

Bay Area Hospital District Joint Board & Finance Committee Meeting Minutes

April 21, 2026, 5:00 pm, Myrtle Conference Room

CALL TO ORDER

Simon Alonzo, Board Chair, called the meeting to order at 5:00 pm with a quorum present.

BOARD ATTENDANCE

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

STAFF ATTENDANCE

Gretchen Nichols, CEO; Patrick Banks, CFO; Jennifer Culbertson, CNO; Kelli Dion, CQO; Tom Fredette, CHRO; Jen Culbertson, CNO, Kim Winker, Marketing & Communications Director (via Teams); Dr. Hammad Qadir, MD, COS (Chief of Staff); Mark Hadley, Controller; Mel Stibal, Compliance and Privacy Officer; Nicki Clubb, Scribe

ABSENT: Derrick Oaxaca, MD, CMO (excused)

LEGAL COUNSEL

Megan Kronsteiner, Esq.

GUESTS:

Tim Skelly – Graystone

Ryan Morrissey – Graystone

PUBLIC ATTENDANCE AND INPUT

Chairperson Alonzo opened the Public Input Session at 5:01 p.m., immediately following the call to order.

Ms. Tracy Sweely addressed the Board, expressing appreciation for the Board's work and efforts. She noted concerns regarding outdated and inaccurate links on the organization's website, including the Board Meeting Minutes section, the newsroom page, and a missing January forum link. Ms. Sweely also recommended that information be shared with the local newspaper to help keep community members without social media access informed. The public comment period was closed at 5:04 p.m.

PATIENT SUCCESS STORY

Tonya Galliher shared a patient experience involving several members of her family who recently received care at Bay Area Hospital, including her grandparents and aunt. She expressed appreciation for the compassionate and attentive care provided by staff in the Emergency Department and IMCU, noting the kindness, communication, and follow-up her family received throughout their experiences. Ms. Galliher stated that, based on the excellent care her family received, she would now highly recommend Bay Area Hospital to others in the community.

CONSENT AGENDA

ACTION TAKEN BY THE BOARD:

Brandon Saada moved to approve the consent agenda, and Patrice Parrott seconded. There was no discussion, and the motion passed on a call of vote with all board members voting yes.

COMPLIANCE REPORT

Mel provided the quarterly Compliance Report for the first quarter of 2026. She noted that the report format remains open to feedback and welcomed suggestions for additional areas of reporting or changes to the presentation format.

Mel reported that three Compliance Committee meetings were held during the quarter. She also shared that transition meetings had occurred as Bay Area Hospital moved compliance and privacy oversight from an external vendor to an internal model.

A total of 18 privacy incidents were reported and investigated during the first quarter, with findings identified in eight cases. Sanctions were issued in all eight substantiated cases. Mel explained that privacy incidents encompass a variety of concerns beyond inappropriate release of protected health information. She further categorized the substantiated incidents as four minimal breaches, two deliberate breaches, and two serious breaches involving personal gain. Mel noted an increase in reported incidents, which may reflect improved reporting awareness and processes. She also shared that the FairWarning monitoring system is operational again, with one report received during the first quarter and two additional reports already received in the second quarter.

Discussion followed regarding compliance oversight of recently enacted state mandates, including charity care requirements and updates expanding protected health information definitions under Oregon Senate Bill 1570. Mel explained that her role includes monitoring legislative and regulatory changes, evaluating organizational compliance, reviewing and updating policies, supporting departments with implementation, and conducting audits to ensure compliance. She noted that she regularly reviews alerts and guidance from professional organizations and regulatory listservs to stay informed on evolving requirements.

Leadership discussed previous challenges related to charity care classifications and shared that the organization transitioned away from a system that had overclassified charity care, resulting in significant financial impact. Current efforts include increased manual review processes and ongoing monitoring to ensure compliance and accuracy.

Mel outlined several current compliance audit focus areas, including education related to the Code of Conduct, monthly Office of Inspector General (OIG) and SAM exclusion list screenings for staff and vendors, interpretation services compliance, use of Code 44 observation status procedures, and 340B drug pricing compliance. She explained that the organization identified opportunities for improvement regarding monthly vendor exclusion screenings and is increasing focus in that area. She also noted ongoing evaluation of interpretation service requirements due to Oregon regulations limiting approved providers.

Mel also provided an update regarding proposed federal changes to the 340B drug pricing program, including discussion of a previously proposed rebate model that has since been blocked following multiple lawsuits. She shared that the program remains under review and that the hospital continues monitoring developments due to the potential operational and financial impacts.

Board members expressed appreciation for the increased on-site compliance presence and acknowledged the strengthened focus on compliance initiatives since Mel assumed the role. Leadership commented that several opportunities for improvement had been identified that were not previously recognized under the prior vendor-supported model. An example discussed included workstation privacy protections, specifically reviewing whether reducing screen timeout settings from 15 minutes to a shorter timeframe of approximately three to five minutes would better protect patient information from unauthorized viewing.

At the recommendation of CEO Gretchen Nichols, Chairperson Alonzo approved an adjustment to the meeting agenda to accommodate guest presenters from Graystone. The Board transitioned to the Finance Committee portion of the agenda earlier than scheduled, beginning with the Graystone presentation, followed by the Chief Financial Officer's financial update, before resuming the remaining Board agenda items.

FINANCE COMMITTEE MEETING - KYLE STEVENS, FINANCE COMMITTEE CHAIR

FINANCE COMMITTEE 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.

STAFF ATTENDANCE

Gretchen Nichols, CEO (*via Teams*); Patrick Banks, CFO; Jennifer Culbertson, CNO; Kelli Dion, CQO; Tom Fredette, CHRO; Mel Stibal, Compliance and Privacy Officer, Kim Winker, Marketing & Communications Director (*via Teams*); Dr. Hammad Qadir, MD, COS (Chief of Staff); Mark Hadley, Controller; Nicki Clubb, Scribe **ABSENT:** Derrick Oaxaca, MD, CMO (excused)

LEGAL COUNSEL

Megan Kronsteiner, Esq.

INVESTMENT UPDATE – TIM SKELLY OF GRAYSTONE CONSULTING

Mr. Skelly provided an investment update and discussed long-term capital allocation strategies for the organization. He reviewed Graystone's purpose-based investment approach, which includes maintaining separate funding categories for operating cash, operating reserves, capital projects, and longer-term investment planning. Mr. Skelly noted recommendations related to maintaining adequate cash on hand and building reserve and investment layers to support future organizational needs.

Mr. Skelly also discussed longer-term strategic opportunities, including pension assets and the potential future development of a healthcare foundation and planned giving program to support long-term financial sustainability. He shared examples of healthcare organizations that benefit significantly from endowed gifts and foundation support.

Discussion followed regarding the organization's future capital allocation priorities, including balancing future investment growth, debt considerations, replacement capital, and growth capital needs. Leadership emphasized the importance of utilizing Graystone's expertise to help inform future financial and investment decisions as the organization evaluates strategic priorities over the coming years.

Board members and leadership expressed appreciation for the presentation and for Graystone's continued partnership and guidance.

FINANCIAL REPORT — PATRICK BANKS – MARCH FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

March reflected another positive operating month for the organization, marking four consecutive months of positive operating performance.

EBITDA for the month reached 5%, reflecting continued financial improvement and progress toward long-term organizational sustainability goals. Leadership noted that while additional improvement is needed, recent performance trends demonstrate meaningful organizational progress.

Discussion occurred regarding hospital length of stay metrics and the importance of evaluating those trends against Medicare geometric mean length of stay benchmarks. Leadership noted that fluctuations in length of stay may be impacted by outlier patient cases and are not necessarily indicative of care quality concerns.

BUDGET PLANNING

The Executive Team has completed review of a draft operating budget for the upcoming fiscal year. Leadership anticipates presenting the proposed budget to the Board for review and potential approval at the next meeting. Mr. Banks shared that financial sustainability initiatives have already contributed to expense reductions and planned revenue improvements. The organization's goal is to maintain consistent positive operating margins throughout the upcoming fiscal year.

REFINANCING UPDATE

Mr. Banks provided an update regarding the refinancing process following the passage of House Bill 4075. Leadership is currently evaluating financing options and interviewing bond counsel and banking partners with Oregon municipal finance experience.

Additional Board action related to the refinancing process is anticipated in future meetings as the process advances. Leadership expects refinancing efforts to continue throughout the coming year.

AUDIT ENGAGEMENT

Mr. Banks reported that the organization is reviewing its audit engagement process and will return to the Board with recommendations regarding auditor assignments at a future meeting.

This concluded the Finance Committee Meeting for April 21, 2026.

MOVE BACK INTO THE BOARD PORTION OF THE MEETING

REPORT OF THE CEO, GRETCHEN NICHOLS

CULTURE OF SAFETY

Ms. Nichols provided an update regarding the organization's ongoing efforts to strengthen the culture of safety throughout Bay Area Hospital. She reported that the hospital has implemented tiered safety huddles across departments to support escalation and resolution of issues before patient harm occurs. Leadership noted that staff participation and reporting have increased as employees recognize that concerns are being heard and addressed. Ms. Nichols shared that the initiative reflects industry's best practices and continues to be an organizational area of focus.

Ms. Nichols also reported that leadership rounding with both patients and staff has been implemented throughout the organization to improve communication, monitor patient experience, and identify opportunities for intervention when needed.

CAPITAL NEEDS AND ORGANIZATIONAL GROWTH

Ms. Nichols discussed the organization's ongoing capital and infrastructure needs, noting that Bay Area Hospital faces significant equipment replacement and growth-related demands following several years of deferred capital investment. She emphasized that continued organizational recovery and long-term sustainability will require both operational efficiency and strategic service line growth, stating that the hospital cannot rely solely on cost-cutting measures to remain financially viable.

Leadership discussed anticipated Medicaid changes and the potential impact on rural hospitals and the community, including concerns regarding increased uninsured patients, greater Emergency Department utilization, and increased charity care costs.

Ms. Nichols reviewed several major capital projects anticipated within the next two years, estimated at approximately \$15 million, in addition to other smaller infrastructure and equipment investments. Key projects discussed included replacement of the hospital's aging Cath Lab equipment, expansion needs related to Cath Lab and Interventional Radiology growth, the upcoming Epic transition project, and evaluation of a potential second surgical robot to support growing surgical volumes and physician recruitment efforts. Leadership emphasized that these investments are necessary to maintain operational strength, support organizational growth, and continue delivering high-quality patient care.

FUNDING OPPORTUNITIES

Ms. Nichols also provided an update regarding potential funding opportunities to support future organizational investments and capital projects. Leadership anticipates continued progress on the hospital's refinancing efforts and discussed opportunities available through the federal Rural Health Transformation Program, including both direct award funding and competitive Catalyst Award grants.

Ms. Nichols shared that Bay Area Hospital expects to receive a direct award through the program and may also pursue additional grant funding opportunities tied to workforce, chronic care, regionalization, information technology, and capital initiatives. Additional funding opportunities discussed included potential congressional capital funding support and a workforce housing grant opportunity related to development on hospital-owned property.

Leadership noted that future grant opportunities will require the organization to prioritize projects that are operationally ready and capable of timely implementation.

REGIONAL COLLABORATION INITIATIVES

Ms. Nichols discussed ongoing conversations regarding regional collaboration opportunities among rural healthcare organizations, including operational partnerships and participation in a clinically integrated network focused on population health management contracting opportunities. Leadership noted that Bay Area Hospital continues participating in the initiative while evaluating its long-term value to the organization.

FY2026 ORGANIZATIONAL GOALS AND STRATEGIC PRIORITIES

Ms. Nichols reported that the Executive Team has begun preparation for the upcoming fiscal year and is working to establish organizational goals and strategic priorities for FY2026. Leadership recently gathered input from hospital leaders regarding organizational priorities related to finance, growth, workforce, quality, engagement, and patient experience initiatives.

The Executive Team plans to further refine organizational priorities during upcoming work sessions and anticipates presenting proposed goals to the Board during the May work session, with final approval anticipated in June.

Board discussion followed regarding the value of future strategic planning sessions focused on the organization's direction and the evolving healthcare needs of the community. Leadership noted that current strategic planning efforts are expected to remain focused on shorter-term organizational priorities over the next two to three years rather than a traditional long-range strategic plan.

HOSPITAL WEEK / NURSES WEEK CELEBRATIONS

Ms. Nichols announced upcoming Hospital Week and Nurses Week celebrations scheduled during the second week of May and invited Board members to participate in planned activities. She highlighted a planned employee appreciation barbecue and group photo event scheduled for May 19th intended to recognize employees, legislators, and supporters who assisted the organization during recent legislative efforts. Leadership also noted that the event will coincide with the hospital's 52nd anniversary celebration.

HUMAN RESOURCES UPDATES – TOM FREDETTE

EMPLOYEE ENGAGEMENT SURVEY FOLLOW-UP

Mr. Fredette provided an update regarding follow-up efforts related to the recent Press Ganey employee engagement survey. He reported that department leaders have reviewed individual team results with employees, with Human Resources leadership participating in departmental discussions regarding feedback and improvement opportunities.

Mr. Fredette shared that employees generally expressed optimism regarding organizational progress and indicated that survey results may have been more favorable if conducted later in the year due to recent operational and cultural improvements. Employees are currently providing feedback regarding priority focus areas and recommendations for improvement initiatives.

Human Resources will work collaboratively with department leaders to develop action plans focused on targeted improvement areas. Leadership plans to review progress with teams on a quarterly basis and anticipate continuing the employee engagement survey process annually to monitor organizational progress over time.

EMPLOYEE BENEFITS UPDATE

Mr. Fredette provided an update regarding the newly offered MassMutual whole life insurance benefit available to employees. He noted that open enrollment for the program remains available through May 14th and shared preliminary participation figures for both employees and dependents.

Discussion occurred regarding the structure and cost of the benefit. Leadership clarified that the program is voluntary, employee-funded, and does not create additional direct expense for the hospital.

TURNOVER AND RETENTION TRENDS

Mr. Fredette reviewed recent employee turnover trends and reported continued improvement in monthly turnover rates compared to the higher turnover levels experienced in late 2025. Leadership noted that turnover numbers include both voluntary and involuntary separations, as well as retirements.

Discussion highlighted positive organizational culture changes and improving employee retention trends across the organization. Board members and leadership also shared positive recent patient care experiences and observations regarding improvements in the hospital environment and culture.

QUALITY AND PATIENT SAFETY COMMITTEE (QPSC)

Ms. Parrot reported that the Quality Patient Safety Committee continues monitoring Patient Safety Indicators (PSIs) and reviewing patient safety events and trends throughout the organization. Discussion focused on the PSI-90 composite score, a nationally utilized patient safety measure for acute care hospitals. Leadership noted that lower scores reflect better performance and that Bay Area Hospital's fourth quarter PSI-90 score was approximately 0.98, reflecting improvement compared to the prior year and remaining below the organizational goal of 1.0.

The Committee reviewed several monitored PSI categories, including pressure ulcers, post-operative complications, falls with fracture, and other hospital-acquired conditions. Leadership noted that identified events undergo detailed review to determine contributing factors and support patient safety improvements.

Ms. Parrot also reported that ongoing Joint Commission tracer activities remain in progress and on track as part of continuous regulatory readiness efforts.

EXECUTIVE SESSION

The Board went into Executive Session at 6:44 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 6:56 pm.

ACTION TAKEN BY THE BOARD:

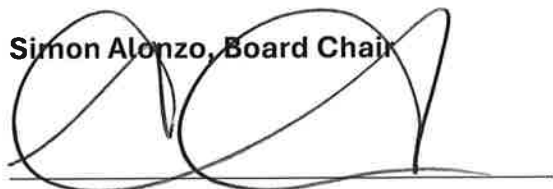
Dr. McAndrew moved to approve the MEC Board Reports for March 2026. Patrice Parrott seconded the motion, and it passed unanimously on a call for a vote.

MEDICAL STAFF REPORT DR. HAMMAD QADIR, CHIEF OF STAFF

This report was given in Executive Session.

ADJOURNMENT

With no further business, the meeting was adjourned at 6:56 PM.

Simon Alonzo, Board Chair


Date: 5/19/2026

Patrice Parrott, Board Secretary

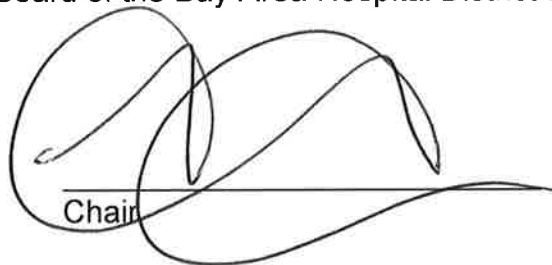


Date: 05/19/2026

**RESOLUTION AUTHORIZING APPROVAL AND PAYMENT
OF OPERATING EXPENSES
OF THE
BAY AREA HOSPITAL DISTRICT
FOR THE BUDGET YEAR BEGINNING JULY 1, 2026**

BE IT RESOLVED BY THE DISTRICT BOARD FOR THE BAY AREA HOSPITAL DISTRICT that there is set aside from the money available for operating the Bay Area Hospital District the sum of \$262,506,208 for payment of authorized expenses; and, subject to limitations established by the District Board, there is delegated to the Chief Executive Officer of the Bay Area Hospital District authority to approve claims for salaries and wages, payroll taxes and benefits, professional fees and other operating expenses as budgeted and appropriated for the fiscal year beginning July 1, 2025, and to issue and sign checks in payment thereof.

Passed and adopted by the District Board of the Bay Area Hospital District this 19th day of May 2026.



Chair

ATTEST:



Secretary

**RESOLUTION
ADOPTING THE 2026 - 2027 BUDGET
AND MAKING APPROPRIATIONS**

BE IT RESOLVED BY THE DISTRICT BOARD OF THE BAY AREA HOSPITAL DISTRICT, COOS COUNTY, OREGON, AS FOLLOWS:

(1) The District Board finds that it duly advertised its proposed budget for the year beginning July 1, 2026, and that it held a public hearing on said budget on May 19, 2026, at Bay Area Hospital.

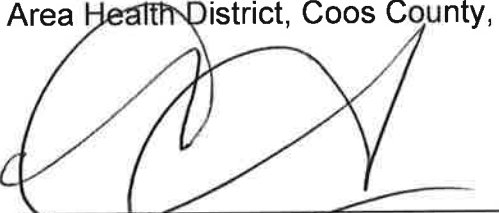
(2) The said budget for the District is hereby adopted.

(3) There are appropriated all the expenditures, which are budgeted for the fiscal year beginning July 1, 2026, as follows:

| | |
|------------------------|----------------------|
| Personnel Services | \$133,542,005 |
| Materials and Services | 94,599,671 |
| Capital Outlay | 7,109,779 |
| Capital Carryforward | 0 |
| Debt Service | 3,080,000 |

| | |
|-------|----------------------|
| Total | \$238,331,455 |
|-------|----------------------|

Passed and adopted by the District Board of the Bay Area Health District, Coos County, Oregon, on this 19th day of May 2026.


Board Chair

ATTEST:


Secretary