

Mountainview Medical Center
Board of Directors Meeting
March 24, 2021

Present: Bill Galt – Chair, Otto Ohlson, Chris Schlepp, Shane Sereday, Tanya Hill, Cheri Bailey, Doc Schendel.

Rob Brandt – CEO, Tony Pfaff– Cypress Healthcare

Guests: Michael Curtis, Joe Ashcraft from Neenan

1. Call to Order

Bill called the meeting to order at 4 p.m.

2. Minutes

Review of minutes from February. No corrections or additions. Otto moved to approve as presented, Chris seconded. **Motion Passed.**

3. DON/Quality Report

- Kari Jo introduced our new RN Amanda Lake.
- 3 RNs completed their TNCC certification which keeps us in compliance with our trauma receiving status.
- Quality training is going well. Have had 3 sessions with Kyle. Identified a matrix for service area and began collection of data. Reporting will begin at the next meeting. There are 4 areas, so will rotate at each meeting. An example was shown; it has a color indicator of when we are doing well in an area or need to look into something. (Cheri Bailey is Board representative)
- State returned on the 10th for a revisit from the complaint survey. We are in full compliance as of March 6th. We will continue to monitor items put in place.
- COVID vaccine rates: 218 fully vaccinated, 121 first doses. County Health department: 227 fully vaccinated, 352 first doses. They also have the Johnson 1 dose vaccine and are getting good response for it.
- Surveillance testing done today: 46 employees and 2 residents.

Tressa has been doing infection control for the facility for a long time. As a formality the board needs to designate a person. She is the person to name as the coordinator on recommendation from Dr. Stenseth and Rob. Shane made the motion to make Tressa the infection control coordinator. Chris seconded. **Motion Passed.** Document was signed.

4. Medical Staff Report:

Scott Meissner reported that all in-person training for trauma that had been delayed due to the pandemic, is now resuming. Adam is currently attending CME (continuing medical education), the first in over a year and a half. SIM truck training has been scheduled (again) including emergency OB. Normally they conduct 4 a year; but had to cancel with COVID.

5. Financials: February

- Money Market Accounts: no change (2 million)

- Investment Accounts: US Bank 1.2 million, Merrill Lynch 1.2 million
- Revenue: hospital 349,767; clinic 59,439; net patient 481,573
- Expenses: \$507,805
- Operating Profit \$19,811; overall net profit \$691,323. Largely because moved the PPP money from a loan to grant. Also reclassified the Medicaid supplemental payments for COVID to grants.
- Census: 0 acute days; 71 swing days, 24 ERs, 237 clinic visits, 210 intermediate.
- AR days at 51. Christina reported her staff have changed some of their duties; all staff will be cross trained. Everyone is doing fairly well with new jobs, end result will be good.

6. CEO Report

Pasture Lease Bid: our attorney wrote the lease agreement and it was put out for bid. Only one was returned. \$50 per horse per month with the option to add 1 or 2, but not over 6. \$200 per month. They will abide by the roads. Land owner spoke with Bill, county has an easement for the transfer site. With board approval, Rob will move forward. Not responsible for feed. Giving up the right to hay it. Chris made the motion to go forward with the lease. Shane seconded. **Motion Passed.**

New Facility: The building committee and the leadership team has been meeting with the Neenan Group to compile information for a recommendation. Joe Ashcraft presented the feasibility study that was completed to show due diligence on what we can afford and expect to afford. It was an abbreviated presentation.

Space needs listing for the proposed new facility. ER department with a procedure room. Expansion capacity to get to surgery. Double room trauma bay, procedure room. Acute rooms: 5 room with 2 being isolation type rooms. Long-term care side 16 private rooms, 2 double patient rooms. Total of 25 bed count. Includes dietary and activities. CT, radiology and multipurpose room for expansion to ultrasound, dexascan. Outpatient clinic: 9 exam rooms with 1 negative pressure. Large exam room for chiropractic. Includes a couple multi-function rooms and a procedure room for minor procedures. 5 provider offices and clinic manger office. PT large open gym area, 3 private bays. Lab. Administration area with board room, business office. Greeter/gift shop area at the front. CS, laundry, Data center/IT. Dining and kitchen area, separate from long-term piece to be similar to Deer Lodge and part of the central galleria space for the community area, visitors and staff. Enclosed ambulance vestibule with garage doors to be closed during inclement weather. Have a separate maintenance building for lower cost construction which will have equipment work area with office and general storage, on campus but separate. The isolation and negative pressure rooms will help with COVID like pandemic response in the future. Ends up with total of 33,400 square feet or 36,000 with a maintenance building. Block diagram shown. A separate diagram showed the expansion potential if needed. Comparison to now: Existing 34,500. New proposed 33,441. Current is 2 levels. Proposed is one level. More efficiently arranged.

Replacement cost assumptions. Land is purchased. Site development will have to bring water and sewer to the property. Planning to go on Crawford and Garfield, but Shane threw out the idea to come from Folsom and go through rodeo grounds to meet 6th Street. Saves linear feet and road repairs. Building is 18 million alone. \$527 per square foot. Financing, equipment, contingency, site development brings the total to 30 million not including land purchase. USDA loan potential of 25 million.

Recommendation for next steps. Engage Stroudwater to manage the USDA loan application. Conduct a USDA environmental survey. Hire a CPA firm to conduct an exam level forecast; for endorsement as a legitimate plan and show it is viable. Preliminary architectural review required for USDA. Concurrently, annex the new site into the city site: survey and plat. Total for all the above: 143-153K estimate.

Rob stated the drawing is not the final design, just for how the facility should flow and to proceed we have to do this process to ask for the financing. This is what we need and will use for the future with potential expansion. Tony added this is what has to be done for USDA funding. They will come back and need a story for the size. The application is 4000-5000 pages. USDA is important because they are the cheapest and the easiest for us to qualify for. State loan will only go up to 15 million. Rate of 5% guaranteed loan program from USDA. Direct loan is 2.25%. We would have Stroudwater or Charles Ervin do the application. They do 90% of the loans for hospitals in the US. The direct loan program can take up to 2 years. We don't have 2 years with the COVID money, it has to be spent before the end of June.

In order to keep going forward we have to commit and made a motion to decide to go ahead and earmark what we have to spend to get the USDA loan applications: 150K plus money for the city items. Question of if we are confident that the money will be spent before June. If it isn't it will go back. Go ahead to bring the water and sewer to the property and beyond for future development. Whether or not if we go forward with building the hospital.

Otto questioned the term on this and payback: 30 year term. Annual principal pay back - Tony answered 160K per month. Discussion of where we are going to get that. Combination of CAH reimbursement: Medicare and Medicaid of 74%. Comment that without COVID we are breaking even. Not to rely on the mine if it happens. Tony explained what happened in Deer Lodge and Sheridan, moved in to their building at 9.4 million per year. In 10 years, do 35 million per year. 400% increase and 14 million in the bank. Sheridan who is similar to WSS with 1200 people in their service area, were doing 350K per month. Moved across the street, now 2 years later are at 700K per month. Perception and the fact that we will be able to do things we can't do now. Procedures is where the money is. A slide presented with market study that showed projections. Otto is concerned about the big players that are working hard at shutting down the smaller places: Benefis and Billings Clinic. They don't play fair and won't let up.

Bill understands and is convinced to at least do the first part. It is spending money we are not going to have anyway. Tony added with USDA the worst case scenario is the federal government will own the building, they won't close you. Otto stated his concern of not going where we were 20 years ago. Comment if we decide not to go forward, stay in the facility, how far are we from state mandated upgrades. New and strong is a far better to keep away the big players, if they want our referrals.

Chris asked about the revenue growth, was it similar, where was the most; inpatient and outpatient. Patients wanted to be there and procedures. Inpatient and swing is a big component and a new facility is inviting. What about long-term care projections, in the past have had more years we were full than where we are now. Rob's comment "build it they will come."

Doc Schendel commented he doesn't know if we have those who will use it. Bill hopes that if there is a short fall we could go back to the commissioners and get the tax money again. It is a possible source.

Chris noted we would need an increase in monthly income of 10-15%. The depreciation is where it will come from. Tony's experience has been that within 2-3 years it has doubled in revenue.

Bill entertained a motion to spend the 160K in addition to 100K already spent on the study, to finish the study with no guarantees and find out if we can secure a USDA loan. Motion made by Chris and seconded by Shane. Discussion – none. Vote – unanimous. **Motion Passed.**

Chris asked if we have the money spent by June, after that what is the timeline? 2-3 months for the USDA to answer/review; then spend the money for the infrastructure to the land. The utilities discussion needs to be soon. Tony clarified the money has to be on the books by June 30th. Motion made by Shane go ahead to get the engineer involved for water and sewer on the proposed route to the land and constructed ASAP and start the annexation procession. Utilities and power. Motion clarified – to begin process of getting utilities to new land: water sewer electric and start with the city to start the annexation for the future. Second by Chris. Discussion - none. Vote – unanimous. **Motion Carried.**

Information Items: none

Public Comment: none

Motion to adjourn by Shane, Chris seconded. Moved into executive session at 5:29 p.m.