

**BAY AREA HOSPITAL DISTRICT JOINT BOARD AND FINANCE COMMITTEE
MEETING MINUTES**

February 17, 2026, Bay Area Hospital Myrtle Conference Room @ 5:00 pm

CALL TO ORDER

Simon Alonzo, Board Chair, called the meeting to order at 6:05 pm with a quorum present.

BOARD ATTENDANCE

Simon Alonzo; Tom McAndrew; Patrice Parrott; Brandon Saada; Kyle Stevens; John Uno

STAFF ATTENDANCE

Gretchen Nichols, CEO; Jen Culbertson, CNO (*via Teams*); Kelli Dion, CQO; Tom Fredette, CHRO; Derrick Oaxaca, MD (*via Teams*), CMO; Mel Stibal; Kim Winker, Marketing & Communications Director; Hammad Qadir, MD, COS (Chief of Staff); Denise Bowers, EA

ABSENT: None

Patrick Banks, CFO (*excused*)

LEGAL COUNSEL

Megan Kronsteiner, Esq.

PUBLIC ATTENDANCE AND INPUT

Chairperson Alonzo opened the Public Input Session at 5:01 p.m., with in-person public attendees and persons attending virtually. As no public comments were received in person or online, Chairperson Alonzo closed the Public Input Session at 5:01 pm.

PATIENT SUCCESS STORY

CONSENT AGENDA The consent agenda included:

Board Meeting Minutes of November 18, 2025; MEC Approved Minutes of October 29, 2025; 3rd Quarter Risk Management report

Action Taken by the Board:

Brandon Saada moved to approve the Consent Agenda as cited above. Patrice Parrott seconded, and the motion carried on a call of vote with all board members present casting a vote of approval.

REPORT OF THE CEO, GRETCHEN NICHOLS

Gretchen provided a comprehensive operational update, including:

- Continued stabilization and improvement in financial performance through expense management and staffing optimization.
- Progress in revenue cycle operations and reduction of temporary labor.
- Transition of behavioral health services from outsourced management to internal operations, resulting in projected annual savings.
- Legislative update regarding House Bill 4075 and ongoing discussions with state partners regarding financial relief options.
- Overview of potential rural hospital funding opportunities.

- Capital project updates, including completion of the Cancer Center housing modernization projects
- Recruitment updates across multiple clinical service lines.

QUALITY AND PATIENT SAFETY COMMITTEE (QPSC) REPORT - PATRICE PARROTT, QPSC CHAIR

Thomas Salazar, Wound Care Program Director, made a presentation on the Wound Care and Hyperbaric Medicine program, highlighting:

- Significant improvements in wound healing outcomes and time to heal.
- Growth in hyperbaric oxygen therapy utilization.
- Operational performance improvements and financial stabilization of the service line.
- Future plans for expansion and increased capacity.

The Board expressed appreciation for the presentation and program performance.

FINANCE COMMITTEE MEETING - KYLE STEVENS, FINANCE COMMITTEE CHAIR

Gretchen gave the floor to Kyle Stevens, Finance Committee Chairman, for the Finance Committee to conduct its business.

Attendance: In addition to the three board members on the Finance Committee (*Kyle Stevens, Tom McAndrew, and Brandon Saada*), community members appointed to the Finance Committee were all in attendance (*Judy Moody, John Briggs, and Barbara Taylor*). The business of the Finance Committee proceeded with a full quorum.

Kyle turned the floor over to Gretchen Nichols, CEO, for a financial update to the committee, as Patrick Banks, CFO, is away in Salem on legislative advocacy for the hospital.

Gretchen Nichols presented the Finance Committee financial update and advised that the Controller, Mark Hadley, was present remotely to address technical questions as needed. The bulleted summary of key highlights of the financial report is below.

Operating Results

- Net operating income for the reporting month reflected a positive operating margin of approximately \$74,000.
- After accounting for interest expense related to outstanding debt, the organization reported a net loss of approximately \$123,000.
- Ms. Nichols emphasized that operations generated positive income, and that continued stabilization was evident.

Cash Position

- Days cash on hand were reported as approximately 53 days as of January 31, noting that this figure fluctuates throughout the month due to payroll timing and accounts payable cycles.
- Ms. Nichols explained that cash on hand typically ranges between the low-50-day range and approximately 60 days, depending on timing within the month.

Labor and Expense Management

- Labor cost management efforts were reported as continuing successfully, contributing to operational stabilization.
- Other operating expenses for the period reflected a reversal of a prior over-accrual related to utility expenses, which caused a variance when compared to prior months.

Payer Mix

- The commercial payer mix for January declined to approximately 12.7%, resulting in an estimated negative cash impact of roughly \$300,000–\$350,000 when compared to historical averages.
- Ms. Nichols reported that commercial payer mix had returned to approximately 14% in February, based on preliminary data, which is more consistent with historical norms.

- The report now includes separate inpatient and outpatient payer mix reporting, which was identified as a recent enhancement to the financial reporting format.

Cost to Collect

- Cost to collect was reported at approximately 6.4%, which was noted as above industry best practice benchmarks of approximately 5% or lower.
- This metric was identified as a potential area of future improvement.

Capital and Cash Flow Items

- Capital expenditures included spending related to the Family Housing Project and the purchase of selected capital assets from the South Coast Surgery Center following its closure.
- A variance between capital expenditures shown on the cash flow statement and the capital detail schedule was explained as being related to lease amortization and accounting treatment associated with a Workday contract extension, resulting in a journal entry rather than a cash outlay.

Overall Financial Trend

- Ms. Nichols highlighted that month-over-month net operating income trends continue to demonstrate stabilization and improvement, particularly when compared to historical monthly operating losses experienced in prior years.
- She emphasized that while challenges remain, the organization is showing consistent progress toward financial recovery.

Leadership committed to follow-up on audit communications, management letters, and process improvements.

EXECUTIVE SESSION

The Board went into Executive Session at pm as authorized by **ORS 192.660(2)**

(c) To consider matters pertaining to the function of the medical staff at a public hospital.

(f) To consider information or records that are exempt by law from public inspection.

RETURN TO REGULAR SESSION

Chairperson Alonzo reopened the meeting into public session at pm.

Medical Executive Committee (MEC) Report

Action:

A motion was made to approve the Medical Executive Committee report.

- **Motion:** To approve the MEC report
- **Second:** Motion was seconded
- **Vote:** Motion carried unanimously

Board Comments

Board members shared the following comments and observations:

- Board members expressed appreciation for the **recent community forums**, noting strong attendance, particularly at daytime sessions, and meaningful engagement from community members.
- Several members commented positively on the **tone and transparency** of leadership presentations and the value of open communication with the public.
- It was noted that community feedback reflected **strong interest in the hospital's financial health and future stability**, with thoughtful and challenging questions posed.
- Board members acknowledged ongoing community concerns regarding:
 - Potential hospital designation changes (Type B)
 - The possibility of a future hospital levy, including prior unsuccessful efforts and the need for further education on feasibility, timing, and impact

- Members discussed that charitable giving through the Hospital Foundation may serve as an alternative for community members who prefer voluntary support over taxation.
- Appreciation was expressed for:
 - The significant effort by hospital leadership and staff in organizing forums
 - The commitment and volunteer service of Board members during a period of organizational recovery
- Board members remarked on the **notable operational and financial improvement trajectory**, acknowledging that while work remains, progress has been substantial.

APPROVAL OF CREDENTIALING REPORT

Action taken by the Board: John Uno moved to approve the Credentialing Report as discussed in the Executive Session and presented in the packet. Tom McAndrew seconded, and the motion was carried out on call of vote by all board members.

ADJOURNMENT

The next regular joint Board/Finance Committee Meeting will be on March 17, 2026 at 5:00 pm. The meeting adjourned at 6:37pm.

Simon Alonzo, Board Chair



Date: 4/13/26

Patrice Parrott, Board Secretary



Date: 4/20/2026