

Perham Memorial Hospital and Home
Perham, MN
Board of Trustees
Minutes

Date: 12-2-09
Time: 5:30pm
Place: Board Room
Present: Kathy Hemmelgarn, Cal Dockter, Jane Aschnewitz, Alfred Fresonke, Bernice Genoch, Eugene Jahnke, Cyndy Rastedt, Terry Marthaler, Gail Quittschreiber, Rich Richter, Alisyn Keil, Jerry Kunza, Gilbert Ebner, Karen Field. Others in attendance included: Chuck Hofius, Brad Wurgler, Dan Peterson, Darla Medeck-Johnson, Sue Von Ruden, Dennis Happel, Marilyn Oelfke, Bonnie Johnson, Jim Rieber, Richard Bell, Chad Bormann, Bob Kalina, Mike Kern, Craig Peterson, Steve Peloquin, Tom Meinhower, Lou Hogland, Vince Pankonin, Jeff Siebels, and Karla Kupfer.

A. Call to Order

Chair Hemmelgarn called the meeting to order at 5:30 p.m.

B. Additions or Deletions to the Agenda

There were no additions or deletions to the agenda. The New Business items relating to the hospital project will be moved up to Old Business so that visitors don't have to stay for the entire meeting if they don't want to.

C. Consent Agenda

A motion was made by Fresonke, seconded by Aschnewitz, to approve the consent agenda as presented. Motion passed.

D. Reports

1. *Operating Reports*

Brad reviewed the monthly and year-end financials.

(a) *Patient Services Report*

There were no additions to the report.

(b) *Long Term Care Report*

There were no additions to the report.

(c) *Community Services Report*

There were no additions to the report.

2. *CEO Report*

Chuck updated the board on the recent update of the November forecast from the state. They will need to close a \$1.2 million gap in 2010 to finish the biennium. The following biennium is projected to have an additional \$5.4 billion deficit.

3. *Medical Staff Report*

No medical staff were present at the meeting. Chuck reported that the physicians expressed appreciation to the Board for adding weeknight ER call coverage issues.

4. *MeritCare Report*

Paulette was not present at the meeting.

5. *Quality Quarterly Report*
A motion was made by Dockter, seconded by Genoch, to accept the Quality Quarterly Report as presented. Motion passed.
6. *Personnel Report*
A motion was made by Keil, seconded by Marthaler, to accept the Personnel Report as presented. Motion passed.

F. Old/Other Business

1. *Hospital Financing Update*

The letter of intent has been signed by all parties. The Examined Forecast has been completed by LAWCO and distributed to interested parties for financing. Tom Mayfield and Tucker Plumstead have been talking to banks, as well as bonding companies such as Raymond James. USDA is also very interested; however, we would have to come up with all the construction money upfront in order to obtain financing through them. The best option will probably be financing half through banks and the other half through bonds. Tucker and Tom continue to work hard on our behalf.

2. *Hospital Construction Update*

With the weather cooperating, construction has been moving along fast. The earthwork is done and the cement work should be done by the end of December. Steel erection should be starting by mid January. There has been a twist with the Department of Health review in that the wood beams in the ceiling of the atrium will have to be replaced with a substitute material to comply with the 2000 Life Safety Code that the State of Minnesota uses. Chad Bormann noted that they are looking at using steel beams, wrapped in wood, as a substitute.

3. *Award Construction Contracts*

Upon the recommendation of the Finance Committee, a motion was made by Quittschreiber, seconded by Ebner, to approve the following construction contracts:

General Conditions: - 2 months	\$80,000
Winter conditions: - 2 months	\$60,000
BP #9 – Structural Precast Concrete	\$995,149
BP #10 – Masonry	\$603,500
BP #34 – Painting (Partial – Intumescent Paint)	\$153,218
Alternates #31 and 32 (Intumescent Paint)	\$35,064
BP #12 – Structural Steel Erection	\$167,400
BP #13 – Carpentry (Partial for elevator pit waterproofing)	\$3,000
BP #59 – Plumbing (Partial - water riser and foundation sleeves)	<u>25,000</u>
TOTAL:	\$2,122,331

A roll call vote was taken, with all voting in favor. Motion passed.

4. *Authorize the Letter of Intent – Electrical and OR Flooring*

Chuck noted that the Buildings and Grounds Committee is recommending staying with the original better quality flooring product for the operating rooms. The architects also agree with this recommendation.

Upon the recommendation of the Buildings and Grounds Committee, a motion was made by Quittschreiber, seconded by Dockter, to stay with the better quality flooring

product in Bid Package #33, as presented last month. A roll call vote was taken, with all voting in favor. Motion passed.

Chuck explained the results of the legal opinions received from Dennis Happel (hospital district attorney), the League of Minnesota Cities counsel, and a third opinion from a specialist in municipality law (Kennedy & Graven Law Firm) – all agree that one must take the lowest, most responsible bid if the bidder is qualified. It is the consensus of Nor-Son and the Buildings and Grounds Committee that Willmar Electric is a qualified bidder. Chuck emphasized that even though PMHH would love to work with JC Electric/Fraze Electric and have always maintained a good working relationship in previous projects, it could put them at potential significant financial risk rejecting Willmar Electric's bid. Chuck said it was the recommendation of management to award the electrical bid to Willmar Electric and also eliminate the alternate, as the intention is to find a different nurse call system for the clinic. Even with the alternate, Willmar Electric was still the lowest bidder.

Steve Peloquin, representing JC Electric and Fraze Electric, expressed his disappointment to the Board that the information he requested wasn't provided prior to the board meeting, as well as he was pretty sure that Willmar Electric would not sue them if the bid was awarded to JC Electric; and finally made a plea based on the hospital's need for ongoing electrical service they would be making a mistake not accepting JC/Fraze Electric's bid.

A motion was made by Dockter, seconded by Rastedt, to award the electrical bid to Willmar Electric and reject Alternate 11. All voting in favor of the motion, except Eugene Jahnke and Alfred Fresonke. Motion carried.

5. *Approve Change Order Process*

Upon the recommendation of the Finance Committee, a motion was made by Kunza, seconded by Quittschreiber, to accept the Change Order Process as presented. Motion passed.

6. *Final MeritCare Letter of Intent*

The letter of intent has been signed by Sanford-MeritCare and PMHH. There were no material changes since the initial draft was presented to the Board. Work will begin on the Definitive Agreement within the next month. The first meeting with the Perham Negotiating Committee and Dan McInerney and Greg Hart will take place on December 15.

7. *Nursing Home Department of Health Survey Results*

Marilyn reviewed the findings of the recent Department of Health survey. All were fairly minor issues and since have been corrected. Overall the survey went very well.

8. *JCAHO Survey Results*

Jeff Siebels noted that the Life Safety portion of the survey went very well, only finding a few small issues, which have been corrected as well.

Bonnie Johnson noted that there were three clinical recommendations as a result of the recent JCAHO survey in the hospital. Most of them were relating to pharmacy/nursing issues and will be easy fixes.

Dan Peterson noted that Home Care had a dual Medicare and Joint Commission survey. Most of the deficiencies involved certification of home health aides, and that may be disputable according to certification requirements. The Medicare findings are rather minor and can be easily fixed.

Dan also wanted to make note about the unbelievable support that was shown by the staff to their department and to the families of Mary Swyter and Tristen Lee-Dolen after their tragic accident. Kathy Hemmelgarn asked Dan to convey to the staff the Board's appreciation for their commendable support.

F. New Business

1. Credentialing

Upon the recommendation of the Medical Staff Executive Committee, a motion was made by Fresonke, seconded by Marthaler, to approve medical staff privileges for Dr. Steven V. DeCock, ER Locum, appointment until 11-30-10; Dr. Thomas R. Lorenz, ER Locum, appointment until 11-30-10; and Tanya L. Wigestrang, Surgical Technician to Dr. Strinden, appointment until 11-30-10. Motion passed. Chuck reiterated that the staff is extremely happy with the quality of the ER Locum staff, as well the physicians with the Board's support of the weeknight evening call relief.

2. Certify Tax Levy

Wayne Stein, Otter Tail County Auditor, provided the estimated net tax capacity of the hospital district for 2010 of \$17,699,230. Based on board policy and the recommendation of the Finance Committee, a motion was made by Quittschreiber, seconded by Aschnewitz, to recommend that the Board set the final levy at 4% of the net tax capacity, which is \$707,969. Motion passed.

3. Wireless Network Purchase

Jim Rieber explained the need for the wireless network system. This was a budgeted capital item. Upon the recommendation of the Finance Committee, a motion was made by Quittschreiber, seconded by Ebner, to purchase the wireless network system at a cost not to exceed \$70,330.45. A roll call vote was taken with all voting in favor.

4. Skid Loader Purchase

Jeff Siebels explained the need for the skid loader. This was also a budgeted item. Upon the recommendation of the Finance Committee, a motion was made by Quittschreiber, seconded by Richter, to purchase the skid loader at a cost not to exceed \$24,763. A roll call vote was taken with all voting in favor. Motion passed.

5. Tractor/Mower/Snowblower Purchase

Jeff Siebels explained the need for the commercial grade tractor. This was also a budgeted item. There was some discussion on whether or not this item could be purchased locally. Jeff said that he has checked with a local dealer in the past and they were unable to provide a commercial unit, which also qualifies you for government discounts. Upon the recommendation of the Finance Committee, a motion was made by Quittschreiber, seconded by Ebner, to purchase the tractor at a cost not to exceed \$17,133.60. A roll call vote was taken with all voting in favor except Rich Richter. Motion carried.

6. Chiropractic Software Purchase

Vince Pankonin and Jim Rieber explained the software program. Upon the recommendation of the Finance Committee, a motion was made by Quittschreiber,

seconded by Genoch, to purchase the software program at a cost not to exceed \$23,946. A roll call vote was taken with all voting in favor. Motion passed.

7. *Board Comments*

A motion was made by Kunza, seconded by Fresonke, to change the December board meeting from December 30 to Tuesday, December 29. Motion passed.

Cal Dockter – When will we start planning on what to do with the old hospital building? Chuck said that we are looking into some grant opportunities and will conduct a needs study with the public possibly for more elderly housing in the near future.

Kathy Hemmelgarn – encouraged staff to continue to get local bids for any supplies whenever feasible.

Jane Aschnewitz, Eugene Jahnke, Terry Marthaler, Jerry Kunza and Gail Quittschreiber are interested in attending the Trustee Conference in January. Karla will make arrangements.

Dan Peterson – The PAC raised \$1,000 from their silent auction – thanks to the board members for their support.

Chuck announced that he submitted his resignation to Kathy this afternoon. He will stay until January 15 to give MeritCare time to find a suitable interim. He has accepted a position as Regional Director for Volunteers of America and will be working out of an office in Eden Prairie, MN.

A motion was made by Fresonke, seconded by Genoch, to adjourn the meeting. Motion passed.

There being no further business, the meeting was declared adjourned at 7:15 p.m.

Katherine A. Hemmelgarn, Chair

Jerry Kunza, Clerk

Karla Kupfer, Recorder