA:** The trauma committee approved a flow sheet to augment patient documentation. This flow sheet captures all the necessary data and helps "paint the picture" of care provided to the trauma patient. Part of our responsibility as a Level IV Trauma Center is to submit trauma data to the Department of Health for our state and

national trauma databanks. We have a new Trauma Registrar, Annette Titus, who is doing an amazing job.

- **CARDIAC:** We continue to work closely with Virginia Mason Memorial for our acute cardiac patients that need immediate cardiology services. Recently, we met with Confluence Health in Wenatchee to discuss their cardiology resources and having an alternate resource if VMM is unable to accept patients.
- **STROKE:** Our relationship with Virginia Mason Seattle continues with our telestroke program. They are a valuable resource to our Providers for care of the acute stroke patient. Monthly meetings continue to discuss operations, best policy and patient follow-up

Surgical Services:

The OR continues to work on preparations for the ENT service, including the addition of new ENT equipment, which requires education and competencies to be completed by the staff. In anticipation of Dr. Petty, (general surgeon) preference cards and processes are being completed. Over the last several weeks, 8 RNs have completed Cerner and department cross training education in ED, MS and CCCU.

Ancillary Services:

All of the ancillary services department have been participating in Surge Capacity planning. Ron, Vicky and I conducted a walk trough of KVH and were able to identify rooms that could be utilized for patient care, increasing our bed capacity to 62, our ICU bed capacity to 20 and increasing our ED capacity to 21 (9 beds in ED and 12 in the SOP area).

Diagnostic Services:

- Lab has been busy making sure we have adequate supply of Covid-19 testing kits and monitoring turn around times from the DOH State Lab and Lab Corp. It is taking 2-5 days on average to get results. We have reached out to the manufacturers who are producing on site testing- it is likely the instruments will be released to large areas that are "hot spots" for Covid-19, so it is doubtful that KVH is likely to be first on the list to purchase the equipment. Should we have a surge of Covid -19 positive patients, imaging will be placing a portable chest x-ray machine in the PACU for care of + patients to reduce the likelihood of spreading the virus by way of the x-ray equipment. Volumes are down and we are not scheduling routine mammograms or dexas until May. We are seeing higher than normal no-show and cancellation rates.
- Our "future planning" for the lab expansion is continuing with KDA. We are looking at renting an instrument that will perform a rapid parathyroid test, which Dr. Zamudio will need for her surgeries here. It will also perform Hepatitis A IgM/IgG, Vitamin D, procalcitionin, cortisols and a rapid Troponin T, which our providers have been asking for. We are anticipating $12,700 Cerner interface expense to move forward with this

equipment. The rental is "free" with an agreement to use $10,000 worth of reagents annually, which we will easily utilize.

- Dr. Jensen arrived on April 13 and is our dedicated, full time radiologist contracted through POC OnRad. He started the week meeting with providers from Women's Health and Ortho and will make rounds to all clinics. We've already scheduled our first thyroid biopsy in the department and look forward to expanding the procedures that we do in Radiology, given the talent of Dr. Jensen.

Rehab Services:

- Ellensburg PT, OT and ST have consolidated services in the Ellensburg PT building to conserve staff resources. Rehab is only seeing patients at the clinic who would have a long term detrimental health impact if they were not seen in person. We are keeping a waiting list of patients that need to be scheduled when the restrictions are lifted. ST, OT, PT are conducting some telehealth visits by zoom. Cle Elum PT is doing likewise.

  When we are able to begin scheduling patients again, we are pursuing relationships with Children's Village to provide Birth to Three assessments in the home and also providing services to Easton School District.

Cardiopulmonary:

- The team has worked to ensure we have adequate supplies for a surge and we were given 3 ventilators from EOC. This brings our total to 10. Jim has worked with Jeff Holdeman and Dr. Hibbs on a protocol for proning ventilated patients and educating staff.

  We have hired an exercise physiologist and are looking forward to being able to have him perform cardiac stress tests independently and build back this volume of business.

Pharmacy:

- The pharmacy staff have worked to increase our supply of intubation kits and have medications ready to administer. There is a nationwide shortage of narcotics, paralytics and sedatives that are commonly used to treat Covid-19 ventilated patients. They are working with their suppliers on a daily basis in hopes of having enough supply on had to have 10 ventilated patients for 21 days. They have also opened a curbside delivery for patients refilling medications in the retail pharmacy to limit the number of people entering the hospital. Pharmacy is also working with Dr. Martin and I on palliative care algorithms for the Covid-19 patients, should we be asked by Public Health to develop a palliative care program for this population.

  The pharmacy staff continue to work to build up our retail pharmacy and ensure strong compliance with the 340B program. Due to financial and staff constraints, we've decided against contracting with a third party company to perform an independent audit of our 340B program until 2021.

Clinic:

- **ENT conversion to Cerner:**
  This clinic is currently under the FME clinic and we will shift this to their own clinic on June 8th and they are currently exploring audiology.
- **Medication Assisted Treatment (MAT) program:**
  Dr. Asriel and Stephanie Walker have been busy establishing our MAT program. In March, they met with all the KVH providers who have waivers to discuss the program. Staff have been involved in training of patient management. Our nurse care manager will actually be starting on the 27th of April to assist with this patient management to make it more streamlined. A prescription log has been created to be certain the documentation is in order. Cerner training has been conducted for staff. Lastly, I have been talking with Merit to create a partnership between us. This will offer another avenue for the patient to contact us and get involved in our program. We currently have 2 MAT patients. I spoke with Community health of Central Washington about their program and our future partnership. We have determined our best route for success is to look at this program as a community approach and continue to communicate as partners. Dr. Asriel continues to attend the Kittitas County Health Network (KCHN) meetings around the opioid response work.
- **Patient Centered Medical Home (PCMH):**
  We have remained focused on our core requirements for PCMH. The program is separated into Team-Based Care, Knowing and Managing your Patients, Access and Continuity and Care Management. We are in the process of assessing ourselves and identifying any gaps. Luckily this work aligns with the same projects we are focused on with Greater Columbia Accountable Community of Health (GCACH). We are hoping for accreditation with PCMH this year.
- **Patient Family Advisory Council (PFAC):**
  In February, we had our second meeting with the council. Our focus was around patient billing. Each issue was tied to a KVH core value – Respect, Transparency, Collaboration, Quality and Service. An incredible meeting with engaged participants. On April 16th, we had an impromptu meeting with the council to discuss the communication around COVID-19. There was great discussion on not only how to communicate but particularly focusing on communication around testing, how we are keeping our staff safe and the financial impact this will have on the hospital. They did mention businesses are anxious getting back to work but the other community members feel as though we should not return back to normal too soon. They liked the approach of having a focus on staying healthy rather than staying home as people need to be reminded of social distancing. There was also a great suggestion of having Dr. Larson and Dr. Martin conduct some messaging together to show the partnership between the Public Health Department and KVH.
- **Surgical Relaunch:**
  We have been actively creating and reviewing a process on how to begin offering non emergent/elective surgeries. A team of us have met several times to review the PPE usage, testing requirements and prioritization. We have begun calling our patients who had a delayed surgery to follow up with them and confirm their situation has not

declined. We will continue to do this until we are fully operational. After discussion with several key players, we feel confident we will be able to launch on May 19th with a regular (or slightly lightened) schedule of surgeries.

Human Resources & Staff Development

- The Human Resources team has been busy with innovative recruiting and onboarding procedures to prepare for possible surge. As our volume of patients has decreased towards the end of March and early April, HR has partnered continuously with operational Senior Leaders to create a temporary labor pool to connect staff to opportunities across the organization in order to maintain their status as much as possible. HR continues to manage the complexity of leave and benefits as well as reviewing labor costs.

- Staff Development: We are excited to resume our planning on Staff Development. During the past month, we have helped coordinate ways to maintain our training schedule for required trainings. We have used Zoom technology for virtual meetings and trainings when possible. We have cancelled or postponed trainings that do not directly impact compliance or regulatory issues to protect our workforce and encourage social distancing.

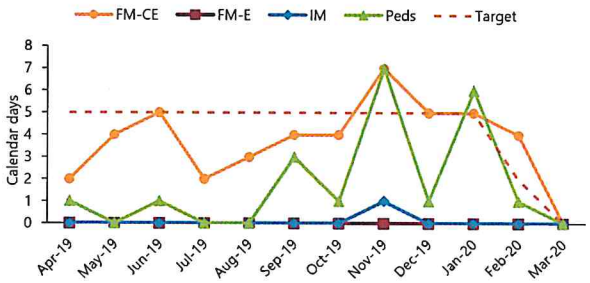
- Staff Development Focus Groups: We are planning Staff Development Focus Groups for early May. We are planning to have 3 separate sessions to engage groups across the organization. During these one hour virtual focus groups, we will be providing some updates to staff on our Staff Development plan for 2020 and getting feedback from participants to guide our work.

- Customer Service Training: HR and Quality are beginning planning on customer service training. While we had hoped to bring in an outside consultant this year to help provide training, we will be exploring that for 2021. This year we hope to start the conversation with our staff and create an internal training using the talent and data that we have at KVH to capture our patient's voice.

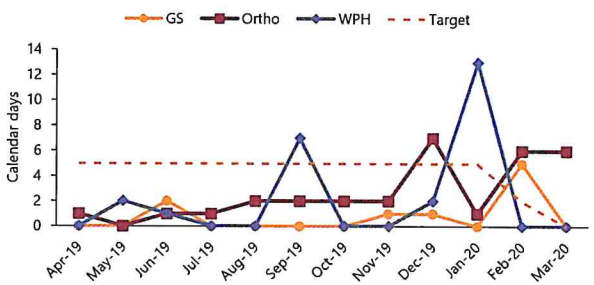
- Students and Volunteer Services: Our Director of Volunteer and Student Services continues to stay engaged and connected to our dedicated volunteers throughout this challenging time when they are not on site with us. We have minimal clinical student rotations occurring, and continue to maintain relationships with our education partners.

Clinic Operations Dashboard

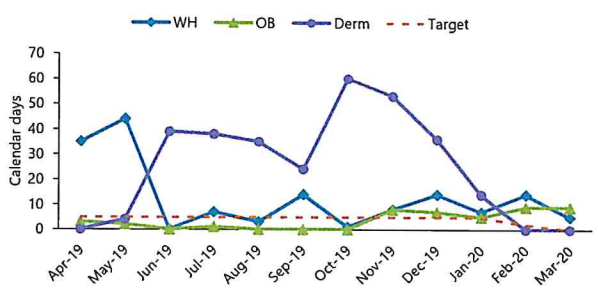
Third available appointment
for established patients



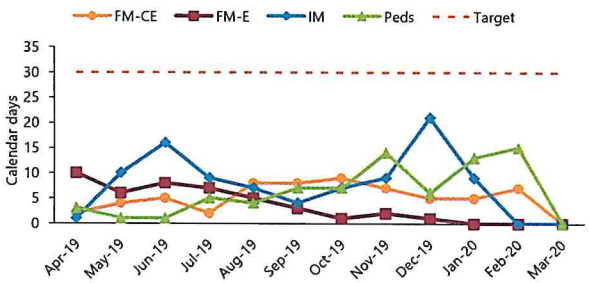
Third available appointment
for established patients



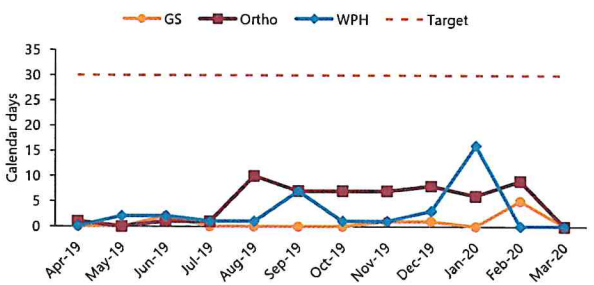
Third available appointment
for established patients



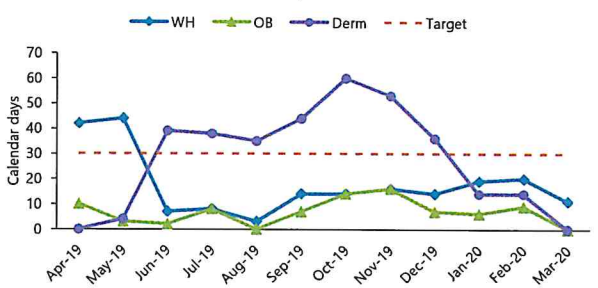
Third available appointment
for new patients



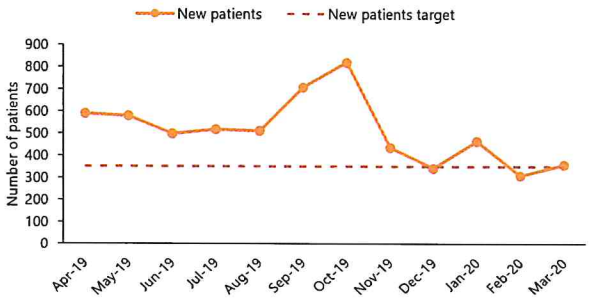
Third available appointment
for new patients



Third available appointment
for new patients



New patients



Payor Mix