

STILLWATER MEDICAL CENTER AUTHORITY
BOARD OF TRUSTEES
Regular Meeting, September 27, 2016
Stillwater Medical Center Honska Conference Center
5:30 p.m.

Present: Dan Duncan, Joe Haney, Beth Buchanan, Lowell Barto, Cary Couch, M.D., and Calvin Anthony

Absent: Mayor Gina Noble

Others: Steven Cummings, M.D., Denise Webber, Alan Lovelace, Liz Michael, Steven Taylor, Randy Jobe, Keith Hufnagel, Scott Petty, Butch Koemel (attorney) and Cheryl Marshall (minutes)

Chairman Dan Duncan called the meeting to order at 5:32 p.m.

APPROVAL OF MINUTES

Anthony moved the Board approve the minutes of the August 23, 2016 regular meeting of the Stillwater Medical Center Authority Board of Trustees. Barto seconded the motion, and Anthony, Buchanan, Barto, Duncan, Haney and Couch voted in favor of the motion.

BALANCED SCORECARD

Denise Webber shared the Scorecard report with the members. Inpatient scores are trending well. At the time of the report, the ER score had slipped a little, but is now back up to 70%. We had one readmission, bringing the Heart Failure readmission rate to 25%; however, we are doing well year to date. We are keeping turnover low and are hoping for a record year in that category. We are also doing well in performance and growth.

POSTED ITEMS

ACCEPTANCE OF AUGUST 2016 FINANCIAL REPORT

Lovelace gave a PowerPoint presentation of the summary of operations for August 2016. He told the members that August was a good month. Admissions, including rehab, were 317, below budget of 332 and last year of 336. Observations were 76, below budget of 87 and below last year of 84.

Surgeries were 322 for the month, above budget of 244 and last year of 235. Surgeries at the Surgery Center were 281 for the month, below budget of 305 and last year of 308.

Emergency room visits were 2,603, above budget of 2,473 and last year of 2,460. Outpatient visits, not including ER visits, were 11,512, above budget of 9,351 and last year of 9,992. Births were 66 for the month, below budget of 85 and last year at 76.

Financial assistance was \$273,000 for the month. Salaries and Wages were at \$5.45M, below budget of \$5.51M and above last year of \$5.06M. Benefits were \$1.6M above budget of \$1.39M and above last year of \$1.42M.

Operating Income for the Hospital is \$1.5M above budget of \$572,000 and last year of \$1.3M. Operating Income for the Clinics was \$122,000 compared to a budget of \$43,000 and last year of \$148,000. Operating Income Consolidated is \$1.6M, above budget of \$615,000 and last year of \$1.4M.

YTD Operating Income Consolidated is \$8.5M, above budget of \$4.8M and below last year of \$9M. YTD Operating Margin Consolidated is 7.2%, above budget of 4.2% and below last year of 8.6%. YTD Non-Operating Revenue is \$2.3M, above budget of \$354,000 and last year at \$54,000. YTD Net Income is \$10.9M, above budget of \$5.1M and last year of \$9.5M.

The Arvest investment account increased to \$28.1M. The BancFirst Investment Account increased to \$18.2M. Investments combined are \$46.4M. YTD Simple Return for Arvest is 5%; BancFirst is 6.7%. The benchmark is 5.86%.

Days in Accounts Receivable was 33.4 days. Days Cash on Hand is 184 days. Cash is \$79.437M, compared to \$74.9M at year end 2015.

To date, we have spent \$3.23M (87%) on the Total Fitness Aquatics project. Total amount approved for this project is \$3.735M. \$11.067M (85%) has been spent on the Support Services Building. Total amount approved for that project is \$13.045M. Lovelace believes these projects will finish under budget.

Lowell Barto noted that Charity Care was lower than normal. Lovelace believes this is due to fewer applications over this period of time.

Lovelace stated that the Finance Committee members discussed the financials, the summary of clinic operations and scorecard. The Finance members also discussed the Cancer Center Expansion/Renovation project in detail and recommended the Board approve the project.

Buchanan moved the Board accept the August 2016 Financial Report and the September 21, 2016 Finance Committee minutes as presented. Anthony seconded the motion, and Barto, Couch, Haney, Anthony, Duncan and Buchanan voted in favor of the motion.

ACCEPTANCE OF SEPTEMBER 13, 2016 FACILITIES COMMITTEE MINUTES

Steven Taylor reviewed the items in the minutes of the September 13, 2016 meeting of the SMC Facilities Committee with the members which were included in the packet. He noted that employees are very pleased to have

the fitness center closer to the Hospital. 92 new members signed up in the first 14 days. The Special Needs Instructor complimented our facility calling it the best they have seen.

Barto moved the Board accept the September 13, 2016 minutes as presented. Couch seconded the motion, and Duncan, Couch, Buchanan, Barto, Anthony and Haney voted in favor of the motion.

APPROVAL OF CANCER CENTER/RENOVATION

Steven Taylor reminded the members that Flintco construction was chosen as the construction manager. Taylor showed the members renderings of the updated plans. Since the original plan in August 2015, square footage of the building increased from 11,000 sq. ft. to 18,000 sq. ft. The Outpatient Infusion area was expanded to accommodate the infusion patients currently in the hospital. The shell space may be used for a possible PET CT scanner and increased pharmacy space. The parking lot will also expand by 45 spaces. The total project cost is \$7,642,609 which includes various fees, architect costs, admin/facility services fees and furniture fixtures and equipment. The project length is 10 months with built-in penalties for going past that time.

Dan Duncan asked about the cost per square foot of the MOB. Taylor said that it was \$260. Duncan asked the reason construction costs would be higher for this building. Taylor said that it is mostly due to the amount of brick and stone, the needed structural steel and metal wall panels. He is working with the architect to reduce the cost. Anthony asked about the temporary waiting area. Taylor said that cost is \$20,000 per month. Flintco has given us a guaranteed maximum price and will bid out and subcontract each category. We believe this will drive the total cost of the project below the current estimate. Haney said that he appreciates the diligence the hospital has done on this project and agrees that the project will likely finish under the guaranteed maximum price.

Anthony made a motion to approval construction of the Cancer Center/Renovation for a maximum project cost of \$7,642,609. Haney seconded the motion and Buchanan, Haney, Barto, Duncan, Anthony and Couch voted in favor of the motion.

APPROVAL OF AUGUST 24, 2016 MEDICAL STAFF INTEGRATION COMMITTEE MINUTES

Randy Jobe pointed out that Steven Cummings, MD, was not absent as stated in the minutes and that the correction will be made to those minutes. He reviewed the items in the minutes of the August 24, 2016 meeting with the members which were included in the packet. He noted that Dr. Amanda Christian, OB/GYN has decided to go to St. Francis.

Barto made a motion to approval the Medical Staff Integration Committee minutes with the one change noted. Anthony seconded the motion and

Anthony, Haney Duncan, Couch, Buchanan, and Barto voted in favor of the motion.

APPROVAL OF LOAN AGREEMENT AND PROMISSORY NOTE BETWEEN STILLWATER MEDICAL CENTER AND AMY KIRBY, M.D./RADIOLOGIST

Jobe told the members that Amy Kirby, MD, Radiologist would like to start in July 2017 and would like to accept the offer of the loan. For the first six months, her guarantee would not exceed \$40,000 per month. Duncan asked if this would be income or a loan. Webber stated that it is a loan that is forgiven over time for service to the community. Anthony asked about the three-year time for repayment. Webber said that the short pay back gives the physician time to get started. If she leaves before three years, she would be responsible to pay back a portion of the loan.

Jobe pointed out that the loan guarantee is not with Stillwater Radiology, but is with Dr. Amy Kirby. Anthony asked if she would be employed by the hospital. Jobe stated that she would not. Webber said that she will partner with Stillwater Radiology. Dr. Kirby is an interventional radiologist and will bring procedures that we have not previously been able to do.

Barto pointed out that there is a reference to Exhibit A on expenses and itemization that was not included in the draft. Webber stated that the hospital will not be paying her expenses and that Exhibit will state \$0. Barto stated that Section 8.5 mentions a Security Agreement. Webber said that the UCC1 would be filed. Accounts Receivable will be secured.

Anthony made a motion to approval the loan agreement and Promissory Note between Stillwater Medical Center and Amy Kirby, M.D./Radiologist with changes noted. Barto seconded the motion and Couch, Buchanan, Barto, Anthony, Haney and Duncan voted in favor of the motion.

APPROVAL OF ADMINISTRATIVE POLICIES

Denise Webber told the Board that she is requesting changes to two of our policies. On the Monthly Information Packets for Board, we no longer bring the Safety Risk report as it was an old JCAHO requirement. We now follow DNV requirements. These changes bring our policy up to current practice. The paragraph added to the Statement of Ownership and Control was recommended by Karen Rieger and gives Webber authority to sign documents directed by the Trustees. Barto asked about stock certificates as they are not issued by the Hospital. Webber agreed and said that this was standard language sent from Karen Rieger and would be struck from that paragraph. Barto also noted that it is stated in the first paragraph that the Trust Agreement was amended in April 1985. Webber agreed that it was amended more recently. Webber expressed her appreciation and said that would be changed as well.

Under the financial information received by the Board, Barto requested that the Summary of Clinic Operations be included. Webber agreed.

Barto moved the Board approve the policies with the changes noted. Buchanan seconded the motion, and Barto, Buchanan, Anthony, Haney, Duncan and Couch voted in favor of the motion.

APPROVAL OF OCSRI ASSET PURCHASE AGREEMENT, MANAGEMENT SERVICE AGREEMENT AND PURCHASED SERVICES AGREEMENT

Alan Lovelace told the Board members that the agreements delivered to them on Friday had been updated. He explained the main tenants of the contracts. The term of the Management Service Agreement is ten years. We will purchase 66 monthly hours at a rate of \$64.86 (\$51,000 annually). We will also purchase 4 monthly hours for a Radiation Medical Manager/Director at \$150 per hour (\$7,200 annually). Total amount for both agreements would be approx. \$58,569 annually. Anthony asked about Section 4A that is currently blank. Lovelace explained that is compensation due to them for hours already worked towards this transition.

The term for the Purchase Service Agreement is 10 years with 1-year auto renewals. We will purchase 2.7 FTEs, including a dosimetrist, radiation oncologist, medical oncologist, pharmacy tech, physicist, IT support, mid-level and radiation manager. Lovelace estimated this cost to be not more than \$500,000. The radiation software will be leased annually. Estimated total cost is \$555,000 annually. The cost of the two contracts combined is estimated at \$613,689.

Anthony expressed concern about the length of the term being 10 years. Webber said that we have visited with them and can make sure to add that with leadership change we could terminate the contract. Barto asked about PSA hours and the rate of pay as it will increase with time. Lovelace agreed to make note of this in the contract. Webber said that we will need to add language that we will pay no more than fair market value for these positions.

Lovelace said that the purchase price of the CT is being negotiated. The title report will need to be clear and incumbencies and non-competes (five years) established. Karen Rieger has recommended not closing until next week, but having an effective date of October 1. The contract would not be signed until all issues have been resolved.

Webber said that it our goal to have two full-time oncologists practicing locally. Anthony asked about the incomplete schedules. Lovelace said that this request for approval would include items noted and clear title. Barto asked if a Resolution would need to be signed.

Anthony asked about the employees. Webber said that OCSRI would be responsible for the specific employees (2.7 FTEs) who provide radiation oncology that will be leased to the Hospital.

Anthony asked about our timeline. Lovelace said that we have sent communication to the patients and planned to transition October 1. Anthony moved that the documents be approved contingent on the conditions as outlined (staff acceptance of clear title, schedules, management change in termination clause, etc.). Haney said that he would be more comfortable with giving staff more time to complete the items and holding a Special Meeting. Barto felt that a formal Resolution would need to be brought forth. Anthony withdrew the earlier motion. The members agreed to set a Special Meeting for Friday afternoon. Buchanan let the members know that she would not be available on Friday.

APPROVAL OF RESOLUTION 2016-3

Keith Hufnagel explained that Resolution 2016-3 allows us to add the six employees of OCSRI to our retirement plan waiving the one-year waiting period to be on a the plan. It will also allow them use of their tenure towards vesting.

Anthony moved the Board approve Resolution 2016-3 contingent on approval of the OCSRI agreements. Couch seconded the motion, and Couch, Barto, Haney, Buchanan, Anthony and Duncan voted in favor of the motion.

APPROVAL OF BLACKWELL MANAGEMENT SERVICES AGREEMENT

Webber told the Board that a team of staff has been meeting weekly to go over all of the operational needs and issues for Blackwell. Our team has been working hard and she is pleased with what has already been accomplished. The first Blackwell Trust Authority meeting will be held this Thursday.

Webber pointed out various portions of the agreement included in the packet. She asked that the termination period be changed from 90 days to 6 months. Webber directed the Board to Section 6 (b) Compensation. \$50,000 a month will be received monthly for the management fee as well as reimbursed cost for a full-time CEO and part-time CFO and CNO which will be placed on site. Barto pointed out that in Section 5 refers to the Schedule of Services (the "Service Fees"); however the schedule was not included. Barto also pointed out that the beginning of the second paragraph under Section 6 (b), the contract refers to Service Fees. Webber agreed to strike the reference to the Schedule of Services and the word "Service" before fees.

Anthony moved the approval of the Blackwell Management Service Agreement contingent upon changes noted. Barto seconded the motion, and Buchanan, Barto, Haney, Couch, Duncan and Anthony voted in favor of the motion.

At this time, Calvin Anthony and Butch Koemel left the meeting.

CONSENT AGENDA

The Board members discussed all of the items listed on the Consent Agenda. Dr. Steven Cummings answered questions of the members. Haney moved that the Consent Agenda be approved in its entirety. Couch seconded the motion, and Duncan, Couch, Barto, Haney, Buchanan and Anthony voted in favor of the motion.

CEO REPORT

Due to time constraints, Webber quickly updated the Board on the CEO Report:

STILLWATER PUBLIC SCHOOLS RECEIVES HEALTHY SCHOOLS INCENTIVE GRANT

Webber said that it was great to hear that the Oklahoma Tobacco Settlement Endowment Trust (TSET) awarded Stillwater Public Schools a \$20,000 Healthy Schools Incentive Grant to help students get healthy. She said that studies have shown the importance of nutrition and how well children learn with proper diet and exercise.

GOMEZ RESIGNS, OHCA BOARD NAMES NEW CEO

Webber told the members that Nico Gomez had resigned and a new CEO had been named.

FIRST FRIDAY PRESENTATION

Webber stated that she had presented an overview of Stillwater Medical Center, which included the many ways we have grown in serving our community over the past several years.

SMC FOUNDATION – GOLF TOURNAMENT

Webber congratulated Scott Petty on the success of the Foundation golf tournament. They had 159 golfers play and for a second year in a row, they eclipsed the second highest participation in the 19-year tournament history.

FIRST NETWORK OPERATIONS COUNCIL (NOC) MEETING HELD

Webber stated that the Network Operations Council (NOC) had their first meeting. Randy Jobe and Dr. Cummings are working hard to get our Dyad Leadership structure off to a great start.

COLA INSPECTION

SMC Laboratory was inspected by Commission on Laboratory Accreditation (COLA). The inspection went well and the laboratory staff was educated on a few areas that could be improved to help us attain a higher standard in patient care staff competencies when doing point of care testing.

UNITED WAY DAY OF CARING

Webber directed the Board members to the great photos behind her report. We had a team of 13 for this year's Day of Caring.

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2016 OKLAHOMA NURSE OF THE YEAR

Webber said that we were honored to have 21 nurses nominated and two finalists at the banquet. Our finalists, Mary Beth Hunziker (ICU/infusion director) was nominated in the Nurse Leader category, and Heather Anderson (Rehab Unit/Charge Nurse) was nominated in the Rehabilitation nursing category.

MCHU SPOTLIGHT AWARD

Stillwater Medical Center received the award of excellence from Oklahoma Perinatal Quality Improvement Collaborative for 3rd Year in a Row! The Oklahoma Perinatal Quality Improvement Collaborative (OPQIC) acknowledged six hospitals that are creating a culture of excellence in perinatal care for Oklahoma mothers and newborns.

LEADERSHIP STILLWATER

Stillwater Medical Center is well-represented in Leadership Stillwater. Kayla Isaacs, Raquelle Parli, Randy Jobe and Dr. Prasanna Fernando are among the 19 members of Class XXV.

SIGNAGE TO BE PLACED AT SPLASH PADS/PARKS

Webber directed the members to the proposed rendering behind her report.

IMPORTANT DATES AND UPCOMING EVENTS

Webber reminded the Board that they will be heading out in the morning for the annual Vizient Leadership Conference. The Board Retreat will be held on November 18th.

EXECUTIVE SESSION

Barto moved the Board convene to Executive Session according to Title 25, Oklahoma Statutes, §307 (B) of the Oklahoma Open Meeting Act for the purposes of discussing the items on the agenda. Buchanan seconded the motion, and Duncan, Buchanan, Barto, Couch and Haney voted in favor of the motion.

Those present in Executive Session included: Board members, Duncan, Barto, Buchanan, Couch and Haney, as well as CEO Denise Webber, Randy Jobe, VP/Physician Practices, Steven Cummings, MD and Cheryl Marshall, Executive Assistant.

Barto moved the Board return to Open Session. Haney seconded the motion and Haney, Duncan, Barto, Couch and Buchanan voted in favor of the motion.

Chairman Duncan stated that nothing other than what was listed on the agenda had been discussed in Executive Session, and that no votes had been taken.

NEW BUSINESS

None

Prior to the meeting, Board members reviewed the following Medical Staff meeting minutes:

<i>Medical Executive Committee</i>	<i>May 11, 2016</i>
<i>Medical Executive Committee</i>	<i>April 13, 2016</i>
<i>Peer/Policy Review Oversight</i>	<i>March 2, 2016</i>
<i>Medicine Section</i>	<i>April 14, 2016</i>
<i>E-Medical Records</i>	<i>April 22, 2016</i>

ADJOURN

There being no further business, Haney moved that the meeting be adjourned. Barto seconded the motion, and Haney, Barto, Buchanan, Couch and Duncan voted in favor of the motion. The meeting was adjourned at 7:26 p.m.



Chairman of the Board



Secretary of the Board