PACIFIC COMMUNITIES HEALTH DISTRICT (PCHD)

REGULAR MEETING MINUTES OF THE BOARD OF DIRECTORS

Tuesday, July 21, 2026

PRESENT:	Chris Carlson, Chair Aimee Thompson, Vice Chairperson David Long, MD, Secretary Lola Jones, Member Matt Updenkelder, Member
ALSO, PRESENT:	Lesley Ogden, CEO Coast Ryan Combs, COO Coast Karla Clem, Dir. PCHD Foundation Jennifer Kimberlain, VP of Nursing Services Kathryn Doksum, District Finance Manager Holly Stanley, Senior Financial Analyst Jon Conner, Dr. Facilities Holly Stanley, Senior Financial Analyst Duncan Brown, Director, PFM Financial Advisors Derek Neff, Facilitator/Recorder

CALLED TO ORDER: Chris Carlson, Chairperson, called the regular monthly meeting of the Board of Directors to order at 1:00 p.m.

CONFIRMATION OF AGENDA ITEMS: None.

APPROVAL OF MINUTES: **The** regular Board meeting minutes for June 16, 2026 and June 23, 2026, were reviewed with no requested changes.

> *Chris Carlson, Chairperson, requested a motion to approve the June 16, 2026, regular Board meeting minutes and June 23, 2026, special Board meeting minutes. Lola Jones moved to approve the June 16, 2026, regular Board meeting minutes and June 23, 2026 special Board meeting minutes. Aimee Thompson seconded. Motion carried by unanimous voice vote.*

INVITATION FOR CITIZEN COMMENTS: There were no citizens present at the meeting.

REPORT FROM LEGAL COUNSEL: Carrie did not attend, there wasn't anything that needed to be consulted on.

REVIEW OF DISTRICT'S RATING BY MOODY'S: Duncan Brown, Director at PFM Financial Advisors, came and discussed the Districts bonds. Like personal credit scores, local governments typically apply for one or more credit ratings on bonds when they sell that debt in the public bond market. These ratings serve as an indicator of credit quality, typically the higher the quality the lower the interest rate. The lower the quality, the higher the interest rate.

The District, when it sold it's general obligation bonds 10 years ago to fund the new hospital, applied for a rating from Moody's, which is one of the three main credit rating agencies for municipal debt, and it received a rating of A1.

In January of this year, Moody's proposed some changes on how they approach healthcare credit rating. The biggest change was that rather than approaching public hospital districts and tax-backed bonds for health care projects, rather than treating that similar to how they would treat other types of tax-backed debt for park districts, fire districts, or school districts, they have shifted that approach. And going forward, we'll be evaluating public hospital districts, public health districts, general obligation bonds for hospitals and health care projects, they will be evaluating those in the same way that they evaluate bonds issued by 501c3 healthcare providers. Most of the rates are expected to be revised lower.

Matt Updenkelder asked if we or PFM provided feedback during the open comment period. Duncan said that they did and the feedback was not incorporated.

Dr. Ogden asked if the rating was to downgrade, would it make sense to switch to Fitch's or SMP. Duncan said that you can obtain a rating from a different agency, but it would cost something and there's really no upside because the rates on the outstanding bonds have been fixed.

Lola Jones asked what might be any negative outcomes that we could experience with this rating change. The 2016 bonds have reached and passed their first call date, so there is a refinancing opportunity there. Depending on whether the board decides to pursue that, this could have implications for any new bonds that are sold, not just sort of new bonds for new projects requiring new voter approval, but new bonds to refinance the existing debt. And so there could be a downside if the district's credit rating is lowered in context, in connection with any refunding opportunity.

FINANCIAL REPORTS: Kathryn Doksum discussed the financial report for June 2026. There were 15 checks in total.

On the Balance Sheet, total assets $70,607,200, total liabilities $42,603,539, total net position $28,003,661 with the total liabilities and net position of $70,607,200.

Kathryn went through the Income Statement for the General Fund. Total Net Revenue for June was $88,932 with a bulk of that being the larger than normal month for property taxes that brought in $53,932 and the Total Expenses are $91,805. This gives a net loss of $2,874. After depreciation of $375,365, there's a loss of $378,239. Kathryn discussed the General Fund's Capital Budget and Reserve Funds. The General Fund had a capital budget of $1.5 million and the Reserve Fund had a Capital Budget of $7.5 million. $2,890,976 was spent out of the Reserve Fund's Capital Budget leaving a total of $4,609,024.

Chris Carlson, Chairperson, requested a motion to approve the June Financial Report. Aimee Thompson moved to approve the June Financial Report. David Long, MD, seconded. Motion carried by unanimous voice vote.

HOSPITAL UPDATE: Dr. Lesley Ogden went through the Hospital Update and highlighted the following:

- The 340B Rebate Pilot program continues to advance and could be implemented by October 2026, with a potential launch extending into January 2027. Under the proposed model, participating hospitals would receive rebates after purchasing drugs at retail prices, rather than benefitting from the traditional upfront 340B discounts.
- This will result in fronting millions of dollars of drug purchases and submitting for rebates on the backend.
- Currently, qualifying hospitals like ours are receiving CMS outpatient reimbursement for 340B medications at Average Sales Price plus six percent for these medications. Under the proposed rule, reimbursement would be reduced to Average Sales price minus 33.4 percent.
- The affiliation with MultiCare process is still ongoing and is still in the preliminary phase.

FOUNDATION UPDATE: Karla Clem, provided an update on the Foundation. At the next Foundation Board meeting, Hannah Stark will be up for election on the Foundation Board. Lance Nunn is expected to be President, Julia Carlson will be Treasurer, Dr. Larsen will be Secretary.

Aimee asked how many trustees will be on the Foundation Board. There are 15 voting Board members.

Updates on Fundraising:

$17,500 has been raised in Gala sponsorships and they are working on live auction items.

The Grigler Loving Trust Nursing Scholarship received three applications and the scholarship committee can spend up to $15,000 in scholarships which is up from $9,000 last year.

Karla applied for grants for the Pharmacy project for furnishings and site prep costs. She submitted to JTMF and Roundhouse for $30,000 each. Hopeful to hear more soon.

CONSTRUCTION/FACILITIES/WATER RESILIENCY UPDATE: Jon gave an update on the housing project. He talked through the framing on the third floor. Electrical, data, fire alarms are being worked on currently.

Jon updated the group on the Water Tank Project. Pacific Excavation was the lowest bid and they will take care of everything involved with the project. Chris asked about the price, and Jon said it is a little over $3.9 million.

The Pharmacy project update included a submission to the city for the building permit. They received the civil drawings yesterday. Pacific Mobile, who manufacture the building, submits to the state on their own for their building permit. Once those drawings are approved by the state they will be forwarded to the City of Newport for their approval of the foundation plan.

The STARS Behavioral Health Clinic at the SamFit building construction has begun. Framing for the new reception area is complete.

Aimee asked about the neighbor on the north side of the project and if they were upset. He has not heard any complaints from the neighbors.

BOARD ITEMS: None.

Adjourned at 2:04 p.m.

Derek Neff, Recorder
PACIFIC COMMUNITIES HEALTH DISTRICT

David Long, MD, Secretary
PACIFIC COMMUNITIES HEALTH DISTRICT