

April 29, 2011

A special meeting of the Board of Commissioners of Whidbey Island Public Hospital District was called to order by President Tarrant at 9:44 am. Present were President Tarrant; Commissioner Wallin; Commissioner Cammermeyer; Commissioner Case; Chief Executive Officer, Tom Tomasino; Chief Financial Officer, Joe Vessey; Chief Operating Officer, Hank Hanigan; Chief Nursing Officer, John Bitting; and Chief Quality Officer, Teresa Fulton. Jim Fredman, Attorney with Foster Pepper, attended via conference call. Commissioner Zaveruha did not attend due to a potential conflict of interest.

PCA/WCP Merger

Tom Tomasino reported that he recently received the Fair Market Value analysis on the Management Services Agreement between the hospital and WCP and that analysis only supports a payment of 180,000 per month for support services based on the number of providers. The owners of WCP will not take less than \$227,000 and this past Monday he received a message from them that they would not be able to provide those services as of May 1. Since receiving that message he has been working through the options to keep the clinic open. The only viable option is to merge the staff of the WCP with the PCA. This would allow business to continue without interruption. The other options included employing all the staff directly or reassigning them to the PCA but there was not enough time to accomplish either. The option of merging the two companies means that the District would assume all the assets and the liabilities. Assuming the liabilities is not without risk however. We are aware of approximately \$110,000 in PTO liability and \$56,000 in EMR debt and we have asked them to disclose any other liabilities. We believe they have been honest in saying that there are no other liabilities, but there is no way to know for sure. There was discussion about the options presented. Jim Fredman presented the documents related to the merger for the Commissioners to review. Joe Vessey presented the financials from WCP. There was discussion regarding both. Commissioner Cammermeyer asked what would happen if WCP did not agree to the merger. Mr. Tomasino stated that they would have to fire all of their staff on Monday and they would have to declare bankruptcy because they wouldn't have the funds to pay their debt. It was noted Dr. Langrock and Dr. Sanders have already resigned from the PCA in anticipation of this agreement. Commissioner Wallin made a motion, seconded by Commissioner Case to adopt Resolution #313 the Plan of Merger and all the associated documents with the caveat that there would be no material changes made to the merger documents. Motion carried. Jim Fredman stated that he will file the merger with the State on Monday and the merger will take effect immediately upon filing. Jim Fredman left the meeting at 10:38 am.

Appointment of New PCA President

Tom Tomasino stated that with the resignations of Dr. Sanders and Dr. Langrock from the PCA a new President needs to be appointed and Dr. Gabe Barrio has agreed to assume that role. Commissioner Wallin made a motion, seconded by Commissioner Cammermeyer to appoint Dr. Gabe Barrio PCA President effective immediately. Motion carried.

Adjournment

There being no further business President Tarrant called for a motion to adjourn at 10:41 am. Commissioner Wallin made a motion, seconded by Commissioner Cammermeyer, to adjourn the meeting. Motion carried.