



Sublette County Hospital District Special Board Meeting Minutes April 10th at 5:00pm – Zoom Only

Board Members in Attendance

Tonia Hoffman – Board Chair

Jamison Ziegler – Vice Chair

Kenda Tanner – Secretary

Dave Bell – Treasurer

Ashli Tatro – Trustee

5:02pm: Meeting called to order

Motion to Approve the Agenda - Jamison motioned and Dave Bell seconded. Motion to approve the agenda passed unanimously.

GMP – Layton was able to assure everyone’s numbers were good. Things generally turned out well. The roofing subcontractor pulled his bid, and they went with the next guy. That turned out to be a good thing. They have reviewed everything with Justin Bailey of the USDA. Karl and Jeremy have spent some time on this and have taken a few more VE options.

Layton Construction presented a GMP of \$57,653,000 for the construction portion of the project. They report there isn’t much risk left in here, as they are hard bids. Layton is ready to award the bids. The drawings have been looked at so many times, they have a great level of comfort around the plan. With this GMP, the final project amount is \$75,658,000.

Going through the budget item by item. For Medical Equipment they currently have one bid. They adjusted down Nurse Call by \$100,000 as this had been rather high. Talking with low voltage consultants, this is in line with going prices. They upped the Winter Conditions number by \$300,000 which covers any additional costs to handle winter conditions. They set an allowance for it and then track any expenses needed. They are planning on having one winter in the project (2023 / 2024).

They also removed the Tetra-tech / Partners number which were companies that oversee construction draws through Greater Commercial Lending. With the new process, that doesn’t exist any more- so that \$35,000 was removed. They also adjusted Owner Contingency from 5% to 4.9%.

We don’t have a finalized number on Furniture and Medical Equipment and Signage. Those are ones that carry some risk, as we haven’t pinned down the numbers. But the quotes should be pretty solid.

Finally, we have \$1.8 million in Construction interest, but there is a ton of room for improvement as the funding sources come into alignment: including when we spend the County funds, and what is the process for spending the \$10 million ARPA grant. Dave Bell asked how we estimated on \$1.8 million in construction interest. Karl said they base it on the draw schedule, which is shaped like a bell curve, and then they estimate what it would cost. Dave Doorn pointed out

this \$1.8 million is at the higher interest rate which was planned from the original idea of the construction loan. Going with bonds will improve this number.

As the construction process moves forward, Jeremy can weigh in on the contingency and when to start to release it if it's not needed.

Tonia asked what the next steps are. Karl reports that Jeremy is preparing a lot of documentation based on his conversations with Justin Bailey. This is going to trigger the group that's selected to do the bond process. It's a 45 day process for that group to finalize the paperwork to start construction. If you count 45 days from this week, you land at the very first part of June. In the meantime, the moving of the Irrigation Ditch needs to be completed and a preconstruction meeting needs to be scheduled as well.

Dave Doorn reports we continue to work with the USDA on paperwork. Our initial letter of commitment has to be changed to reflect the new GMP and our new sources of income. We are down to finishing up the details. Tonia noted it's all in the details.

Dave Bell asked that if it is 45 days to complete this bond transaction. Dave asked if the USDA will not allow us to begin for 45 days, and if the number turns out to be longer (more days) where does that leave us? Dave Doorn answered that we have to have confirmation that the bond sale has gone through and that the money has hit our account. The USDA needs to confirm the sources. Jeremy said there isn't necessarily a "drop dead" date to start construction. There is a lot of things that needs to be done including drafting of certain plans. So we can pass the time until late May / early June. If we delay to end of summer that would be a totally different conversation.

Dave Bell then transitioned to the question of traditional construction loan financing versus bond financing. Karl asked Dave Doorn to give some background around why we went the bond route. Dave Doorn reported that Greater Commercial Lending suggested to us that they wouldn't be able to handle the loan and that bonds would actually be a more affordable route, as the interest rate is lower. While the USDA loan interest rate is locked in at 2.5%, the potential construction loan interest rate had continued to climb and was adding cost to the project.

Dave Doorn reported we have received three proposals for bond financing. Piper Sandler has said they can't do it for 90 days, which eliminated them from the running. The remaining companies that can do it in 45 days are Colliers and Municipal. Our bond counsel Rick Thompson has been working with Dave Doorn to select one. Municipal has the lower fees. Dave Bell asked if we were set on going with bonds and not a traditional construction loan. Karl answered that a traditional construction loan process might not even be an option at this point. Karl said he doesn't know if we have the opportunity to switch back. If we had to try another bank, that would not be the shortest path anymore. Tonia said that some of the local institutions that were interested in trying to figure this out, but the Building Committee doesn't feel like we have the time to let them try to possibly develop more traditional private construction loan proposals.

Lena added that we were interested in the local institutions but concerned they couldn't make the deadlines or the reporting deadlines, which are quite intense. Dave Bell reports that the local institutions have said they would reply by Tuesday about the possibility of offering a construction loan with a string of local banks. Tonia said that the decision to call this meeting was made on Thursday last week and was in no way intended to be held before the banks had a chance to reply by Tuesday. Dave Bell said that he had cc'd Tonia on his correspondence. Dave Doorn asked if we could make a decision tonight contingent on waiting a few days if Jonah Bank or another private bank were able to give us a competitive proposal.

What's unique about the bonds is up front we would have the money. We would get the \$32.2 million in our account. And the estimate from the bond companies is that our true interest rate would be about 1% or 2%. We know selling the bonds is going to take more time and it's more complicated than a regular construction loan. Ashli asked if that's where

the 45 days comes in? Dave Doorn said yes, that they need the time to sell the bonds. But talking today, Dave Doorn feels confident that Municipal knows who they want to sell to and can get it done.

Another advantage of the bonds is that they can extend with no penalty. With the construction loan, it was pretty strict that if they couldn't pay it off within a certain amount of time (if construction was delayed by something outside of our control) there were hefty penalties. With the bonds, we can extend no problem.

Tonia asked what the timeline the local banks would have? Dave Doorn said they are saying they can get it done. It would be a number of banks coming together to get what we need. It sounds like it will be a process. Tonia asked how long we put off making a solid decision. What sort of timeframe do we use? 48 hours? End of the week? Dave Doorn recommends no more than 48 hours.

Karl wanted to circle back to the trade off of money vs time. If we said "go" today, it would take a few weeks to mobilize. At best, we still have 3-4 weeks we can't get going anyway. The trade off is if we go with a traditional construction loan, it might save a month at best. Jeremy also added that we need the snow to melt and the ditch moved, so we do have a bit of time. Dave Bell added that there are two other entities (in addition to Jonah Bank) that we've had conversations with Pete Lauden at Bank of Jackson Hole (which has a branch in Pinedale). Pete has the capacity to do the construction loan right out of his bank. But he has sent the package to Denver, to his division that does loans and bonds. Knowing that, Dave Bell reiterated that he doesn't want to close doors tonight. Tonia asked for other input. Ashli said that waiting 48 hours to vet our options would be good. Ashli said she would like more information on the time (getting the funds quicker) vs the higher interest rate. Do we have a number of what starting in June vs starting July? Jeremy answered the big factor is what month we hit winter. This first winter is where it could cost us. Ashli asked where we need to be and Jeremy answered enclosed. You have your steel up and your roof up. You can be putting in walls, but having that enclosure. Jeremy feels late May / first part of June will put us in a good place. If we are talking in August, it's too late. Ashli asked if they could please see the project schedule. Kenda asked what if we get an offer in 48 hours? Do we meet again to discuss that? Dave Doorn answered yes. Tonia said that she's concerned about interest rates with a private institution. Dave Doorn said the origination fees are also a factor.

Tonia stated that the Building Committee met and discussed both Colliers and Municipal and the fees on Municipal were significantly lower. The Building Committee would recommend going with bond financing from Municipal.

Mike Hunsaker added that there is a limit to what we would spend to go local. But we don't know what that number is right now. It would be great to be able to say we gave the local guys an opportunity. They couldn't deliver for us, but we did give them the opportunity. That would go a long way in the community rather than saying we're just going to cut you out. It's important to consider, especially knowing the amount of scrutiny the District has undergone. A few more days won't hurt.

Jeremy said that if you set the GMP tonight, there will be a few documents that need to be reviewed by Lena and Abbi and then Jeremy has to get it back to the USDA, so you probably have a few more days. Dave Doorn said this will give him time to gather more data on the fees and the interest. He can provide the board concrete information. Dave Bell said he would recommend making a meeting on Friday at 7am. The board agreed that at that time they would decide about the construction loan financing.

Dave Bell motioned to approve the final GMP as presented by Layton Construction of \$57,653,020. Jamison seconded the motion. Motion passed unanimously.

Dave Bell asked Jeremy if they could bring up the possibility of in-kind donation of equipment. Jeremy and Dave Bell will meet sooner rather than later. Tonia asked Dave to tell the bankers that they need to have their proposals by Thursday at noon to Dave Doorn.

Dave Doorn just wanted to give a repeat thank you to Jeremy and Karl. It's phenomenal that they were able to hold the prices for so long. Jeremy said it's been quite a process, but we have been very good to work with.

Adjournment 6:06pm Ashli motioned and Jamison seconded to adjourn the meeting..

Minutes taken by Kari DeWitt

Tonia Hoffman, Board Chair

Date

Dave Doorn, Administrator

Date