



Lewis County Hospital District No. 1 dba Arbor Health Regular Board Meeting Packet

**May 6, 2020– 3:00 pm
ZOOM**

<https://myarborhealth.zoom.us/j/92775482089>

One tap mobile: 13462487799,,92775482089# US

Dial: +1 669 900 6833 US

Meeting ID: 927 7548 2089

BOARD OF COMMISSIONERS

**Board Chair – Shelly Fritz, Commissioner – Trish Frady,
Commissioner – Tom Herrin & Commissioner – Wes McMahan**



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**LEWIS COUNTY HOSPITAL DISTRICT NO. 1
REGULAR BOARD OF COMMISSIONERS' MEETING
May 6, 2020 at 3:00 p.m.
ZOOM**

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Mission Statement

To foster trust and nurture a healthy community.

Vision Statement

To provide accessible, quality healthcare.

AGENDA	PAGE	TIME
Call to Order		
Approval or Amendment of Agenda		
Conflict of Interest		3:00 pm
Comments and Remarks		
- Commissioners - Audience		3:05 pm
Executive Session-RCW 70.41.205		3:10 pm
Medical Privileging-Katelin Forrest		
Break		3:25 pm
Department Spotlight		
Deferred to June 10, 2020 Regular Board Meeting.		
Board Committee Reports		
Finance Committee Report-Committee Chair-Commissioner Frady	6	
Consent Agenda – (Action items included below)		
☐ Passed ☐ Denied ☐ Deferred		
Minutes of the February 26, 2020 Regular Board Meeting (Action)	10	3:30 pm
Minutes of the April 20, 2020 Finance Committee Meeting (Action)	18	
Minutes of the April 22, 2020 Special Board Meeting (Action)	23	
Warrants & EFT's in the amount of \$2,135,212.27 dated February 2020 (Action)	25	
Warrants & EFT's in the amount of \$2,534,708.70 dated March 2020 (Action)	27	
- Resolution 20-15-Approving Operational Budget Amendment, Morton Medical Center Assets (Action) - To approve amending the 2020 budget by purchasing the assets of Morton Medical Center and establishing an escrow account.	29	
- Resolution 20-16-Approving Operational Budget Amendment-Dr. Fritz (Action) - To approve amending the 2020 budget by adding a provider.	69	
- Resolution 20-17-Approving New Bank Account(s) (Action) - To approve two new bank account for the draw on the debt approved in	73	

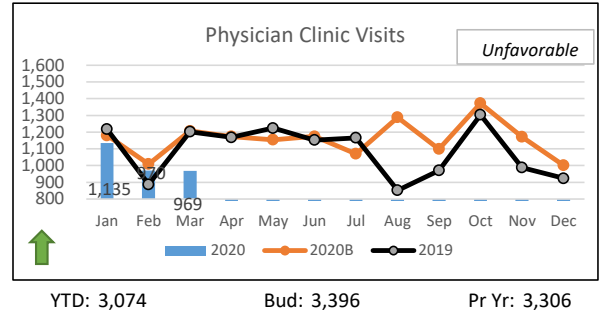
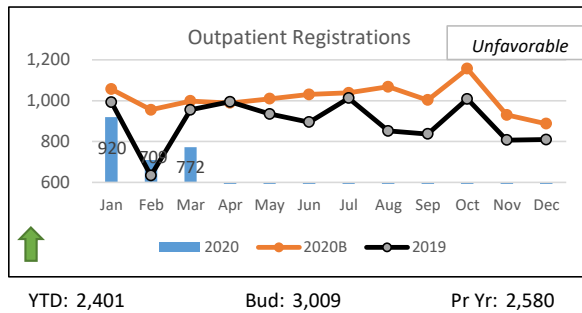
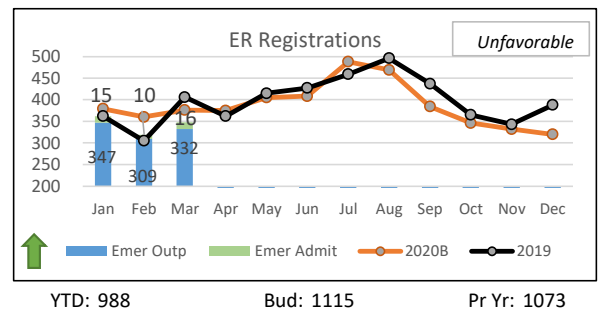
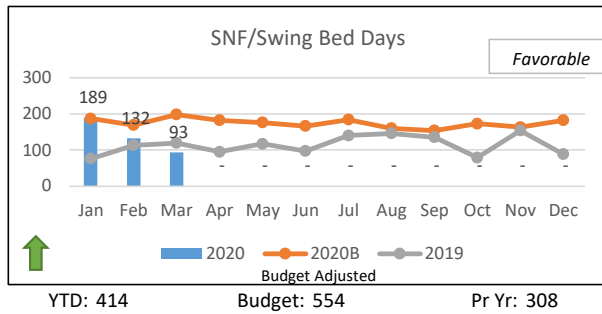
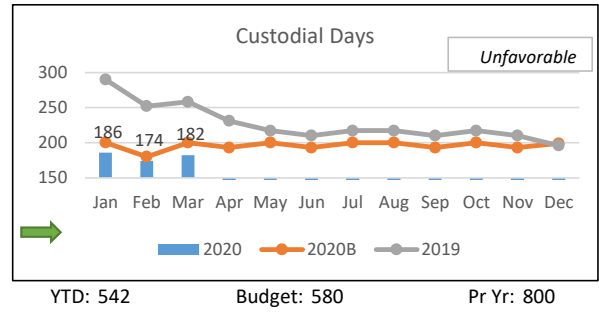
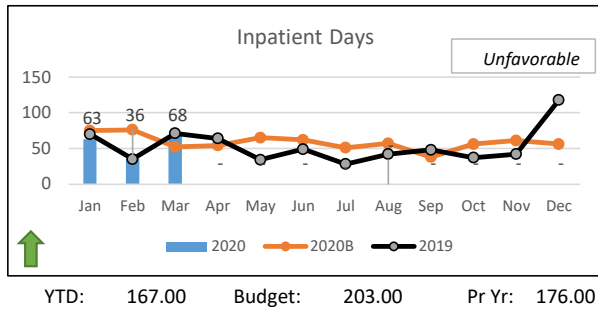
<i>Resolution 20-11.</i>		
- Resolution 20-18-Adopting Community Health Needs Assessment (CHNA) & Implementation Plan <i>(Action)</i> <i>To adopt the CHNA and Implementation Plan.</i>	80	
- Resolution 20-19-Adopting Lewis County Hospital District No. 1's Core Values <i>(Action)</i> <i>To adopt the Core Values.</i>	104	
- Resolution 20-20-Declaring to Surplus or Dispose of Certain Property <i>(Action)</i> <i>To approve liquidation of items beyond their useful life.</i>	106	
- Approve Documents Pending Board Ratification 5.06.20 <i>(Action)</i> <i>To provide board oversight for document management. (Lucidoc)</i>	108	
Old Business		3:45 pm
New Business - Board Secretary <i>To elect a new board secretary.</i>		3:50 pm
- DZA Audit Report-Tom Dingus, CPA <i>To present the District's 2019 Audited Financials Report. Provided draft financials and a final report will be released via email post packet.</i>	113	4:00 pm
Adapting District Services for the Pandemic & Beyond		4:45 pm
Superintendent Report COVID 19 Preparation Incident Command Update	121	5:00 pm
Next Board Meeting Dates and Times Regular Board Meeting-June 10, 2020 @ 3:00 PM (ZOOM)		
Next Committee Meeting Dates and Times Finance Committee Meeting-May 18, 2020 @ 12:00 PM (ZOOM)		
Adjournment		5:15 pm

BOARD COMMITTEE REPORTS

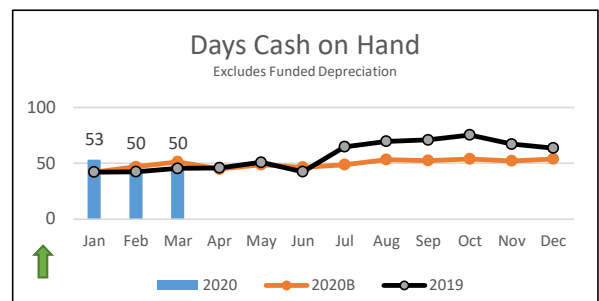
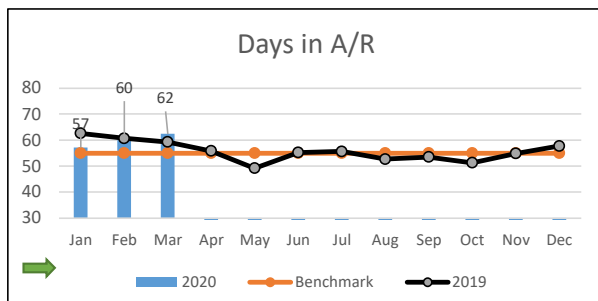
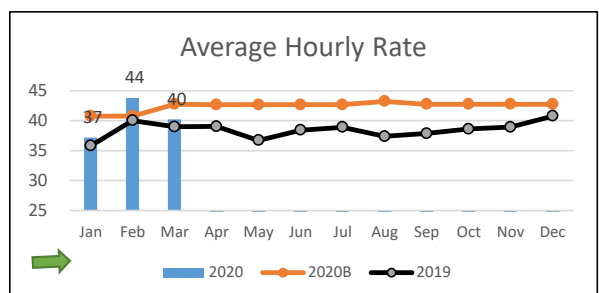
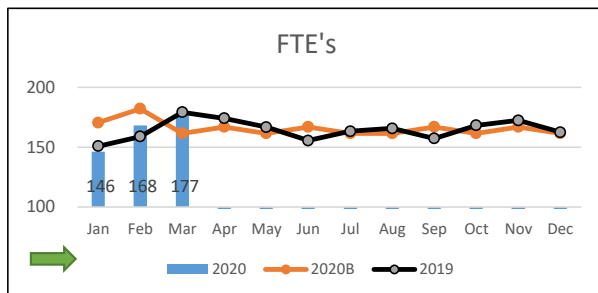
Lewis County Hospital District No. 1 Board Financial Summary

March 31, 2020

Growth



People and Operational Aspects



Lewis County Hospital District No. 1
Income Statement
March, 2020

CURRENT			MONTH			YEAR TO DATE				
Pr Yr Month	% Var	\$ Var	Budget	Actual		Actual	Budget	\$ Var	% Var	Actual
1,114,940	-8%	(76,956)	938,230	861,274	Inpatient Revenue	2,362,234	2,882,199	(519,965)	-18%	2,858,014
2,777,841	-25%	(755,408)	3,022,577	2,267,169	Outpatient Revenue	7,298,721	8,687,878	(1,389,157)	-16%	7,755,686
255,390	-22%	(54,770)	251,594	196,824	Clinic Revenue	645,444	719,979	(74,534)	-10%	678,109
4,148,172	-21%	(887,134)	4,212,401	3,325,267	Gross Patient Revenues	10,306,399	12,290,056	(1,983,657)	-16%	11,291,809
1,701,571	20%	291,089	1,489,893	1,198,804	Contractual Allowances	3,782,608	4,759,645	977,037	21%	4,623,408
20,612	15%	3,295	21,912	18,617	Charity Care	48,313	70,289	21,976	31%	50,256
49,591	81%	62,898	77,364	14,466	Bad Debt	109,495	236,770	127,275	54%	152,098
1,771,773	22%	357,282	1,589,169	1,231,887	Deductions from Revenue	3,940,416	5,066,704	1,126,288	22%	4,825,762
2,376,398	-20%	(529,852)	2,623,232	2,093,380	Net Patient Service Rev	6,365,983	7,223,351	(857,369)	-12%	6,466,048
57.3%	-1.1%	-0.7%	62.3%	63.0%	NPSR %	61.8%	58.8%	-3.0%	-5.1%	57.3%
26,843	413%	293,234	71,063	364,296	Other Operating Revenue	523,158	213,238	309,921	145%	108,007
2,403,241	-9%	(236,619)	2,694,294	2,457,676	Net Operating Revenue	6,889,141	7,436,589	(547,448)	-7%	6,574,055
Operating Expenses										
1,197,263	4%	51,394	1,252,587	1,201,193	Total Productive Salaries	3,388,855	3,757,762	368,907	10%	3,207,850
102,623	3%	4,838	156,884	152,046	Total Non Productive Salaries	534,620	470,651	(63,969)	-14%	507,956
1,299,887	4%	56,233	1,409,471	1,353,238	Salaries & Wages	3,923,475	4,228,413	304,938	7%	3,715,806
281,918	-1%	(1,940)	301,261	303,201	Benefits	910,070	931,865	21,795	2%	889,093
152,701	31%	52,700	172,793	120,094	Professional Fees	461,343	584,737	123,394	21%	438,185
213,708	-5%	(8,350)	179,137	187,486	Supplies	480,552	497,176	16,624	3%	641,274
242,292	-12%	(33,963)	281,660	315,623	Purchase Services	888,392	899,933	11,540	1%	746,002
49,611	15%	5,864	40,061	34,197	Utilities	97,520	121,185	23,665	20%	124,530
16,259	2%	390	17,092	16,701	Insurance	50,104	51,275	1,171	2%	48,459
68,819	53%	55,126	103,389	48,264	Other Expenses	144,226	225,583	81,356	36%	140,259
2,325,195	5%	126,060	2,504,864	2,378,804	EBDITA Expenses	6,955,683	7,540,167	584,484	8%	6,743,608
78,046	-58%	(110,559)	189,430	78,872	EBDITA	(66,542)	(103,578)	37,036	-36%	(169,553)
3.3%	54.3%	3.8%	7.0%	3.2%	EBDITA %	-1.0%	-1.4%	-0.4%	30.2%	-2.6%
Capital Cost										
153,489	-6%	(9,119)	150,307	159,426	Depreciation	446,405	434,482	(11,922)	-3%	438,004
38,359	0%	38	34,704	34,665	Interest Cost	104,304	104,111	(193)	0%	116,064
2,517,043	4%	116,979	2,689,875	2,572,895	Operating Expenses	7,506,392	8,078,761	572,369	7%	7,297,675
(113,802)	-2707%	(119,639)	4,420	(115,219)	Operating Income / (Loss)	(617,250)	(642,171)	24,921	-4%	(723,620)
-4.7%			0.2%	-4.7%	Operating Margin %	-9.0%	-8.6%			-11.0%
Non Operating Activity										
172,743	-7%	(9,510)	136,895	127,386	Non-Op Revenue	408,180	410,686	(2,506)	-1%	417,752
1,581	23%	683	3,011	2,327	Non-Op Expenses	12,800	9,033	(3,767)	-42%	6,471
171,162	-7%	(8,826)	133,885	125,058	Net Non Operating Activity	395,380	401,654	(6,273)	-2%	411,281
57,360	-93%	(128,465)	138,304	9,839	Net Income / (Loss)	(221,870)	(240,518)	18,648	-8%	(312,339)
2.4%			5.1%	0.4%	Net Income Margin %	-3.2%	-3.2%			-4.8%

Lewis County Public Hospital District No. 1
Balance Sheet
March, 2020

	<u>Current Month</u>	<u>Prior-Month</u>	<u>Prior-Year end</u>	<u>Incr/(Decr) From PrYr</u>
Assets				
Current Assets:				
Cash	\$ 4,119,694	4,158,905	4,690,389	(570,695)
Total Accounts Receivable	7,180,716	7,223,336	6,827,483	353,234
Reserve Allowances	(2,838,751)	(2,832,483)	(2,967,894)	129,143
Net Patient Accounts Receivable	<u>4,341,966</u>	<u>4,390,854</u>	<u>3,859,589</u>	<u>482,377</u>
Taxes Receivable	374,993	305,146	60,038	314,955
Estimated 3rd Party Receivables	335,021	338,030	338,030	(3,009)
Prepaid Expenses	231,622	248,922	270,106	(38,484)
Inventory	281,318	269,804	257,647	23,670
Funds in Trust	1,375,416	1,346,380	1,339,891	35,524
Other Current Assets	<u>76,585</u>	<u>55,725</u>	<u>67,771</u>	<u>8,814</u>
Total Current Assets	<u>11,136,614</u>	<u>11,113,766</u>	<u>10,883,462</u>	<u>253,152</u>
Property, Buildings and Equipment	30,150,405	30,044,242	30,038,742	111,663
Less Accumulated Depreciation	<u>(21,019,647)</u>	<u>(20,858,915)</u>	<u>(20,569,325)</u>	<u>(450,321)</u>
Net Property, Plant, & Equipment	<u>9,130,758</u>	<u>9,185,327</u>	<u>9,469,417</u>	<u>(338,658)</u>
Total Assets	<u>\$ 20,267,372</u>	<u>20,299,093</u>	<u>20,352,878</u>	<u>(85,506)</u>
Liabilities				
Current Liabilities:				
Accounts Payable	413,137	577,121	469,723	(56,586)
Accrued Payroll and Related Liabilities	584,786	466,264	547,641	37,144
Accrued Vacation	878,945	884,170	899,148	(20,202)
Third Party Cost Settlement	1,465,204	1,485,226	1,366,241	98,963
Interest Payable	103,900	69,267	0	103,900
Current Maturities - Debt	1,057,993	1,062,172	1,080,932	(22,939)
Other Payables	<u>213</u>	<u>213</u>	<u>213</u>	<u>0</u>
Current Liabilities	<u>4,504,179</u>	<u>4,544,432</u>	<u>4,363,898</u>	<u>140,280</u>
Capital Lease	0	0	0	0
Net Bond Payable	7,203,958	7,205,264	7,207,875	(3,917)
Total Long Term Liabilities	<u>7,203,958</u>	<u>7,205,264</u>	<u>7,207,875</u>	<u>(3,916)</u>
Total Liabilities	<u>11,708,137</u>	<u>11,749,697</u>	<u>11,571,773</u>	<u>136,364</u>
General Fund Balance	8,781,105	8,817,260	8,817,260	0
Net Gain (Loss)	<u>(221,870)</u>	<u>(267,864)</u>	<u>(36,155)</u>	<u>(221,870)</u>
Fund Balance	<u>8,559,235</u>	<u>8,549,396</u>	<u>8,781,105</u>	<u>(221,870)</u>
Total Liabilities And Fund Balance	<u>\$ 20,267,372</u>	<u>20,299,093</u>	<u>20,352,878</u>	<u>(85,506)</u>

CONSENT AGENDA



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1
REGULAR BOARD OF COMMISSIONERS' MEETING
February 26, 2020 at 3:00 p.m.
Conference Room 1 & 2**

Mission Statement

The mission of Lewis County Hospital District No. 1, steward of public funds and trust, is to provide our highest level of compassionate, diligent and professional medical care.

Vision Statement

A caring team of people working together to lead our community toward better health.

AGENDA TOPIC	CONCLUSION	ACTION ITEMS
Call to Order	Board Chair Fritz called the meeting to order at 3:00 p.m. Commissioners present: Shelly Fritz, Board Chair Kenton Smith, Secretary Trish Frady Tom Herrin Wes McMahan Others present: Leianne Everett, Superintendent Shana Garcia, Executive Assistant Katelin Forrest, HR/Medical Staff Coordinator Vicky Brown, Clinic Administrator Richard Boggess, CFO Shannon Kelly, HR Director Dexter Degoma, Interim Quality Manager Marc Fisher, Morton Resident Buddy Rose, Reporter Laura Coppock, Mossyrock Resident Roy Anderson, Compliance Officer Van Anderson, Packwood Resident Joyce Bailey, Case Manager Elaina, Interim Pharmacist Jeri Whitnell, Imaging Manager Julie Allen, Mossyrock Clinic Manager Annaliese Mitten, Randle Clinic Manager Jim Frey, Interim IT Manager Christy Filer, MA Diane Markham, Director of Marketing & Development	
Approval or Amendment of Agenda	Commissioner McMahan requested to give a governance update during Commissioner Comments.	Commissioner Frady made a motion to approve the agenda. Commissioner



		Herrin seconded and the motion passed unanimously.
Conflicts of Interest	Superintendent Everett asked the board to state any conflicts of interest with today's agenda.	None noted.
Comments and Remarks	Commissioners: Commissioners Frady and Herrin were complementary of the recent Strategic Planning Retreat. Feedback included sharing the objectives of the meeting in greater detail with the Commissioners in preparation for the planning session. Commissioner McMahan provided an update on the bills that were discussed at the Regular Board Meeting in January. Board Chair Fritz shared Secretary Smith's letter of resignation effective March 1, 2020. Board Chair Fritz shared there were concerns raised regarding Commissioner McMahan's recent visit to the hospital campus. Commissioner McMahan confirmed he was onsite for internet access and was visiting with his old co-workers. Board Chair Fritz shared that staff were uncomfortable as he was wearing his Commissioner badge and they were in the middle of providing patient care. Commissioner McMahan assured her that he would not impact patient care. Commissioner Frady noted the transition from being a part of the staff to being a commissioner is difficult; however, it would help to keep governance separate from personal relationships. Board Chair Fritz noted all Commissioners, onsite for District business, need to be wearing their badge and need to first check in with Administration and/or the House Supervisor while onsite. Audience: No comments noted.	
Executive Session- RCW 70.41.205 & RCW 42.30.110 (i)	Executive Session began at 3:25 p.m. for forty-five minutes to discuss Medical Privileging and Quality Improvement Oversight Report.	Commissioner McMahan made a motion to approve the Medical Privileging as presented and



- Medical Privileging- Katelin Forrest - Quality Improvement Oversight Report- Dexter Degoma	The Board returned to open session at 4:10 p.m. No decisions were made in Executive Session.	Commissioner Frady seconded. The motion passed unanimously. <u>Initial Appointments:</u> - Prabkhar Kesava, MD – Consulting (Radiology privileges) <u>Reappointments:</u> - Sergey Akopov, MD – Consulting (Providence – Telestroke Privileges) - Theodore Lowenkopf, MD – Consulting (Providence – Telestroke Privileges)
Break	Board Chair Fritz called for a 15-minute break at 4:10 p.m. The board returned to open session at 4:25 p.m.	
Department Spotlight Imaging	Imaging Manager Whitnell highlighted the following on Imaging: - Provided the scope and coverage of the department. - Offered seven modalities; X-Ray, CT, General Ultrasound, Cardiac/Arterial/Venous Ultrasound, Mammography, MRI and Nuclear Medicine. - Included accomplishments such as ACR accreditation for mammography, clean inspections and high patient satisfaction scores. - Included opportunities purchasing new CT & X-ray which will improve workflows, as it will decrease dosing and patient time on the table.	
Board Committee Reports Hospital Foundation Report	Director of Marketing & Development Markham shared the “Mommy Shower” this Saturday, February 29th, and noted that it is a free event to the District for expecting/new moms. The Ladies Brunch is scheduled for April 25th and Board Chair Fritz & Commissioner Frady were invited.	



Finance Committee Report	CFO Boggess highlighted the following: 1. Skilled Nursing days improved. 2. Income Statement shows revenues are behind schedule; however, expenses were favorable. 3. Net Income for the month was positive. 4. Cash declined which was the biggest change on the balance sheet.	
Compliance Committee Report	Commissioner McMahan requested to include an update regarding the Dress Code & Code of Ethics discussion in the February 11, 2020 Compliance Minutes.	Action Item-Executive Assistant Garcia will update the February 11, 2020 Compliance Minutes to include the recommendation from legal regarding the Dress Code and Code of Ethics.
Consent Agenda - Minutes of the January 22, 2020 Regular Board Meeting (<i>Action</i>) - Minutes of the February 20, 2020 Special Board Meeting (<i>Action</i>) - Minutes of the February 11, 2020 Compliance Committee Meeting (<i>Action</i>) - Minutes of the January 21, 2020 Finance Committee Meeting (<i>Action</i>) - Minutes of the February 17, 2020 Finance Committee Meeting (<i>Action</i>) - Warrants & EFT's in the amount of \$2,858,370.54 dated October, 2019 (<i>Action</i>) - Warrants & EFT's in the amount of \$2,622,249.64 dated	Executive Assistant Garcia will update the Compliance Minutes for the Board to approve at the March 25, 2020 Regular Board Meeting. Commissioner Frady requested the location on the February 20, 2020 Special Board Meeting Minutes be updated to PUD. Commissioner McMahan requested more information on Resolution 20-09 Approving Budget Amendment-Surgical Services Leadership Role. Board Chair Fritz noted this topic goes back to the 2017 Negotiations where lengthy discussion occurred regarding the OR and the hopes to expand services which would serve our patients, create jobs and ultimately be a revenue producing area for the District. Superintendent Everett noted we have an opportunity to expand surgical services as Dr. Anderson is already full-time and Dr. Park-Hwang wants to increase her procedural activity, too. With plans to recruit additional providers with surgical experience, we are building experienced infrastructure to support the expansion with a manager and clinical support staff for the OR. Superintendent Everett shared that an interim manager will initially be put in place, as we recruit for a permanent. Dr. Anderson was involved in the interview process and explained that the hope is by having an experienced manager we can build staff from within as we expand the program.	Action Item-Executive Assistant Garcia will add the February 11, 2020 amended Compliance Minutes to the March 25, 2020 Regular Board Meeting Agenda for approval. Secretary Smith made a motion to approve the Consent Agenda, minus the Compliance Minutes and Commissioner Frady seconded. The motion passed unanimously.



January, 2020 (Action) • Resolution 20-08- Approving Budget Amendment-Nurse Leadership Staffing (Action) • Resolution 20-09- Approving Budget Amendment-Surgical Services Leadership Role (Action) • Resolution 20-10- Approving Budget Amendment-Morton Medical Center (Action) • Resolution 20-11- Approving Financing with GE Public Finance (Action) • Resolution 20-12- Declaring to Surplus or Dispose of Certain Property (Action) • Approve Documents Pending Board Ratification 02.26.20 (Action)		
Old Business	None noted.	
New Business • Resolution 20-13- Adopting Lewis County Hospital District No. 1's Mission & Vision Statements & 2020-2022 Strategies	Board Chair Fritz presented Resolution 20-13 to discuss the draft Mission and Vision Statements, as well as the 2020-2022 Strategies. The Board agreed to the following: Mission Statement: To foster trust and nurture a healthy community. Vision Statement: To provide accessible, quality healthcare. 2020-2022 Strategies: 1. To build external relationships and partnerships that prioritize community health needs.	Commissioner Frady made a motion to approve Resolution 20-13 with updated language. Commissioner McMahan seconded and the motion passed unanimously.



	2. To create a culture focused on safety, patient satisfaction, employee engagement, and excellent outcomes. 3. To continue as stewards of public funds.	
Handling Complaints, Comments & Questions in the Community	Board Chair Fritz requested to have further discussion regarding the topic presented at the Special Board Meeting on February 20th regarding handling complaints, comments and questions from the community. The District has a formalized process for handling complaints, so Superintendent Everett recommended that we trust the current process. When a Commissioner receives a complaint, they should feel comfortable sharing with Superintendent Everett to start the process of investigating. If a Commissioner starts seeing a trend in complaints it is also appropriate to funnel through the Board Chair who will then follow up with Superintendent Everett. The Board agreed to have Executive Assistant Garcia create business cards for them to share with the public which will direct their concerns to the Quality Management Office.	Action Item-Board Chair Fritz and Executive Assistant Garcia will create a business card for each commissioner.
Selection of an Appointee for Commissioner District No. 2	Board Chair Fritz shared by receiving Commissioner Smith's resignation that the Board will need to appoint someone for the District No. 2 position. This individual will serve the unexpired term and until the next election in 2021. Board Chair Fritz is recommending that the Board create a Board Succession Planning process to be added to the Board Bylaws. The Board agreed to advertise in the local paper, as well as on Facebook. The Governance Committee, which is Board Chair Fritz and Commissioner Frady, will revise the proposed process in the packet. Superintendent Everett will attach a schedule for planning purposes to get a Commissioner appointed.	Action Item-Director of Marketing & Development Markham will advertise the vacancy for Commissioner District No. 2 in the paper and on Facebook. Action Item-The Governance Committee will revise the process to



		include in the Board Bylaws. Action Item: Superintendent Everett will attach a schedule for planning purposes to get a Commissioner appointed.
- Board Education - Compliance - Bond Financing, Part 2	The Board agreed the iProtean education continues to be informative and relevant. Board Chair Fritz noted in a highly regulated industry it is important for the Board to be generally familiar with laws and statutes like HIPAA, EMTALA, Stark Law, False Claims Act and Anti-Kickback. Ultimately, the Board has fiduciary duties to the District to be in compliance. Superintendent Everett noted access has been granted to the two new commissioners. Commissioners McMahan and Herrin should have received a welcome email. Superintendent Everett recommended the Commissioners self-direct their studies within iProtean to their assigned board sub-committees.	
Break	Board Chair Fritz called for a 10-minute break at 5:35 p.m. The board returned to open session at 5:45 p.m.	
Superintendent Report Superintendent's Dashboard	Superintendent Everett highlighted the following on her dashboard: - Reporting that we elected to have an air sampling in our OR and procedural room and there is no evidence of obvious atypical indoor reservoirs or amplifiers of fungi. - Filing for the PDC is due by April 15th and a step by step guide was handed out today to help in the process. - Reserving for upcoming educational conferences is around the corner, so contact Executive Assistant Garcia. - Commissioner McMahan is interested in attending the Safety Summit in Seattle. - Board Chair Fritz, Commissioners Frady, Herrin and McMahan are interested in attending the WSHA Conference in Chelan. - Planning and preparing the District for the potential of the COVID-19 (Coronavirus).	Action Item-Executive Assistant Garcia will schedule reservation for Commissioner McMahan for the Safety Summit in Seattle and Board Chair Fritz, Commissioners Frady, Herrin and McMahan for the WSHA Conference in Chelan.



	WSHA continues to inform the Superintendents on new information.	
Executive Session-RCW 42.30.110 (g) To discuss the performance of a public employee.	Executive Session began at 6:00 p.m. for thirty minutes to discuss the performance of a public employee. At 6:30 p.m. Board Chair Fritz extended Executive Session for fifteen minutes. At 6:45 p.m. Board Chair Fritz extended Executive Session for ten minutes. At 6:55 p.m. Board Chair Fritz extended Executive Session for ten minutes. The Board returned to open session at 7:05 p.m. No decisions were made in Executive Session.	
Adjournment	Commissioner McMahan moved and Commissioner Herrin seconded to adjourn the meeting at 7:05 p.m.	

Respectfully submitted,

Kenton Smith, Secretary

Date



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
Finance Committee Meeting
April 20, 2020 at 12:00 p.m.
Conference Room 1

AGENDA	DISCUSSION	ACTION
Call to Order	Commissioner Frady called the meeting to order via Zoom at 12:00 p.m. Commissioner(s) Present via Zoom: Trish Frady Tom Herrin Committee Member(s) Present in Person or via Zoom: Shana Garcia, Executive Assistant Richard Boggess, CFO via Zoom Leianne Everett, Superintendent Sherry Sofich, Revenue Cycle Manager Marc Fisher, Community Member Clint Scogin, Controller Vicky Brown, Clinic Administrator	
Approval or Amendment of Agenda	None noted.	Commissioner Herrin made a motion to approve the agenda. Community Member Fisher seconded and the motion passed unanimously.
Conflicts of Interest	None noted.	
Review of Finance Minutes – February 17, 2020	The minutes were already approved at the Regular Board Meeting on February 26, 2020 and the committee did not have any edits.	Commissioner Herrin made a motion to approve the minutes. Community Member Fisher seconded and the motion passed unanimously.
Old Business Financial Department Spotlight	Deferring to the next meeting.	

• Capital Planning ○ <i>To review the capital planning list.</i> ○ <i>To approve the CT and X-Ray Construction Additions.</i> ○ <i>To review the Network Infrastructure upgrade.</i>	CFO Boggess noted the following the Capital Planning: 1. The bids presented and approved at the last Finance Committee Meeting were not turnkey bids. The Maintenance Manager has deemed we do not have the internal resources to accomplish the construction needs for the CT & X-Ray additions. 2. Also, presented in February in the loan dollars was the Network Infrastructure upgrades need in the organization. We will be updating to an Cisco Networking Core Module, which will be more in line with market standards.	
• Revenue Cycle Update ○ <i>To review the March highlights in the Revenue Cycle Department.</i> ○ <i>To update Self-Pay Vendor Replacement</i>	Revenue Cycle Manager Sofich highlighted the following on Revenue Cycle: 1. Very little change from prior month in Accounts Receivable. 2. AR Days increased by two days to 62 days from prior month. 3. Cash collections for the month was strong, but behind YTD. 4. DNFB decreased due to volumes declining. 5. Greater than 120 Day increased primarily include VA, which is a slow payer and Self Pay Patients. 6. Patient Access has been quieter due to COVID and workflow changes. While collections decreased in the ED, Outpatient exceeded target. CFO Boggess shared the Self-Pay vendor replacement is Revenue Enterprise. In the process of transitioning from HRG and the go live will be on or before May 1, 2020.	
• Budget Amendments impact on Total Budget ○ <i>To review the addition of Morton Medical Center, Nursing Leadership and a New Provider to the budget.</i>	CFO Boggess noted the Board initially approved a -1% Net Income; however, with the three budget amendments applied the amended budget will have a -4% Net Income. Keep in mind, the overall impact will likely not be this amount given the cost report reflections have not been applied. CFO Boggess shared during the planning process for COVID-19, it only seemed natural to expedite the onboarding process of Morton Medical Center (MMC). MMC officially became Arbor Health, Morton Clinic on April 13, 2020. While the Board approved a Resolution for MMC in February, it only	

	included the operational budget and we now need one to purchase the assets such as computers, networking equipment and office furniture.	
• Board Oversight Activities ○ <i>To review YTD department performance.</i> ○ <i>To review Superintendent's monthly credit card.</i>	CFO Boggess presented the Board Department Income Statement for the Committee, which included costs from Strategic Planning. The Finance Committee reviewed and approved the Superintendent's credit card expenses.	
• Cost Report Update ○ <i>To review the Medicare and Medicaid cost reports.</i>	Deferring to the next meeting.	
• Financial Statements ○ <i>To review the March 2020 Financials.</i> ○ <i>Appendix A- Income Statement by Line Item Reports.</i>	Controller Scogin highlighted the following on the March Financials: 1. Inpatient admissions were in line with budget; however, Swing bed admissions decreased. 2. Custodial holds steady; however, will be discharging during COVID if possible. 3. Outpatient & Surgery have decreased due to COVID restrictions from the State of Washington. 4. Income Statement shows a 21% decrease on Gross Patient Revenues; however, we had pickups in other operating revenue and Medicaid Safety Net grants during COVID. Expenses were favorable for the month. Net Income was favorable for the month, yet short of budget. 5. Operating Cost continue to be favorable to budget. 6. Cash held at 50 days.	
New Business • New Bank Accounts	CFO Boggess shared the District needs to open new bank accounts and will be proposing via Resolution at the May 6, 2020 Regular Board Meeting. 1. We will be opening an Escrow Account to house the \$3,900,000 and then we will draw on that account for costs on the upcoming construction for the Emergency Power system, OR HVAC, CT & X-Ray Equipment and Network Infrastructure. GE Finance	

	generally works with US Bank & Trust, so that will likely be the relationship established for this escrow account. - In the Morton Medical Center purchase agreement it identifies assets to be purchased; however, due to the risk of purchasing the Rural Health Client license and the 3 years of unsettled cost report, Arbor Health will place the purchase price in an escrow account and payout 1/3 for each year that finalizes with Medicare. - Paycheck Protection Program – Arbor Health has identified a lender in North Cascade Bank for the PPP program. The bank proposes to hold the loan proceeds in an account at the bank and remit to Arbor Health based on documents provided that are applicable to the program.	
Health Insurance <i>To review Q1 Health Insurance Performance</i>	CFO Boggess shared the following on Quarter 1's Health Insurance Performance: 2020's Quarter 1 total claim cost is ahead of 2019 total claim cost. - The District has less family type plans. - Total cost per employee has increased. - Because the District is self-insured our financial statements reflect an estimate of claims incurred but not billed. The billed claims exceeded the estimate, which resulted in the need to increase the health insurance expense. - Only 9% of claims were incurred at Arbor Health, which is half of 2019 experience.	
Disaster Update <i>To review the current situation, funding opportunities and managements response.</i>	CFO Boggess presented the following on COVID-19: - Incident Command was activated and is in progress as a vehicle to communicate and manage the process, resources and costs of this pandemic. - Cash Flow Planning includes development of a daily cash flow analysis projecting Days of Cash on Hand for the next 90 days. - Review of fund resources to ensure cash is available for operations: - CARES Acts has delayed payroll taxes. - Medicare Advance funding is a prepayment of our Medicare expected payment for a 6-month time period. This is a loan and 100%	

	recoupment start 120 from the funding date. c. Paycheck Protection Program is a SBA loan program designed to support organization with 8 weeks of funding for payroll and other selected expenses. 75% of the proceeds must be used for payroll related activities. If used in accordance with the program the loan could become forgivable by SBA. d. WA State Department of Health has released 2 funding events. 1) Accelerated the Safety Net payment to March from Q2, 2) Special allocation to the WRHAP hospitals. In addition, the state has provided PPE in the form of N95 mask and surgical gowns e. FEMA funds may be available.	
• Financial Statement Audit Update ○ <i>To review the audited 2019 financials.</i>	CFO Boggess noted the District previously engaged Dingus, Zoecor and Associates to audit our 2019 financial statements and to complete the 2019 Cost Report for Medicare. The Cost Report completion has restated our payable to Medicare from \$858,758 to \$240,000, an increase of revenue in the amount of \$618,788. Management is proposing two additional items related to late invoices totaling \$115,00 in additional expenses. Additionally, there is a receivable being recognized for the Medicaid cost report of \$80,000. The new adjusted net income is \$478,845. DZA will present the final report at the May 6, 2020 Regular Board Meeting. Overall, it was a favorable audit.	
Adjournment	Commissioner Frady motioned to adjourn at 1:10 pm.	



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1
SPECIAL BOARD OF COMMISSIONERS' MEETING**

April 22, 2020 at 3 p.m.

ZOOM

<https://myarborhealth.zoom.us/j/99664919204>

One tap mobile: +16699006833,,99664919204# US

Dial: +1 253 215 8782 US

Meeting ID: 996 6491 9204

Mission Statement

To foster trust and nurture a healthy community.

Vision Statement

To provide accessible, quality healthcare.

AGENDA	DISCUSSION/CONCLUSION	RECOMMENDATIONS/ ACTION/FOLLOW-UP
Call to Order	Board Chair Fritz called the meeting via Zoom to order at 3:00 p.m. Commissioners present: Shelly Fritz, Board Chair Trish Frady Wes McMahan Tom Herrin Others present: Leianne Everett, Superintendent Shana Garcia, Executive Assistant Richard Boggess, CFO Buddy Rose, The Journal	
Reading of the Notice of the Special Meeting	Board Chair Fritz read the special board meeting notice. Board Chair Fritz noted the chat function has been disable and the meeting will not be recorded.	
New Business - Resolution 20-14- Authorizing Promissory Note 2020-PPP Loan (Action) - To authorize the District's participation in the SBA	CFO Boggess highlighted the following regarding Resolution 20-14: 1. In response to the COVID-19 Public Health Emergency and in the interest of preserving cash flow, the District is applying for a loan with Small Business Adminstrition(SBA) 7 (a) program in conjunction with the Paycheck Protection Program (PPP).	Commissioner Herrin made a motion to approve Resolution 20-14, Commissioner McMahan seconded and the motion passed unanimously.



Paycheck Protection Program.	2. This loan is described as a Promissory Note. The Note is forgivable if Arbor Health follows the rules in regards to the PPP. 3. The Note will be in the amount not to exceed \$2,900,000. The amount is based on a calculation as determined SBA and PPP rules. 4. The PPP states that funds can be used for the following purposes: a. Direct Wages b. Local & State Taxes c. Health Insurance d. Retirement Plans e. Rent f. Leases g. Utility Costs 5. The issue date will be Friday, April 24, 2020 and the District has eight weeks to utilize. 6. Funds not utilized will convert into a Note. The Note shall bear interest at a fixed rate of 1%. 7. The Note will be established with North Cascades Bank (the Bank) of Chelan, WA. 8. The Lewis County Treasurer will be the Note Registrar and will administer the distribution of the Note funds. The Registrar will hold the funds distributed by the Bank until Arbor Health provides documents to support the expenditure of funds. The Commissioners were favorable of the note and complimentary of the Leaderships quick response to lock in this funding before it was gone in the first round.	
Adjournment	Board Chair Fritz asked if there were any further questions or comments before closing the meeting and hearing none, adjourned at 3:31 p.m.	

Respectfully submitted,

Shelly Fritz, Board Chair

Date

WARRANT & EFT LISTING NO. 2020-02

RECORD OF CLAIMS ALLOWED BY THE
BOARD OF LEWIS COUNTY
COMMISSIONERS

The following vouchers have been audited,
charged to the proper account, and are within the
budget appropriation.

CERTIFICATION

I, the undersigned, do hereby certify, under
penalty of perjury, that the materials have been
furnished, as described herein, and that the claim
is a just, due and unpaid obligation against
LEWIS COUNTY HOSPITAL DISTRICT NO. 1
and that I am authorized to authenticate and
certify said claim.

Signed:

Richard Boggess, CFO

We, the undersigned Lewis County Hospital
District No. 1 Commissioners, do hereby certify
that the merchandise or services hereinafter
specified has been received and that total
Warrants and EFT's are approved for payment
in the amount of

\$2,135,212.27 this 6th day
of May 2020

Commissioner, Trish Frady

Board Chair, Shelly Fritz

Commissioner, Tom Herrin

Commissioner, Wes McMahan

SEE WARRANT & EFT REGISTER in the amount of ***\$2,135,212.27*** dated ***February 1, 2020 – February 29, 2020.***

Routine A/P Runs

Warrant No.	Date	Amount	Description
116201 - 116261	2/7/2020	195,605.06	CHECK RUN
116267 - 116268	2/7/2020	9,018.01	CHECK RUN
116262 - 116266	2/10/2020	106,598.87	CHECK RUN
116269 - 116312	2/14/2020	88,414.89	CHECK RUN
116313 - 116318	2/18/2020	277,269.03	CHECK RUN
116319 - 116388	2/19/2020	80,284.75	CHECK RUN
116389 - 116403	2/19/2020	182,110.11	CHECK RUN
116404	2/19/2020	97.88	CHECK RUN
116405	2/19/2020	53.92	CHECK RUN
116406	2/19/2020	1.12	CHECK RUN
116407	2/4/2020	3,303.94	CHECK RUN
116408	2/10/2020	2,597.48	CHECK RUN
116409	2/3/2020	1,087.70	CHECK RUN
116410 - 116411	2/24/2020	5,107.41	CHECK RUN
116418 - 116440	2/28/2020	170,718.09	CHECK RUN
116534	2/26/2020	19,604.36	CHECK RUN
116535	2/28/2020	656.51	CHECK RUN
116536	2/18/2020	12,181.38	CHECK RUN
116537	2/3/2020	2,736.97	CHECK RUN
Total - Check Runs		\$ 1,157,447.48	

Error Corrections - in Check Register Order

Warrant No.	DATE VOIDED	Amount	Description
116423	2/28/2020	(19,604.36)	VOID
TOTAL - VOIDED CHECKS		\$ (19,604.36)	

COLUMBIA BANK CHECKS, EFT'S & VOIDS

\$ 1,137,843.12

Eft	Date	Amount	Description
1108	2/7/2020	140,150.55	IRS / PAYROLL TAXES
PAYROLL	2/7/2020	379,428.71	PAYROLL
1109	2/20/2020	126,829.41	IRS / PAYROLL TAXES
PAYROLL	2/20/2020	350,474.40	PAYROLL
1035	2/4/2020	50.22	MCKESSON
1036	2/11/2020	20.64	MCKESSON
1037	2/18/2020	70.57	MCKESSON
1038	2/25/2020	344.65	MCKESSON
TOTAL EFTS AT SECURITY STATE BANK		\$ 997,369.15	

TOTAL CHECKS AND EFT'S IN MULTIVIEW

\$ 2,135,212.27

DATE PREPARED:

DATE SENT:

PREPARED BY:

SUPERVISOR SIGNATURE:

March 10, 2020
March 10, 2020
Cheryl Hall
O. M.

WARRANT & EFT LISTING NO. 2020-03

RECORD OF CLAIMS ALLOWED BY THE
BOARD OF LEWIS COUNTY
COMMISSIONERS

The following vouchers have been audited,
charged to the proper account, and are within the
budget appropriation.

CERTIFICATION

I, the undersigned, do hereby certify, under
penalty of perjury, that the materials have been
furnished, as described herein, and that the claim
is a just, due and unpaid obligation against
LEWIS COUNTY HOSPITAL DISTRICT NO. 1
and that I am authorized to authenticate and
certify said claim.

Signed:

Richard Boggess, CFO

We, the undersigned Lewis County Hospital
District No. 1 Commissioners, do hereby certify
that the merchandise or services hereinafter
specified has been received and that total
Warrants and EFT's are approved for payment
in the amount of

\$2,534,708.70 this 6th day
of May 2020

Commissioner, Trish Frady

Board Chair, Shelly Fritz

Commissioner, Tom Herrin

Commissioner, Wes McMahan

SEE WARRANT & EFT REGISTER in the amount of ***\$2,534,708.70*** dated ***March 1, 2020 –March 31, 2020.***

Routine A/P Runs

Warrant No.	Date	Amount	Description
116412 - 116417	3/2/2020	153,187.04	CHECK RUN
116441 - 116533	3/2/2020	224,045.75	CHECK RUN
116538	3/2/2020	980.98	CHECK RUN
116539 - 116544	3/11/2020	279.77	CHECK RUN
116545 - 116576	3/11/2020	218,060.44	CHECK RUN
116577 - 116580	3/16/2020	94,628.57	CHECK RUN
116581	3/16/2020	3,303.94	CHECK RUN
116582 - 116588	3/20/2020	111,377.83	CHECK RUN
116589 - 116710	3/20/2020	387,444.26	CHECK RUN
116711	3/20/2020	8,606.88	CHECK RUN
116712	3/9/2020	2,597.48	CHECK RUN
116713 - 116717	3/30/2020	157,457.39	CHECK RUN
116718 - 116796	3/30/2020	147,935.72	CHECK RUN
116797	3/16/2020	20,704.01	CHECK RUN
116798	3/26/2020	16,126.00	CHECK RUN
116799	3/30/2020	656.51	CHECK RUN
116800	3/31/2020	980.98	CHECK RUN
Total - Check Runs		\$ 1,548,373.55	

Error Corrections - in Check Register Order

Warrant No.	Date Voided	Amount	Description
116469	3/2/2020	(19,604.36)	VOID CHECK
116760	3/27/2020	(1,000.00)	VOID CHECK
116487	3/2/2020	(824.91)	VOID CHECK
TOTAL - VOIDED CHECKS		\$ (21,429.27)	

COLUMBIA BANK CHECKS, EFT'S & VOIDS

\$ 1,526,944.28

Eft	Date	Amount	Description
1039	3/3/2020	41.51	MCKESSON
1040	3/10/2020	90.97	MCKESSON
PAYROLL	3/6/2020	380,844.37	PAYROLL
1110	3/5/2020	143,903.29	PAYROLL TAXES
1041	3/17/2020	66.42	MCKESSON
PAYROLL	3/20/2020	353,272.93	PAYROLL
1111	3/23/2020	129,380.75	PAYROLL TAXES
1042	3/24/2020	79.52	MCKESSON
1043	3/31/2020	84.66	MCKESSON
TOTAL EFTS AT SECURITY STATE BANK		\$ 1,007,764.42	

TOTAL CHECKS AND EFT'S IN MULTIVIEW

\$ 2,534,708.70

DATE PREPARED:

DATE SENT:

PREPARED BY:

SUPERVISOR SIGNATURE:

April 10, 2020
April 10, 2020
Cheryl Hall
Shirley



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPROVING OPERATIONAL
BUDGET AMENDMENT, MORTON MEDICAL
CENTER ASSETS

RESOLUTION NO. 20-15

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To approve amending the 2020 budget by purchasing the assets of Morton Medical Center and establishing an escrow account.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 6th day of May 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Wes McMahan, Commissioner

Trish Frady, Commissioner

Tom Herrin, Commissioner

ASSET PURCHASE AND SALE AGREEMENT

This Asset Purchase and Sale Agreement is made this 13th day of April, 2020, by and between Morton Medical Center, PLLC ("Seller"), and Public Hospital District No. 1, Lewis County, Washington, d/b/a Arbor Health, a Washington municipal corporation ("District").

Seller conducts a medical practice (the "Practice") at 531 Adams Ave, Morton, Washington, (the "Physician Office"), and owns or leases all the assets used in connection with the operation of the Practice.

Seller desires to sell to District, and District desires to purchase from Seller, certain assets used in the Practice in accordance with the following terms and conditions hereinafter set forth.

The parties agree:

1. Sale and Purchase of Assets. On the terms and subject to the conditions of this Agreement, Seller shall sell, assign and convey to District, and District shall purchase from Seller, all of Seller's right, title and interest in and to the Assets, as defined below, free and clear of all liens, claims and encumbrances except as expressly provided in this Agreement.

1.1 Assets Included. The "Assets" are all of the assets and properties of Seller used in connection with the operation of the Practice, except as specifically excluded herein, existing as of the Closing.

The "Assets" include, without limitation, all:

- (a) Operating assets of the Practice, including furniture, fixtures, machinery and equipment, computer hardware and software, leasehold improvements and other tangible personal property, as highlighted in yellow on the attached Asset list and incorporated herein as **Exhibit 1.1(a)**;
- (b) Business records, including operations manuals, personnel records, patient lists and patient charts (collectively, the "Practice Records");
- (c) Seller's rights in any licenses, accreditations and certifications including Seller's certification as a Rural Health Clinic by the Center for Medicare and Medicaid Services and the associated billing number, to the extent transferable;
- (d) Intangible property rights, including without limitation the name "Morton Medical Center" and all telephone and facsimile numbers; and
- (e) Credits from suppliers and prepaid items including prepaid software maintenance through May 31, 2020, under the SRS agreement.

1.2 Assets Excluded. The Assets exclude the Practice's accounts receivable and work-in-progress and those assets that are not highlighted in yellow on the attached Asset list included in **Exhibit 1.1(a)**.

1.3 Liabilities or Obligations. The District assumes no liabilities, debts, or obligations of Seller of any nature whatsoever, whether absolute, accrued, contingent or otherwise, or whether due or to become due, including any liability for taxes.

1.4 Accounts Payable. The accounts payable of Seller (the "Accounts Payable") that arise before the Closing shall remain the Seller's obligation.

2. Purchase Price

2.1 Amount. The estimated purchase price ("Estimated Purchase Price") for the Assets is Thirty-one Thousand Five Hundred Seventeen Dollars (\$31,517.00).

2.2 Payment. The Purchase Price is payable as follows:

(a) No Dollars will be paid at Closing (as defined in Section 3.1 below);

(b) One third of the Estimate Purchase Price shall be paid in cash on each anniversary date of the Closing (April 13, 2021; April 13, 2022; and April 13, 2023); provided, however, the Estimated Purchase Price shall be reduced by the amount, if any, of liabilities the District is required to assume after Closing as a result of taking assignment of Seller's Rural Health Clinic certification as provided in Section 1.1(c) hereof.

3. The Closing

3.1 Time and Location. The closing of the transaction contemplated by this Agreement (the "Closing") will take place at the offices of District, in Morton, Washington, on April 13, 2020 or on another date agreeable to District and Seller.

3.2 Conveyances. Conveyance, transfer, assignment, and delivery of the Assets must be by bills of sale, certificates of transfer, endorsements, assignments, and other instruments of transfer and conveyance in the form that District requests.

3.3 Possession. District will take possession of the Assets immediately after the Closing.

4. Costs and Prorations

4.1 Taxes

(a) Any transfer, sales, use or other tax payable upon the Assets (except inventory purchased for resale upon which no sales tax is due) is paid one hundred percent (100%) by District. District shall timely remit such tax to the applicable taxing authorities.

(b) All B&O tax up to the Closing attributable to the Practice must be paid by Seller and must be current at the Closing. All personal property taxes for the current tax year attributable to any of the Assets must be apportioned and prorated as of the Closing. The

proration of personal property taxes should be made on the basis of the tax rate for the preceding tax year applied to the latest assessed valuation of the Assets, and when the tax rate is fixed for the tax year in which the Closing occurs, Seller and District agree to adjust the proration and, if necessary, to refund or pay the sums to the other party necessary to effect that readjustment.

(c) Except as provided above, all Seller's taxes that are not yet due and payable and that relate to periods before the Closing must be paid by Seller no later than the date those payments are due.

4.2 UCC Search. District shall pay any fees associated with any title search it may elect to obtain.

5. Representations and Warranties of Seller. As of this date and as of the Closing, Seller represents and warrants to District that the following are true and accurate:

5.1 Organization, Good Standing, Power. Seller is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of Washington. Seller has the requisite power and authority to own, lease and operate its properties and to carry on its business as currently conducted.

5.2 Authorization and Enforceability. Seller has taken all necessary and proper action to authorize and approve this Agreement, its consummation and the performance by Seller of all terms and conditions of this Agreement. This Agreement constitutes the valid and binding obligation of Seller enforceable in accordance with its terms. The execution of this Agreement and the consummation of the transactions here contemplated do not result in a breach of the terms and conditions of or constitute a default under or violation of any law, regulation, court order, agreement, license or other instrument or obligation to which Seller is now a party or by which Seller or any of the Assets of Seller may be bound or affected.

5.3 Title and Condition of Assets. Seller has good and marketable title to all of the Assets, free and clear of all liens, mortgages, conditional sale agreements, encumbrances or other charges whatsoever. To the best knowledge of Seller, the Assets are in good operating condition, normal wear and tear excepted, and are located at the Physician Office.

5.4 Taxes. Seller has paid all taxes, penalties and interest, or installments thereof, required to be paid under applicable federal, state and other laws and regulations and will duly and timely pay all taxes not yet due and payable that are owing with respect to any period before the Closing in connection with its ownership or use of the Assets or its operation of the Practice.

5.5 Effect of Agreement. The execution, delivery and performance of this Agreement by Seller and the consummation of the transactions contemplated by it will not (a) violate any provision of law, statute, rule or regulation to which Seller is subject; (b) violate any judgment, order, writ or decree of any court, arbitrator or governmental agency applicable to Seller; (c) affect any of the permits, licenses, orders or approvals of Seller or the ability of Seller to make use of such permits, licenses, orders or approvals; or (d) result in the breach of or conflict with any material term, covenant, condition or provision of, or result in the modification

or termination of, any charter, bylaw, commitment, contract or other agreement or instrument to which Seller is a party.

5.6 Financial Documents; Absence of Undisclosed Liabilities

(a) The financial documents of Seller delivered to District (the "Financial Documents"), were prepared in accordance with statements on standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The Financial Documents were prepared on the income tax basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Financial Documents are correct and complete as of the dates thereof and no event has occurred since the dates of the Financial Documents that would render them misleading, inaccurate or incomplete in any material respect.

(b) Except to the extent reflected or reserved against or otherwise disclosed on the Financial Documents, as of the dates of the Financial Documents, Seller has no liabilities, debts or obligations of any nature, whether absolute, accrued, contingent or otherwise, or whether due or to become due, including without limitation, liabilities for taxes. Since the dates of the Financial Documents, Seller has not incurred or become subject to any liabilities, debts or obligations other than in the ordinary course of business and Seller has not incurred any natural damage to or destruction or other loss of any of the Assets. Seller has properly recorded in its books of account all items of income and expense and all other proper charges and accruals required to be made in accordance with Seller's customary accounting principles consistently applied and maintained for the two (2) years before this date.

5.7 Litigation. There is no litigation, claim, investigation or judicial, municipal or administrative proceeding pending or threatened against or relating to Seller material to this Agreement, and Seller does not, as of this date, know or have reasonable grounds to know of any basis for such action.

5.8 Compliance With Law. Seller is in substantial compliance with all applicable local, state and federal laws, regulations, ordinances, standards and orders, including but not limited to environmental, Medicare and Medicaid laws.

5.9 Environmental Matters. Seller has no knowledge that it has caused or permitted any activities at any premises occupied by Seller that could directly or indirectly result in that premises or any other property being contaminated with hazardous or toxic waste or substances. Seller has promptly complied with all statutes, regulations and ordinances, and with all orders, decrees, permits, or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or cleanup of hazardous or toxic waste or substances in, on or under Seller's premises and in, on or under any property that became contaminated with hazardous or toxic waste or substances as a result of the construction, operations or other activities on or the contamination of Seller's premises. For purposes of this provision, the phrase "hazardous or toxic waste or substances" means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material or hazardous, toxic or radioactive substance or other similar term by any federal, state or

local statute, regulation or ordinance now or hereafter in effect, including but not limited to all petroleum products.

5.10 Practice Records. The Practice Records are complete and correct in all material respects and all patient charts have been gathered and maintained in compliance with applicable law. No information involving the Practice that should be included in the Practice Records has not been so included.

5.11 Programs. Seller has not been terminated from participation in any third-party payer program, including but not limited to Medicare, Medicaid or any other public or private insurance programs. Seller does not know or have reasonable grounds to know of any investigation or action to terminate Seller from such programs.

5.12 Employee Benefit Plans

(a) Copies of all employee benefit plans, as defined in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and any other pension, bonus, deferred compensation, stock bonus, stock purchase, postretirement medical, hospitalization, health and other employee benefit plan, program or arrangement, whether formal or informal, under which Seller or any affiliate has any obligation or liability to any employee, former employee or independent contractor who provides services to Seller or its affiliates, or under which any such employee, former employee or independent contractor has any rights to benefits (the "Benefit Plans") have been delivered to District.

(b) The Benefit Plans: (i) are in full compliance with the funding requirements in Title I, Subtitle B, Part 3 of ERISA and in section 412 of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) are fully funded within the meaning of section 412 of the Code, and all contributions due under the Benefit Plans will be paid by the Closing for benefits accrued through the Closing; (iii) have been administered in compliance with ERISA, the Code, applicable law and the respective plan documents; and (iv) with respect to each of the Benefit Plans that is intended to be tax qualified, have been determined by the Internal Revenue Service to comply with the requirements of Code section 401(a).

(c) No Benefit Plan is a "multiemployer plan," as defined in ERISA sections 3(37) and 4001(a)(3), nor does Seller have any obligation to contribute to a "multiemployer plan." No "prohibited transaction," as described in ERISA section 406 or Code section 4975, has occurred with respect to any of the Benefit Plans unless the transaction was exempt under ERISA section 408, Code section 4975, or a private or class exemption issued by the U.S. Department of Labor.

(d) No "reportable event," as described in ERISA section 4043(b) and the regulations issued thereunder, has occurred with respect to any Benefit Plan.

(e) None of the Benefit Plans is under audit or is the subject of an investigation by the Internal Revenue Service, the U.S. Department of Labor or any other federal or state governmental agency.

(f) All material reports and information required to be filed with or provided to the U.S. Department of Labor, Internal Revenue Service, Pension Benefit Guaranty Corporation (the "PBGC") and plan participants and beneficiaries with respect to each Benefit Plan have been timely filed or provided, and all premiums due the PBGC for Benefit Plans have been timely paid.

(g) With respect to each Benefit Plan for which an annual report (Form 5500 Series) is required to be filed, the most recent annual report has been provided to District and no material change has occurred with respect to the matters covered by the most recent annual report.

(h) No individual shall accrue or receive any additional benefits, service credits or accelerated rights to payment or vesting of benefits under any Benefit Plan or employment arrangement as a result of the transactions contemplated by this Agreement.

(i) Except as otherwise may be required by the Consolidated Omnibus Budget and Reconciliation Act of 1985, as amended ("COBRA"), no Benefit Plan that is a "welfare benefit plan," as defined in ERISA section 3(1), provides for continuing benefits or coverage for any participant or beneficiary of a participant after that participant's termination of employment, nor does Seller or an affiliate have any current or projected liability under any such Benefit Plan.

(j) Any obligations for severance pay under any Benefit Plan that could arise due to the transactions contemplated in this Agreement shall be fully satisfied by Seller before the Closing.

(k) Seller has timely complied with the requirements of COBRA through the Closing and shall provide employee data and other information to District that, to the extent District is liable under COBRA as a successor employer, is or may be necessary for District to assume Seller's COBRA obligations.

(l) If Seller maintains a Benefit Plan that includes a salary deferral arrangement described in Code section 401(k), Seller has not made any distributions to employees who will become employed by District except as permitted under Code section 401(k), as determined by District's legal counsel.

5.13 No Finder. Seller has taken no action that would give to any firm, corporation, agency or other person a right to a consultant's or finder's fee or any type of brokerage commission in relation to or in connection with the transaction contemplated by this Agreement.

5.14 Accuracy and Completeness of Representations and Warranties. No representations or warranties made by Seller in this Agreement and no statement contained in any document or instrument delivered or to be delivered to District under to this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained in this or any other document not misleading.

6. Representations and Warranties of District. District represents and warrants to Seller that as of the Closing:

6.1 Organization, Good Standing, Power, Etc. District is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Washington. District has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated herein.

6.2 Authorization of Agreement and Enforceability. District has taken all necessary and proper action, including approval by its board of commissioners, to authorize and approve this Agreement, its consummation and the performance by District of all terms and conditions of it. This Agreement constitutes the valid and binding obligation of District enforceable in accordance with its terms. The execution of this Agreement and the consummation of the transactions contemplated herein neither result in a breach of the terms and conditions of nor constitute a default under or violation of any law, regulation, court order, agreement, license or other instrument or obligation to which District is now a party or by which District may be bound or affected.

6.3 Litigation. There is no litigation, investigation or judicial, municipal or administrative proceeding pending or threatened against or relating to District or businesses of District that is material to this Agreement, and District does not, as of this date, know or have reasonable grounds to know of any basis for such action.

6.4 No Finder. No firm, corporation, agency or other person is entitled to a consultant's or finder's fee or any type of brokerage commission in relation to or in connection with the transactions contemplated by this Agreement as a result of any agreement with District.

7. Covenants of Seller. Seller covenants as follows:

7.1 Confidentiality. From this date through the Closing and thereafter, if the transaction contemplated by this Agreement does not close, neither District nor Seller may publish, disclose or use or authorize or permit any of its officers, employees, directors, agents, representatives, attorneys, accountants or any third party to publish, disclose or use any trade secrets or other confidential information or use any data or business or financial books, records or other information of or pertaining to the District or Seller that has been furnished to it by the other or to which it or any of its officers, employees, directors, agents, representatives, attorneys or accountants has had access during any investigation made in connection with this Agreement and that is not otherwise available to it, except as required by law.

7.2 Employees. Effective no later than April 12, 2020, Seller shall discharge and terminate the employment of each of its employees, contractors, and others working in the Practice in compliance with any employment agreements then in effect and with applicable laws and regulations in such a manner as to ensure that those persons cannot succeed in any claim against District for reemployment, back pay, expense reimbursements, benefits or any other obligations of Seller, whether arising under any such employment agreement, collective-bargaining agreement or otherwise imposed by statute or common law or otherwise.

7.3 Access. Seller shall give District and its representatives, from and after the date of this Agreement, reasonable access to the Physician Office and employees, agents and consultants of Seller to enable District to inspect and evaluate the Practice, and Seller shall furnish all information reasonably requested by District.

7.4 Conduct of Business. Except to the extent to which District otherwise consents in writing, from the date of this Agreement until the Closing, Seller shall operate and conduct Seller's business diligently and only in the ordinary course and consistent with current practices.

7.5 Necessary Action. Seller has taken or before the Closing shall have taken all actions and obtained all consents necessary for it lawfully to enter into and carry out the terms of this Agreement.

7.7 Employee Benefits Plans. Seller shall remain the sponsor of all employee Benefit Plans, and no ownership, sponsorship, or responsibility for the Benefit Plans shall transfer to District. In the event that the Benefit Plans will not have active participants after Closing, Seller covenants to terminate such plans expeditiously and in accordance with all relevant laws.

8. Covenants of District. District covenants as follows:

8.1 Employment of Physician. District shall offer to employ the physicians practicing in the Practice under an Employment Agreement for Physician Services (the "Employment Agreement").

8.2 Employees. At its discretion, District may offer employment to any former employee of Seller on terms and conditions that District determines.

8.3 Office Lease. Necessary Action. District has taken or before the Closing shall have taken all actions and obtained all consents necessary for it lawfully to enter into and carry out the terms of this Agreement.

9. Conditions to Seller's Obligations. The obligations of Seller under this Agreement are subject to the fulfillment, at or before the Closing, of each of the following conditions, any or all of which may be waived in writing by Seller in its sole discretion:

9.1 Accuracy of Representations and Warranties. Each of the representations and warranties of District contained in this Agreement shall be true in all material respects on and as of the Closing with the same force and effect as though made on and as of the Closing, except as affected by transactions contemplated by this Agreement.

9.2 Performance of Covenants. District shall perform and comply in all material respects with all covenants, obligations and agreements it is to perform or with which it is to comply on or before the Closing under this Agreement.

9.3 Litigation. No claim, action, suit, proceeding, arbitration, investigation or hearing or notice of hearing is pending or threatened against or affecting District or Seller that

might result or has resulted in an action to enjoin, prevent or delay the consummation of the transactions contemplated by this Agreement or in such an injunction.

9.4 Employment Agreement. District must have executed and delivered to each of the physicians practicing at the Practice an Employment Agreement.

10. Conditions to District's Obligations. The obligations of District under this Agreement are subject to the fulfillment, at or before the Closing, of each of the following conditions, any or all of which may be waived in writing by District in its sole discretion:

10.1 Accuracy of Representations and Warranties. Each of the representations and warranties of Seller contained in this Agreement shall be true in all material respects on and as of the Closing with the same force and effect as though made on and as of the Closing, except as affected by transactions contemplated by this Agreement.

10.2 Performance of Covenants. Seller shall have performed and complied in all material respects with all covenants, obligations, and agreements it is to perform or with which it is to comply on or before the Closing under this Agreement.

10.3 Litigation. No claim, action, suit, proceeding, arbitration, investigation or hearing or notice of hearing is pending or threatened against or affecting District or Seller that (a) might result or has resulted either in an action to enjoin, prevent or delay the consummation of the transactions contemplated by this Agreement or in an injunction or (b) could have a material adverse effect on the Assets or the business of District to be carried on after the Closing.

10.4 Due Diligence Investigation. District shall have completed, to its sole satisfaction, a due diligence investigation of Seller, the Assets and the Practice. If District is not satisfied with that investigation, District may terminate this Agreement at any time before the Closing by written notice to Seller.

10.5 Employment Agreement. District and Seller shall enter into an Employment Agreement with the physicians in the Practice on terms acceptable to District.

10.6 Certificate. At District's request, Seller shall have delivered to District a certificate, dated as of the Closing, certifying to the fulfillment of the conditions set forth in this Section 10.

11. Indemnification

11.1 Seller Indemnification. Seller shall defend indemnify, and hold harmless District and any person claiming by or through either District or its successors and assigns (individually, an "Indemnified Party") from, against, and in respect of any and all costs, losses, claims, liabilities, fines, penalties, damages, and expenses (including without limitation court costs, reasonable fees, and disbursements of counsel, with or without suit and on appeal) arising in connection with:

(a) any breach of (i) any of the representations and warranties of Seller or (ii) any covenant or agreement made by Seller in this Agreement;

(b) any liability or obligation of Seller whether known or unknown, absolute or contingent, except as specifically assumed by District under this Agreement; or

(c) any action, suit, proceeding, compromise, settlement, assessment, or judgment arising from or incident to any of the matters indemnified against in this Section 11.

11.2 District Indemnification. District shall defend, indemnify, and hold harmless Seller and any person or entity claiming by or through either Seller or its successors and assigns from and against any and all costs, losses, claims, liabilities, damages, and expenses (including without limitation court costs, reasonable fees, and disbursements of counsel, with or without suit and on appeal) that arise in connection with:

(a) any breach of (i) any of the representations and warranties of District or (ii) any covenant or agreement made by District in this Agreement;

(b) any liability assumed or obligation relating to District's ownership or use of the Assets purchased hereunder after the Closing; or

(c) any action, suit, proceeding, compromise, settlement, assessment, or judgment arising from or incident to any of the matters indemnified against in this Section 11.

12. Termination. This Agreement may be terminated before the Closing by either party in the following situations:

12.1 No Closing. If the Closing has not taken place by April 13, 2020, but termination does not relieve any party from liability if that party, as of the termination date, is in breach of any of the provisions of this Agreement and if the delay is caused by the act or omission of a particular party, that party does not have the right to terminate under this Agreement.

12.2 Failure of Conditions. If on the Closing, any of the conditions set forth in Section 9 or 10 have not been satisfied or waived by District or Seller, as applicable.

13. Post-Closing Covenants

13.1 Cooperation for Transfer Issues. Seller agrees to take the actions and to properly execute and deliver to District the further instruments of assignment, conveyance, and transfer as are necessary to assure, complete, and effect transfer and conveyance of the Assets.

13.2 Covenant Not To Compete

(a) Noncompetition. Seller agrees that for five (5) years after the Closing, it will not, without District's prior written consent, directly or indirectly, whether as principal or as agent, officer, director, employee, salesman, consultant, or otherwise, alone or in association with any other person, firm, corporation, or other business organization:

(i) Enter into, participate in, engage in, or own any interest in the health-care business of any person, firm, corporation, or other business organization (other

than District or its affiliates) that is engaged in or that proposes to become engaged in any health-care business in competition with any part of the health-care business being sold under this Agreement within a fifteen (15)-mile radius of Seller's business;

(ii) Solicit or conduct any health-care business of any type now or hereafter engaged in by District from or with any clients, customers, former customers or clients, or prospects of Seller; or

(iii) Hire any of District's employees or independent contractors or solicit or induce, directly or indirectly, any such person to terminate his or her employment or contractual relationships with District.

The period during which Seller is prohibited from engaging in certain activities under the terms of this section will be extended by the length of time during which Seller is in breach of the terms of this section.

(b) Remedy. In the event of any violation of the restrictive covenants, District is entitled to the following remedies, which are deemed to be cumulative and not exclusive. Any election by District to pursue less than all such remedies does not bar later enforcement of any of the remaining remedies:

(i) Equitable relief, including temporary restraining order, preliminary injunction, and permanent injunction; and

(ii) Liquidated damages equal to the revenue Seller derives in noncompliance with this noncompetition provision. Such liquidated damages are due immediately upon the rendering of the prohibited activity and bear interest at the rate of twelve percent (12%) per annum thereafter.

Seller agrees that this liquidated damages clause is a reasonable forecast of the harm to District of a breach of the noncompetition provision and that the actual harm would be very difficult to quantify accurately.

13.3 Reasonableness and Enforceability of Noncompete. This covenant not to compete, including its scope, duration, and extent, is fair and reasonably necessary to protect District's legitimate protectible interests and is enforceable notwithstanding any claim or cause of action against District by Seller, whether predicated on this Agreement or otherwise. If a court of competent jurisdiction declines to enforce this covenant as written, it will be modified to restrict Seller to the maximum extent that the court finds enforceable.

14. General

14.1 Survival. The representations, warranties, covenants, and agreements set forth in this Agreement will survive the Closing for any relevant statute of limitations period.

14.2 Expenses. Except as otherwise provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, each party will pay its own expenses and the fees and expenses of its counsel and accountants and other experts.

14.3 Assignment; Binding Effect. Neither party may assign its rights under this Agreement without the prior written consent of the other party. This Agreement inures to the benefit of the parties and is binding upon the parties and their respective permitted heirs, personal representatives, successors, and assigns.

14.4 Notices. District is represented by its chief executive officer, who has authority to act for District with respect to matters relating to the interpretation and performance of this Agreement. All correspondence and notices to District should be directed to the chief executive officer's attention at District at Arbor Health, 521 Adams Street, Morton, Washington 98356. All correspondence and notices to Seller should be directed to the attention of Seller at the Physician Office.

Notices must be delivered personally or by facsimile or mailed by certified mail, return receipt requested. The designated representative and addresses may be changed as necessary by giving notice in the same manner.

14.5 Entire Agreement; Amendment. This Agreement (including the exhibits hereto) and all other documents and agreements executed as of the Closing constitute the entire agreement; supersede all prior agreements and understandings, oral and written, between the parties with respect to the subject matter hereof; and may not be amended, modified, or terminated unless in a written instrument executed by each party.

14.6 Severability. The invalidity of all or any part of any section of this Agreement will not render invalid the remainder of this Agreement or the remainder of that section. If any provision of this Agreement is so broad as to be unenforceable, that provision should be interpreted to be only so broad as is enforceable.

14.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed, is deemed to be an original and all of which together are deemed to be one and the same instrument.

14.8 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies on any person other than the parties to this Agreement, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third party, nor does any provision give any third party any right of subrogation or action against either party to this Agreement.

14.9 Waivers. No action taken under this Agreement or any investigation by or on behalf of either party may be deemed to constitute a waiver by the party taking that action of compliance with any representation, warranty, covenant, or agreement contained in this Agreement. The waiver by any party of a breach of any provision of this Agreement does not operate or should not be construed as a waiver of any subsequent breach.

14.10 Binding Effect; Benefits. This Agreement inures to the benefit of the parties and is binding upon the parties and their respective heirs, personal representatives, successors, and permitted assigns.

14.11 Headings. The section and other headings contained in this Agreement are for reference purposes only and are not deemed to be a part of this Agreement or to affect the meaning or interpretation of this Agreement.

14.12 Governing Law. This Agreement is made in and must be governed and interpreted in accordance with the internal laws of the State of Washington.

14.13 Jurisdiction and Venue. Any litigation to enforce the provisions of this Agreement or recover damages for the breach of any provision of this Agreement may be brought only in the Superior Court of Washington for Lewis County or the U.S. District Court for the Western District of Washington.

14.14 Gender and Number. Whenever appropriate to the meaning of this Agreement, use of the singular is deemed to refer to the plural and use of the plural to the singular, and pronouns of certain gender are deemed to comprehend either or both of the other genders.

14.15 Arbitration.

(a) Subject to and except as stated in Section 14.15(b) below, any controversy or claim arising from or relating to this Agreement, or any breach hereof, will be settled by arbitration in Morton, Washington, before one arbitrator in accordance with the Commercial Arbitration rules of the American Arbitration Association. The arbitrator will be selected by the American Arbitration Association. Judgment upon the award rendered by the arbitrator is final and binding on the parties, is not subject to any appeal, and may be entered in any court having jurisdiction thereof. The laws of the State of Washington, including its procedural laws, control. The arbitral award must be substantiated in writing. The arbitrator will decide on the matter of the costs of the arbitration and may award reasonable attorney fees and costs.

(b) Notwithstanding the above,

(i) either party may bring court proceedings or assert claims against the other party in court proceedings solely to obtain an injunction or other equitable relief (but not damages) to protect or enforce rights or duties arising from this Agreement; or

(ii) if either party becomes a party in a judicial proceeding commenced by a third party, the parties may assert cross-claims, third-party claims, or defenses against each other in that proceeding.

14.16 Time of Essence. Time is of the essence in this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SELLER:

MORTON MEDICAL CENTER, PLLC

By

Its

DISTRICT:

PUBLIC HOSPITAL DISTRICT NO. 1
LEWIS COUNTY, WASHINGTON
D/B/A ARBOR HEALTH

By

Its

Exhibit 1.1(a)

Items in **Red** print are used furniture that was purchased from Dr. Bede in approximately 2004, value is minimal at best.

items to be acquired	IT items not being acquired
----------------------	-----------------------------

Rosa's office	Make/Model	Yr Purchased	Purchase Price	Value				
Office Chair		2017	\$99.99	\$20.00	\$	20.00	\$	-
Additional chair				\$0.00	\$	-	\$	-
HP Printer		?		\$20.00				
All-In-One Touchscreen Computer	Acer Z2640G Veriton	2018	\$750.00	\$300.00				
Small rolling file cabinet		?		\$10.00	\$	10.00	\$	-
Rolling table-Bedside table		?	?	\$10.00	\$	10.00	\$	-
Hansen Exam Room 1								
2 Exam room chairs		?	\$300.00	\$200.00	\$	200.00	\$	-
HP Computer-All in one	HP ProOne 400 1 AIO	2016	\$700.00	\$100.00				
Exam Table	Ritter 223	2008	\$5,200.00	\$750.00	\$	750.00		

Exhibit 1.1(a)

Exam Stool		1997	?	\$20.00	\$20.00		
Welch Allyn Otoscope/Opthamaloscope/BP/Temp		1998	\$1,000.00	\$250.00	\$250.00	\$-	
Hansen Exam Room 2							
2 Exam room chairs		?	\$300.00	\$200.00	\$-	\$ (200.00)	
Acer Computer-All in one		2016	\$700.00	\$100.00			
Exam Table	Midmark	1997	\$5,564.00	\$750.00	\$750.00	\$-	
Exam Stool		1997	?	\$20.00	\$20.00	\$-	
Welch Allyn Otoscope/Othamaloscope/BP/Temp		1998	\$1,000.00	\$250.00	\$250.00	\$-	
Extra Room in between Exam Rooms							

Exhibit 1.1(a)

Welch Allyn Monitor spot		2012	\$2,500.00	\$500.00	\$ 500.00	\$ -
Small File cabinet		?	?	\$10.00	\$ 10.00	\$ -
Scale on wall in hall			\$225.00	\$50.00	\$ 50.00	\$ -
Surgitron		1998	\$2,000.00	\$500.00	\$ 500.00	\$ -
Hansen Office						
Computer		2020	\$582.00	\$582.00	\$ 582.00	
Screen		2018	\$225.00	\$100.00	\$ -	
HP Printer		LaserjetPro 22	\$300.00	\$100.00	\$ -	
Nuance Microphone	Barely used, works great	2010	\$500.00	\$250.00	\$ 250.00	
Nuance Microphone	Barely used, works great	2010	\$500.00	\$250.00	\$ 250.00	

Exhibit 1.1(a)

Desk		2010	\$500.00	\$100.00	\$	100.00	\$	-
Desktop Riser		2018	\$250.00	\$100.00	\$	100.00	\$	-
Desk Chair		2018	\$120.00	\$75.00	\$	75.00	\$	-
Small file cabinet				\$10.00	\$	10.00	\$	-
Fan		2017	\$70.00	\$35.00	\$	35.00	\$	-
Two tall book cases				\$50.00	\$	50.00	\$	-
Magnefyeing eye glasses				\$25.00	\$	25.00	\$	-
Kathy Dean office								
Desk	Surplus		\$0.00	\$25.00	\$	-	\$	(25.00)
Desk Chair		2015	\$100.00	\$25.00	\$	25.00	\$	-

Exhibit 1.1(a)

Acer All in One computer	Acer Z2640G Veriton	2016	\$750.00	\$100.00			
Printer	HP Laserjet3015	2012	\$200.00	\$0.00			
Metal shelving from Costco		2010	\$100.00	\$50.00	\$	50.00	\$ -
Cleaning Closet							
Metal Shelving from Costco		2010	\$100.00	\$50.00	\$	50.00	\$ -
1 cleaning carts			\$400.00	\$200.00	\$	100.00	\$ (100.00)
Misc supplies			\$500.00	\$500.00	\$	500.00	\$ -
Robo Vacuum		2019	\$130.00	\$130.00	\$	130.00	\$ -
Ladder				\$15.00	\$	15.00	\$ -
Network switch box				\$100.00			

Exhibit 1.1(a)

Cooper OB Room								
Exam Table		1996	?	\$750.00	\$	750.00	\$	-
Exam room chair				\$0.00	\$	-	\$	-
Stool		1996	?	\$20.00	\$	20.00	\$	-
IV Pole		1996	?	\$20.00	\$	20.00	\$	-
Cystoscopy light		1996	?	\$250.00	\$	250.00	\$	-
Cooper Back Room								
Exam table		2012	\$2,500.00	\$750.00	\$	750.00	\$	-
Exam room chair				\$0.00	\$	-	\$	-

Exhibit 1.1(a)

Back tech 2000		1994	\$1,595.00	\$250.00	\$	250.00	\$	-
Cooper Office								
Desk	Surplus			\$25.00	\$	25.00	\$	-
Desk Chair		2015	\$250.00	\$20.00	\$	20.00	\$	-
Computer Desk	Surplus			\$0.00	\$	-	\$	-
Computer All In One	Acer Z2660G Veriton	2015	\$750.00	\$100.00				
Brother Printer		2015	\$250.00	\$50.00				
Manual Scale				\$40.00	\$	40.00	\$	-
Additional chair				\$0.00	\$	-	\$	-
Digital Scale		2018	\$198.00	\$125.00	\$	125.00	\$	-

Exhibit 1.1(a)

Cooper Room 1							
Exam Table		1996	\$5,564.00	\$750.00	\$	750.00	\$ -
Exam room chairs		2016	\$600.00	\$300.00	\$	300.00	\$ -
Computer All In One		2015	\$750.00	\$100.00			
Stool		?	?	\$20.00	\$	20.00	\$ -
Wall Otoscope/Ophthamology		1996	?	\$100.00	\$	100.00	\$ -
Cooper room 2							
Exam Table		2008	\$5,500.00	\$750.00	\$	750.00	\$ -
Exam room chairs		2016	\$600.00	\$300.00	\$	300.00	\$ -

Exhibit 1.1(a)

Computer All In One		2015	\$750.00	\$100.00			
Stool		?	?	\$20.00	\$	20.00	\$ -
Wall Otoscope/Ophthamology		1996	?	\$100.00	\$	100.00	\$ -
Cooper Hall							
Manual Scale		1993		\$40.00	\$	40.00	\$ -
Welch Allyn Monitor Spot		2008	\$2,302.00	\$750.00	\$	750.00	\$ -
Procedure room 1							
Exam Table		1996	\$5,564.00	\$750.00	\$	750.00	\$ -
Stool		?	?	\$20.00	\$	20.00	\$ -

Exhibit 1.1(a)

Exam light		?	?	\$750.00	\$	750.00	\$	-
2 rolling tables/trays		?	?	\$40.00	\$	40.00	\$	-
Baby scale		1996?	?	\$75.00	\$	75.00	\$	-
Exam room chair				\$0.00	\$	-	\$	-
Old Vintage Cabinet		1975?		\$100.00	\$	100.00	\$	-
Refrigerator		1997?		\$50.00	\$	-	\$	(50.00)
Freezer		2018	\$169.00	\$75.00	\$	75.00	\$	-
Lipid Machine		2016	\$2,200.00	\$1,000.00	\$	1,000.00		
HBA1C machine				\$500.00	\$	500.00		
H & H Machine				\$500.00	\$	500.00		
Urinalysis Machine		2016	\$1,300.00	\$500.00				

Exhibit 1.1(a)

Defib machine			\$1,200.00	\$750.00	\$ 750.00	\$ -
Welch Allyn Audiometry machine	Very old but still works	?		\$50.00	\$ 50.00	\$ -
Misc supplies and medications		2019	\$2,000.00	\$2,000.00	\$ 2,000.00	\$ -
Misc surgical tools				\$1,000.00	\$ 1,000.00	\$ -
PT/INR				\$100.00	\$ 100.00	\$ -
3 Log Tag Readers for Vaccines				\$300.00	\$ 300.00	\$ -
Front Office						
2 Computers		2015	\$1,500.00	\$200.00		
Brother Fax Machine		2019	\$150.00	\$125.00		
2 ScanSnap 1500 Scanners		2012	\$1,000.00	\$500.00		

Exhibit 1.1(a)

2 Desk Chairs		2018	\$200.00	\$100.00
2 Small printer cabinet/stand		?		\$0.00
Canon 1530 Printer		2019	\$550.00	\$250.00
Computer riser		2017	\$250.00	\$100.00
Server Room				
EDS Server		2012	\$5,000.00	\$1,000.00
PDS Server		2015	\$5,000.00	\$1,500.00
RX Server		2016	\$4,580.00	\$1,500.00
Ridgemark Server		2010	\$3,500.00	\$500.00
Fax Server		2010	\$3,500.00	\$500.00

\$ 100.00 \$ -

\$ - \$ -

Exhibit 1.1(a)

Backup SRS Server		2008	\$3,250.00	\$250.00
3 APC Battery Backups		2019	\$400.00	\$300.00
4 Computer Screens		2011	\$800.00	\$100.00
EX Large filing shelf/cabinet			?	\$20.00
Misc computer parts, software			?	\$100.00
Belkin Cat5 Network Box			?	\$100.00
Staceys office				
2 Desks	Surplus			\$50.00
Desktop Riser		2018	420	\$200.00
2 desk chairs		2018	200	\$50.00

\$ 20.00 \$ -

\$ 50.00 \$ -

\$ 200.00 \$ -

\$ 50.00 \$ -

Exhibit 1.1(a)

Ex Large Filing	1975?			\$0.00	\$	-	\$	-
Office Supplies		2019	\$200.00	\$200.00	\$	200.00	\$	-
2 small tables	?			\$0.00	\$	-	\$	-
2 book shelves		2015	\$200.00	\$50.00	\$	50.00	\$	-
Scansnap S1500 Scanner		2018	\$450.00	\$200.00				
HP Computer	HP ProDesk 400 G3 MT	2012	\$550.00	\$50.00				
HP Printer		2018	\$250.00	\$125.00				
Procedure Room 2								
Exam Table		1996?		\$750.00	\$	750.00	\$	-
Exam Light		1996?		\$750.00	\$	750.00	\$	-

Exhibit 1.1(a)

Exam room chair				\$0.00	\$	-	\$	-
Lab draw chair	Given to us by patient			\$250.00	\$	250.00	\$	-
Stool		?		\$25.00	\$	25.00	\$	-
Autoclave		2012	\$400.00	\$400.00	\$	-	\$	(400.00)
Autoclave	Arborhealth Surplus		\$5.00	\$1,000.00	\$	-	\$	(1,000.00)
FLU A/B machine		2018	\$1,100.00	\$750.00	\$	750.00		
Refrigerator		?		\$50.00	\$	50.00	\$	-
Vintage Cabinet		1975?		\$50.00	\$	50.00	\$	-
Billing Office								
2 Desks		1996		\$100.00	\$	100.00	\$	-

Exhibit 1.1(a)

Desktop Riser		2018	\$420.00	\$250.00	\$ 250.00	\$ -
2 desk chairs		2017	\$200.00	\$50.00	\$ 50.00	\$ -
EX Large filing cabinet with supplies		?		\$200.00	\$ 200.00	\$ -
Large Filing cabinet		?		\$10.00	\$ 10.00	\$ -
HP Computer	Compaq Pro 6305 MT			\$100.00		
HP computer (Julie)		2019	\$800.00	\$800.00	\$800.00	
2 computer screens		2015	\$400.00	\$200.00		
HP Printer						
HP Printer/Fax/Scanner/Copier				\$200.00		
Vintage cabinet		1975		\$50.00	\$ 50.00	\$ -
small rolling file				\$0.00	\$ -	\$ -

Exhibit 1.1(a)

Storage Room							
Metal shelving from Costco		2010	\$100.00	\$50.00	\$	50.00	\$ -
Misc Supplies		2019	\$200.00	\$200.00	\$	200.00	\$ -
Kay's Office							
Desk	Surplus			\$50.00	\$	-	\$ (50.00)
Desk Chair		2017	\$100.00	\$10.00	\$	10.00	\$ -
Computer Acer	M274 Veriton	2012	\$500.00	\$50.00			
Computer Screen		2012	\$150.00	\$25.00			
Printer		2019	\$225.00	\$100.00			

Exhibit 1.1(a)

Extra chair				\$50.00				
Large file cabinet		1975?		\$10.00	\$	10.00	\$	-
Large bookshelf		2010	\$200.00	\$20.00	\$	20.00	\$	-
Heater		2014	\$60.00	\$0.00	\$	-	\$	-
Exam Room 1 (pap room)								
Exam Table		1996?	\$5,500.00	\$750.00	\$	750.00	\$	-
Exam Light		?		\$20.00	\$	20.00	\$	-
2 Exam room chairs				\$0.00	\$	-	\$	-
Stool				\$50.00	\$	50.00	\$	-
Computer All In One	Z2660G Veriton	2015	\$750.00	\$100.00				

Exhibit 1.1(a)

Exam Room 2								
Exam Table	Very old...needs to be replaced			\$0.00	\$	-	\$	-
Exam Light		?		\$20.00	\$	20.00	\$	-
2 Exam room chairs				\$0.00	\$	-	\$	-
Stool		?		\$20.00	\$	20.00	\$	-
Computer All In One		2015	\$750.00	\$100.00				
Shelly's Office								
Desk	Surplus			\$25.00	\$	-	\$	(25.00)
Desk Chair		2018	\$99.00	\$25.00	\$	25.00	\$	-

Exhibit 1.1(a)

Computer	Acer X498G Veriton	2012	\$550.00	\$50.00
Computer Screen		2011	\$200.00	\$20.00
Printer		2012	\$200.00	\$50.00
Small refrigerator		2007	\$150.00	\$25.00
PFT Machine		2009	\$1,100.00	\$200.00
Welch Allyn Monitor Spot		2011?	\$2,500.00	\$750.00
Extra Exam Room				
Exam table		1996?		\$750.00
Extra office				

\$ 25.00 \$ -

\$ 750.00 \$ -

\$ 750.00 \$ -

Exhibit 1.1(a)

Desk		2015	\$250.00	\$75.00	\$	75.00	\$	-
Desk Chair		2015	\$100.00	\$25.00	\$	25.00	\$	-
Bookshelf		2015	\$200.00	\$50.00	\$	50.00	\$	-
Computer		2015	\$750.00	\$100.00				
Extra Exam Room 1								
Exam Table		?		\$500.00	\$	500.00	\$	-
Exam Light		?		\$20.00	\$	20.00	\$	-
2 Exam room Chairs				\$0.00	\$	-	\$	-
Very old Otoscope/Optham		?		\$10.00	\$	10.00	\$	-

Exhibit 1.1(a)

Extra Exam Room 2								
Exam Table		?		\$500.00	\$	500.00	\$	-
Exam Light		?		\$20.00	\$	20.00	\$	-
2 Exam room Chairs				\$0.00	\$	-	\$	-
Very old Otoscope/Optham		?		\$10.00	\$	10.00	\$	-
Lab Room								
Small file cabinet		?		\$10.00	\$	10.00	\$	-
Refrigerator			2016	\$100.00	\$	50.00	\$	-
EKG Machine		?		\$800.00	\$	800.00	\$	-

Exhibit 1.1(a)

LunchRoom							
Keurig	Gifted			\$20.00	\$	20.00	\$ -
Small Refrigerator		?		\$25.00	\$	25.00	\$ -
Table and Stools		2017	\$250.00	\$100.00	\$	100.00	\$ -
Vintage Couch		???		\$25.00	\$	-	\$ (25.00)
Small Rustic Cabinet in Bathroom		2015	\$90.00	\$50.00	\$	-	\$ (50.00)
Cast Cutter	Turn of the century but it works great!			\$100.00	\$	100.00	\$ -
Waiting Room							
Small electric Fireplace		2019	\$98.00	\$50.00	\$	50.00	\$ -
Large book shelf-Ikea		2000	\$200.00	\$100.00	\$	100.00	\$ -

Exhibit 1.1(a)

Credenza				\$100.00	\$	100.00	\$	-
Waiting room chairs		2019	\$0.00	\$0.00	\$	-	\$	-
2 Double waiting room chairs	given by Arbor Health		\$800.00	\$400.00	\$	400.00	\$	-
3 End tables		2004		\$20.00	\$	20.00	\$	-
Char's Office								
Desk			\$500.00	\$100.00	\$	100.00	\$	-
Desk Chair		2018	\$99.00	\$25.00	\$	25.00	\$	-
Computer Acer	X4518G Veriton	2012	\$550.00	\$50.00				
Computer Screen		2016	\$150.00	\$50.00				
ScanSnap Scanner		2011	\$450.00	\$100.00				

Exhibit 1.1(a)

Canon Adding Machine		?		\$10.00	\$	10.00	\$	-
2 Large file cabinets		?		\$20.00	\$	20.00	\$	-
1 small file cabinet		?		\$10.00	\$	10.00	\$	-
Printer	HP Laserjet Pro 200	2014	\$250.00	\$25.00				
Welch Allyn Monospot	?			\$750.00	\$	750.00	\$	-
Fan		2016	\$75.00	\$35.00	\$	35.00	\$	-
Old Chair				\$0.00	\$	-	\$	-
1 Large Book Shelf				\$0.00	\$	-	\$	-
Misc Office Supplies			\$1,000.00	\$1,000.00	\$	1,000.00	\$	-
6 Wooden chairs		2004		\$50.00	\$	50.00	\$	-
14 Gray waiting/exam room chairs given to us by Arbor Health					\$44,182.00	\$	31,517.00	\$ (1,925.00)



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPROVING OPERATIONAL
BUDGET AMENDMENT-DR. FRITZ

RESOLUTION NO. 20-16

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To approve amending the 2020 budget by adding a provider.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 6th day of May 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Wes McMahan, Commissioner

Trish Frady, Commissioner

Tom Herrin, Commissioner

2020 BUDGET AMENDMENT REQUEST FORM

When requesting a Budget Amendment, this form MUST be completed and filed with the CFO Office to be placed on the next agenda of the Board of Hospital Commissioners.

☐ *If request is for outside consultant, please complete ATTACHMENT A with this request.*

RECOMMENDATION:

That Arbor Health accept the employment of Dr Fritz. Currently, Dr Fritz is an established physician in the Chehalis market.

JUSTIFICATION:

Dr. Fritz desires to relocate to the District area for financial and personal reasons. Dr Fritz is an Internist who focuses on Primary Care and utilizes scopes in the operating room within the scope of his practice and credentials. The District has 2 major considerations. 1) there continues to be a shortage of primary care physicians within the Districts market. 2) This physician has a demonstrated ability to conduct procedures within the operating room. Arbor Health's stated goal is to increase operating room volume. Dr Fritz will be housed within the Specialty Clinic structure until the Morton Clinic transaction is complete and then transfer to that department.

BUDGET CONSIDERATION:

The attached Budget lays out the first year expectation for Dr Fritz. It anticipates that Dr Fritz will join the organization in second quarter and specifically provides an 8 month budget. In addition to Dr Fritz, there is also a LPN included in the budget and \$50,000 of other cost encompassing insurance, supplies, education and equipment. Should the arrival time move a month either way the template will drive the amount loaded into the budget. The amendment also considers additional hospital volumes as well. Projected volumes may cause the operating room budget to flex beyond current budgeted amounts. The amount is not easily calculated as procedures may fit within current structure or schedule of the operating room.

Richard Boggess
Submitted by

2/11/2020
Date

For Accounting Use:

On this _____ day of _____, 2020 the following budget request has been approved thus amending the District 2020 Budget by Board of Hospital Commissioners. We will add the dollars identified on the proforma for Revenue in the amount of \$267,151, Deductions of \$93,037, Bad Debt of 40,073, and expense of \$322,746 based on a 8 month plan. Amounts to shift with arrival date as needed.

BUDGET AMENDMENT No: [Indicate with Amendment #, Amount and GL #, if operating, capital or both]

Operating _____ (e.g. 2017-01) \$ _____ GL Acct# see the proforma

Capital _____ (e.g. 2017-100) \$ 0 GL Acct# _____

For Budget Transfers: [Indicate cost center from/to below]

From Cost Center # _____ To Cost Center # _____

Dr Fritz Budget Expectation for Budget Amendment 2020														
Budget Amendment Periods														Budget Am Total
Yr 1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12		
Gross Patient Revenue	425,551	14,701	22,201	34,500	37,350	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	267,151
Deductions	(174,853)	4,898	7,398	(9,091)	(14,426)	(20,454)	(20,454)	(20,454)	(20,454)	(20,454)	(20,454)	(20,454)	(20,454)	(93,037)
Net Patient Revenue	600,404	9,803	14,803	43,591	51,776	60,054	60,054	60,054	60,054	60,054	60,054	60,054	60,054	360,188
Bad Debt	63,833	2,205	3,330	5,175	5,603	5,940	5,940	5,940	5,940	5,940	5,940	5,940	5,940	40,073
Total Operating Revenue	536,571	7,597	11,472	38,416	46,174	54,114	54,114	54,114	54,114	54,114	54,114	54,114	54,114	320,115
Salaries	351,737	29,874	26,983	29,874	28,910	29,874	28,910	29,874	28,910	29,874	29,874	28,910	29,874	233,206
Benefits	61,037	5,162	4,772	5,162	5,032	5,162	5,032	5,162	5,032	5,162	5,162	5,032	5,162	40,518
Total Wages & Benefits	412,774	35,036	31,754	35,036	33,942	35,036	33,942	35,036	33,942	35,036	35,036	33,942	35,036	273,724
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplies	33,967	22,152	857	1,045	1,091	1,103	1,103	1,103	1,103	1,103	1,103	1,103	1,103	29,556
Purchased Service	11,500	958	958	958	958	958	958	958	958	958	958	958	958	7,667
Rent & Leases	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	11,500	958	958	958	958	958	958	958	958	958	958	958	958	7,667
Utilities	1,200	100	100	100	100	100	100	100	100	100	100	100	100	800
Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation/Amortiztaion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	5,000	417	417	417	417	417	417	417	417	417	417	417	417	3,333
Total Operating Expenses	475,941	59,621	35,044	38,515	37,466	38,572	37,478	38,572	37,478	38,572	38,572	37,478	38,572	322,746
Net Operating Income	60,631	(52,024)	(23,572)	(99)	8,708	15,542	16,636	15,542	16,636	15,542	15,542	16,636	15,542	(2,631)
Contribution Margin	11.3%	-684.8%	-205.5%	-0.3%	18.9%	28.7%	30.7%	28.7%	30.7%	28.7%	28.7%	30.7%	28.7%	
Visits/Encounters	2,309	98	148	194	205	208	208	208	208	208	208	208	208	
Total Operating Revenue / UOS	232.38	77.52	77.52	198.02	225.24	260.16	260.16	260.16	260.16	260.16	260.16	260.16	260.16	
Salaries & Emp Ben / UOS	178.77	357.51	214.55	180.60	165.57	168.44	163.18	168.44	163.18	168.44	168.44	163.18	168.44	
Supplies / UOS	14.71	226.04	5.79	5.39	5.32	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30	
Total Operating Expense / UOS	206.12	608.37	236.78	198.53	182.76	185.44	180.18	185.44	180.18	185.44	185.44	180.18	185.44	



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPROVING NEW
BANK ACCOUNTS

RESOLUTION NO. 20-17

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To approve two new bank account for the draw on the debt approved in Resolution 20-11.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 6th day of May 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Wes McMahan, Commissioner

Trish Frady, Commissioner

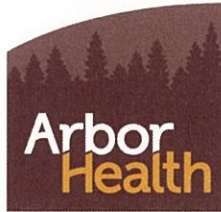
Tom Herrin, Commissioner

MEMORANDUM

To: Finance Committee
From: Richard Boggess, CFO
CC:
Date: April 8, 2020
Re: New Bank Account

Arbor Health (AH) may need to create several new bank accounts to facilitate the following business activities:

- 1) To handle patient payments as a result of the transition of HRG to Revenue Enterprise and credit card payment activity.
- 2) Construction Loan escrow account whereby GE Healthcare Capital will deposit proceeds of the loan and escrow bank will disperse to Arbor Health. The escrow bank has not been determined yet.
- 3) To manage the escrow account related to the purchase of Morton Medical Clinic



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPROVING THE
FINANCING WITH GE PUBLIC FINANCE

RESOLUTION NO. 20-11

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

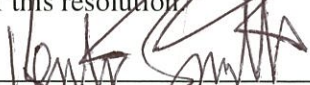
NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To approve financing for the purchase of the generators, OR HVAC, CT, X-Ray and anticipated infrastructure changes coming in the IT department.

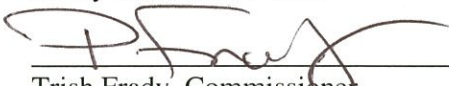
ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 26th day of February 2020, the following commissioners being present and voting in favor of this resolution:



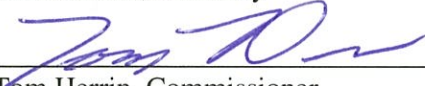
Shelly Fritz, Board Chair



Kenton Smith, Secretary



Trish Frady, Commissioner



Tom Herrin, Commissioner



Wes McMahan, Commissioner





GE Public Finance

GE Government Finance, Inc.
7760 France Ave S
Suite 250
Minneapolis, MN 55435
USA

Samuel Clineff
Senior Vice President
Samuel.clineff@ge.com
C +1 714 335 6042

02/13/2020

Lewis County Public Hospital District No.1
521 Adams Ave
Morton, WA 98356

GE Public Finance, a division of GE Government Finance, Inc. is pleased to submit the following Tax-Exempt Proposal for your consideration:

Structure:	Tax-exempt equipment lease-purchase financing
Lessee:	Lewis County Public Hospital District No.1
Lessor:	GE Government Finance, Inc. ("GEGF") and/or one or more of its affiliates and/or assigns
Documentation:	Documentation shall include a Master Lease Agreement ("MLA"), one or more Equipment Schedules thereto (each such Equipment Schedule, together with the terms and conditions of the MLA incorporated by reference therein, a "Lease"), an opinion of Lessee's counsel and certificates as are reasonably necessary to evidence and carry out the transaction and, at Lessee's option, an Escrow Agreement. Lessor will prepare the documentation.
Collateral:	1) Emergency Generator Replacement / OR Heat Pump Addition Project 2) CT & X-Ray with Associated Construction
Lease Amount:	\$3,900,000.00
Lease Term:	7 Years with 6 Months Int Only
Fixed Interest Rate:	The Fixed Interest Rate as of the date of this proposal is 2.99%.

The Fixed Interest Rate set forth above reflects the current 7-year Swap Rate¹ of 1.39% (the "Initial Rate") as of January 31, 2020 (the "Initial Quote Date") and Lessor will adjust the Fixed Interest Rate Three (3) days prior to the funding date. Also, Lessor has the right to make an additional adjustment prior to the funding date to preserve the net economic return assumed by Lessor.

¹ "Swap Rate" means the interest rate for swaps that most closely approximates the average term of the financing term as published by the Intercontinental Exchange (NYSE: ICE) in its Ice Benchmark Administration Report entitled "ICE Swap Rate Historical Rates" currently available online at <https://www.theice.com/marketdata/reports/180> (Series /Run USD Rates 1100) or such other nationally recognized reporting source or publication as Lender may specify.

Payments:	Lessee will be required to make 84 monthly payments, each in arrears, comprised of principal and interest. 1 – 6 = \$9,717.50 7 – 84 = \$55,078.10
Ownership for Tax Purposes and Grant of Security Interest:	For federal income tax purposes, Lessee and Lessor agree that it is their mutual intention that Lessee shall be considered the owner of the Equipment. A first priority security interest in all of the Equipment will be granted to Lessor and the Equipment may be subject to no other liens. If the Equipment is deemed to be a fixture, Lessor will require a legal description of the premises where the Equipment is located in order that the necessary fixture filings may be made to create and preserve Lessor's first priority security interest. Lessor may also require that a landlord or mortgagee waiver be executed, as applicable. Lessee hereby irrevocably authorizes Lessor and its assigns at any time and from time to time to file in any jurisdiction any initial financing statements and amendments thereto that identify the Equipment, facility or any other assets of Lessee subject to the financing described herein.
Net Lease:	All obligations, costs and responsibilities associated with ownership of the Equipment will be borne by Lessee, including insurance, maintenance, and applicable taxes. Lessee will be responsible for making payments in all circumstances (except in the event of abatement, if applicable).
Legal Opinion:	Counsel to Lessee shall provide an opinion as to the legality, enforceability, authority, title and execution and effect of all transaction documents in form and substance satisfactory to Lessor. A tax opinion may be required, depending on the specifics of the transaction.
Non-Appropriation:	If and to the extent required by applicable law, each Lease will be subject to termination by Lessee in the event funds for payment of amounts due thereunder are not appropriated for a given fiscal year.
Prepayment:	Lessee shall have the right to prepay in full, but not in part, the entire principal balance due under a Lease, plus interest and any other additional charges due, and a premium equal to 5% for the first year, 4% for the second year, 3% for the third year, 2% for the fourth year, and 1% thereafter of the unpaid principal balance.
Assignment:	Lessor may assign its rights to enter into a Lease and its rights as Lessor under a Lease without the consent of Lessee.
Lessee Identifying Documents:	To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who enters into a transaction with Lessor. What this means for the Lessee, any guarantor or other Lessee is that when a transaction contemplated hereunder is consummated, Lessor will ask for the name, address, and other information of the Lessee, any guarantor or such other Lessee that will allow Lessor to identify such parties. Lessor may also ask to see identifying document

This Proposal is an expression by us of our interest in considering a transaction on the general terms and conditions outlined above (the "Transaction"). This Proposal does not create any binding legal obligation on the part of either party. **THIS PROPOSAL IS NOT, AND IS NOT TO BE CONSTRUED AS, A COMMITMENT BY US OR ANY OF OUR AFFILIATES, SUBSIDIARIES OR ASSIGNEES TO ENTER INTO THE PROPOSED TRANSACTION.** This Proposal is delivered at a time when we have not undertaken our full business, credit, investment and legal due diligence and analysis nor obtained the approval of our internal credit, pricing, financial, investment and other authorities. Accordingly, this Proposal is to be used only as the basis for continued discussion and, except for the provisions concerning confidentiality set forth herein, does not constitute a commitment of ours or our affiliates, subsidiaries or assignees, nor shall it be deemed to obligate us or our affiliates, subsidiaries or assignees in any manner whatsoever, it being understood that this Proposal may be modified, withdrawn, terminated, or made subject to additional terms and conditions not set forth in this Proposal as a result of our continuing due diligence, changes to the proposed Transaction, changes in market conditions, changes in applicable laws, changes to the business, operations, prospects or condition (financial or otherwise) of Lessee or any guarantor or any other lessee or otherwise. This Proposal supersedes all prior discussions, writings, indications of interest and proposals previously delivered to you or your representatives with respect to the proposed Transaction. You acknowledge that should a commitment be issued by us for the proposed Transaction, it would be in a separate writing explicitly identified as a commitment (subject to the terms set forth therein), and without in any way limiting the foregoing, any subsequent communication of credit approval for the proposed Transaction, which is not explicitly identified as a commitment, shall not be construed as a commitment. **WE DO NOT COMMUNICATE COMMITMENTS ORALLY, AND YOU SHOULD NOT RELY ON ANY ORAL COMMUNICATION OF COMMITMENT.**

The information contained in this Proposal is confidential and proprietary and may not be distributed to any person or entity without our prior written consent (other than Lessee's employees, officers, directors or advisors who have a need to know such information for purposes of evaluating the Transaction proposed hereunder and are obligated to keep such information confidential).

Neither Lessor nor its affiliates are acting as "municipal advisors" within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations promulgated thereunder. In this regard, Lessee hereby acknowledges and agrees that: (i) Lessor is proposing to provide financing, and any information or services related thereto, to Lessee solely as an **arm's length counterparty** and, as such, Lessor has interests that may differ from the interests of Lessee, including the amount or nature of interest rates, amortization schedules and covenants applicable to the proposed Transaction; (ii) if the proposed Transaction closes, Lessor will receive interest or other payments from Lessee, as outlined in the foregoing terms and conditions, as compensation for providing the proposed financing to Lessee; (iii) **neither Lessor nor any of its affiliates are an advisor or fiduciary** to Lessee with respect to the proposed Transaction; (iv) in connection with the provision of any services pursuant to the proposed Transaction, there is **no agreement**, direct or indirect, between Lessee (including the officials, management, employees or agents thereof) and Lessor or any of its affiliates for Lessor or any of its affiliates to provide advice to Lessee; (v) **neither Lessor nor any of its affiliates is acting for direct or indirect compensation to solicit** Lessee on behalf of an unaffiliated broker, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by Lessee for or in connection with municipal financial products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of Lessee; and (vi) nothing herein is to be construed as constituting tax, accounting, financial or legal advice by Lessor or any of its affiliates to Lessee. Lessee should consult with its financial, accounting and legal advisors regarding any services proposed to be provided by Lessor or any of its affiliates, and, if not currently advised, Lessee is urged to seek independent advisors in connection with the proposed Transaction.

We look forward to your favorable review and response. Upon receipt of an executed copy of this Proposal, together with your check for the Proposal Deposit, we shall promptly proceed with our investment approval process. For the investment review, please submit the following:

- Audited financial statements for the past three fiscal years;
- Comparative interim financial statements for the current fiscal year

By accepting this Proposal, Lessee acknowledges that this letter contains the entire proposal (superseding all previous representations and agreements, either oral or written) and that there are no promises, agreements or understandings outside of this letter.

Thank you for your consideration of GE Government Finance, Inc. If you have any questions, please call me at 714-335-6042.

Sincerely yours,
GE Government Finance, Inc.

By: *Samuel Clineff*

Name: Samuel Clineff
Title: Senior Vice President

Craig King

Name: Craig King
Title: Vice President

NOTICE

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, DC 20580.



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION ADOPTING COMMUNITY
HEALTH NEEDS ASSESSMENT (CHNA)
& IMPLEMENTATION PLAN

RESOLUTION NO. 20-18

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To adopt the 2020-2022 CHNA and Implementation Plan.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 6th day of May 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Wes McMahan, Commissioner

Trish Frady, Commissioner

Tom Herrin, Commissioner

Date: April 29, 2020

To: Board of Commissioners

From: Leianne Everett, Superintendent

Subject: Adoption of Community Health Needs Assessment and Implementation Plan

As a 501(c)(3) organization, we are required to have adopted a Community Health Needs Assessment (CHNA) by May 15, 2020. This assessment should have an implementation plan that can and should evolve over the duration of the plan.

Attached is the CHNA that was created as a result of our February 2020 Strategic Planning Retreat. Upon adoption, our CHNA will be posted on our website and will be used in further conversations to refine a more purposeful implementation plan. The refined implementation plan will be used as the organization's roadmap for the next three years.



Morton Hospital
Mossyrock Clinic
Morton Clinic
Randle Clinic
Specialty Clinic

Community Health Needs Assessment and Implementation Plan

2020-2022



Adopted by Lewis County Public Hospital District No. 1 Board of Commissioners

XXX, 2020

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Introduction and Brief History

More than 80 years ago, and as it was called then, Morton General Hospital opened as a privately owned hospital to serve the healthcare needs of the hard-working settlers of East Lewis County. The goal was to care for those whose work in the timber industry helped build the Pacific Northwest. Over the decades to follow, the community grew and in 1978, a public hospital district was formed to ensure the community a healthy future for generations more to follow. Lewis County Public Hospital District No. 1 (a municipal corporation) then purchased the hospital.

In 1992, the hospital district constructed a 30-bed Long Term Care Center addition to the hospital. The wing was later converted to serve as the hospital's inpatient rooms. The 1952 brick hospital structure served the community until 2006 when a new, modern facility was completed. The community celebrated the grand opening of the new hospital in January 2007. The new construction provided much-needed space for advancements in imaging and laboratory services and the cafeteria.

The hospital district extends east to White Pass, just southeast of Mt. Rainier National Park. It extends west to Mayfield Lake, encompassing the towns of Mossyrock and Cinebar; and north to include the town of Mineral. The land area is more than 900 square miles and includes elevations as high as 4,500 feet.

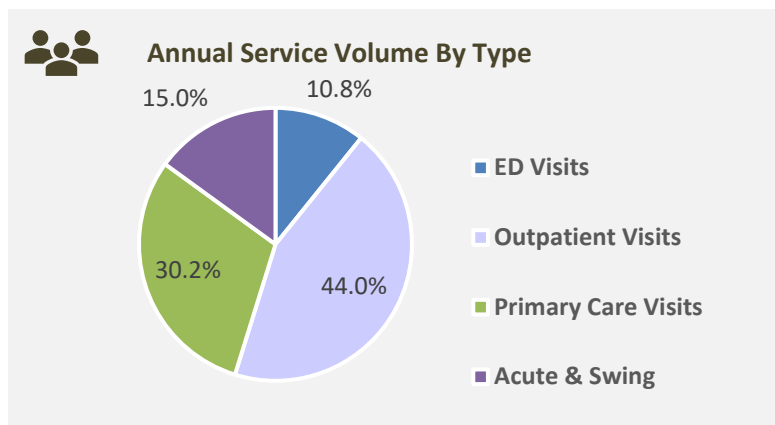
Morton Hospital, a 25-bed, 501c(3) Critical Access Hospital (CAH) provides a range of services as noted in Graphic 1 below. It touches more than 110 patients on a typical day, including patients needing outpatient, primary care, emergency and long-term care services.

Graphic 1: Services and Volumes



Services Offered

- Trauma Level V
- Emergency Cardiac Level II
- Emergency Stroke Level III
- Inpatient & outpatient surgery
- Swing beds
- Mammography
- MRI
- Occupational therapy
- Respiratory therapy
- Physical therapy
- Laboratory
- CT scanning
- Ultrasound
- X-Ray
- Endoscopy
- Emergency



In terms of Clinics, Arbor Health operates four clinics: the Randle Clinic is located 20 miles east of the Hospital and the Mossyrock Clinic is located 12 miles west. Morton primary care and specialty clinics are located adjacent to the Hospital.

In January 2019, the district adopted a new parent name, Arbor Health, reflecting the philosophy that our network of care is truly, better together, ensuring compassionate, professional health care right here at home. Our new name pays tribute to our timber industry and community: With a canopy formed by trees and with fall-themed colors of cranberry and gold.

The purpose of a public hospital district under RCW 70.44 includes, among other factors, *to provide hospital services and other health care services for the residents of the District and others*. The District sees the Community Health Needs Assessment (CHNA) process as a vital tool for quantifying resident need. The intent is to use this CHNA for strategic and operational planning and as we engage the community in various health improvement efforts.

Methodology and Summary of Community Health Planning Activities within the District

A number of entities whose service areas fully or partially incorporate the District were actively engaged in community health planning and needs/gaps identification in 2019. These organizations include Lewis County Community Health Partnership, whose work was sponsored by the Cascade Pacific Action Alliance (a 7 County, Accountable Community of Health), and Valley View Health Center, a federally qualified health center.

Arbor Health was an active participant in each of these processes. A high-level summary of each process and priorities established are summarized below:

Lewis County Community Health Partnership

Lewis County Public Health & Social Services coordinated a 2019 Community Health Assessment (CHA) designed to both update the previous CHA completed in 2014 and to see what new opportunities and challenges exist five years later. The Partnership – a group of public and private agencies that support the County’s health served as the Steering Committee 2019 for the CHA effort. Funding came from the Cascade Pacific Action Alliance. The *Mobilizing for Action through Planning and Partnerships (MAPP)* tool created by the National Association of County and City Health Officials (CPAA) was the selected methodology.



A smaller group of community partners representing hospitals, clinics, emergency medical services, non-profit agencies, education, community development, and the faith community formed the Core Team guiding the work of the CHA. The process was designed to reveal key strengths in the county, as well as help identify and prioritize strategic issues, top concerns raised by county residents, and trends affecting the health and vitality of Lewis County.

As of the writing of this CHNA, a new Community Health Improvement Plan (CHIP) is being finalized to coordinate activities designed to address the identified issues. It will also consider and re-evaluate the status of priorities and strategies developed in the 2015 process. For context, the 2015 priorities are restated below:

- Increase Economic Opportunities,
- Improve Educational Opportunities and Job Training, and
- Improve Awareness of Available (social and health) Services.

The strategies developed in response to the priorities included:

- Strategic Issue I: Improve Economic and Educational Opportunities
 - Goal 1: Improve educational and skill training opportunities
 - Goal 2: Improve knowledge of employment and/or skill training opportunities within the public, commercial and educational sectors
- Strategic Issue II: Improve Access to and Awareness of Available Services
 - Goal 1: Improve service provider knowledge of opportunities and gaps in services

Valley View Health Center

Lewis County Community Health Services, DBA Valley View Health Center (VVHC) is a Federally Qualified Health Center (FQHC)



providing Primary Care, Dental, Behavioral Health and Pharmaceutical services to residents of Southwest Washington since 2004. Its Community Health Needs Assessment was conducted in partnership with health care providers, public health and community leaders from Lewis, Pacific and Thurston Counties.

Community convening was accomplished through on-line and paper surveys, community events and key informant interviews. Surveys were distributed to select venues and available in clinic lobbies. Short presentations were given at 9 venues in Lewis County including 2 senior centers, 4 service clubs, a low-income apartment building, a hosted movie night and a meeting with local fire department officials. Surveys were shared by front desk staff at the Chehalis, Centralia, and Tenino clinics. The online survey was announced via the VVHC Facebook page and the Chehalis Chamber of Commerce listserv.

The surveys included three questions. Results are summarized below:

Question 1 - What is the biggest challenge you face when trying to use health care services? The main themes were:

- Access to Care (45%)
- Cost (22%)
- Quality of Care (15%)

Question 2 - What types of health problems do you see most often in our community? The main themes were:

- Diseases (50%)
- Lack of Local Services (19%)
- Behavioral Risk Factors (13%)

Question 3 - What is the health care service that you wish was offered in our community? The main themes were:

- More Local Specialists - behavioral health, dental and primary care/internal medicine (33%)
- Additional Services (27%)
- Better Access (11%)

In-person “voting” was done at three community events where participants were asked to “vote” for their top 3 health issues.

The themes were:

- Mental Health & Family Counseling (33%)
- Substance Abuse (18%)
- Transportation to Healthcare (15%)
- Women’s Health (9%)
- Local Specialty Care (8%)
- Access to Healthy Food (5%)
- Dentistry (5%)
- Housing & Homelessness (4%)

Key informant interviews were conducted with select community leaders and stakeholders. The interviews included 10 questions. These interviews yielded similar concerns with health-related issues as the surveys: namely, access to healthcare is a barrier. This includes a shortage of local primary care and specialty providers, and transportation to healthcare. Lack of elder care and mental/behavioral health and substance use disorder providers and services were also identified as top concerns.

Arbor Health was an active participant in both the Lewis County Public Health Partnership and the Valley View processes and has elected to use health factors and outcomes data and health care needs information collected and discussed during these two processes to develop our own CHNA. Arbor Health also held focus groups to expand on the convenings conducted by the other processes, and consistent with IRS requirements, developed its own priorities and Implementation Plan.

Where available, data was collected specific to the District, and where not, Lewis County level data was used. Specific data sources used included:

- ALICE. Asset Limited, Income Constrained, Employed Project.
- DHHS, CDC, National Center for Chronic Disease Prevention and Health Promotion
- DHHS, NIDA, Washington Opioid Summary.
- DHHS, NIH, NIMH, Mental Health Information Statistics.
- US Census Bureau, 2018 Quick Facts.
- University of Wisconsin, County Health Rankings & Roadmaps Program.
- WA Depart. of Commerce. Washington State Department of Commerce Annual Point in Time Count.
- WA Dept. of Health, All Deaths Dashboards, Chronic Disease Profiles, Social Determinants of Health Dashboard. Trauma Services, Immunization Data, Opioid Dashboard, Oral Health Profiles.
- WA ESD, Labor Market and Economic Analysis.
- WA HCA, Dental Data and Apple Health (Medicaid) report.

Update of 2016 CHNA

Morton Hospital's 2017-2019 Implementation Plan priorities and strategies were adopted by the hospital's Board of Commissioners. They were selected after review of the collected data and feedback from community convenings and considering the resources, expertise, current community assets, do-ability and the promise of reducing the burden of ill health. Table 1 on the next page details the strategies and goals that were adopted, along with their current status:

Table 1
2017-2019 Implementation Strategy and Current Status

Priority	Strategy	Metric	2019 Status
Obesity and Nutrition	Employ a full-time Registered Dietician to support the nutritional needs of each patient	Full time Nutritionist employed	PRN Registered Dietician and Fulltime Dietetic Tech Hired
	Prevention T2 program is offered to all pre-diabetic patients.	Reduce participants' weight by 5-7% of starting weight within first 6 months.	Diabetic Educator Retired, Actively Recruiting for Replacement
	Develop a Corporate Wellness Program to promote weight loss.	Reduce participants' collective weight by 2% by end of year 3.	2019 Employee Event Brought 9,500 Miles Walked and 339 Pounds Lost (an average of 5.4 pounds per person) Over The Course of 100 Days
Diabetes	Prevention T2 program is offered to all pre-diabetic patients.	50% of all participants will get at least 90 minutes of exercise each week for first 6 months of program	Diabetic Educator Retired, Recruiting for Replacement
	Type 2 Diabetes Basics	75% of all patients that complete the 4-session curriculum will improve glucose control as measured by HbA1c.	Diabetic Educator Retired, Recruiting for Replacement
Mental Health	Continue to explore the avenues with which to provide mental health services to hospital district residents.	Implement an outpatient mental health service within the district by end of year 2.	A tele-behavioral health contract was signed in Q4 2018. 85 unique patients received tele-behavioral services in 2019.
Smoking	Continue to offer free smoking cessation opportunities to district residents through evidence-based health coaching.	Provide smoking cessation information to all clinic patients identified as active smokers by start of year 2.	Smoking cessation classes are offered to clinic patients
Healthy Aging	Continue to offer the Aging Mastery program annually.	75% of participants will indicate that the program helped them deal more effectively with their health.	Diabetic Educator Retired, Recruiting for Replacement

Our Community and People

More than 80% of Arbor Health’s inpatients reside within the boundaries of Lewis County Public Hospital District #1. The District encompasses 900 square miles and includes the communities of Morton, Randle, Mossyrock, Packwood, Glenoma, Silver Creek, Salkum, Silver Creek and Mineral. Figure 1 depicts the boundaries of the District. The District’s current population is approximately 10,550, as detailed in Table 2. The District’s population has increased by 5.5% since 2010. Almost 30% of District residents are 65 or older, making the District one of the oldest communities in the State. The 65+ population is projected to grow by another 15% over the next 5 years, while total population will grow by just 4.1%. Approximately 7% of District residents are Hispanic, compared to 13% statewide. From 2010 to 2019, the District’s Hispanic population grew by 32.3%.

Figure 1. District Map

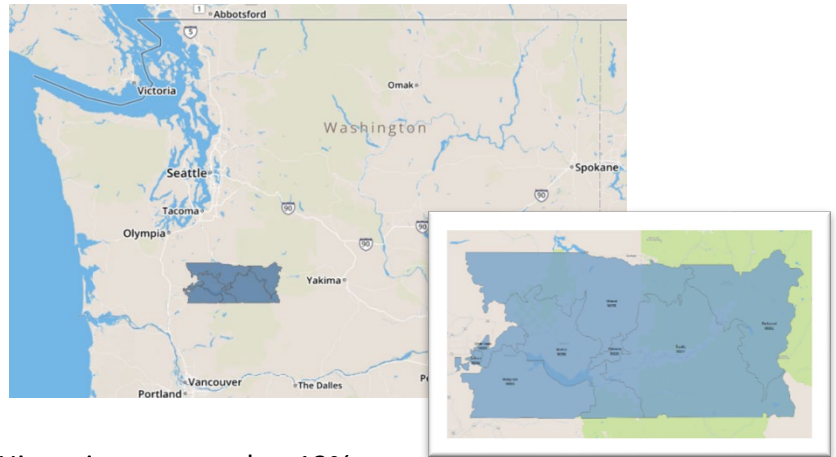


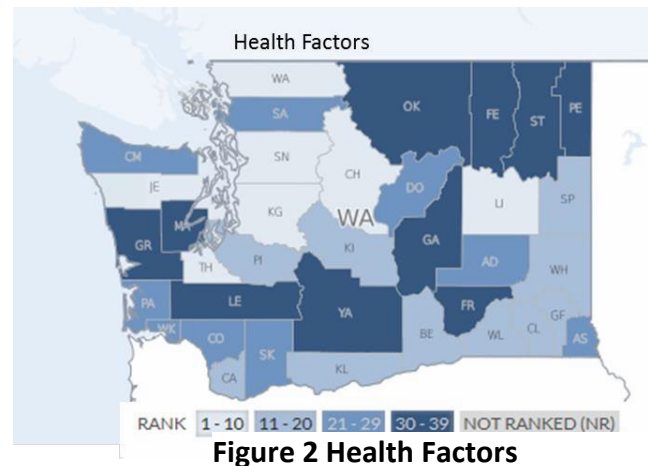
Table 2. District and County Demographics, 2019

Population	District	%	Lewis County	%	WA State	%
Total Population	10,546		81,004		7,572,102	
Under Age 5	463	4.4%	4,710	5.9%	468,060	6.2%
5-17 Years Old	1,282	12.2%	12,714	16.1%	1,214,105	16%
Adults 18-64	5,759	54.6%	46,042	57.7%	4,682,763	61.8%
Seniors 65+	3,042	28.8%	17,538	20.3%	1,207,174	15.9%
Hispanic	746	7.1%	8,986	11.1%	985,233	13%

Source: Nielsen Claritas. District defined as zip codes 98336, 98355, 98356, 98361, 98377, 98564, 98582 and 98585.

Health Factors and Outcomes in Lewis County

This Report adopts Lewis County data from the Valley View Health Center CHNA since the majority of health factor and outcome data are only available at the County level. Where data is available at the Arbor Health Service Area (District) level, we have incorporated it. Health Factors include Social Determinants of Health and Behavioral Risk Factors interacting to result in Health Outcomes.



Social Determinants of Health

The social determinants of health - the conditions under which people are born, grow, live, work and play - significantly influence the health of a community and its residents. In 2019, Lewis County ranked 27th out of 39 Washington Counties for Social and Economic Factors. These include education level, unemployment poverty levels, income inequality, social associations, violent crime, injury deaths and children in single-parent households.

As seen in Table 3, Lewis County has significantly higher rates of children under 18 in households below the federal poverty level than the state. It fares considerably better than the state on violent crime rates, and is comparable to the state on food insecurity and housing problems.

In addition, roughly 34% of Lewis County residents are on Apple Health, compared to 24% statewide. Almost 9% of Lewis County residents less than 65 years of age are estimated to not have health insurance as of 2018. This is currently higher than Washington State (7%), but lower than the United States (10%).

According to the Henry J. Kaiser Family Foundation, 48% of uninsured adults said the main reason they were uninsured was because the cost was too high, even under the Affordable Care Act. Uninsured adults are less likely than adults with any kind of health coverage to receive preventive and screening services and less likely to receive these services on a timely basis.

Table 3. County and State Socioeconomic Characteristics

Metric	Definition	Lewis County	WA State
Children in Poverty	Children under 18 in households with incomes below the federal poverty level in last 12 months	21%	14%
Percent with Severe Housing Problems	1 or more of: overcrowding, high housing costs, or lack of kitchen or plumbing facilities	18%	18%
Violent Crime Rate per 100,000	Offenses that involve face-to-face confrontation between the victim and the perpetrator per 100,000	193	294
Food Insecurity	Did not have access to a reliable source of food during the past year	15%	12%
Source: 2019 County Health Rankings and Road Maps		Better than WA State	Worse than WA State

Some socioeconomic and economic data is available at the District level. This data is summarized in Table 4 and demonstrates that the District fares worse than the County and State in terms of income, poverty, and graduation and unemployment rates. Importantly, the County also fares worse than the State on these same indicators.

The District's graduation rate of 83.3% is worse than the county rate of 87.8% and the state rate of 91.1%. The rate for those with a bachelor's degree or higher is 14.9% in the District which is worse than the County rate of 16.8%. Importantly, the County is about half of the state and national rate (35% and 32% respectively).

The per capita personal income in the District in 2017 was \$24,965 which is slightly worse than Lewis County and significantly worse than the state or nation. For comparison, the per capita income in Washington State was \$36,888 and the US average was \$32,621. The District has slightly more individuals below the federal poverty level than the county, and again significantly more than the state (8.9% vs. 8.2% and 5.3% respectively).

Lewis County is also classified as an Economically Distressed Area, with an unemployment rate of over 7% in July 2019. The unemployment rate has decreased since 2016, but is still higher than the state rate of 4.5%.

Table 4. District-Level Socioeconomic Characteristics

Metric	Definition	District	Lewis County	WA State
Percent High School Graduate or Higher	Ages 25+ with high school diploma (incl. GED) or higher education	83.3%	87.8%	91.1%
Percent in Poverty	Individuals in households with income under 100% of poverty level in past 12 months	9.6%	9%	7.4%
Per Capita Income	Average income earned per person	\$24,965	\$25,813	\$36,888
Unemployment Rate	Ages 16+ unemployed	8.9%	8.2%	5.3%
Source: American Community Survey, 2018 5 Year Estimates. District defined as zip codes 98336, 98355, 98356, 98361, 98377, 98564, 98582 and 98585.		Better than WA State	Worse than WA State	

With poverty being a critical predictor of poor mental and physical health outcomes, a 2018 United Ways of the Pacific Northwest report summarizes the status of ALICE families—an acronym that stands for Asset Limited, Income Constrained, Employed. These are working families that earn above the Federal Poverty Level (FPL), but do not earn enough to afford a basic household budget of housing, childcare, food, transportation, and health care. This data is available at both the County and District level. In addition, almost 33% percent of Lewis County residents find it difficult to meet basic needs based on 2016 data. These households earn more than the FPL, but less than the basic cost of living for the county. An estimated 15% of Lewis County residents live below the Federal Poverty Level (FPL), compared to the State at 11% and the Nation at 12%. Over 22% of persons are living at or below 125% of FPL, which is above the state average of 16%.

ALICE households as a percentage of total households in the District and County are identified in Table 5. When combining households living in poverty and ALICE households, approximately half or more (in all cities except Packwood) of District households cannot afford a basic budget for food, clothing, shelter, health care, child care, and transportation (ranging

from 36% in Packwood to 85% in Mineral). For all cities in the District except Packwood, this is higher than Lewis County and Washington state overall, wherein 47% and 39% of households are either ALICE or in poverty.

Table 5. ALICE Households

Area	Total HH	% ALICE or Poverty
District		
Mineral	131	85%
Morton	451	60%
Mossyrock	308	67%
Packwood	140	36%
Other Lewis County		
Centralia	6,652	57%
Chehalis	2,808	61%
Fords Prairie	867	46%
Napavine	672	44%
Onalaska	248	41%
Pe Ell	214	43%
Toledo	248	58%
Vader	243	57%
Winlock	503	58%
Lewis County	29,509	47%
WA State	2,767,682	39%

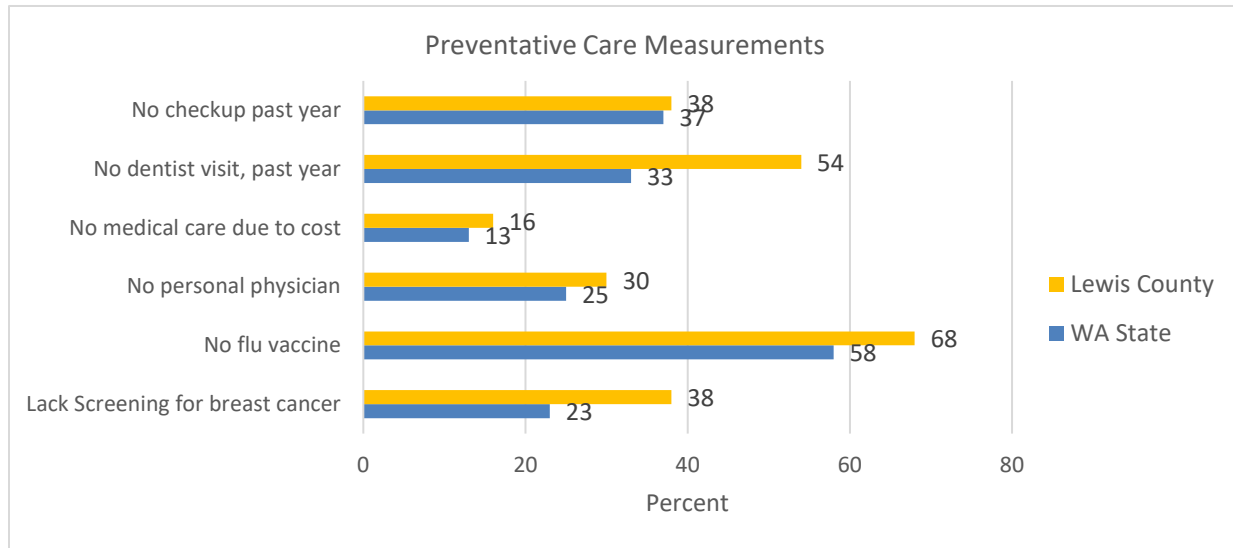
Source: 2018 United Way ALICE Report for the Pacific Northwest

Behavioral Risk Factors

Behavioral Risk Factors are those personal behaviors or patterns of behavior which strongly yet adversely affect health and increase the chance of developing a disease, disability or syndrome. Lewis County is ranked 35th of the 39 Washington Counties for Health Behaviors. Rates of adult smoking (17%), physical inactivity (22%), and alcohol-impaired driving deaths (38%) are all higher than the Washington State average. There is lower access to exercise opportunities (52%) than the state average. There are more teen births in Lewis County than the state average. The rate of excessive drinking (16%) is slightly lower than the state rate.

Preventive Care

Lewis County residents are doing worse than the state in seeking preventive health care. For example, 38% of residents have not been screened for breast cancer which is significantly more than the state average. Whereas almost 70% of Lewis County residents get screened for colorectal cancer. Over one-third of residents also did not get a medical checkup in the last year.



Immunizations

Receiving the appropriate vaccine on time is one of the best preventive health behaviors and one of the single most important way parents can protect their children against serious diseases. Lewis County school aged children are doing well for meeting school- entry immunization requirements: 88% of kindergartners; 83% of 6th graders; and 91% for all grades K-12. These rates are just slightly higher but statistically significant than the state average.

In comparison, only 34% of children in Lewis County are considered fully immunized using the HEDIS Combo 10 measure, compared to the state average of 45%. Only 16% of children 6 months-17 years old received influenza vaccine in 2018, compared to the state average of 25%. This is far below the Healthy People 2020 goal of 70%. The adolescent HPV immunization rate is 45% for at least 1 dose, but only 26% are up to date with a complete series. These rates are only slightly lower than the state at 49% and 29%, respectively.

Oral Health

Poor oral health is widespread in Washington State and the United States and disproportionately affects low-income populations. Most low-income adults and children in Washington State receive dental coverage through Apple Health. Federal law mandates that Medicaid programs cover dental services for children under the age of 21, but there are no requirements for adult coverage. This is reflected in the rates of those eligible for Apple Health receiving dental services. In Lewis County, only 22% of low-income adults (21 years and older) received a dental service in 2018, compared to 54% of children (20 years of age and younger). These both are slightly lower than the state utilization rate.

Overall, 54% of Lewis County adult residents report not seeing a dentist in the past year for any reason, compared to the state average of 33%. Lewis County is doing better on children's oral health indicators than Washington State as a whole based on 2016 measures. For example, for children in Head Start/ECEAP, 33% had a tooth decay experience and 6% had untreated decay, compared with 45% and 25%, respectively in the state.

Opiate Use

In 2019 Lewis County had a rate of 36 publicly funded first treatment admissions and 25 hospitalizations for all opiates per 100,000 people. In the first quarter of 2019, the retail opioid prescription rate was 80 per 1,000 people. This is higher than the state rate of 61 per 1,000. This rate has been declining in Lewis County and the state from a high in 2014-2015.

Health Outcomes

Lewis County is ranked 30th of the 39 Washington Counties for Health Outcomes. This is a picture of how long people live and how healthy people feel while alive. This ranking is based on the rates of premature death, those with poor or fair health, the number of days with poor physical or mental health days, and the number of babies born with low birth weight.

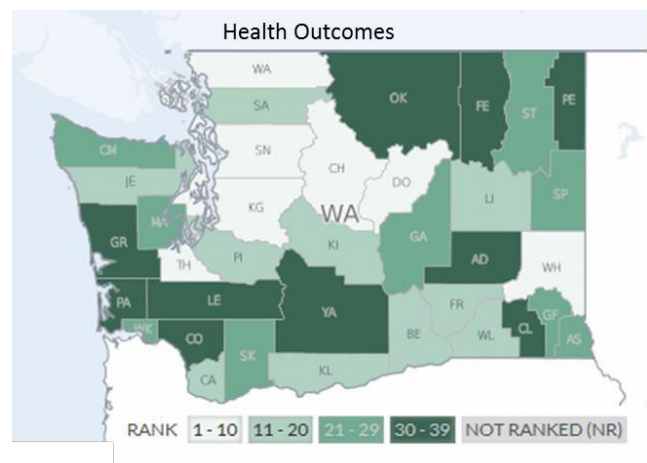
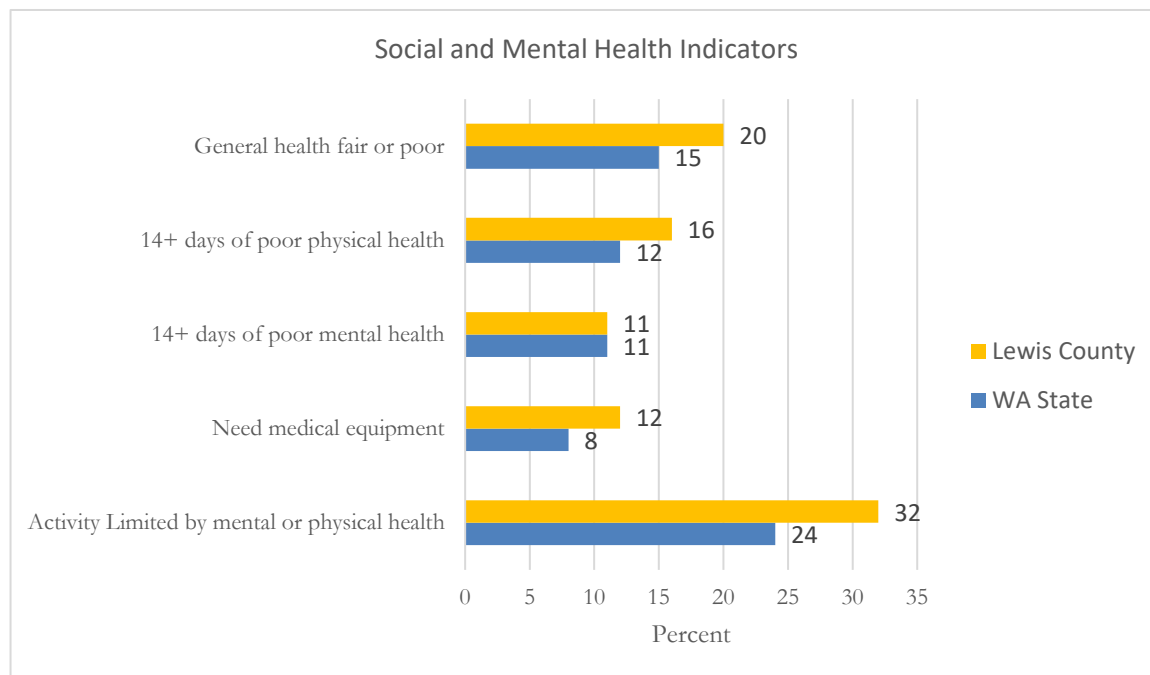


Figure 3 Health Outcomes

Social and Mental Health

An estimated 20% of the US population has a diagnosable mental disorder in a given year, including 5 percent who have a serious mental illness such as schizophrenia or bipolar disorder. Only 42% of those adults diagnosed with a mental illness received mental health services. According to the Washington State Healthy Youth Survey in 2016, 36% of Lewis County youth reported being depressed and 22% reporting having suicide ideation. These are statistically the same rate as Washington State. Lewis County residents had an average of 4 poor mental health days per month and 13% of residents report frequent mental distress.

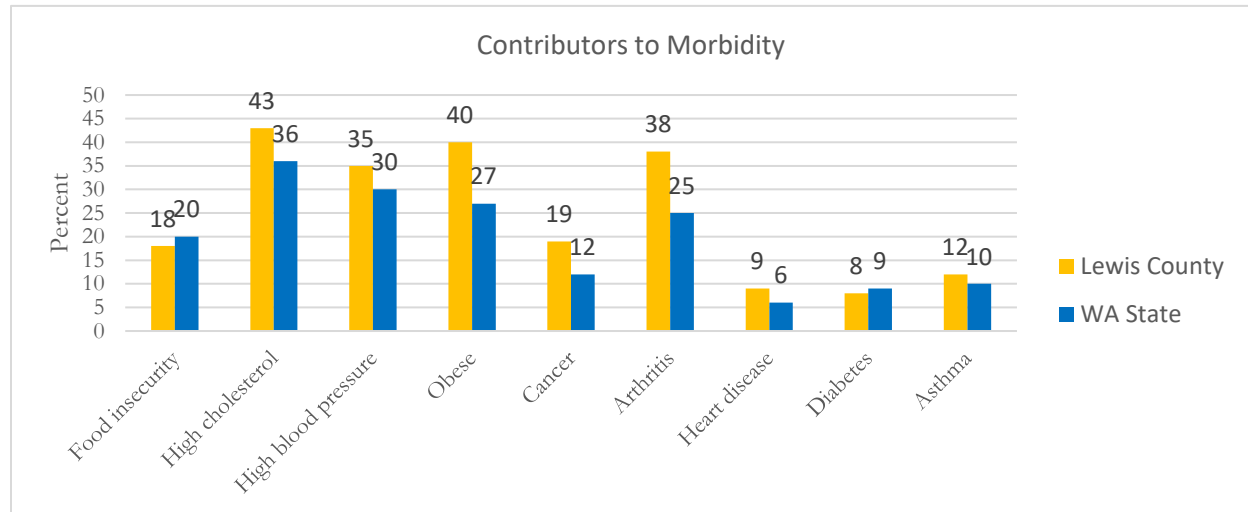


Whether poor mental health leads to poor physical health, poor physical health leads to poor mental health, or both are caused by a common risk factor is not clear. More than 30% of surveyed Lewis County adults reported have their activities limited by mental or physical health and 20% reported their general health was fair or poor.

Morbidity (Illness)

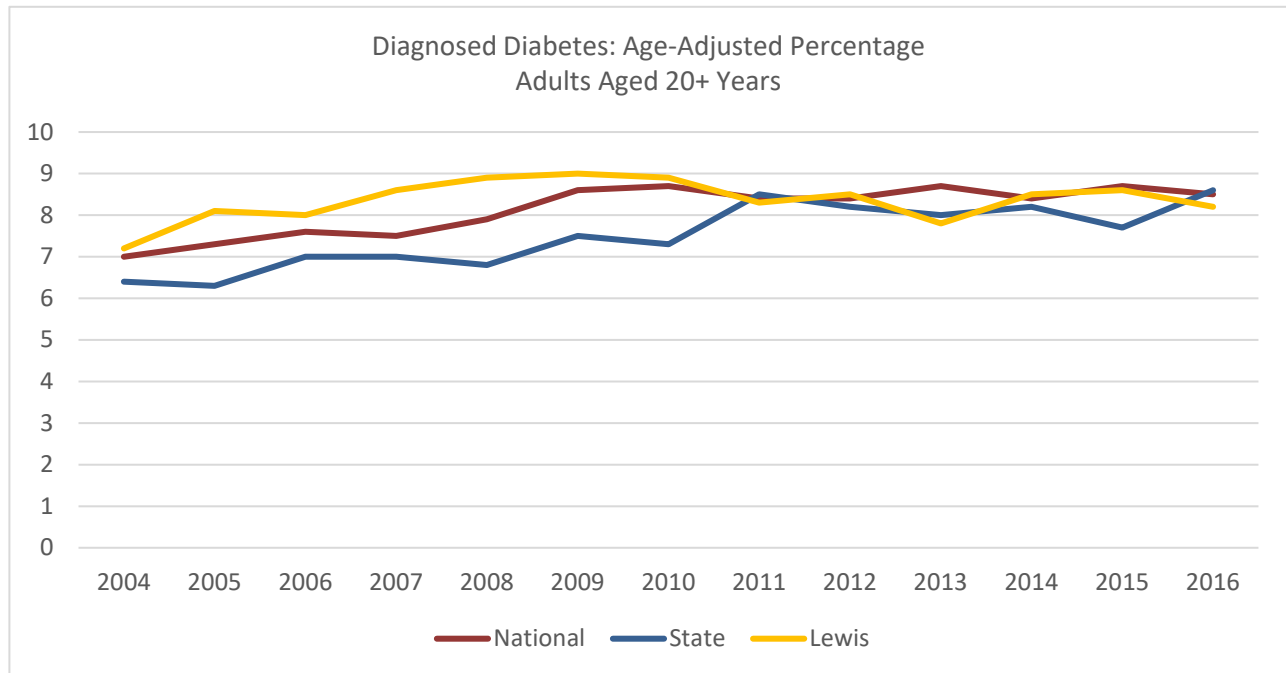
Lewis County adults have a higher than prevalence of cancer, arthritis, heart disease, and obesity than the state. Asthma, high cholesterol, high blood pressure and diabetes prevalence is about the same as the state.

Specifically, the total number of diagnosed Diabetes Mellitus cases in adults (all types) may be leveling off, after dramatic increases from 4% in 1980 to 8.7% in 2010. As of 2016, the prevalence of diabetes in Lewis County is just over 8%, just below the state average.



As of 2017, at the national and state level, those aged 65 and older have the highest rates of diabetes about 20%, followed by those aged 45-64 at about 13%. Nationally and at the state level, those with less than high school education have the highest rates at about 12-13%, followed by those with a high school education at about 10%. Nationally, Hispanics have the highest rate at over 12%, followed by Blacks at 11%, Asians at 9% and Whites at 8%. No age group, education or race/ethnicity data is available at the county level.

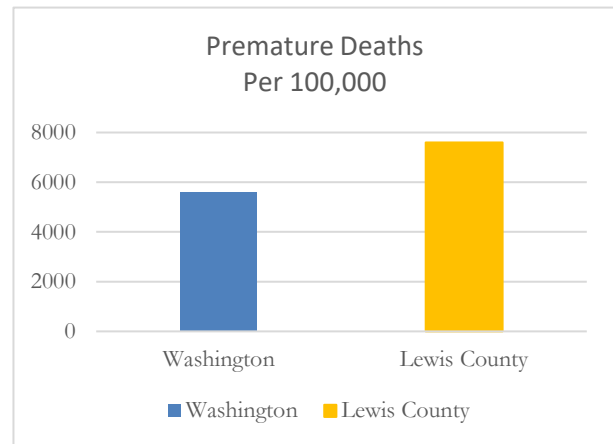
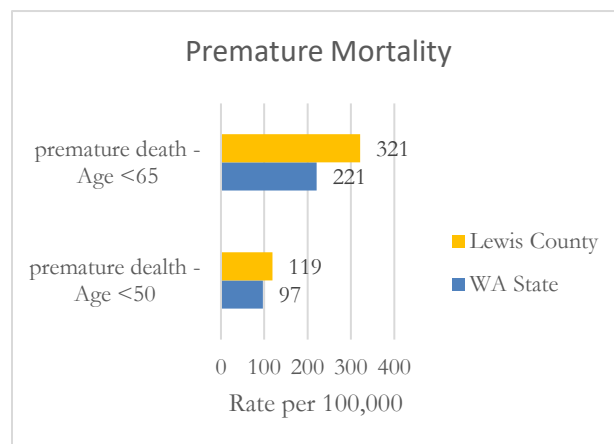
Statewide, the rate of newly diagnosed Diabetes Mellitus cases in adults has been decreasing over the past few years, while the mean age of diagnosis remains steady at about 52 years of age (regardless of gender, race/ethnicity or education level). Nationally, the incidence of new cases rose from a rate of 3.5 per 1,000 in 1980 to a high of 8.5 in 2010, and a decrease to 6.5 in 2017. At the state level, the current incidence is 5.7 per 1,000.



Mortality (Death)

Leading causes of death in an area provides insight to the health status of a population. A high rate of deaths due to preventable causes indicates heightened disease burden or an unmet need for health care services. Every death occurring before the age of 75 is considered premature and contributes to the total number of years of potential life lost.

The average life expectancy of Lewis County residents is 77.6 years of age, lower than the Washington state average of 80 years of age. Lewis County is also Ranked 32nd of the 39 Washington Counties with 7,600 premature deaths per 100,000. These rates have increased from 2016. In comparison, the Washington State average is 5,600 per 100,000 and the top healthiest US counties have rates of 5,400 per 100,000. Specifically, there are significantly more premature deaths in Lewis County than the state average for those between 50-65 years of age.



The leading causes of non-accident death in Lewis are malignant neoplasms (cancers) and major cardiovascular diseases. This matches Washington State causes of death rates overall. The death rate due to diagnosed Diabetes Mellitus (all types) has significantly decreased in Lewis County since 2005. It is 18 per 100,000, which is lower than the state rate of 21 per 100,000. The death rate to due Alzheimer's has slowly increased in Lewis County and is 51 per 100,000. This is a little higher than the state rate of 45 per 100,000.

Lewis County had an average annual opioid death rate of 8 per 100,000 population from 2013-2017. This is just below the state rate of about 10 deaths per 100,000 persons and less than the national rate of almost 15 deaths per 100,000 persons. Overall, the prescription opioid death rate is declining, but is offset by the rise in heroin and synthetic opioid deaths.

Community Convening

In addition to the robust community convenings undertaken in 2019 by the Lewis County Health Partnership (Lewis County Public Health & Social Services and a core team of community partners representing hospitals, clinics, emergency medical services, non-profit agencies, education, community development, and the faith community) and Valley View (discussions at 9 venues, surveys and key informant interview and community events), over the period of October 2019- Arbor Health also undertook a series of focus groups with key community leaders, healthcare leaders, the general community, medical staff, employees, managers, the Board, leadership and external stakeholders, to collect information on strengths and weaknesses in the current east Lewis County healthcare system and the greatest challenges needing to be addressed. Questions posed focused on:

- The most critical challenges facing the community over the next three years?
- What local health care can do to address the challenges, and help the community become more successful?
- What types of local partnerships would be helpful in addressing community needs?

Table 6 summarizes the top responses received:

Table 6
Arbor Health Community Convening Summary

Group	Most Critical Challenges Facing the Community	Health Care Programs, services needed to address challenges	Opportunities and Partnerships that will Support Community Needs
Community	Volatile and small size of job market Increasing percentage of low income and affordability of care	More preventative care More wellness classes	Education on pricing and health care costs
External Stakeholders	Growing aging population Sustainable healthcare and cost of health care Access Lack of behavioral health services and need to integrate mental health and substance use disorders into primary care Workforce shortages	Better transitions in care Behavioral health and primary care integration Access Chronic disease support Labor and Delivery	Develop community health workers Expand primary care Partner on community health and wellness programs
Arbor Health	Social determinants of health Staff training/development and retention Viability Retain primary care	Wellness services Community health	Increase care coordination Care transitions

Across all the groups surveyed by Arbor Health, the Lewis County health Partnership and Valley View, the common needs/priorities included:

- Affordability of health care
- Access to both primary care and specialties
- Wellness support
- Social determinants
- Behavioral health/primary care integration
- Chronic care management, and
- Transitions in Care

Selected Priorities and Implementation Plan

Arbor Health Morton Hospital's selected 2020-2022 CHNA Implementation priorities strategies fully align with Arbor Health's newly adopted mission, vision and strategies include:

1. Build external relationships and partnerships that prioritize unmet health needs, recognize the community's need and desire for more wellness services and address the impact of social determinants in health status.
2. Enhance health outcomes through recruitment and programs that increase access and support wellness, community health programming, coordinate whole person care, expand care coordination and transitions in care.

The initial focus will be on evaluating the feasibility of a wellness center that directly targets social determinants, and supports and encourages the community's interest in more wellness programming.

Related to partnerships, Arbor Health will continue its active support of the local food bank and its efforts to reduce food scarcity.



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION ADOPTING LEWIS
COUNTY HOSPITAL DISTRICT NO. 1'S
CORE VALUES

RESOLUTION NO. 20-19

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To adopt the core values.

One team, one mission.

Go out of your way, to brighten someone's day.

Own it, embrace it.

Care like crazy.

Motivate, elevate, appreciate.

Know the way, show the way, ease the way.

Find joy along the way.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 6th day of May 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Wes McMahan, Commissioner

Trish Frady, Commissioner

Tom Herrin, Commissioner

Date: April 29, 2020
To: Board of Commissioners
From: Leianne Everett, Superintendent
Subject: Adoption of Core Values

In follow-up to our February 2020 Strategic Planning Retreat, the Management Team worked on the Core Values that were discussed at the retreat. Below is a list of the strawman values vs. the Core Values that are being presented for your approval. We continue to be enthusiastic about the adoption of these values and look forward to implementing them soon.

Strawman Core Values

One team, one purpose.
Spread a smile, go the extra mile.
Live it, own it.
Care like crazy.
Motivate, appreciate.
Know the way, show the way.
Enjoy the journey.

Proposed Core Values

One team, one mission.
Go out of your way, to brighten someone's day.
Own it, embrace it.
Care like crazy.
Motivate, elevate, appreciate.
Know the way, show the way, ease the way.
Find joy along the way.



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION DECLARING TO
SURPLUS OR DISPOSE OF
CERTAIN PROPERTY

RESOLUTION NO. 20-20

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

That the equipment and supplies listed on Exhibit A, attached hereto and by this reference incorporated herein, are hereby determined to be no longer required for hospital purposes. The Administrator is hereby authorized to surplus, dispose and/or trade in of said property upon such terms and conditions as are in the best interest of the District.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 6th day of May 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Wes McMahan, Commissioner

Trish Frady, Commissioner

Tom Herrin, Commissioner

DISPOSAL/SURPLUS PERSONAL PROPERTY

EXHIBIT A

DATE	DESCRIPTION	DEPARTMENT	PROPERTY #	DISPOSITION	REASON
4/2020	EVPLUS BADGE PRINTER	IT	5612	DISPOSAL	OBSOLETE
4/2020	HP PROBOOK	IT	6055	DISPOSAL	OBSOLETE
4/2020	HP PROBOOK	IT	6063	DISPOSAL	OBSOLETE
4/2020	HP LAPTOP	IT	5843	DISPOSAL	OBSOLETE
4/2020	HP LAPTOP	IT	6234	DISPOSAL	OBSOLETE
4/2020	HP LAPTOP	IT	5623	DISPOSAL	OBSOLETE
4/2020	LENOVO LAPTOP	IT	5845	DISPOSAL	OBSOLETE
4/2020	HP ELITE X2	IT	6147	DISPOSAL	OBSOLETE
4/2020	HP ELITE X2	IT	6114	DISPOSAL	OBSOLETE
4/2020	CELLPHONE	IT	6046	DISPOSAL	OBSOLETE
4/2020	CELLPHONE	IT	6184	DISPOSAL	OBSOLETE
4/2020	CELLPHONE	IT	6197	DISPOSAL	OBSOLETE
4/2020	CELLPHONE	IT	6072	DISPOSAL	OBSOLETE
4/2020	CELLPHONE	IT	6078	DISPOSAL	OBSOLETE
4/2020	CELLPHONE	IT	6075	DISPOSAL	OBSOLETE
4/2020	CELLPHONE	IT	6272	DISPOSAL	OBSOLETE
4/2020	CELLPHONE	IT	6270	DISPOSAL	OBSOLETE
4/2020	HP LAPTOP	IT	6023	DISPOSAL	OBSOLETE
4/2020	REFRIGERATOR	ACUTE	5682	DISPOSAL	OBSOLETE
4/2020	VIZIO TV	ACUTE	5536	DISPOSAL	OBSOLETE
4/2020	VIZIO TV	ACUTE	5535	DISPOSAL	OBSOLETE

	Approved Documents Pending Board Ratification 05.06.20	Department
	Arbor Health's Policies, Procedures & Contracts	
1	2017 Retrospective Clinical Review Findings	Health Care Authorities
2	2020 CAH Rates & 2018 Preliminary Cost Report Settlement	Health Care Authorities
3	3M Software License Agreement - Amendment 7	Service Agreements
4	ACHC Certification of Accreditation- Home Sleep Testing	Sleep Center
5	Aetna Health Inc. Managed Care Agreement	Manage Care Contracts
6	Amerigroup Quality Amendment	Participation Agreements
7	Anti-Discrimination and Anti-Harassment	Human Resources
8	Arbor Health Visitation	Administration
9	CT Contrast Injection Procedure	Radiology/Medical Imaging
10	CT Dose Limitations (Exceeded Dosage)	Radiology/Medical Imaging
11	Call Back and Standby	Radiology/Medical Imaging
12	Cleaning Patient Room	Facility Support
13	Clinic Works Consulting LLC	Professional Services Agreement
14	Community Health Plan of Washington	Manage Care Contracts
15	Consent for Lexiscan Myocardial Perfusion Scan	Radiology/Medical Imaging
16	Continuing Education for the Imaging Department	Radiology/Medical Imaging
17	Contracted Patient Services Performance Agreement-Morrisons	Contracted Patient Services Performance Agreements
18	Contrast use by Cardiovascular Sonographers	Radiology/Medical Imaging
19	Critical Results Notification	Radiology/Medical Imaging
20	Diagnostic Contrast Reaction Care	Radiology/Medical Imaging
21	Disciplinary Guidelines	Human Resources
22	Echocardiograms	Radiology/Medical Imaging
23	Emergency Room ABN	Patient Access
24	First Financial Healthcare Solution-Lease 102810-SW	Lease Agreements
25	First Financial Lease Sch 2	Finance
26	Gemini Diversified Services, Inc. LOI to Terminate	Credentialing

27	General Principles of Ultrasound	Radiology/Medical Imaging
28	Intrinium, Inc.	Contracts
29	Kirk's Pharmacy-340b	Service Agreements
30	Lucidoc 10th Amendment 2019	Contracted Services
31	Lucidoc Corporation SaaS Agreement	Information Technology Services Agreement
32	Medical Care to Children of Divorced or Separating Parents or Partners	Administration
33	Medication Review Inc.	Contracted Services
34	Moist Heat Equipment Maintenance	Physical Therapy
35	Molina Amendment 010719	Manage Care Contracts
36	Morrison Management Specialists LOI to Terminate Contract	Letter of Intent
37	Morton Medical Center Lease Agreement 2015 Executed	Lease Agreements
38	Morton Medical Center-2019-20 Lease Renewal	Lease Agreements
39	Patient Weight Limitations per Imaging Equipment Manufacturers	Radiology/Medical Imaging
40	PeaceHealth SW Medical Center Amendment	Contracted Services
41	Peacehealth SW WA Medical Center for "BCCHP" Agreement	Service Agreements
42	Personnel Records	Human Resources
43	Pipette Calibration	Lab General Policies/Procedures
44	Portable X-Ray Unit	Radiology/Medical Imaging
45	Radiation Physicist Services	Radiology/Medical Imaging
46	Regents Capital Corporation	Lease Agreements
47	Restorative Program	Occupational Therapy
48	Retention of Medical Records	Health Information Management
49	Seattle Pharmacy Relief, LLC	Business Associate Agreements
50	Seattle Pharmacy Relief, PLLC	Contracted Services
51	Seattle Pharmacy Relief, PLLC Addendum	Contracted Services
52	Siemens Master Products Agreement	Service Agreements
53	Social & Medical Leave for Custodial Patients	Non-Skilled Swing
54	Solix, Inc.	Service Agreements
55	Sterling letter of acceptance and contract	Manage Care Contracts
56	TPx Communications	Business Associate Agreements
57	Uniform Medical Plan	Manage Care Contracts
58	United Healthcare 2012	Manage Care Contracts
59	UpToDate Anywhere ADDENDUM	Contracts
60	Use and Disclosure of Highly Confidential Services	Health Information Management
61	Use and Disclosure of PHI	Health Information Management
62	WA Hospital Services Fee Schedule	Service Agreements

63	WA State HCA Encounter Rate through MCO	Manage Care Contracts
64	Waived Testing - Personnel	Point of Care Testing
65	Wellpartner, LLC-CVS	Service Agreements
In order to access the above documents you will need to log into Lucidoc. Once you have logged into Lucidoc, on the top toolbar click "My Meetings" and select the upcoming board meeting date that's highlighted in green to see the agenda with documents needing to be ratified. You are able to view the documents once in the agenda. If the date is highlighted in yellow that means the agenda has not been released yet.		

OLD BUSINESS

NEW BUSINESS

Board of Commissioners
Lewis County Public Hospital District No. 1
doing business as Arbor Health
Morton, Washington

We have audited the financial statements of Lewis County Public Hospital District No. 1 doing business as Arbor Health (the District) for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 4, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2019. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were management's estimate of the allowance for uncollectible accounts and contractual adjustments, estimated third-party payor settlements, and the liability for employee health insurance claims incurred but not reported.

- Management's estimate of the allowance for estimated uncollectible accounts and contractual adjustments is based on experience, third-party contractual history, and any unusual circumstances.
- Management's estimate for third-party settlements is based on interim payments, the District's expenses, and patient statistical data.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated [DATE].

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of Board of Commissioners and management of Lewis County Public Hospital District No. 1 doing business as Arbor Health and is not intended to be, and should not be, used by anyone other than these specified parties.

Dingus, Zarecor and Associates PLLC

Spokane Valley, Washington
[DATE]

**Lewis County Public Hospital District No. 1
doing business as
Arbor Health**

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2019 and 2018

DRAFT

Lewis County Public Hospital District No. 1
doing business as Arbor Health
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Lewis County Public Hospital District No. 1
doing business as Arbor Health
Statements of Net Position
December 31, 2019 and 2018

ASSETS	2019	2018
<i>Current assets</i>		
Cash and cash equivalents	\$ 4,690,387	\$ 3,669,659
Receivables:		
Patient accounts	3,814,638	3,347,146
Estimated third-party payor settlements	374,592	1,148,345
Taxes	30,141	30,047
Taxes restricted for debt service	29,897	28,873
Other	112,724	92,544
Inventories	257,648	301,090
Prepaid expenses and other	270,106	278,904
Total current assets	9,580,133	8,896,608
<i>Noncurrent assets</i>		
Cash and cash equivalents, limited as to use for capital acquisitions	608,170	594,184
Cash and cash equivalents, restricted for debt service	731,721	688,171
Capital assets, net	9,469,416	10,823,038
Total noncurrent assets	10,809,307	12,105,393
Total assets	\$ 20,389,440	\$ 21,002,001

See accompanying notes to basic financial statements.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Statements of Net Position (Continued)
December 31, 2019 and 2018

LIABILITIES AND NET POSITION	2019	2018
<i>Current liabilities</i>		
Accounts payable	\$ 579,821	\$ 504,174
Accrued compensation and related liabilities	1,446,790	1,448,524
Estimated third-party payor settlements	577,252	-
Electronic health records incentive payback	194,689	194,689
Current maturities of long-term debt	1,005,000	1,636,780
Current portion of capital lease obligations	77,857	86,175
Total current liabilities	3,881,409	3,870,342
<i>Noncurrent liabilities</i>		
Long-term debt, less current maturities	7,205,950	8,237,808
Capital lease obligations, less current portion	-	76,581
Total noncurrent liabilities	7,205,950	8,314,389
Total liabilities	11,087,359	12,184,731
<i>Net position</i>		
Net investment in capital assets	1,180,609	785,694
Restricted for debt service	761,618	717,044
Unrestricted	7,359,854	7,314,532
Total net position	9,302,081	8,817,270
Total liabilities and net position	\$ 20,389,440	\$ 21,002,001

See accompanying notes to basic financial statements.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2019 and 2018

	2019	2018
<i>Operating revenues</i>		
Net patient revenue	\$ 26,965,225	\$ 25,070,163
Grants	127,329	76,301
Other	418,258	349,058
Total operating revenues	27,510,812	25,495,522
<i>Operating expenses</i>		
Salaries and wages	13,291,870	12,995,173
Employee benefits	3,468,801	3,162,458
Professional fees	3,631,231	2,577,389
Supplies	1,895,561	2,132,690
Utilities	386,128	376,161
Purchased services	1,965,280	1,652,472
Leases and rentals	128,090	143,686
Repairs and maintenance	389,054	378,757
Depreciation and amortization	1,780,460	1,826,344
Insurance	199,590	180,577
Other	1,313,648	853,685
Total operating expenses	28,449,713	26,279,392
<i>Operating loss</i>	(938,901)	(783,870)
<i>Nonoperating revenues (expenses)</i>		
Taxation for maintenance and operations	803,187	809,119
Taxation for bond principal and interest	806,800	811,338
Contributions	16,692	19,698
Build America Bond subsidy	92,146	91,929
Gain on sale of assets	2,359	8,200
Interest income	131,170	101,990
Interest expense	(428,642)	(501,004)
Total nonoperating revenues, net	1,423,712	1,341,270
Change in net position	484,811	557,400
Net position, beginning of year	8,817,270	8,259,870
Net position, end of year	\$ 9,302,081	\$ 8,817,270

See accompanying notes to basic financial statements.

SUPERINTENDENT REPORT

Date: April 29, 2020
To: Board of Commissioners
From: Leianne Everett, Superintendent
Subject: COVID-19 Preparation Incident Command Update

COVID-19 Preparation Incident Command was called on March 12, 2020 at 1300. The following identifies high level actions taken using the sections defined by the Hospital Incident Command System:

Incident Command – Incident Commander is/was Superintendent Everett. House Supervisor on Duty is/was Incident Commander in absence of Superintendent Everett.

- Communications- incident command huddles occurred daily or as needed to ensure good communication with management team. Management team took huddle communications back to their department for dissemination throughout the organization
- Superintendent Everett attended weekday 0600 nursing huddles to ensure information reached clinical staff daily
- Instituted a hold on PTO requests greater than 48 hours to ensure surge availability. During this time, PTO accrued in excess of the PTO cap was paid out each pay period to ensure employees did not lose any benefits
- Established WSHA and DOH as primary sources of information due to the inundation of information
- Columbia Security was expanded to seven days a week
- Daily update to Incident Command talking points when the situation was very fluid
- Administrator-On-Call presence seven days per week for first six weeks

Medical Technical Specialists – Section Chiefs are Drs. Kevin McCurry and Tom Anderson and Infection Preventionist Julie Taylor

- Provided continual clinical support to planning and operations on all action items
- Directed the appropriate use of PPE and a PPE Conservation Plan

Operations – Section Chief is/was Jeff Robbins. If Incident Command would move from COVID-19 Preparation to COVID-19 Response, Joyce Bailey would assume Section Chief status.

- Began limiting hospital visitation on March 13, 2020
 - Cafeteria closed to public use until further notice
 - Patients and visitors entering facility are screened at ED entry before proceeding
 - Rehabilitation Services are screening their patients before entering at the Temple Street entrance
 - Custodial patients are limited to video visitation only, except for end-of-life
 - Acute patients receive one screened visitor per day, except for minors and end-of-life
 - No minor visitors are allowed access, with limited exceptions (such as end-of-life)

- Support people with ED patients encouraged to wait in personal vehicles, except for trauma, end-of-life or during discharge education
- Cohorting Patients
 - Created a COVID Hallway (Rooms 201-205), a Non-COVID Hallway (Rooms 206-210) and Custodial (211-213)
- Limiting Hospital Elective Procedures – cancelled procedures that if forgone within the next 90 days would not negatively impact healthcare. Departments heavily impacted are/were:
 - Operating Room
 - Wound Care
 - Pulmonary Rehabilitation
 - Rehabilitation Services
 - Sleep Lab
 - Respiratory Therapy
 - Specialty Clinic
- Drive-Through Community Testing
 - Conducted a Morton testing day, cancelled day two due to lack of community interest (March 21 & 22, 2020)
 - Planned a Randle testing day but cancelled due to lack of community interest
- Employees are/were screened at the beginning and end of each shift
- Restrict employee access to inpatient wing
- COVID-19 Hotline went live on 3/24/2020, staffed with clinical providers
- Managed the testing and communication of results to employees with possible exposures (no employee has tested positive to date)
- Clinics screen all patients prior to entry and offer virtual or phone visits where appropriate

Planning—Section Chief is/was Terri Camp.

- Established a plan to surge to 34 beds; however, we are only capable of staffing for 16 inpatients, assuming no custodial patients
- Held multiple support group sessions for working parents to gain a greater understanding of the childcare needs of employees. No action item resulted from meetings
- Ensures the daily reporting of multiple data sets to multiple stakeholders
- Established areas in which clinical tasks could be batched to minimize employee exposures
- Created triage teams
- Addressed the difficult to discharge patients
 - Worked on placement for all custodial patients
 - Transferred one custodial patient to a long-term care facility. All other patients are signing waivers to stay at hospital against medical advice
- Established a plan to open a COVID-Only Clinic if needed
- Established a commitment from Seasons Hotel for a block of rooms if surge is experienced
- Paused the active recruitment of skilled swing bed patients to allow for hospital bed availability in event of surge

Logistics—Section Chief is/was Shannon Kelly

- List of non-essential employees was developed to deploy in event of a surge (i.e., a biller may be deployed to housekeeping)
- Developed a process for employees, where appropriate, to work from home
- Closely managing the use of low census
- Secured additional CRNA coverage in the event of a surge

Financial—Section Chief is/was Richard Boggess

- Coordinated the donation of PPE, supplies and ventilators
- Created the ability to track COVID related expenses in Multiview and Kronos
- Implemented the use of Microsoft Teams, in addition to Zoom, for virtual meetings
- Capturing lost revenue as a result of mandated limitations. Opened a claim for business interruption insurance.
- Applied for and received monies from Medicare Accelerated Payments (\$5,118,307)
- Received monies from DOH (\$121,953 & \$142,857)
- Applied for and received monies from SBA's Payroll Protection Program (\$2,850,000)
- Received monies from HHS (\$545,225)
- Tracking costs for possible FEMA reimbursement (not likely given no surge)

Public Information Officer—Section Chiefs are/were Roy Anderson and Diane Markham.

- Manages daily updates to website and Hospital Facebook page
- Scripted comments for staff
- Managed media inquiries

Currently, we are contemplating the possible actions we could take as we await further direction from Governor Inslee on easing current restrictions. For example, we are proposing moving to two points of entry vs. a single point of entry. Another example would be the possible expansion of more than one visitor per day for acute care patients.

Finally, our PPE and testing inventories are enough. We currently have almost 8,000 N95 masks, almost 13,000 surgical masks, 19,500 pairs of gloves and almost 3,500 isolation gowns. One area we would like to expand our inventory when available are CAPR shields. We have enough testing supplies to swab 325 patients.