

**South County Health District
Regular Meeting February 27, 2024
203 Hwy 203, Union, OR**

Call to order 10:05AM by President Susie Wirkkala

Roll Call: Present – Debbie Clark, Fred Hawkins, Maja LeFever, Susie Wirkkala, Kathy Kirby, Gerry Zastrow, Mary Brookshire and District Manager Adina Ferguson, District Attorney Eileen Eakins. Audience members: Barb Weeks. Presenters: Ralph Edwards from Associated Design and Engineering, Ashley O’Toole Realtor with High County Realty.

President Susie instructed participants there were several presentations for this meeting and asked that no one interrupt, but hold questions until the presentation was done.

Review of Feb. 8th Meeting with CUP and GRH – Adina Ferguson, District Manager

Adina explained that Nod had invited her to a meeting with CUP and Grande Ronde Hospital to discuss security issues at the clinic building. Susan Hawkins and Nod Palmer represented CUP, Adina, Debbie Clark and Kathy Kirby were present from SCHD. CUP explained the current issues and asked if everyone agreed, which they did. They asked who should be responsible for building upgrades to address the issue and GRH felt it should be the building owner. They offered some ideas and grant resources CUP could pursue. GRH noted that they are also out of space in the building, citing that their sterilization is not in compliance due to lack of space. They stressed that they need more room to grow. CEO Jeremy Davis felt that the current building should be torn down and replaced with a more modern facility. CUP noted that they have had plans to expand the building out into the parking lot. GRH said that they would be willing to commit to a long term lease if CUP could accommodate their need for space.

Adina met with Nod Palmer a few days after that to discuss SCHD’s pursuit of the grant to build its own clinic. She noted that she had not had a chance to talk to CUP about the plans and didn’t want him to be blindsighted by hearing by bringing it up at the meeting with GRH. Nod said CUP was going to get a grant to do the same sort of study SCHD had used to prepare for their new clinic building and find out what their options were. He also said they were working on getting information to do the security upgrades. They discussed working together, along with GRH to bring services to our community.

Submission of Congressional Appropriations Grant – Adina Ferguson, District Manager

Adina shared that after the last meeting and approval to apply for the grant on the Boulder building, she rushed to get all the information for the grant. Ralph (Edwards) put everything on hold so he could do the study and get our cost analysis done by the deadline. Ralph brought in Davenport (Quiet Life) Construction to evaluate the building and work up an estimate. Ralph’s partner, Les Tipton, came over and looked at the building. Adina hired a building inspector who looked at everything and found only small concerns, like missing electrical plates and damaged ceiling tiles. He confirmed the building was sound. She noted that there were nine (9) letters of support from the community, but that everyone in town she has talked to is excited about the project and the growth of the district. There is also a Financial Consultant who is looking at our books and will be talking to the board about his findings in March, hopefully by mid-March.

Everything has been submitted to our consultant, Nick (DuCote) so he could submit the grant. He is very excited and is already working on other grants to see if we can get the funding as fast as possible. (The Congressional Grant money would not be awarded for 18-24 months).

As of now, with all the work that has been done, we have accrued approximately \$14,000 in consulting fees. We have the \$5000 Feasibility Grant to pay for a portion and we are looking at grants to get the money for the remaining fees.

Summary of Building Project/ Consult with Atty. Eileen Eakins – Adina Ferguson, District Manager

Adina noted that she had already done the project summary but shared that the district's attorney, Eileen Eakins was on the phone to listen to the scope of the new clinic project and to answer any legal questions that the board members might have.

Presentation of the Engineering Report – Ralph Edwards, Associated Design and Engineering

Ralph noted that he, Adina and Kathy had looked at every available building in town or near town. After that, coming to the Boulder building lends itself to the project so well. The building is constructed of red steel with a concrete slab. He showed the board on his drawings the only demolition needed was a single wall so the walk-in cooler could be removed. There is not a tremendous amount of pre-work to be done before construction can begin. The two steel posts in the middle of the building allow for installation of a steel beam that will support the rail system for the hoist lift. Les Tipton, who used to own Blue Eagle Engineering before joining Ralph in their current business, did a thorough inspection to make sure that everything was secure and structurally sound. The building has doors where they are needed, some walls where they are needed and the building lends itself very well to the project.

Adina asked him to address the issue of the gas station that used to be on the property that was a concern to some board members. Ralph explained that when Hampton Paving came out to do an estimate on the parking lot, they found that the above-ground tanks and dispensers had been sitting on a great big plastic tub that would have prevented any leak from getting into the soil. There are no contamination issues and no EPA inspection needed.

Mary asked what other buildings had been looked at. Ralph named several. Adina noted that at the last meeting she presented the buildings that were empty and for sale. Some were not for sale. She also took some buildings by value to use for comparisons. Mary wanted to know where the numbers came from. Adina noted that the valuation was from the county tax assessor. Mary clarified she wanted to know about the estimated remodeling cost. Adina clarified that she used basic contractor per square foot numbers to come up with a general cost. Mary wanted to know if they did walk-throughs. Adina and Kathy confirmed they did. Mary declared her conflict of interest as she was asking about the Union Drug building, owned by her husband.

Fred asked about cost for remodeling the Boulder building. Adina referenced the board where she had posted all the documents relating to the project. There was a detailed estimate for the building. Ralph noted that the total cost was about one million dollars and that included the new dental equipment that needed to be purchased, the parking lot and landscaping. Ralph shared that big cost will be cutting the

cement slab to accommodate water and sewer lines to all the treatment rooms. Adina noted that it also covers spray roofing. It has been determined that the roof is sound, but the spray will extend its life.

Audience Participation

Barbara Weeks, a resident of North Powder at 160 D Street #12

Barb shared that the residents of North Powder are excited about the project and eager for SCHD to expand their services to the community. People really like Dr. Donick. This will be a huge addition for the community and the addition of a second dentist would be a great asset.

Discussion of Building Purchase – Adina Ferguson, District Manager, Ashley O’Toole

Due to her conflict of interest as the building owner, Debbie Clark excused herself and left the meeting.

Ashley introduced himself and his affiliation with High Country Realty and with Nick DuCote. He explained that he is the chair of the board for the Liberty Theater Group – a project where Nick and Ralph are also involved.

He shared that the Clarks did receive an offer on the building from a third party that is more than acceptable and that he had verified its validity. He could not elaborate due to privacy issues. Before reviewing the offer to purchase the building, Ashley wanted to explain the current state of the real estate market in Union. Even at full price, the Boulder building is the cheapest per square foot building in town. As an example, he noted a commercial building with 1200 square feet that sold for \$170,000 in December.

He then reviewed the offer of the purchase of the building suggested by the Clarks:

The purchase price would be \$189,000. The Clarks will donate \$29,000 back to the district for a net selling price of \$160,000. The Clarks and SCHD will each pay their usual share of expenses at closing. The district will pay \$50,000 dollars down payment at closing to cover the costs of selling the property by the clarks and as a show of good faith by the district. The Clarks will carry the balance on a contract at 4% interest. No payments will be due until the construction is done. Interest accrual and payments on the contract will begin at the opening of the new clinic. The offer also requests SCHD pursue the property tax exemption right away. Ashley remarked that the board can counter on any point, but that the offer is a screaming deal without the concessions offered by the sellers.

Ashley noted that the offer expired at 4:00PM today which is the deadline for the Clarks to respond to the offer on the property. Ashley noted that the current commercial interest rate is 11%. In this case the district would pay no interest if they could pay off the property by the time they open the new clinic.

Fred asked for a copy of the offer. Ashley only had his copy but suggested that he could get the details in the minutes.

Adina shared that the afternoon before the meeting Nod Palmer from CUP handed her a letter from the board giving their 3-lot property on Main Street to SCHD with the condition that it only be used for a dental clinic, that construction on the building start within 2 years (current grant will awarded in 18-24 months), that the property could not be sold and that if SCHD should decide to sell the facility that they

would pay CUP the fair market value for the land at that time. Adina noted that SCHD would want to pursue other projects outside dentistry in their mission as a health district.

Mary insisted that the letter did not mean they could not do anything other than dentistry and insisted that Adina clarify that with Nod.

Ralph said that he had looked at the property for CUP some time ago and had suggested a 2500 square foot building. He thought the property was at a good location. He noted concerns about parking. While Union have been lax in enforcing street parking, it is far better to have enough parking for your business.

Susie said she wanted a decision today. She noted that the board has been working on this for over a year and has postponed a decision for too long.

Gerry shared that she felt the decision was a no-brainer. The building is sound. The offer is good. We can get grants to build the clinic.

Mary countered that there are other buildings for sale that were not looked at. The board has CUP's offer. If you talk to people in town they might be willing to sell.

Kathy noted that they had walked through buildings, and new construction would cost 2 times the cost of a remodel. We want SCHD to grow for Dr. Donick and for the new services we can offer. If we don't take this step now we will lose everything. We have done a fair and equitable job.

Barb reminded the board that when they first talked to Dr. Donick they told him we would expand to a new clinic so he could expand the practice.

Ashley reminded the group that they are on a first right of refusal for the opportunity to buy the building. Even if the offer from the Clarks did not exist, this is the best option in Union. He noted that SCHD has conducted more feasibility studies and looked at more options than most other groups.

Fred wanted to know why there had not been any special meetings to talk about this development.

Adina noted that the offer had come into the Clarks very recently. (NOTE: the building offer came in to the Clarks on Friday, 2/23/2024).

Gerry made a motion to go along with using the Boulder building and accept the offer terms set forth by the Clarks. Kathy seconded the motion. Vote was 4 -2 in favor of the motion:

Kathy Kirby – Yes

Fred Hawkins – No

Mary Brookshire – No

Gerry Zastrow – Yes

Maja LeFever – Yes

Susie Wirkkala – Yes

Debbie Clark – Not present/abstain

Attorney Eileen Eakin noted that the board followed due diligence on the project. She instructed the District Manager to get written agreements and get them to her for review.

Ashley asked the board if they would like to hire him to write up the offer and contract. Kathy Kirby made a motion to hire Ashley O'Toole to do the offer and contract on the Boulder property purchase. Gerry Zastrow seconded the motion. Vote was taken and passed unanimously.

Review of Minutes

Mary requested several corrections to the minutes, CUP be substituted for GRH in the statement that GRH was considering raising our rent. The other was a statement that SCHD was paying \$5000 for rent – the actual context was a statement made by Kathy Kirby assuming we took over more space in the clinic and our rent was raised to \$5000 for occupying the entire building. Mary also asked that a portion of the minutes be stricken because the statements made were not factual in her opinion.

Financials

No questions on the financials.

Meeting adjourned at 10:58 AM