

Joseph P. Pehan - Commission Chair  
Mary Ann Harwood - Commissioner  
Don Hartwell - Commissioner  
Merle Raph - County Attorney  
Donna Whitt - Sheriff  
Phyllis Robertson - Public Admin.



Dan B. Whitted - Coroner  
Debra Munson - Clerk of Court  
Treva Nelson - Clerk and Recorder  
Joe Rapkoch - Justice of the Peace  
Boyd Jackson - Treasurer/Assessor/  
Superintendent of Schools

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COMMISSIONERS' AGENDA  
NOVEMBER 25, 2019  
10:00 A.M.

PRESENT: Joe Pehan, Don Hartwell, Mary Ann Harwood by phone and Treva Nelson

Public comment is allowed on all agenda items at the direction of the Chairman and following Board rules.

**Approval of November 14, 2019 Meeting Minutes. Mary Ann approved. Don seconded the motion and the motion carried.**

**Approval of the October 30, 2019 Meeting Minutes. Mary Ann approved. Don seconded the motion and the motion carried.**

1. Consider approval of an addendum to the Mobile Testing with Integrity LLC contract. **Mary Ann motioned to approve. Don seconded the motion and the motion carried. This is for the Road Department testing.**
2. Consider approval of giving Shelby Bucks to the employees who went a year with no accidents of \$50.00 in Shelby Bucks' **Mary Ann approved. Don seconded the motion and the motion carried. This totals \$7,700 and will be taken out of Fund 1000-420500-390.**
3. Consider approval of the addendum to Denning, Downey and Associates Contract for July 2018-June 2019. **Mary Ann approved. Don seconded the motion and the motion carried. This is for the Federal Audit which wasn't presented in the original audit.**

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# PUBLIC HEARING ON THE MMC REQUEST FOR PROPOSALS MINUTES

Shelby High School Auditorium  
October 30, 2019 7:00 PM

**Presenters:** Joe Pehan (commissioner), Mary Ann Harwood (commissioner), Don Hartwell (commissioner), William Kiefer (MMC), Shane Clark (MMC), Tressa Keller (MMC), Laura Welker (MMC), Stewart Kirkpatrick (attorney), Joel Kalva (attorney), Megan McCray (attorney), Lexi Pyette (attorney), Bob Olson (MHA)

**Members of the Public Present:** Jess Brusven, Bridget Blevins, Robert Welker, Mark Blevins, Karen Welker, Diane Hould, Meredith Beckadah, Gregg Hansen, Heather Hansen, Nick Alspan, Sam Alspan, April Davidson, Terry Tomscheck, Dave Wollan, Myrna Wollan, Barb Cole, Lorelee Aikens, Allen Underdal, Kory Fauque, Shannon McAllister, Darcy McAllister, Julean Hanson, Jayson Gray, Gary Seubert, Steve Ahrens, Pamela Whitted, Dan Whitted, Bob Winney, Darla Winney, Robyn Zell, Peder Underdal, Bob Brusven, Dorothy Seymour, Norman Seymour, Ann Clark, Robert Clary, Peggy Taylor, Greg Taylor, Travis Clark, Sanna Clark, Debbie Clark, Sara Staub, Joe Rapkoch, Mark Daniels, Gary McDermott, Gary Keifer, Judy Richman, Barb Donahue, Ryan Larson, Kris Ingesthron, Rick Roberts, Brian Krahn, Denise Krahn, Justin Hooker, Kayleean Nelson, Louise Aegerter, Linda Gorder, Michael Gorder, Melanie Hardy, Val Hardy, Donna Whitt, Dave Whitt, Kristen Russell, Lisa Clark, Eve Jacobson, Amber Massey, Louellen Wanken, Wilma Flesch Steiner, Camille Seubert, Jennifer Van Heel, Geneva Sisk, Diana Sonju Dorothy Sargent, Dan Leck, Lisa Leck, Cindy Frydenlund, Patti Warburton, Alyssa Keil, Jackie Faunce, Dana Hellinger, Chris Rost, Rhonda Jacobson, Jamie Brownell, Barbie Alvestad, Dale Hanson, Mel Fretheim, Lance Stewart, Brian Lee, Autumn Smith, Shawn Smith, Marcia Heydon, Sue Bender, Julia Ddrishinski, Sue Smith, Cindy Lamb, Samantha Clark, Cory Clark, Donna Spencer, Brad Munson, Larry Munson, Jenny Brosesder, Cynthia Grubb, Laura Enicks, Bill O'Leary, Renae Manley, Janelle Nelson, Laura Welker, Annette Freeland, Denis Freeland, Jason Spring, Traci Waugh, Andy Engdahl, Robert Alkestad, Jay Clark, Edith Clark, Bob Olsen, Bonnie Wiegand, Debbie Werry, Edward Werry, Mechelle Lewis, Dona VandeBos, Bill Hunt, Rick Neva, Cindy Reedy, Wayne Reedy, Mike Waite, Tammie Waite, Don Donahue, Trent Tustian, Briana Tustian, Saza Lee, Bobbie Lee, Bill Halver, Holly Hovland, Cathy Snyder, Robyn Skillman, Treva Nelson J. Nelson, Tom Carter, Ron Munson, Angela Lamb, Cory Lamb

**Call to Order:** Chair Joe Pehan called the hearing to order at 7:00 PM.

Pehan: The reason for the hearing is public comments on the Request for Proposals to Acquire the Operations of Marias Medical Center. The sole purpose for this meeting is for the RFP only, and nothing else can be discussed.

Introductions of the presenters were made. Written and verbal comments were welcomed.

Pehan: The issue is financing for the county, making sure there is enough money for the county to operate. When you go in the hole every year you look at where you are going in the hole. 2011 was the last time the hospital made a profit. The average loss is \$740k a year that the taxpayers are picking up. We can't keep cutting funds in other parts of the county to keep the hospital afloat. We are looking at other solutions and avenues. We decided to put together an RFP and see if anyone is interested in our hospital, nursing home and Heritage Center.

Olson: Thanks for the invitation to share. I will share layout of current healthcare. There are challenges across the country to deliver quality acute services in rural areas. There is a surge for the

models that make sense. The Montana Hospital Association has made sure to help rural communities to preserve their access to healthcare. Shelby faces a unique challenge as this is a county owned hospital. There are only four county owned hospitals left in the state. Montana's unique challenge is that there is a limitation on how county hospitals can receive Medicare/Medicaid funds. We are trying to get rid of that disadvantage. There is the challenge of communities getting smaller and older. The facilities are trying to keep up with a changing world. I am originally from Shelby, and my mom went through the healthcare system here the last few years. I saw the struggle to maintain services, but she received the care she needed. It is crucial that every community attend to these needs. This is about your community and how you want your hospital to function over time and how to best provide services to this community.

Kirkpatrick: I will talk about the RFP and what it means and how it was constructed. We were contacted by county with interest in someone to pick up where the county leaves off. We recommended a Request for Proposal process which allows facilities interested in operating the hospital in this community to put together an application and describe why they are the applicant that this community needs. We put in draft form the appropriate issues. The county decided to put this draft out for community comment and input to ensure that the hospital system is the right for this community. We put the RFP together so that an acquiring facility does so knowing that they have significant commitments that they will have to make to the community. We wanted input so that we answer appropriately the community's needs. The idea is that a facility that has experience in healthcare delivery could come over and take over the facilities and operations of MMC, MHC, and MCC. In order to do that we realized that what the community is looking for is strong commitments that the acquiring facility would need to make to maintain the minimum current care and hopefully improve the services and infrastructure. The other consideration was to make sure there was appropriate local control over how that hospital would operate and how the entity taking on the hospital will meet those commitments. We tried to build in methodology for the acquiring entity to provide necessary services that this community thinks is important. We hope the community views the RFP and gives helpful feedback and comments on it.

### **Public Comments**

Pehan: We will now turn over to public comment.

### **Public Commenter #1: Lance Stewart**

Stewart: how long did this RFP take to put together. When was it started?

Kirkpatrick: At least three months.

Stewart: How did this come about? I'm looking at a resolution that authorized Kiefer to investigate options on August 15. It sounds to me like they were already proceeding with RFP option #2 before the other options were investigated. Why weren't the other options investigated, what were the pros and cons, and why did you decide to go with the RFP.

Pehan: We discussed this at the courthouse. We were looking at dollar signs for the county and spoke with the county attorney about the process to follow.

Stewart: What were the pros and cons of each of those avenues. I want to hear from the commissioners.

Pehan: We discussed at each of our meetings what was brought up.

Harwood: We looked at several options, such as leasing the hospital like the nursing home. We decided that wasn't a good option because if it wasn't run properly and we had to take it back we would

be in the same situation we are in now. We looked at other management. The common answer we get for that is if you get a management company in there, the county still has to pay the bills and eventually you will find that it is best for them to take it over completely. This RFP is a draft, and this is why we are having this public meeting, to get ideas from each of you.

Stewart: But the RFP is focused on the second option, not the others. My understanding is multiple options were given in January. Multiple attempts were made to communicate with the commissioners and there was not an effort to communicate from them. A subcommittee was set up but the commissioners did not try to discuss the options. Instead we were told that Kiefer is here and to deal with it.

Harwood: We did communicate with them, we invited the clinic board, our door is always open, I've gone to a couple of the meetings. We've talked to them. The situation is we can't give our hospital to one entity to manage—we have to open it up since we are a government entity. We will take options into consideration.

Stewart: Why wasn't that done earlier?

Harwood: We chose Crowley Fleck to help us. We know as a county the legal process. This meeting is about the RFP.

### **Public Commenter #2: Rick Robert**

Roberts: I'm a 100% disabled vet, new to the community, and I use the clinic. Could you tell me the title of the RFP.

Pehan: It is Request for Proposal.

Roberts: No one mentioned to me the hospital being in such debt since 2013. The people here need medical facilities and competent people running it. Why didn't the community know the hospital was in debt all this time? Why do we suddenly need a partner now? I see an attitude here that Toole County likes people to be from Toole County. What service area does the hospital currently do? Do we help service Liberty and Glacier counties? We have the tri-county fair.

Pehan: We handle the four-county area but each county has their own hospital.

Roberts: Are each of these all financially solvable?

Pehan: We're here to talk about the RFP.

Roberts: Has anyone checked into making it a community hospital before selling it?

Pehan: The RFP says they are locked into it for 10 years.

Roberts: I've never seen the RFP.

Pehan: The RFP is on our website and at the Clerk and Recorder's Office.

Roberts: How many people do you service? Don't you have enough numbers to profitably run a hospital? Every year a \$740k loss? What the hell happened?

### **Public Commenter #3: Gary McDermott**

McDermott: I looked at the RFP. I have a couple questions. I assume in your process that you relied on professionals that gave you certain advice on the three options, that you had professional guidance and decided to take this option.

Commissioners: Yes.

McDermott: A couple things. There is \$1.9m in outstanding bonds. Whoever the applicant is, have you contacted your trustee to see if Toole County will be the primary obligor, or will the applicant assume full financial liability?

Kirkpatrick: The bonds are feasible; they will pay off the bonds with the change of ownership. They will have to pay them off.

McDermott: Is there any minimum capitalization requirements—are they required to have a minimum \$25m equity?

Kirkpatrick: We didn't identify any capital requirements, we figured the applicants would know what it would take to acquire and run this hospital. We didn't want to limit the entity or person to come here, but wanted it to be broad for applicants to come in and help this community decide.

McDermott: I think it is critical that you have minimum capital requirements. Whoever the applicant is, are they going to be the entity that operates or will you allow them to move the Shelby entities into a subsidiary?

Kirkpatrick: We included strong local governance in the RFP.

McDermott: If Kalispell or Benefis come in, they would put this into a subsidiary – what type of financial guarantees are back to the county, so if the subsidiary operates as a loss that we have assurance there is financial stability? Also, what type of financial procurements are you looking at, what are the working capital requirements going to be? They are going to have to have a strong capability to withstand the shortfall.

Clark: The \$740k is our cash balance, not a negative loss every year.

McDermott: These should be additional requirements; financial requirements need to be well established in the RFP. I'm concerned they will go down the road three years, file bankruptcy, and then we're back where we are today.

**Public Commenter #4: Bill Hunt**

Hunt: My understanding is that this is still an option you are considering? The county will be out of the hospital business?

Kirkpatrick: That is the goal.

Hunt: I read the news, and running a hospital is very complicated. It is probably wise to get some expertise in. My first question is this board. In paragraph II-B, page 4, the MMC Service Area. What is the service area? Please define.

Kiefer: Glacier, Toole and Liberty Counties.

Hunt: I would like to see this more defined in the RFP. The three community board members come out of that service area. A lawyer could define the service area as being down in Colorado. This should be defined as Toole County. Maybe two members from Toole County and one from the service area.

Kiefer: Great feedback.

Hunt: If a new provider comes in, they can have whatever structure, but there is at least a three member designated community board. I don't feel how the board is described is articulate enough, how it is clearly set up.

Kalva: We drafted this as broadly as possible, asking whoever sends an application in, what their structure would be. But the minimum is the three community board members to enforce the community's wishes.

Hunt: This RFP is also to assure the community. I will think about this further and send comments. We're paying mills into MMC. Do you anticipate that we will continue to do that, or will we walk away?

Pehan: We have 10 mills that go for the hospital every year and the general fund covers the bills each month. When the 10 mills are paid off that will relieve the county.

Hunt: I am not so optimistic. If we continue to pay taxes on this, I would like to see serious teeth in what the new board can do. When the board has collective authority, what do you envision they enforce that?

Kalva: In other situations we've been a part of, the community board has veto power, authority to stop any action that is not consistent, or force additional payments. The community board can take action to ensure they meet the commitments.

Hunt: Have you had pushback on that?

Kirkpatrick: Not yet. We have been doing these for 12 years.

Hunt: The new board will be designated for a 10-year period. If a board member retires, who will replace them? You need to draft that in.

Kiefer: This would go into the final document, the final negotiations with the chosen entity.

Hunt: Will the public have involvement on this?

Joel: There are two more public meetings as the proposals come in.

Hunt: It seems the timeline moves in pretty quick.

Pehan: The proposals have to be turned in by January 2.

Harwood: That allows us to investigate them as well.

Hunt: Are you optimistic that you will get good candidates?

Harwood: Yes.

#### **Public Commenter #5: Val Hardy**

Hardy: I'm a contractor here and my wife is a doctor at the hospital. Who wrote this RFP?

Harwood: We retained attorneys to help us write it with the guidance of the commissioners. We got expert opinions to help us.

Hardy: Coming from a business standpoint, there is no way anyone will come up with what you want. Anyone who has the money won't fork money over into a losing battle. You had an offer, you had someone willing to come in and work for free to take over the hospital but you turned it down, and you hired someone at over \$400k a year. Where do you get the money for this?

Harwood: We have to do this legally.

Hardy: If the hospital is in such debt how are you paying William \$400k a year.

Harwood: This is about the RFP.

Hardy: You commissioners work for us. If we want to talk about this we will talk about it.

Pehan: This meeting is about the RFP only.

Hardy: This meeting will be dictated by the people here. This RFP won't work. No one is willing to dump money into Shelby and stay. The hospital will close.

Pehan: I disagree with you.

Hardy: I am sorry you disagree.

Harwood: All of us here want to save our hospital and we are trying our best to make this happen. We need to come together as a community and work together. We have tried other options. We are giving this our best shot.

Kiefer: We do feel there are interested entities. Working with the commissioners, we have worked to future-proof the hospital against the changes occurring in healthcare. There are significant struggles and the best thing to ensure its viability, employment, and quality of healthcare is to look into interested entities. We feel there are some that have reached out to us an expressed interest. Our due diligence is to listen to those proposals. We will invite the community out to two more events to hear their proposals and how they could strengthen healthcare services in this community. It is possible that there won't be an interested party, but we want to see the process through, get a final draft of the RFP out there, and make sure the request validates the needs of the community. We're interested in hearing anything that would help us strengthen this document and ensure your healthcare in this community.

Pehan: Thank you all for coming.