

Special Board Meeting Minutes June 17, 2025

Administrative Team Staff Present:

Lucretia Stargell, CEO
Heather Prideaux, CFO
Ryan Marvin, Support Services Director
Gail Shepherd, Director of Human Resources
Dr. Daise, Chief of Staff
Tina Whisnant, Compliance Officer
Bethany Marintzer, Controller
Allison Mulch, Chief Clinical Officer
Amie Powell, Chief Operations Officer
Jennifer Thompson, Director of Community Outreach

Guests:

CGID Construction & Samson Construction

Board Members Present:

Karen Fikan, Treasurer
Matt Wolters, Vice-Chairperson
Harlan Holste, Chairperson
Scott Ross
Loren Erway
Rosalie Ross
Cedric Green
Dan Fields

Board Members Absent:

Dr. Tamara Robbins

Call to Order:

- Chairperson Harlan Holste called the meeting to order at 5:31 p.m.

Consent Agenda:

- Rosalie Ross made a motion to approve the consent agenda, Dan Fields seconded. Passed unanimously.

Presentation:

- Introduced CGID & Samson Construction: received a project estimate summary from Sampson Construction along with a proposed renovation floor plan.
- Samson Construction gave a proposed project estimate for the plans presented to them including direct and indirect costs, totaling \$11,890,957, approximately \$516.08 per square foot.
- Dan Fields asked Samson Construction about the 2% contingency costs included, to which they explained no cost is final until a Construction Manager is hired, everything is subject to change, but this is a project estimate that breaks down the cost of each division of construction given the information they have received from RCHC.
- Grant with CGID Construction explained that he has updated our USDA budget to reflect this estimate more directly.
- The presentation ended at 6:02 p.m., with the guests leaving the meeting.
- Cedric Green asked Grant (CGID) to explain the construction process and what the hiring of a construction manager entails, to which he explained the next steps in the USDA loan process, which would be hiring a construction management firm.
- Ryan Marvin supplied the board with preliminary and current projected financials for the project, highlighting the differences between the rough estimates and further refined estimate from Sampson Construction lowering the overall project cost by an approximate \$407,865, bringing the total project cost to \$15,592,135.

Discussion:

- Lucretia called the special board meeting to discuss the construction plans, concerns and direction from the board. She detailed the risk of the cost, explaining with loan rates increasing and service lines decreasing, the cost is a serious concern.

- Lucretia put together a presentation for the board, highlighting where RCHC is heading based off the daily stat tracker. She explained where we are heading with growth, and where areas of improvement are, namely physical therapy, which is a large component of the construction plans. She shared the direction the hospital is growing in, and those service lines are experiencing significant growth without additional space nor cost needs. With the population declining, that is another concern with such low inpatient census.
- The board expressed concern with the population results, stating that they are not accurate with the population in Rawlins County potentially growing.
- Nine thousand square feet of the proposed project is aimed at physical therapy, which Lucretia is not sure is accurate with expense and reimbursement.
- Heather Prideaux explained the cost reimbursement for PT going down exponentially in the last 7 years due to in-home PT being covered with insurance, not in-person rehab.
- Lucretia asked the board their opinion on how we want to grow as a facility, our culture and goals.
- Lucretia shared a breakdown of project component costs by department, with PT costing \$6.6 million alone.
- Rosalie Ross inquired about what we could do with physical therapy to earn more revenue in PT, with Lucretia explaining the difficulties in staffing and no additional demand from the community.
- Our PT Manager has expressed concerns with cost of the new build and demand from PT being met.
- Lucretia presented a few different scenarios of construction: keep as is and build, renovate the space we currently have, surgical suite renovations, and ED Canopy with possible alternate funding sources.
- Lucretia finished her presentation with a few goals, focusing on growing from the inside out.
- Lucretia spoke with our USDA representative amid the turbulent economic situation, the possibility of not being funded is an option as well.
- Allison Mulch expressed concern for growing service lines in surgery for things we already do as we satisfy the community currently. The reason we moved away from surgeries was because we were hemorrhaging money in those departments via expired supplies, equipment, etc.
- Amie Powell expressed concern with specialty clinic growth is not having the right space for additional providers. We currently utilize 2 rooms, and for specialty clinic to be successful, it would be ideal to have 4. Amie and our PT manager expressed concern growing service lines in PT, not having the patients to satisfy demand.
- Heather Prideaux expressed concern with the volumes overall with census going down, and the PT trend going down with it. She discussed expanding service lines in the facility we already have, not build another structure to satisfy what a remodel could. We do not have specialty doctors and providers banging down our doors to work here. RCHC should focus on outpatient treatment as inpatient has been trending down. With the volatility of the 340B program termination, Medicaid and Medicare reimbursement cuts, we don't know what happens in the future, and servicing this level of debt is a large concern. Heather does not feel comfortable moving forward with this level of debt, and is looking at the USDA delay as a blessing in disguise.
- Lucretia expressed their interest in getting new specialists and investing in the hospital's culture.
- Rosalie Ross expressed concern with the government and economy at this time, specifically Medicaid discontinuing, with Heather explaining Medicaid is not big on our payor mix, but it is payment.
- Vice-Chairperson Matt Wolters asked the staff what we would need financially to achieve these renovations to make our future goals attainable.
- Lucretia wanted the board to understand that we are not backing down from this project, but we are revisiting the plans and restructuring how we can comfortably move forward.
- We are looking at the future to grow our facility, without the risk of the facility.
- Scott Ross asked Lucretia what her next steps would be to move forward with these goals? What is next, what does it take, what does it cost?
- Lucretia answered that she wants to honor the plans in place for certain service lines with caution to what direction we would like to go.

- Lucretia explained that we need to figure out how we're going to pay for these upgrades: USDA Loan? Equity? The Foundation?
- Chairperson Harlan Holste expressed his concern with reimbursement rates and declining PT services.
- Scott Ross inquired about the specialty clinic quality, with increasing patient satisfaction.
- Lucretia expressed the ability to pay back the loan total with no increase in revenue.
- Gail Shepherd expressed the need for the ED Canopy, as it is raining now, and adverse weather is a perk of being a Kansan.
- Matt Wolters asked for the team to come up with a next step, or next few steps and bring it back to the board. He expressed caution for being too comfortable and not expanding, but also being fiscally responsible. He asked the staff to question the building size and specs, with quality over quantity.
- Ryan Marvin expressed he still believes in this project, but does recognize that the scope of the project is changing.
- Heather Prideaux reported that Forvis will require \$20,000-\$25,000 to update the feasibility study.
- Harlan Holste reminded the board that if we do not expand as planned, we need a discussion on the empty lot that was gifted to the hospital.
- Rosalie Ross expressed concern with the preliminary construction costs rising every time we delay or change our minds and would like intention with where we are headed before we cost the hospital more money.
- Matt Wolters asked the staff for scenario updates and figures at the regularly scheduled board meeting on Monday.

Adjournment:

- Chairperson Harlan Holste adjourned the meeting at 7:21.