

Heart of the Rockies Regional Medical Center
Board of Directors Meeting
May 26, 2026

Attendance: Mr. Dean Edwards, Lydia Segal M.D, Mr. Bill Alderton, Ms. Stacy Osborne, Dan Wardrop M.D. Also in Attendance: Mr. John Tucker, CEO; Ms. Aysha Douglas, VP of Finance; Ms. Nika Starr, VP of Patient Services; Ms. Desirae Westphal, VP of Operations; Ms. Sarah McMahon, VP of Human Resources; Taisa Wiedel, VP for Medical Affairs; Ms. Lezlie Burkley, Foundation Director; Dr. Joshua Visitacion, Chief of Staff, Absent: Ms. Heather Roberts, VP of Provider Services

The meeting was called to order at 1:03 P.M.

Public Comment

None Given

Board Approval or Amendments to the Agenda:

Director Alderton moved to approve the agenda as written. Director Segal seconded the motion, and the motion passed unanimously.

Consent Agenda

The Consent Agenda items, denoted on the agenda for this meeting, were presented to the Board in written form.

Director Segal raised questions about the sole source vendor for the capital request item A. New Solid Surface Tops for med surge rooms, halls, nourishment areas, and nurses station. The Board agreed to table the decision pending further information from David Colarelli about why there were no alternative vendors considered.

Director Alderton moved to approve the Consent Agenda without capital request item A. Director Segal seconded and the motion carried unanimously.

Focus Topic

Ms. Cheryl Brown-Kovacic and Mr. George Anderson provided a detailed overview of a 66-unit senior living facility project in Salida, including details about the facility's layout, market study recommendations, and current development status. The project will include 56 assisted living units and 10 memory care units, representing only 30% of the recommended demand to avoid the 3-year occupancy challenges faced by other facilities. The total project cost is \$32 million with \$26 million in debt financing, including potential USDA B&I program funding and \$6 million in equity, though they are still seeking an experienced operator for the facility with a selection expected by summer's end.

Mr. Anderson provided cost estimates for different living options ranging from \$3,900 to \$9,500 per month, which include services like meals, transportation, and housekeeping.

The group discussed financing options, including USDA guarantees, conventional banks, and tax-exempt municipal bonds, with eight potential lenders being considered and term sheets expected by June 12th.

Ms. Kovacic provided potential benefits of a partnership with HRRMC, including post-surgery care options, maintaining patient relationships, and providing workforce housing, though details about the proposed clinic's structure and operations remained unclear.

Ms. Kovacic explained that workforce housing would need to follow state regulations if publicly funded, though they could request priority for medical workers. The financial model includes plans for 24 units with 8 needed for workforce.

Medical Staff Report

Dr. Visitacion reported on the first acute care service division meeting and announced an upcoming trauma survey on June 3rd, inviting board participation.

Finance Report

Aysha Douglas presented April financial results showing net patient revenues \$600,000 above budget at \$14.6 million, with net operating income of \$939,000 compared to a budget of \$193,000, bringing the year-to-date performance \$1.4 million above budget.

The discussion included analysis of pharmacy revenue being 5.5% under budget due to lower infusion drug costs and fewer expensive cases.

Other stats include:

Change in Net Position increased \$1.5M for the month compared to the budget of \$493.5K. Total margin for the month of 9.1% is favorable to the budget of 3.3%. YTD, \$3.3M exceeds the budget of \$1.8M, yielding a total margin of 5.7% on a budget of 3.0%.

Cash flows increased \$2.1M for the month primarily due to cash provided by operations of \$2.9M, offset by capital and construction purchases of \$1.0M.

Total Days Cash on Hand of 247 increased one day from the prior month of 246 based on a YTD calculation. Cash balances increased 2.0% over the prior month and our operating expenses per day (excluding non-cash expenses) increased 4.5%.

CEO Report

John Tucker covered updates from the CEO report, including progress on physician development, the arrival of Dr. Atwell as a new urologist, and efforts to expand outreach to Gunnison and Del Norte. John also discussed challenges with orthopedic service volume declines and plans to pursue Blue Distinction accreditation to improve payer coverage.

Committee Reports

Finance Committee: Stacy Osborne

Director Osborne provided insights from the finance committee, emphasizing the importance of comparing current financial performance to the previous year rather than just budget projections, and highlighted Aysha's contributions to expense management.

Facilities and Strategic Planning Committee: Bill Alderton

Director Alderton provided updates on current construction progress. The east end addition is on schedule and on budget with completion expected in early 2027 and user group meetings to determine design for the former oncology space will begin very soon. The west end addition is moving forward with permitting.

Concrete pours for the PET/CT pad were delayed due to weather but are scheduled to resume on May 27th, with completion expected by mid-June.

The modular unit project expects completion by September 1st and a meeting with B2 Medical is scheduled for updates. Training is scheduled for the first week of September. There are ongoing challenges with Xcel Energy regarding the placement of a new transformer and power lines. After initial approval, Xcel Energy raised safety concerns and rejected the proposed design, requiring the transformer to be moved completely out of the current courtyard location. The project team met with Xcel Energy again on Monday to resolve the impasse, ultimately finding common ground after 3 hours of discussions.

Foundation Report: Lezlie Burkley

Ms. Burkley reported successful fundraising efforts, including a cancer walk and multiple grants, with several new initiatives in progress.

Old Business:

John Tucker discussed potential implementation of new market tax credit financing, which could provide up to \$6 million in net benefits for approximately \$50-55 million in projects, including construction and EHR expenses. Director Osborne explained that they are exploring options to potentially generate \$10 million while ensuring it doesn't negatively affect cost reports.

New Business:

The Board addressed officer elections and conflict of interest policies, with Emily Powell clarifying that while the bylaws currently require officer elections in even-numbered years, historical practice has been annual elections.

The board agreed to discuss both officer elections and conflict of interest policies further during their upcoming training session later in the week.

Annual Appointment of Members to the HRRMC Foundation Board

In accordance with the Bylaws of the HRRMC Foundation Board, the Hospital Board shall annually appoint community members to the Salida Hospital Foundation d/b/a Heart of the Rockies Regional Medical Center Foundation Board in May to take office in June. Each of these individuals has indicated a willingness to continue to serve on the Foundation Board for the ensuing year effective June of 2026:

Daniel Wardrop, M.D. – Chairman
Sandy Visnack – Vice Chairman
John Tucker – Secretary/Treasurer
Tom Eve
Barbara Pearson-Sawyer

Tom Mansheim
Harry Payton, M.D.
Peg Arnett
Darrell Havener

The officers were confirmed at the annual HRRMC Foundation Board of Directors meeting on May 13, 2025.

Director Alderton moved to appoint the Foundation Board members as presented. Director Segal seconded and the motion carried unanimously.

Resolution Designating Authorized Signers on Wells Fargo Banking Account:

The Board agreed to designate John and Asha as authorized signers on the Wells Fargo banking account.

Director Alderton moved to designate John Tucker and Aysha Douglas as signers on the Wells Fargo account. Director Segal seconded the motion and the motion carried unanimously.

Capital Request Item A. New Solid Surface Tops for Med Surge Rooms, Halls, Nourishment Area, and Nurses Station - \$66,481

Desirae Westphal was able to reach David Colarelli explaining that multiple sources were contacted with only one source “Legends” responding. A local company “Heritage” installs granite which is not appropriate. The Board felt this was sufficient and agreed to approve the capital request.

Director Segal moved to approve Capital Request Item A. Director Alderton seconded the motion and the motion carried unanimously.

Director Alderton moved to adjourn to executive session to address Matters required to be kept confidential by federal or state law (including, but not limited to, Quality Issues and Physician Credentialing) – C.R.S. 24-6-402(4)(c); C.R.S. 12-36.6, et. seq., 4 C.R.S.; and U.S. Health Care Quality Improvement Act of 1986, 42 U.S.C., Section 11101, et. seq. Risk Management and Grievance Reports and Receive advice of legal counsel regarding compliance/risk report – C.R.S. 24-6-402(4)(b) to include John Tucker, VP’s, Chief of Staff, and Emily Powell at 2:46 P.M., Director Segal seconded the motion and the motion carried unanimously.

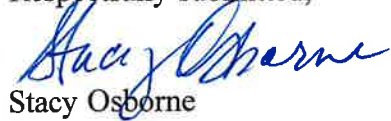
The board returned to regular session at 3:36 P.M.

Director Alderton moved to approve the risk and grievance reports. Director Wardrop seconded the motion and the motion carried unanimously.

Adjournment

Director Wardrop moved to adjourn the meeting at 3:36 P.M. Director Segal seconded the motion and the motion carried unanimously.

Respectfully submitted,

A handwritten signature in blue ink that reads "Stacy Osborne". The signature is written in a cursive style with a large, stylized initial 'S'.

Stacy Osborne
Secretary-Treasurer

