

**PUBLIC HOSPITAL DISTRICT 3 OF PACIFIC COUNTY  
OCEAN BEACH HOSPITAL AND MEDICAL CLINICS**

**SPECIAL BOARD MEETING  
PeaceHealth Management Agreement  
PeaceHealth Engagement Letter**

**August 16, 2012**

**Board of Commissioners Present:**

Darren Thorsen, Chairman of the Board; Nancy Campiche, Secretary of the Board; Garnette Sutherland; Nancy Gorshe, and Alan Johnson

**Also Present:**

Terry Finklein, Interim CEO; Linda Kaino, CNO and Tammie Jefferies, Executive Assistant (recorder)

Darren called the meeting to order at 8:02am. The agenda is to discuss the PeaceHealth Master Agreement and Engagement Letter. Terry added this is a compilation of the work of the task force. We have had 3 formal meetings and numerous conference call meetings. Terry shared the agreement and engagement letter have been reviewed by OBH legal counsel. Darren also would like to recognize all the hard work and Terry's diligence with negotiating and also recognize PeaceHealth the willingness to help out and to come to the table with an open mind.

Review of The Master Agreement- Terry shared the Master Agreement is reflective of both organizations. Terry wanted to share a question that came up on page 3 of the insurance. DNO insurance if we were consistent with what the requirement in the agreement with PeaceHealth and the answer is yes we are consistent. Terry also shared there is a section he would like to highlight in the compensation section regarding the finders fee. This fee is if we wish to employ any PH employee that may have been introduced to OBH through our contract for management or other services with PH we would be required to pay PH a finder's fee, if that PH employee accepted the OBH employment offer. It was noted that this fee for the CEO position was at a higher rate and included in the Engagement Letter.

Nancy C. asked Terry to read section 1.4 Retention of Authority by OBH. This section delineates that the Board of Commissioners for OBH retain the authority and responsibility for the hospital and clinics. After the reading there were no comments.

Review of the Engagement Letter – Terry shared this document is for the CEO position and financial oversight. We may have other engagement letter's for other services in the future under the Master Agreement. This Engagement Letter stipulates that we are

engaging PH for the recruitment of the CEO for OBH. This letter includes recruiter fee, moving expenses, sign-on incentive, Onsite interview expense, House hunting trip, and advertising. The term for the Engagement Letter is for 3 years. It states the OBH CEO has to reside in the district during the work week. Terry reviewed the terms regarding services, location, employment, compensation and termination.

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Terry shared the reporting relationships for the CEO. The OBH CEO will report to the Board of Commissioners and PH CEO in Longview, Wa. The OBH CEO will be part of the PH Executive Team.

Nancy C. questioned the interview process. She feels it should be full board participation when choosing the candidate. Terry explained that we are unable to do so as it would be considered a public meeting. Terry shared that if there are top candidates (2 or 3) the board could meet the candidates only 2 board members at a time. Darren agreed that all commissioners will have the opportunity to meet the top candidate(s).

Darren asked for any discussion. Terry shared that he had some discussion with legal counsel and the Board can approve the management agreement and engagement letter at a special board meeting. Once we have the final candidate selected, a resolution will need to be read at a regular Board meeting to appoint that person as superintendent/CEO and then at the next regular Board meeting the Board can vote and approve the resolution consistent with State requirements..

No further discussion. Darren asked for approval of the PeaceHealth Master Agreement and PeaceHealth Engagement Letter. All commissioners voted in favor. The Master Agreement and Engagement Letter with PeaceHealth was, therefore, approved.

Meeting adjourned

8:41am