

## Agenda

### Estes Park Health Board of Directors' Regular Meeting - On Line Only

Monday, August 31, 2020

4:00 - 6:00 pm Board Meeting

Estes Park Health, 555 Prospect Avenue, Estes Park CO 80517

Timberline Conference Room / <https://attendee.gotowebinar.com/register/8070342089782476556>

Regular Session		Mins.	Procedure	Presenter(s)
1	Call to Order/Welcome	1	Action	Dr. David Batey
2	Approval of the Agenda	1	Action	Board
3	Public Comments on Items Not on the Agenda	5	Information	Public
4	General Board Member Comments	5	Information	Board
5	Introduction of Diane Darmody, Interim Surgical Services Director	5	Information	Ms. Pat Samples
6	Consent Agenda Items Acceptance: 6.1 Board Minutes 6.1.1 Regular Board Meeting Minutes August 3, 2020 6.1.2 Special Executive Session Board Meeting Minutes August 6.1.3 CFO Report - July 2020	2	Action	Board
7	Presentations: 7.1 Estes Park Health Patient Referral System Update 7.2 Surgical Department Programming Changes Update 7.3 Mitigating the Financial Impact of the Pandemic: Phase 2 Discussion 7.4 Covid-19 Status Update 7.5 Chief Nursing Officer 3rd Quarter Report 7.6 2020 Forecast, 2021 Projections and Covid-19 Financial Impact on Estes Park Health 7.7 Resolution 2020-6: Renewal of the Line of Credit from Bank of Colorado Resolution 2020-7: Amendment to Service Provider Note Purchase 7.8 and Repurchase Agreement for the My Loans Program with Bank of Colorado	15 5 20 10 15 15 5 5	Discussion Discussion Discussion Discussion Discussion Discussion Action Action	Mr. Vern Carda Mr. Vern Carda Mr. Vern Carda Mr. Gary Hall, Ms. Pat Samples, Dr. John Meyer Ms. Pat Samples Mr. Tim Cashman Mr. Tim Cashman Mr. Tim Cashman
8	Strategic Operations and Significant Developments: <i>Goals, Accomplished, Next Actions, Schedule, Issues</i> 8.1 Executive Summary - Significant Items Not Otherwise Covered	3	Discussion	Senior Leadership Team
9	Medical Staff Credentialing Report	2	Action	Board
10	Review Action List Items and Due Dates	1	Discussion	Board
11	Potential Agenda Items for September 28, 2020 Regular Board Meeting	2	Discussion	Board
12	Adjournment	1	Action	Dr. David Batey
Total Regular Session Mins.		118		

**Next Regular Board Meeting: Monday, September 28, 2020 4:00 - 6:00 pm**



**ESTES PARK HEALTH  
BOARD OF DIRECTORS’  
Meeting Minutes – August 3, 2020**

**Board Members in Attendance:**

Dr. David Batey, Chair  
Ms. Sandy Begley, Vice Chair (via webinar)  
Ms. Diane Muno, Secretary (via webinar)  
Mr. William Pinkham, Member-at-Large  
Dr. Steve Alper, Treasurer

**Other Attendees:**

Mr. Vern Carda, CEO  
Mr. Tim Cashman, CFO  
Ms. Pat Samples, CNO  
Mr. Gary Hall, CIO (via webinar)  
Mr. Randy Brigham, CHRO (via webinar)  
Dr. John Meyer, CMO (via webinar)  
Ms. Barb Valente, Urgent Care Center Director  
Ms. Cindy Berlanga, Laboratory Director  
Ms. Mandy Fellman, Physician Clinic Director  
Mr. Matt Gordon, Living Center Director  
Mr. Kevin Mullin, Executive Director, Estes Park Health Foundation (via webinar)

**Community Attendees:**

Jim and Gail Cozette, Patrick Martchink, Wendy Rigby, Terry Brigham, Tara Moenning, and Dr. Larry Leaming,

**1. Call to Order**

The Board meeting was called to order at 4:02 p.m. by Dr. Batey, Chairman of the Board of Directors; there was a quorum present. Notice of the Board meeting was posted in accordance with the SUNSHINE Law Regulation.

**2. Approval of Agenda**

Dr. Batey recommended moving Item 3.2 before Item 3.1.

Mr. Pinkham motioned to approve the agenda with the change noted above. Ms. Muno seconded the motion, which carried unanimously.

**3. Recognition of Randy Brigham’s EPH Service and Retirement**

3.1 Public Comments and 3.2 Board Comments

The Board and community members thanked Mr. Brigham for his service and dedication to Estes Park Health.

Mr. Brigham thanked the Board, senior leadership and the employees for their dedication to the hospital and the community.

**4. Public Comments on Items Not on the Agenda**

Patrick Martchink, MedEx Executive Director, voiced concerns regarding referral practices for physical therapy patients. The EPH senior leadership assured Mr. Martchink that his concerns will be investigated thoroughly.

**5. General Board Comments Not on the Agenda**

None.

**6. Consent Agenda Items**

Mr. Pinkham motioned to approve consent agenda items 6.1.1, 6.1.2, 6.1.3 and 6.2 as presented. Dr. Alper seconded the motion, which carried unanimously.

**7. Presentations**

**7.1 Covid-19 Status Update**

- Keeping Everyone Safe
  - All staff, patients, and visitors must wear a mask at all times; screening taking place at two entrances for all individuals.
- COVID testing
  - (1) Purchasing a Diasorin analyzer which will have the ability to do a COVID-19 test.
  - (2) Fine-tuning patient workflows at the Urgent Care Center to ensure safety for all.
- Messaging to community: Do not hesitate to get emergent help when needed
- Physician Clinic open for business
  - Telehealth is part of the permanent book of business now
- Looking ahead to flu season
- Continue to transfer to available ICUs when appropriate
- Tourist season and beyond
  - We are completely supportive of the state's requirements for masking and social distancing.
- Continue to screen first from home when possibility of symptoms or exposure.

**7.2 Chief Executive Officer 2<sup>nd</sup> Quarter Report**

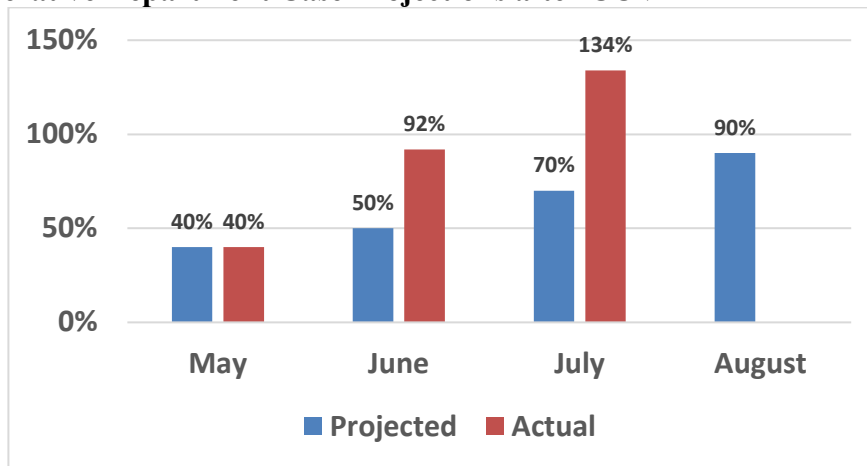
Estes Park Health (EPH) is slowly recovering from the initial wave of COVID-19 that basically brought many of our health system departments to a standstill. Management's belief, at the present time, is that EPH will recover to approximately 80% of its budgeted volume by the end of the year. A brief timeline is indicated below:

- **Mid-March 2020-** Clinic and many ancillary departments witnessed an epic slowdown in volume and in some cases departmental volumes completely ceased.
- **Mid-April 2020-** EPH implemented many policy and procedure changes creating a safe environment for patients and for staff. These changes were based on recommendations made by the Centers for Disease Control (CDC). Also, EPH secured personal protective equipment

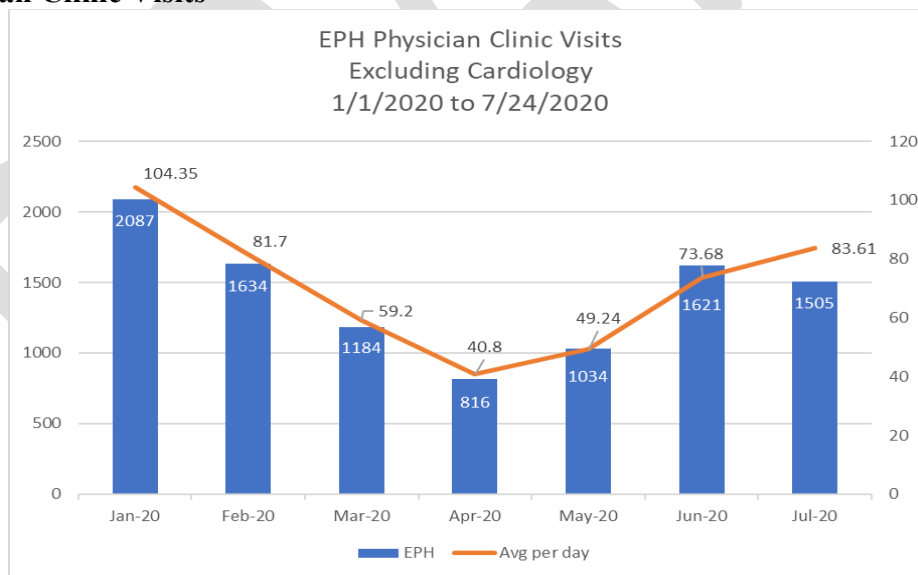
(PPE) and completed other items like installing negative pressure rooms to facilitate and accommodate every sick patient.

- **June 2020-** EPH implemented a phased approach to Covid-19 fiscal mitigation. The first phase of mitigation included:
  - Wage rollback
  - PTO accrual freezes
  - Locum labor reduction
  - Contract re-negotiation with vendors

### Perioperative Department Case Projections after COVID



### Physician Clinic Visits



As indicated above, patients are being seen again in a safe environment and financial recovery has started. Much uncertainty looms with a potential second round of covid-19 possibilities. To that end, it will become important to start the strategic planning process to identify and implement mitigation strategies.

### 7.3 Proposed Surgical Department Programming Changes

After studying critical access hospital surgical models, Estes Park Health (EPH) management recommended to the Board of Directors (and the board approved), hiring two general surgeons to serve our community needs. EPH management believes this model is a good fit for our community and location in the market. Additionally, EPH will discontinue Rural Physician Group (RPG) 24/7 surgicalist coverage at EPH in approximately mid-August.

Acknowledgement and thanks were provided to RPG for the surgicalist work they provided EPH.

EPH has completed the following items since the last board meeting:

- Screened surgeon candidate's CV's.
- Utilized telemedicine to screen 4 surgical candidates.
- Narrowed the field of general surgeon candidates to two and scheduled dates for onsite interviews at EPH.

A multi-disciplinary team will conduct general surgeon interviews. The initial round of interviews will be completed by Friday, July 31, 2020. Upon completion of the interviews, a candidate review session will be conducted. This session will be conducted with the purpose of selecting one of the candidates interviewed. Should this slate of candidates not contain a general surgeon that is best suited for EPH, advertising and screening of a second round of candidates will occur. Additionally, locum surgery will then be arranged.

### 7.4 Example of Quality Improvement Actions

EPH provides a wide variety of services, across the medical and support spectrum. Occasionally, there are issues that do not completely meet the expectations of the patient and/or patient's family. When there are quality issues like this, especially if they have a risk factor, EPH brings together the participating department directors and interview staff as necessary, and interview the customer(s) if necessary, to gather the full story. Then, adjustments and other actions are taken to improve the processes and systems to minimize future similar risk/quality occurrences.

There was a good example of this regarding special diet orders. During the course of the patient's stay, there were several issues raised in regard to accurate dietary management: by the ordering physician, by the kitchen staff, and with other oversight from other clinical staff.

As EPH became aware of the issue during the final day of the patient stay, it was evident that we needed to get a complete picture of the patient stay and the issues and events therein. After full research with the Dietary Director and the staff, after consultation with the hospitalist and the MedSurg nursing staff, and with administration guidance, EPH was able to craft a clear picture of the issues. Most importantly, EPH was able to identify where there were missteps versus Dietary department missteps and were able to make several improvements as a result of this event.

Some of the observations made and/or improvements that have been put in place in the Dietary and MedSurg departments include the following:

- (1) Replacement of the old, slow, small wall-mounted computer display of Dietary orders in the kitchen with a big board, new and fast computer, so that Dietary has a much better presentation of the diet orders. Since this display helped contribute to one of the Dietary missteps, this makes a big difference.

- (2) The complete information in the patient electronic health record chart may have more extensive notes which are not presented on the dietary board (HIPAA restrictions), and it's important that Dietary consult with MedSurg (inpatient) nursing staff to ensure that they know the full story. In the case being described, there were additional restrictions that were noted in the chart but not noted in the formal dietary orders from the hospitalist. Dietary aides will now get these additional restrictions from MedSurg and write all patient food restrictions (even variations from the ordered diet) on the meal tickets to ensure that full communication has occurred to Dietary, and not just allergies and ordered diet. This includes a last check that the dietary staff delivering the tray makes with the nurse to ensure the tray is up to date with any changes.
- (3) The gluten-free muffin and the gluten muffin look the same unless labeled. There was misunderstanding of what was properly delivered as gluten-free. Additional training has been provided and proper labeling added to ensure clarity to Dietary staff, Dietary Aide, and patient/family that gluten-free is being respected.
- (4) The cook is required to double-check the diet orders – prior to and post preparation before sending to the patient room, for all restricted diets.
- (5) MedSurg staff checks to ensure that the dietary order reflects all of the allergies/intolerances that were noted while documenting the patient history.
- (6) The other issue identified is that every patient/family have a psychosocial history (as well as the physical dietary issues) that can impact how we interact and/or meet the needs of the patient. The nursing staff will work to communicate any concerns or challenges ahead of time to ensure the all ancillary team members are aware of the plan in caring for the whole patient.

These changes are, in most cases, fine-tuning an operation that worked the great majority of the time, but EPH feels that it closed some potential gaps on the most challenged diets.

These types of root-case analyses and improvements occur whenever necessary, with whomever necessary, to help EPH continue to perpetually aim for the highest inpatient quality service in all aspects of what we do.

## 7.5 Urgent Care Center Update

### **Successes**

#### a. Patient Volumes

- It has been 9 weeks since opening on May 27, 2020.
- Despite Covid-19, limitations from the number of visitors to Estes Park and several other hurdles this year, the UCC daily average patient volumes have steadily been increasing.

#### b. Workflows are going well

- Operational workflows are essential for providing excellent and efficient patient care.
- UCC to ED transfer workflows have been very successful in providing appropriate care for patients who misappropriate their destination.

#### c. Staffing

- The UCC is fully staffed at this time, except for one PRN position at registration for which we are currently recruiting.

- The staffing matrix is functioning well.
- d. Covid-19 Screening
  - Patients have been screened since opening day.
  - We have remedied a few patient flow issues that have come up as we navigate the three departments that are now operational.
  - Great community feedback thus far!

### **Challenges**

- a. Covid-19 Restrictions
  - RMNP: Closure and restricted access to RMNP and Estes Park has decreased the number visitors and has impacted the number of projected patients at the UCC.
  - Our marketing plan has been impacted by the mandated closures/social distancing (inability to have an open house, reception, ribbon cutting, etc.).
- b. Complicated Patients
  - Many patients misappropriate their destination to the UCC, when they truly should be seen in the ED.
  - Triage process in place to ensure appropriate level of care.
  - Types of patients we have seen at the UCC
    - Splinters, broken bones, sprains, kidney stones, headache, infants, abdominal pain, stroke, STEMI, earache, rash, lacerations, etc.
    - Excellent working relationship with ambulance and ED to transfer patients to ED or to a higher level of care.

### **Financial Implications**

- a. Number of patients/day
  - Budget was designed on an average of 14 patients/day.
  - Average number of daily patients is currently approximately 13 andp increasing weekly.
- b. Copay Collection Rates
  - The UCC requires a fee for service, so all copays/co-insurance is attempted to be collected at the time of service.
  - Current collection rates (month of June) are at 96%.

### **Marketing Plan**

- a. Delays
  - Marketing was delayed with the departure of our Marketing Director in early May.
  - Concurrent delays with Covid-19.
- b. Current Plan
  - We are now listed on Google and Google Maps.
  - Brochures and Magnets are in the process of being distributed throughout town.
  - Organizing a Back to School Supply Drive for Estes Valley School District. The UCC will be a drop-off location for much needed supplies, including masks. Exact timeframe TBD but expected to be early-mid August.
  - Post-Covid-19 Options: TBD (In early discussions now)

## **7.6 EPH Covid-19 Testing Capability**

Estes Park Health has been working hard to bring Covid-19 testing abilities to the community of Estes Park. Many hospitals are not fortunate enough to purchase the instruments and testing supplies, as high demands bring manufacturing companies to a standstill; many hospitals to this day continue to struggle to fulfill instrument/supply orders. Community demand, coupled with

support from EPH leadership, led our laboratory to procure equipment and create processes to offer local Covid-19 tests.

The decision to purchase the BioFire analyzer early in the year gave us an opportunity to bring in the PCR respiratory panel in-house. A short time after our go-live with the respiratory panel (RP 2), BioFire updated the panel to include the Covid-19 virus as a target, bringing the total target count to 22 pathogens; this panel is now known as the RP2.1. The BioFire Respiratory panel has 22 targets (viruses & bacteria):

- Includes the SARS-CoV2 virus
- Turnaround time is 45 minutes on the analyzer
- Able to run two samples simultaneously
- Requires a nasopharyngeal swab in viral transport media
- RNA and nucleic acids are used to identify pathogens
- Go-live date: June 08, 2020.
- The use of this assay is under US FDA Emergency Use Authorization. BioFire is expecting full FDA clearance early Fall

During the discussions to bring in the new updated respiratory panel, the antibody test was also made available by Ortho Clinical Diagnostics (OCD). EPH decided to bring in the Anti-SARS CoV-2 IgG antibody test to run on our chemistry analyzer:

- Covid-19 IgG Antibody test
- Turnaround time is 50 minutes on the analyzer
- Able to run 100 tests per hour
- Requires a blood draw
- Antibodies bind to the spike protein found on the SARS-CoV-2 virus
- Go-live date: June 10, 2020.
- The use of this assay is under US FDA Emergency Use Authorization

Streamlining the Covid-19 testing process became a focus, as many of our samples get sent to Children's hospital. Although, the turnaround time (TAT) for Children's has been 24-48 hours, it is evident that patients need a quicker TAT in order for EPH to safely perform surgical procedures, deliver a baby, or give emergency care. With the generous help of the Foundation, the Diasorin Liaison will soon be live in the EPH laboratory department:

- Standalone test for SARS CoV2 virus
- Turnaround time is 80 minutes per run
- Able to run 8 tests simultaneously
- Requires a nasopharyngeal swab in viral transport media
- Direct Real-Time PCR detection of the SARS CoV2 virus
- The use of this assay is under US FDA Emergency Use Authorization

#### 7.7 Chief Operations Officer 2<sup>nd</sup> Quarter Report

- Urgent Care IT/Facilities/EVS/Dietary/Lab/DI
  - Continue to tune the Urgent Care Center processes, network, and all.
- Pharmacy
  - Pyxis medication workstation replacement and upgrade was completed in late May.

- Environmental Services (EVS)
  - Began reporting Facilities in June. Supervisor Diana Rascon and team are working to improve communication methods and consistency of service.
- Laboratory
  - (1) More integration of analyzers with our Epic EHR.
  - (2) New analyzer coming to provide standalone COVID one-hour testing.
- Rehab Services
  - Moved successfully to the Urgent Care Center in early June.
- Dietary
  - Working through the crisis, the Dietary team has adjusted cafeteria rules to manage proper social distancing; following all protocol to ensure a healthy kitchen and safe dining.
- Optimizing Use of Space: Campus Rehab Area and Specialty Clinic
  - (1) Infusion and Coumadin Clinic to the on-campus rehab area.
  - (2) Soon to move Respiratory Therapy and Wound Care to front-of house.
  - (3) Specialty Clinic: Taking advantage of the vacated space to give the physician clinic some much-needed expansion.
- Diagnostic Imaging
  - (1) Go-live of our new tomography (3D mammography) machine late May.
  - (2) Install and go-live of radiology at UC in early June.
  - (3) Colorado Imaging Associates currently providing our radiology reads.
- Facility Master Plan
  - Currently on-hold during the pandemic due to financial considerations.
- Marketing
  - We're continuing to address the immediate marketing needs from this office.
- Safety/Emergency Preparedness
  - Continue to provide oversight of the Safety Management plan of EPH (Life Safety, Security, Radiologic Safety, Hazardous Waste Safety, and Emergency Preparedness).

#### 7.8 Q2 2020 Financial Report Including Covid-19 Impact

- The month of June has shown promising results. Volumes and revenues are recovering better than expected. For the Quarter (April, May & June), Net Revenues were 71% of budget. YTD Net Revenues are \$4.8M under budget or 19%.
- Expenses are 8% under budget, for the month as mitigation efforts were initiated. For the quarter, expenses are under budget by 3.2%. And, YTD Expenses are 2% under.
- Net Earnings for the month were positive and very close to budget. For the quarter, earnings are a loss of (\$3.2M); and for the YTD the Net Loss is (\$4.3M).
- Balance Sheet is holding up, principally due to the Stimulus funds.
  - AR Days are 55
  - Days Cash on Hand are 233

### **Stimulus and Funding Support**

As a result of the recent support from the Federal Government, via several programs have provided funding in April:

Advance Payment Program	\$4.4M
-currently scheduled for repayment; possibility of forgiveness	
HHS Stimulus	\$5.3M
-forgivable	
Payroll Protection Program	\$4.8M (approved; pending)
-eligible for forgiveness assuming compliance with stipulations.	
Grants	\$ 82K
Total Funding Support	\$14.5M

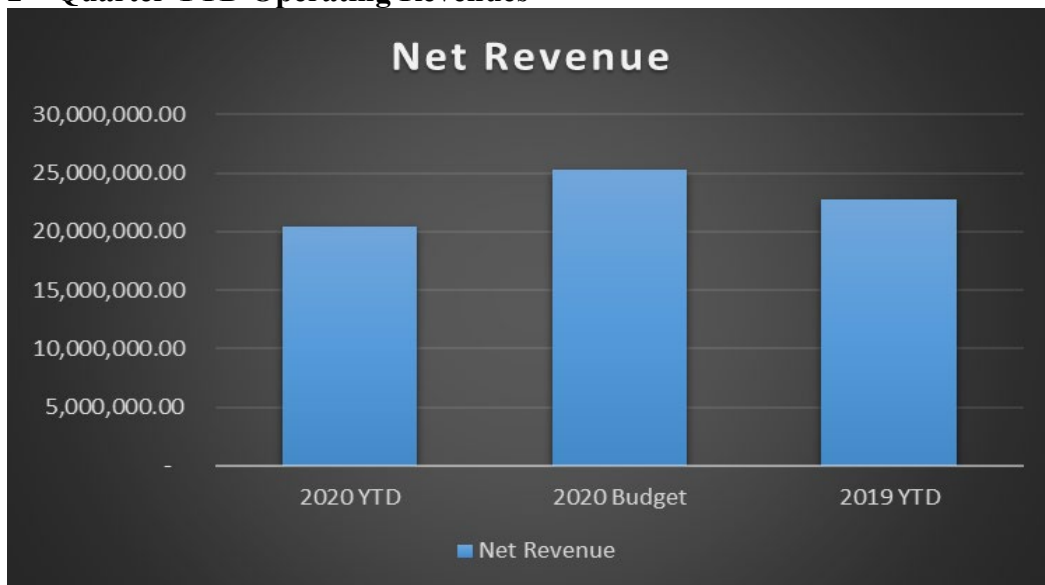
### **Key Statistics**

	<b>YTD</b>	<b>Budget</b>	<b>2018</b>
Inpatient Days	321	475	539
Swing Bed	159	247	135
Births	25	39	31
ED Visits	1,979	2,371	2,517
Urgent Care Visits	199	884	0
Ambulance (EMS) Trips	809	933	933
Clinic Visits	8,480	11,512	13,398
Surgeries (not incl GI & Pain)	153	192	176
GI Procedures	161	223	189
Lab Tests	32,097	31,384	37,384
Radiology Tests	3,884	5,315	5,315
Rehab Visits	3,369	5,255	5,353
Home Health/Hospice	4,799	4,446	4,821
Living Center Days	5,492	6,878	6,424

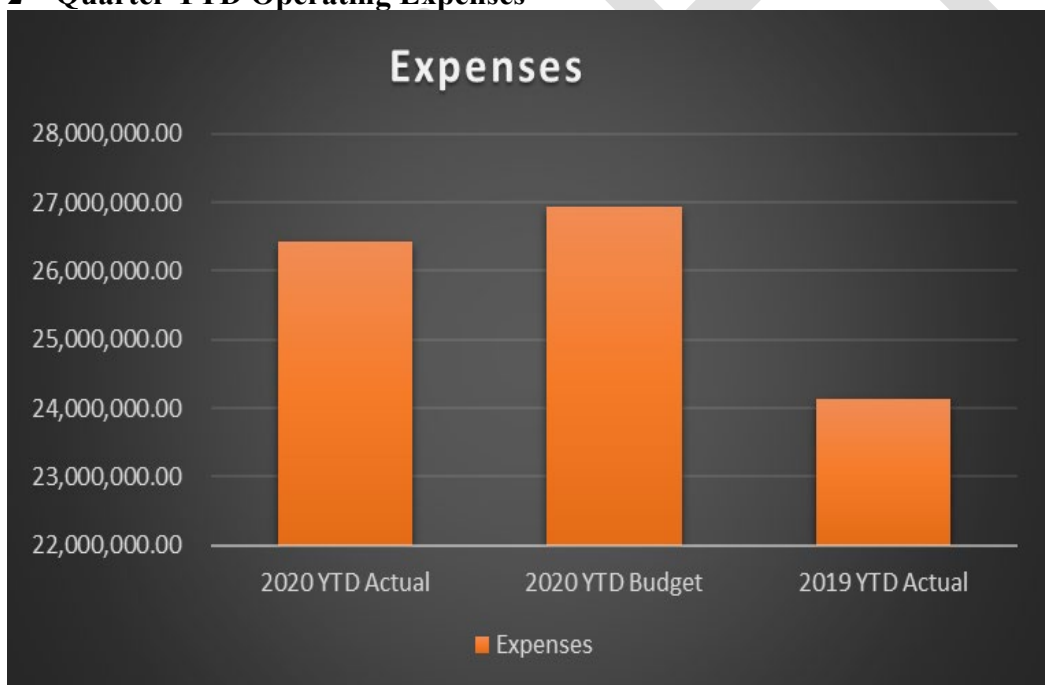
### **Summary of Profit and Loss**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Prior Year</b>	<b>Prior Year</b>
	<b>2020 YTD</b>	<b>2020 YTD</b>	<b>\$</b>	<b>2019</b>	<b>% Var</b>
Patient Revenue	36,936	46,098	(9,163)	43,124	-14%
Total Revenue Deductions	(16,701)	(21,205)	4,504	(20,722)	-19%
Total Operating Revenue	20,469	25,308	(4,838)	22,760	-10%
Total Operating Expenses	28,159	28,689	(529)	25,326	-11%
Operating Income (Loss)	(7,690)	(3,381)	(4,309)	(2,566)	-200%
Non-Operating Income	1,673	1,706	(34)	1,564	7%
Gift to Purchase Capital Assets	133	100	33	15	0%
Increase (Decrease) in Net Assets	(5,885)	(1,575)	(4,310)	(987)	496%
EBIDTA	(4,150)	174	-	213	0%

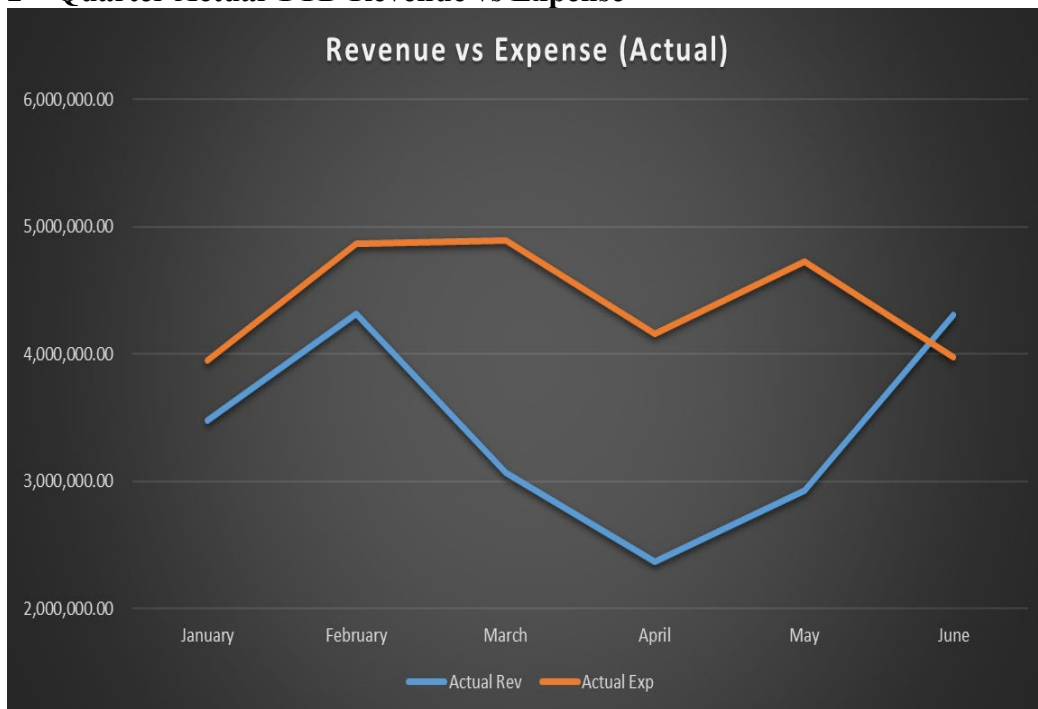
## 2<sup>nd</sup> Quarter YTD Operating Revenues



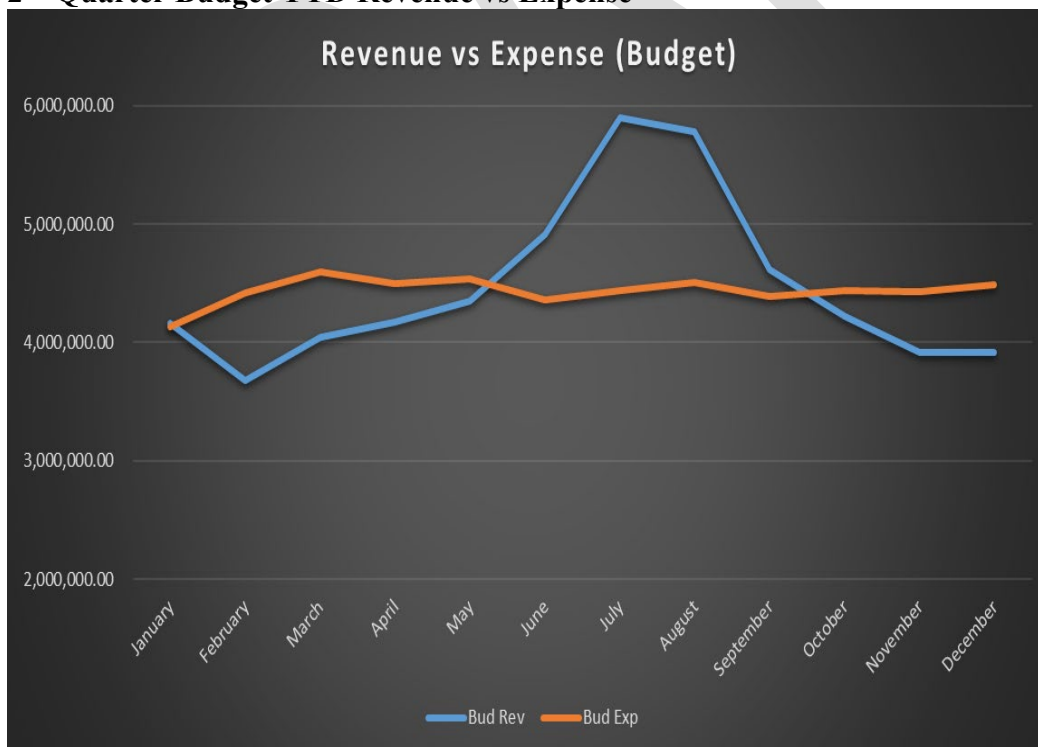
## 2<sup>nd</sup> Quarter YTD Operating Expenses



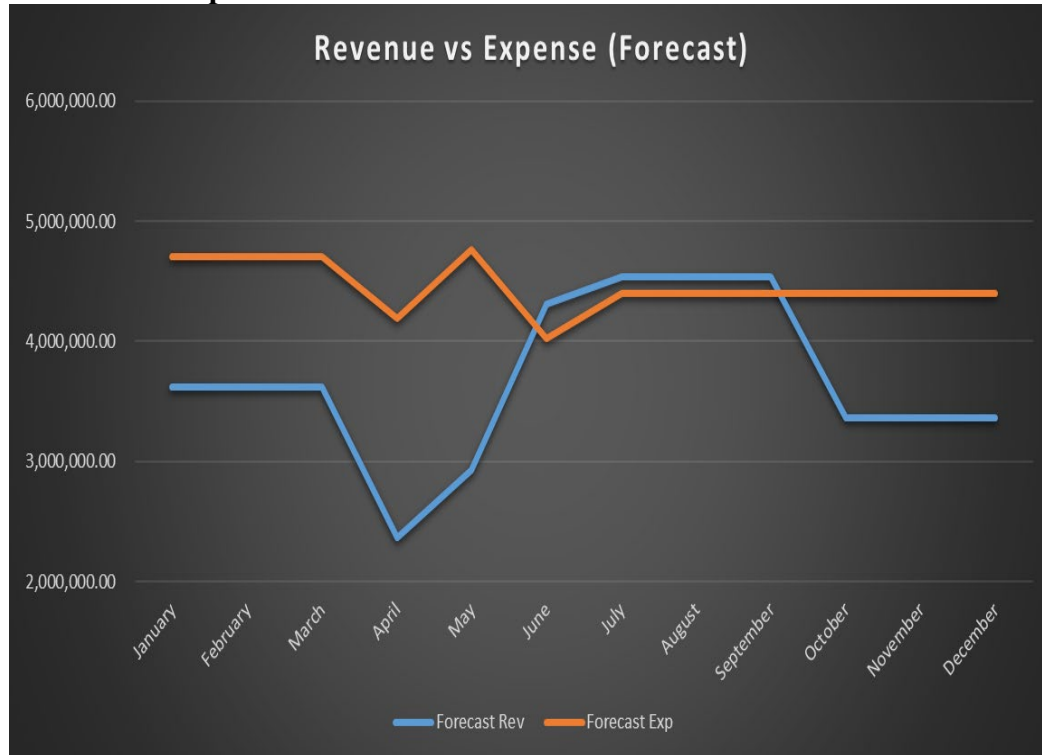
## 2<sup>nd</sup> Quarter Actual YTD Revenue vs Expense



## 2<sup>nd</sup> Quarter Budget YTD Revenue vs Expense



## Forecast Revenue vs Expense



### 2020 Forecast

- Revenues are recovering better than expected. Expectations were a 65% recovery for the 2<sup>nd</sup> Quarter; and 80% for the 3<sup>rd</sup> and 4<sup>th</sup> Quarters. Results thru the 2<sup>nd</sup> Quarter were 80% of Budget (deemed as Normal)
- Expenses, through the 2<sup>nd</sup> Quarter, are showing a decline due to actions by Management. Further action will be necessary as the year progresses and the Stimulus funds are used.
- Assuming an ongoing reduction of Net Revenues of 20% or \$10M, Expenses will need to decline by the same amount.
- Net Earnings, with the Stimulus funds, are positive. However, those are anticipated to exhaust by end of the year. Going forward will require aggressive action in both Expense and Revenue management.

ESTES PARK HEALTH					
Statement of Revenues and Expenses (Unaudited)					
Forecast 2020					
	YTD	FORECAST			
	2020	FY 2020			
	Actual	3rd Quarter	4th Quarter	FY 2020 Forecast	Budget 2020
TOTAL OPERATING REVENUE	20,469	13,603	10,084	44,155	53,751
TOTAL OPERATING EXPENSE	(28,159)	(13,985)	(14,000)	(56,605)	(57,079)
OPERATING INCOME (LOSS)	(7,690)	(382)	(3,916)	(12,449)	(3,329)
NON-OPERATING	1,673	857	857	3,386	3,412
Gift to Purchase Capital Assets	133	-	-	133	300
Stimulus Funds	-	5,080	5,080	10,161	-
Total Margin	-28.7%	40.8%	20.0%	2.8%	0.7%
REVISED CHANGE IN NET ASSETS	(5,885)	5,555	2,021	1,231	383
REVISED EBIDA	(4,150)	6,451	2,917	4,756	3,964

#### CHA Databank

Change from PY	March	April	May	Total
Utilization Stats	% Chg	% Chg	% Chg	% Chg
Total Discharges	-13%	-27%	-16%	-19%
Total Patient Days	-8%	-14%	-7%	-9%
Inpatient Surgeries	-20%	-47%	-22%	-30%
Inpatient Admissions from ED	-14%	-25%	-16%	-18%
Emergency Department Visits	-16%	-43%	-32%	-31%
Ambulatory Surgery Visits	-28%	-71%	-32%	-45%
Observation Visits	-19%	-47%	-26%	-31%
Total Outpatient Visits	-17%	-46%	-28%	-31%

Change from PY	March	April	May	Total
Financial Stats (\$ in millions)	% or \$ Chg	% or \$ Chg	% or \$ Chg	% or \$ Chg
Total Charges	-9%	-33%	-14%	-19%
Total Contractuals	-8%	-34%	-13%	-19%
Total Revenue	-12%	-31%	-15%	-20%
Charity Care	29%	-39%	-18%	-7%
Bad Debt	-24%	-42%	-41%	-35%
Total Operating Expense	4%	-8%	-3%	-2%
Operating Margin	\$ (245.7)	\$ (242.6)	\$ (77.5)	\$ (565.7)
Net Non-Operating Gains	\$ (521.8)	\$ 329.8	\$ 363.4	\$ 171.3
Total Margin	\$ (767.5)	\$ 87.4	\$ 285.8	\$ (394.3)

**8. Operations Significant Developments**

**8.1 Executive Summary – Significant Items Not Otherwise Covered**

None.

**9. Medical Staff Credentialing Report**

Dr. Alper motioned to approve the Medical Staff Credentialing report as submitted. Mr. Pinkham seconded the motion, which carried unanimously.

**10. Review any Action Items and Due Dates**

None.

**11. Potential Agenda Items for August 31, 2020 Regular Board Meeting**

- Follow-up on patient referral process as requested by Mr. Martchink.
- Update on the surgical department programming changes.
- Update on FY 20-21 fiscal projections.

**12. Adjournment**

Dr. Alper motioned to adjourn the meeting at 6:25 p.m. Mr. Pinkham seconded the motion, which carried unanimously

---

David M. Batey, Chair  
Estes Park Health Board of Directors



**ESTES PARK HEALTH  
BOARD OF DIRECTORS'**

**Special Executive Session Board Meeting Minutes – August 26, 2020**

**Board Members in Attendance**

Dr. David Batey, Chair  
Ms. Sandy Begley, Vice Chair (via phone)  
Dr. Steve Alper, Treasurer  
Ms. Diane Muno, Secretary (via online)  
Mr. Bill Pinkham, Member-at-Large

**Other Attendees**

Mr. Vern Carda, CEO  
Mr. Tim Cashman, CFO  
Ms. Pat Samples, CNO  
Mr. Gary Hall, CIO (via online)

**Call to Order**

The meeting was called to order at 3:06 p.m. by Dr. Batey, Chairman of the Board of Directors; there was a quorum present. Notice of the Special Executive Session Board meeting was posted in accordance with the SUNSHINE Law Regulation.

Dr. Alper motioned to move into Executive Session, pursuant to §§ 24-6-402(4)(e), C.R.S. for the purpose of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations and Section 24-6-402(4)(f), C.R.S. for the purpose of discussing personnel matters. Ms. Begley seconded the motion, which carried unanimously.

With no further discussion to be conducted, Ms. Begley motioned to adjourn the Executive Session and concluded the meeting at 5:07 p.m. Mr. Pinkham seconded the motion, which carried unanimously.

---

David M. Batey, Chair  
**Estes Park Health Board of Directors**



555 Prospect Ave. | P.O. Box 2740 | Estes Park, CO 80517

## **CFO Report July 2020**

### **Executive Summary**

The month of July continues to show slightly promising return to busy months. For the month, Operating Revenues are 10% down from Budget and 19% down from last year. Year to date shows 17% less than Budget. Year-to-date Operating Revenues are 17% under Budget and 9% under last year. Due to the Covid-19 pandemic the hospital had anticipated a 20% drop for the month. Year to date, expectations indicated an 80% recovery.

Expenses for the year are 3% under budget. Currently, the only area above budgeted Expense is Supplies. The 10% rollback of wages for the highest earners was initiated June 1, resulting in a 13% drop in Salary expense. For the month, Expenses are 7% under budget.

Earnings for the month are a net \$1.2M, under budget by 18%. However, Year-To-Date earnings are a loss of \$4.8M compared to a budgeted loss of \$214K, obviously due to the impact of COVID-19.

Stimulus funds received to date are a total of \$14.5M. Expectations for retainage include \$10.1M, with the remainder of \$4.4M currently held as a "loan" and identified for repayment.

Days in Accounts Receivable continue to rebound from the Epic conversion in November; from a high of 64 to a current 46. And, Days Cash on Hand are up significantly to 234, due specifically to the Stimulus and Loan funds. While the Net Income (Change in Net Assets) is reporting (\$8.0M) loss before a projected recognition of Stimulus of \$10.1M in Cash, to cover this shortfall, for 2020.

The challenge, going forward, is to effectively manage the hospital with a likely decrease of 20% in volumes and revenues.

### **Revenues**

Year to Date Revenues are substantially below budget by 19% or \$10.6M. Outpatient visits are also reporting significant losses, for the year-to-date. Initial expectations for the 2<sup>nd</sup> Quarter were 35% less, thus "only" a loss of 20% is deemed "pretty good". There is reason for slight optimism for better results than initial Forecast. Looking forward, the prevailing thought suggests a potential continued recovery through the remaining summer and the rest of the year.

## Statistics

	YTD	Budget	2019
Inpatient Days	371	555	576
Swing Bed	189	277	160
Births	29	49	42
ER Visits	2,491	3,121	3,399
Urgent Care Visits	496	1,442	0
Ambulance Trips	1,031	1,262	1,262
Clinic Visits	10,576	13,740	15,580
Surgeries (not incl GI)	207	216	218
GI Procedures	221	259	215
Pain Procedures	133	286	212
Lab Tests	39,296	44,784	44,784
Radiology Exams	5,062	6,683	6,683
Rehab Visits	4,090	6,223	6,277
Home Health/Hospice	5,721	5,304	5,679
Living Center Days	6,298	8,056	7,399

## Balance Sheet

The Balance Sheet has certainly looked better than it does now. Unfortunately, there remain numerous challenges for the hospital. However, the Stimulus funds are helping. Days Cash on Hand are artificially high at 234. It is expected, however, that we will continue to slowly burn through these funds until the hospital can settle either increasing revenues or reduce expenses.

As a note, the Accrued Liabilities, the Est Third-Party Settlement and Short-Term Notes Payable does reflect the recording of Stimulus Funds, the Advanced Payment from Medicare and the Payroll Protection Program, totaling \$14.5M. When there is confirmation that any of these advances are forgivable, those will be recognized as Other Non-Operating Income

## Forecast for 2020

Please note an attached Forecast. The numbers are indeed staggering. We have tried to develop a realistic look at the remainder of the year. Some assumptions were made regarding recovery of Revenues and some Expense reductions. However, given the dramatic and sudden loss of patient visits earlier in the year, and the current recovery period, it is anticipated that Revenues will recover to 80% of Budget. The challenge will be managing expenses with less Revenues, going forward.

The good news is, while this Forecast does indicate the recognition of most of the Stimulus funds (\$10.1M) and the projection of a modest recovery of business volumes and revenues, the year should report modestly favorable.

*Mission Statement: To make a positive difference in the health and well-being of all we serve.*

## Funding Support

The District was successful in obtaining outside funding opportunities. However, it is anticipated that the \$4.4M Advanced Payment Program are designated as a loan and due to be repaid later this year. There is some hope that the Federal Government will designate those funds as forgivable. But that is not confirmed.

As a result of the recent support from the Federal Government, via several programs have provided funding in April:

- Advance Payment Program                      \$4.4M  
    -currently scheduled for repayment; possibility of forgiveness
- HHS Stimulus                                      \$5.3M  
    -forgivable
- Payroll Protection Program                      \$4.8M (approved; pending receipt)  
    -eligible for forgiveness assuming compliance with stipulations.
- Other Grants                                      \$82K  
    -forgivable

## Summary

Obviously, the remainder of the year does not look overly optimistic for a full recovery. The good news is that we do have some funding completed to help navigate the next few difficult months. We do believe sufficient funds exist, for the short-term, given a modest economic growth and good cash management. It is highly unlikely the District will accomplish the budgetary goals for the year, due specifically to the COVID-19 pandemic. However, the Stimulus funds will aid the recovery period. The goal for the remainder of the year is to maintain enough cash flow in order to stay compliant with our covenants.

**Estes Park Health**  
Financial Overview  
Month Ended July 31, 2020

**FINANCIAL RATIOS**

	June	July	RED	YELLOW	GREEN
Days in Accounts Receivable	55.3	46.3	> 60	50 - 60	< 50
Days Cash on Hand	233	234	< 125	125 - 224	> 225
Debt Service Coverage Ratio	-1.40	-1.40	<1.25	1.25 - 2.0	> 2.0
Operating Margin (12 Mo. Rolling)	-18.7%	-18.9%	< 2.0%	2% - 4.99%	> 5%
Total Margin (12 Mo. Rolling)	-11.0%	-11.3%	< 5.0%	5% - 9.99%	> 10.0%

**OTHER INDICATORS**

	June	July	Budget	YTD	YTD Budget
Total Deductions from Revenue %	47.8%	45.2%	46.0%	45.2%	46.0%
Operating Margin	\$34,869	\$921,419	\$1,163,923	(\$6,768,687)	(\$2,217,235)
Operating Margin %	0.8%	17.4%	19.7%	-26.3%	-7.1%
Increase (decrease) in Net Assets	\$544,483	\$1,195,548	\$1,461,583	(\$4,689,092)	(\$113,381)
Total Margin %	12.6%	22.5%	24.8%	-18.2%	-0.4%

**SUMMARY**

**Statistics:** IP Days are at 100 compared to 101 in June and 93 in July 2019.  
Physicians Clinic Visits are at 2096 compared to 1645 in June and 2182 in July 2019.  
Surgeries are at 48 compared to 42 in June and 42 in July 2019.

**Revenue:** July's Gross Patient Revenue is \$9,531,427 compared to a budget level of \$10,805,278.

**Other Operating Revenue:** YTD Other Revenues are \$154,655 below budget.

**Expenses:** Total Operating Expenses in July are \$346,579 under budget. Salaries and benefits are under budget by \$531,168.

**Excess Revenues (Expenses):** July's increase in Net Assets is \$1,195,548 compared to a budget of \$1,461,583. July's Total Margin is 22.5% compared to a budgeted level of 24.8%.

**Ratio Analysis:** Day's in A/R is at 46.3 which is lower than the industry average of fifty.  
Day's Cash on Hand is at 234 compared to June's level of 233 and July 2019 of 172.

**Debt Coverage Ratio:** July's rolling 12 month ratio is -1.4%. The loan end of year minimum required ratio is 1.25.

**ESTES PARK HEALTH**  
**Statement of Revenues and Expenses (Unaudited)**  
**July 31, 2020**

REVENUE	MONTH Jul-20			YEAR TO DATE FY 2020			PRIOR YEAR TO DATE FY 2019	
	Actual	Budget	Var	Actual	Budget	Var	Actual	Var
Patient Revenue								
In-Patient	\$ 1,443,800	\$ 2,044,917	-29%	\$ 7,047,775	\$ 12,052,225	-42%	\$ 11,140,994	-37%
Out-Patient	8,087,627	8,760,361	-8%	39,419,371	44,851,380	-12%	42,339,751	-7%
TOTAL PATIENT REVENUE	9,531,427	10,805,278	-12%	46,467,146	56,903,605	-18%	53,480,745	-13%
Less Contractual Adjustments	(4,002,351)	(4,862,375)	18%	(20,134,511)	(25,606,624)	21%	(24,457,839)	18%
Less Bad Debt Adjustments	(308,834)	(108,053)	-186%	(877,567)	(569,038)	-54%	(991,122)	11%
TOTAL REVENUE DEDUCTIONS	(4,311,185)	(4,970,428)	13%	(21,012,078)	(26,175,662)	20%	(25,448,961)	17%
	45.2%	46.0%		45.2%	46.0%		47.6%	
NET PATIENT REVENUE	5,220,242	5,834,850	-11%	25,455,068	30,727,943	-17%	28,031,783	-9%
Other Operating Revenue	87,306	61,781	41%	321,849	476,501	-32%	430,465	-25%
TOTAL OPERATING REVENUE	5,307,548	5,896,631	-10%	25,776,917	31,204,444	-17%	28,462,249	-9%
EXPENSES								
Wages	1,850,423	2,130,438	13%	14,091,705	14,589,686	3%	12,900,098	-9%
Benefits	328,308	579,461	43%	3,688,334	3,866,564	5%	3,776,988	2%
Contract Labor	597,888	537,018	-11%	3,748,599	3,705,626	-1%	3,755,533	0%
Medical Supplies	527,390	378,938	-39%	2,637,742	2,625,845	0%	2,502,792	-5%
Non-Medical Supplies	70,768	82,903	15%	662,764	587,641	-13%	739,987	10%
Purchased Services	416,869	417,771	0%	3,434,394	3,661,810	6%	2,987,151	-15%
Other Operating Expenses	304,855	308,061	1%	2,257,808	2,337,677	3%	2,005,724	-13%
Depreciation & Amortization	256,224	263,852	3%	1,779,657	1,806,968	2%	1,173,490	-52%
Interest	33,404	34,266	3%	244,602	239,862	-2%	229,198	-7%
TOTAL OPERATING EXPENSE	4,386,129	4,732,708	7%	32,545,604	33,421,679	3%	30,070,962	-8%
OPERATING INCOME (LOSS)	921,419	1,163,923	-21%	(6,768,687)	(2,217,235)	-205%	(1,608,713)	-321%
Operating Margin	17.4%	19.7%		-26.3%	-7.1%		-5.7%	
Non-Operating Revenue	279,829	302,060	-7%	1,979,156	2,034,704	-3%	1,848,559	7%
Non-Operating Expense	(5,700)	(4,400)	-30%	(32,465)	(30,850)	-5%	(29,366)	-11%
EXCESS REVENUES (EXPENSES)	1,195,548	1,461,583	-18%	(4,821,996)	(213,381)	-2160%	210,480	2391%
Gift to Purchase Capital Assets	0	0		132,905	100,000		102,095	
INCREASE (DECREASE) IN NET ASSETS	1,195,548	1,461,583	-18%	(4,689,092)	(113,381)	-4036%	312,575	1600%
Total Margin	22.5%	24.8%		-18.2%	-0.4%		1.1%	
EBDITA	\$ 1,485,176	\$ 1,759,701	-16%	\$ (2,664,833)	\$ 1,933,449	-238%	\$ 1,715,263	

**ESTES PARK HEALTH**  
**Balance Sheet (Unaudited)**  
**July 31, 2020**

ASSETS	2020 July	2020 June	2019 July
CASH & CASH EQUIVALENTS	\$ 22,028,163	\$ 21,587,026	\$ 17,084,604
PATIENT ACCOUNTS RECEIVABLE	11,581,546	10,711,059	15,365,170
LESS: ALLOWANCES	(5,457,673)	(5,184,155)	(7,603,829)
NET ACCOUNTS RECEIVABLE	<u>6,123,873</u>	<u>5,526,904</u>	<u>7,761,341</u>
RECEIVABLES FROM OTHER PAYORS	2,079,061	2,442,015	1,783,127
INVENTORY	1,080,086	1,070,357	1,110,435
PREPAID EXPENSES	<u>394,954</u>	<u>414,783</u>	<u>434,540</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>31,706,137</u></b>	<b><u>31,041,084</u></b>	<b><u>28,174,047</u></b>
<b>NET PROPERTY, EQUIPMENT &amp; INTANGIBLE ASSETS</b>	<b><u>33,199,865</u></b>	<b><u>33,413,267</u></b>	<b><u>30,623,792</u></b>
<b>RESTRICTED ASSETS</b>	<b><u>3,915,039</u></b>	<b><u>3,914,799</u></b>	<b><u>1,409,330</u></b>
OTHER ASSETS	0	0	0
LONG TERM INVESTMENTS	8,253,706	8,253,706	4,773,001
<b>TOTAL OTHER ASSETS</b>	<b><u>8,253,706</u></b>	<b><u>8,253,706</u></b>	<b><u>4,773,001</u></b>
<b>TOTAL ASSETS</b>	<b>\$ <u>77,074,747</u></b>	<b><u>76,622,856</u></b>	<b><u>64,980,171</u></b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	565,920	671,136	1,019,759
ACCRUED EXPENSES	10,324,812	10,829,909	4,737,058
ACCRUED COMP PAYABLE	1,028,279	1,192,146	1,100,966
ACCRUED INTEREST PAYABLE	30,524	0	32,213
EST THIRD-PARTY SETTLEMENT	5,811,882	5,811,882	611,650
SHORT TERM NOTES PAYABLE	5,116,581	5,116,581	0
OTHER CURRENT LIABILITIES	0	0	0
CURRENT MATURITIES OF OTHER LONG TERM DEBT	<u>1,085,000</u>	<u>1,085,000</u>	<u>1,060,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>23,962,998</u></b>	<b><u>24,706,655</u></b>	<b><u>8,561,647</u></b>
<b>DEPOSITS AND DEFERRED INCOME</b>			
LOANS PAYABLE	15,426,208	15,426,208	13,485,000
LEASES PAYABLE	0	0	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>15,426,208</u></b>	<b><u>15,426,208</u></b>	<b><u>13,485,000</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>39,389,207</u></b>	<b><u>40,132,864</u></b>	<b><u>22,046,647</u></b>
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT UNRESTRICTED	42,374,632	42,374,632	42,620,949
<b>TOTAL NET ASSETS</b>	<b><u>42,374,632</u></b>	<b><u>42,374,632</u></b>	<b><u>42,620,949</u></b>
<b>EXCESS REVENUES YTD</b>	<b><u>(4,689,092)</u></b>	<b><u>(5,884,640)</u></b>	<b><u>312,575</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ <u>77,074,747</u></b>	<b><u>76,622,856</u></b>	<b><u>64,980,171</u></b>

**ESTES PARK HEALTH**

Utilization		Month		Variance To Budget	
		Actual	Budget		
Hospital	In-Patient Days	100	149	-32.9%	
	Out Patient Visits	9765	10703	-8.8%	
Living Center	Resident Days	806	1178	-31.6%	
Clinic	Physicians Clinic Visits	2096	2228	-5.9%	
Income Statement					
Hospital	Operating Revenue (Net)	\$ 4,127,554	\$ 4,418,788	(291,234)	-6.6%
	Operating Expenses	3,324,318	3,443,005	118,687	3.4%
	Net Operating Income (Loss)	803,236	975,783	(172,547)	-17.7%
	Living Center	Operating Revenue (Net)	244,224	388,846	(144,622)
Clinic	Operating Expenses	310,051	410,622	100,571	24.5%
	Net Operating Income (Loss)	(65,827)	(21,776)	(44,051)	202.3%
	Operating Revenue (Net)	935,770	1,088,997	(153,227)	-14.1%
	Operating Expenses	751,760	879,081	127,321	14.5%
Total	Net Operating Income (Loss)	184,010	209,916	(25,906)	-12.3%
	Operating Revenue (Net)	5,307,548	5,896,631	(589,083)	-10.0%
	Operating Expenses	4,386,129	4,732,708	346,579	7.3%
	Net Operating Income (Loss)	921,419	1,163,923	(242,504)	-20.8%
Total	Non Operating Revenue (Net)	279,829	302,060	(22,231)	-7.4%
	Non Operating Expenses (Net)	(5,700)	(4,400)	(1,300)	-29.5%
	Excess of Rev over Exp Before Cap gifts	\$ 1,195,548	\$ 1,461,583	\$ (266,035)	-18.2%
	Gifts to Purchase Capital Assets	-	-	-	#DIV/0!
Increase (Decrease) in Net Assets		\$ 1,195,548	\$ 1,461,583	\$ (266,035)	-18.2%

Year To Date					
	Actual	Budget	Variance To Budget		
Hospital	678	1023	-33.7%		
	49732	58065	-14.4%		
	6298	8056	-21.8%		
Living Center	10576	13740	-23.0%		
Income Statement					
Hospital	Actual	Budget	To Budget	% Variance	
	\$ 19,048,550	\$ 21,884,059	(2,835,509)	-13.0%	
	23,675,169	24,435,434	760,265	3.1%	
	(4,626,619)	(2,551,375)	(2,075,244)	-81.3%	
Living Center	1,974,194	2,660,999	(686,805)	-25.8%	
Clinic	2,648,504	2,869,201	220,697	7.7%	
	(674,310)	(208,202)	(466,108)	223.9%	
	4,754,173	6,659,386	(1,905,213)	-28.6%	
	6,221,931	6,117,044	(104,887)	-1.7%	
Total	(1,467,758)	542,342	(2,010,100)	-370.6%	
	25,776,917	31,204,444	(5,427,527)	-17.4%	
	32,545,604	33,421,679	876,075	2.6%	
	(6,768,687)	(2,217,235)	(4,551,452)	-205.3%	
Total	1,979,156	2,034,704	(55,548)	-2.7%	
	(32,465)	(30,850)	(1,615)	-5.2%	
	\$ (4,821,996)	\$ (213,381)	\$(4,608,615)	-2159.8%	
	132,905	100,000	32,905	32.9%	
Increase (Decrease) in Net Assets		\$ (4,689,092)	\$ (113,381)	\$(4,575,710)	-4035.7%

**ESTES PARK HEALTH**  
**Statement of Cash Flows (Unaudited)**  
**1/1/20 through 7/31/20**

**Cash Flows From Operating Activities**

(Deficiency) Excess of Revenues over Expenses	\$ (4,689,092)
Interest expense (considered financing activity)	244,602
County tax subsidy, net (considered financing activity)	(1,782,664)
Interest income (considered investing activity)	(78,496)
Net income (loss) from operating activities	(6,305,650)
Assets released from restrictions	(140,636)
Depreciation & amortization	1,779,657
Changes in working capital:	
Decrease (Increase) in Accounts receivable, net	2,233,954
Decrease (Increase) in Inventory	16,320
Decrease (Increase) in Prepaid expenses	285,541
Decrease (Increase) in Other Assets	-
Decrease (Increase) in Long Term Investment	(7,499,726)
Increase (Decrease) in Accounts payable	(2,307,070)
Increase (Decrease) in Accrued wages & related liabilities	108,078
Increase (Decrease) in Other current liabilities	139,037
Increase (Decrease) in Deposits and Deferred Income	5,302,214
Increase (Decrease) in Payable to 3rd party payors	4,407,877
Net (gain) loss on sale of equipment	-
Net cash provided by (used in) operating activities	(1,980,404)

**Cash Flows From Financing Activities**

Restricted contributions	140,636
County tax subsidy, net	1,782,664
Interest expense	(244,602)
Sale of equipment	-
Purchase of property, equipment & intangible assets	(2,947,880)
Increase (Decrease) in capital lease commitments, net	-
Loan Activity	8,142,789
Net cash provided by (used in) financing activities	6,873,607

**Cash Flows From Investing Activities**

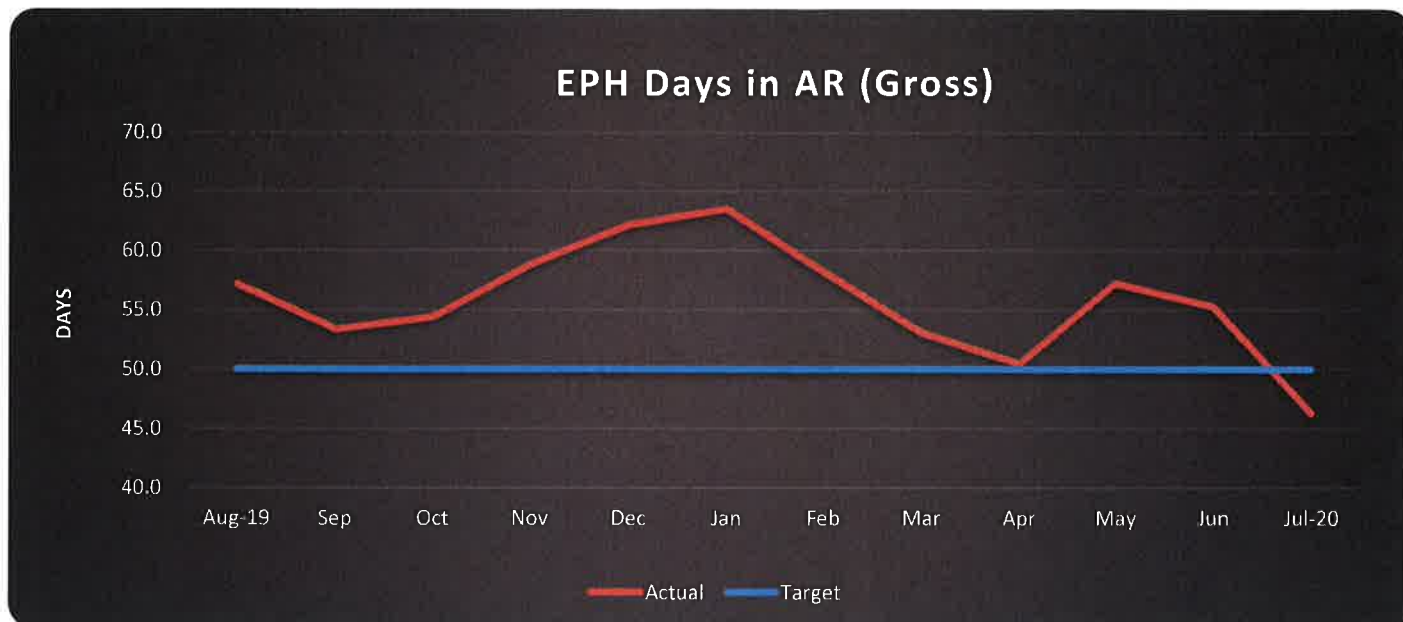
Interest income	78,496
Net cash provided by (used in) investing activities	78,496

**Net Increase (Decrease) in Cash and Cash Equivalents** 4,971,699

**Cash and Cash Equivalents, 01/01/2020** 20,971,503

**Cash and Cash Equivalents, 7/31/20** \$ 25,943,202

Restricted Cash and Cash Equivalents, 7/31/20	\$ 3,915,039
Unrestricted Cash and Cash Equivalents, 7/31/20	22,028,163
	\$ 25,943,202



**Calculation:** 
$$\frac{\text{Gross Accounts Receivable}}{\text{Average Daily Revenue}}$$

**Definition:** Considered a key "liquidity ratio" that calculates how quickly accounts are paid.

**Desired Position:** Downward trend below the median, and below average.

**How ratio is used:** Used to determine timing required to collect accounts. Usually, organizations below the average Days in AR are likely to have higher levels of Days Cash on Hand.

	Aug-19	Sep	Oct	Nov	Dec	Jan
A/R (Gross)	16,601,424	15,378,349	14,173,824	13,806,401	14,575,357	14,237,980
Days in Month	31	30	31	30	31	31
Monthly Revenue	8,951,469	7,200,698	7,808,340	6,340,531	7,414,874	6,857,233
Daily Revenue	290,424	288,141	260,440	234,611	234,389	224,050
Days in AR	57.2	53.4	54.4	58.8	62.2	63.5

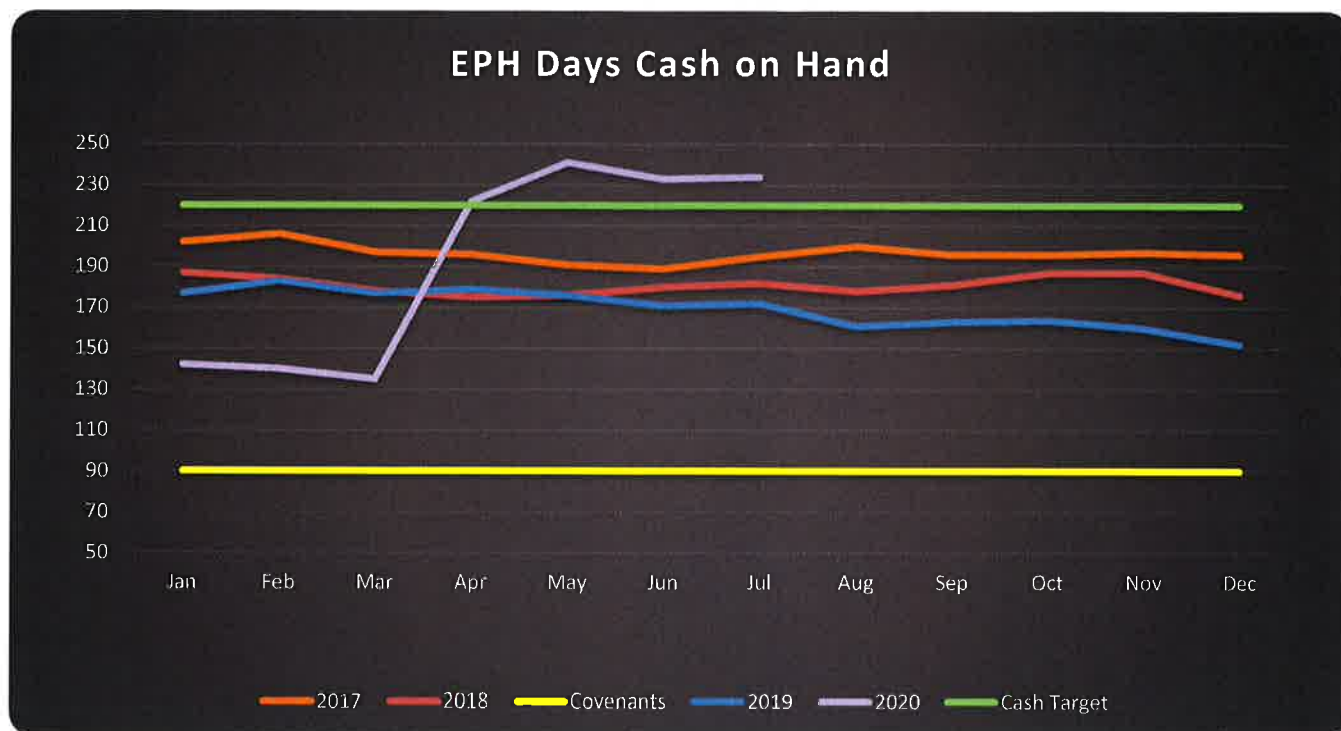
  

	Feb	Mar	Apr	May	Jun	Jul-20
A/R (Gross)	13,759,900	11,257,627	9,310,952	9,099,346	10,711,059	11,581,546
Days in Month	29	31	30	31	30	31
Monthly Revenue	7,238,504	5,214,133	4,148,662	5,254,518	8,222,669	9,531,427
Daily Revenue	236,380	212,196	184,459	158,884	193,691	250,094
Days in AR	58.2	53.1	50.5	57.3	55.3	46.3

# ESTES PARK HEALTH

## Days Cash on Hand

July 31, 2020



**Calculation:**

$$\frac{\text{Total Unrestricted Cash on Hand}}{\text{Daily Operating Cash Needs}}$$

**Definition:**

This ratio quantifies the amount of cash on hand in terms of how many "days" an organization can survive with existing cash reserves.

**Desired Position:**

Upward trend, above the median--AND above Bond Covenant Minimums

**How ratio is used:**

This ratio is frequently used by bankers, bondholders and analysts to gauge an organization's liquidity--and ability to meet short term obligations as they mature.

**Note:**

At EPH, the Bond Refunding/Loan documents require a minimum level of 90 days cash be maintained. It changed to 90 effective March 1, 2016.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	142	140	135	222	241	233	234					
2019	177	183	177	179	176	171	172	161	163	164	160	152
2018	187	184	178	175	176	180	182	178	181	187	187	176
2017	202	206	197	196	191	189	195	200	196	196	197	196
Bond Covenant MIN	90	90	90	90	90	90	90	90	90	90	90	90
Cash Target	220	220	220	220	220	220	220	220	220	220	220	220

**ESTES PARK HEALTH**  
**Statement of Revenues and Expenses (Unaudited)**  
**Forecast 2020**

FORECAST				
FY 2020				
	FY 2020 Forecast	Budget 2020	Variance	% Variance
Patient Revenue				
In-Patient	13,529,854	19,985,112	(6,455,258)	-32.3%
Out-Patient	64,810,439	77,722,701	(12,912,262)	-16.6%
TOTAL PATIENT REVENUE	78,340,293	97,707,813	(19,367,520)	-19.8%
Less Contractual Allowances	(33,979,728)	(43,968,516)	9,988,788	-22.7%
Less Bad Debt Adjustments	(939,668)	(977,078)	37,410	-3.8%
Total Revenue Deductions	(34,919,395)	(44,945,594)	10,026,199	-22.3%
	44.6%	46.0%		0.0%
NET PATIENT REVENUE	43,420,898	52,762,219	(9,341,321)	-17.7%
Other Operating Revenue	734,543	988,559	(254,016)	-25.7%
TOTAL OPERATING REVENUE	44,155,441	53,750,778	(9,595,337)	-17.9%
EXPENSES				
Wages	23,654,909	24,027,256	(372,347)	-1.5%
Benefits	7,489,993	8,759,908	(1,269,915)	-14.5%
Contract Labor	6,110,342	6,398,715	(288,374)	-4.5%
Medical Supplies	4,245,403	4,257,478	(12,075)	-0.3%
Non-Medical Supplies	1,168,403	1,064,370	104,033	9.8%
Purchased Services	4,749,073	3,405,478	1,343,595	39.5%
Other Operating Expenses	4,766,178	5,584,814	(818,636)	-14.7%
Depreciation & Amortization	3,108,548	3,170,229	(61,682)	-1.9%
Interest/Bank Fees	416,792	411,187	5,605	1.4%
TOTAL OPERATING EXPENSE	55,709,640	57,079,435	(1,369,796)	-2.4%
<b>OPERATING INCOME (LOSS)</b>	<b>(11,554,199)</b>	<b>(3,328,657)</b>	<b>(8,225,542)</b>	<b>-247.1%</b>
<i>Operating Margin</i>	<i>-26.2%</i>			
Non-Operating Revenue	3,441,583	3,484,512	(42,929)	-1.2%
Non-Operating Expense	(55,125)	(72,840)	17,715	-24.3%
NON-OPERATING	3,386,458	3,411,672	(25,214)	
EXCESS REVENUES (EXPENSES)	(8,167,741)	83,015	(8,250,756)	
Gift to Purchase Capital Assets	132,905	300,000	(167,095)	-55.7%
Stimulus Funds	10,160,520			
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>2,125,684</b>	<b>383,015</b>	<b>1,742,669</b>	
<i>Total Margin</i>	<i>4.8%</i>	<i>0.7%</i>		
<b>EBIDA</b>	<b>5,651,023</b>	<b>3,964,431</b>		

**Keeping Estes Park Health Strong During the Coronavirus Pandemic**  
**Phase 1 Report**  
**August 31, 2020**

Our Mission during the coronavirus pandemic is to keep Estes Park Health strong so we can continue to effectively serve the healthcare needs of our community and visitors.

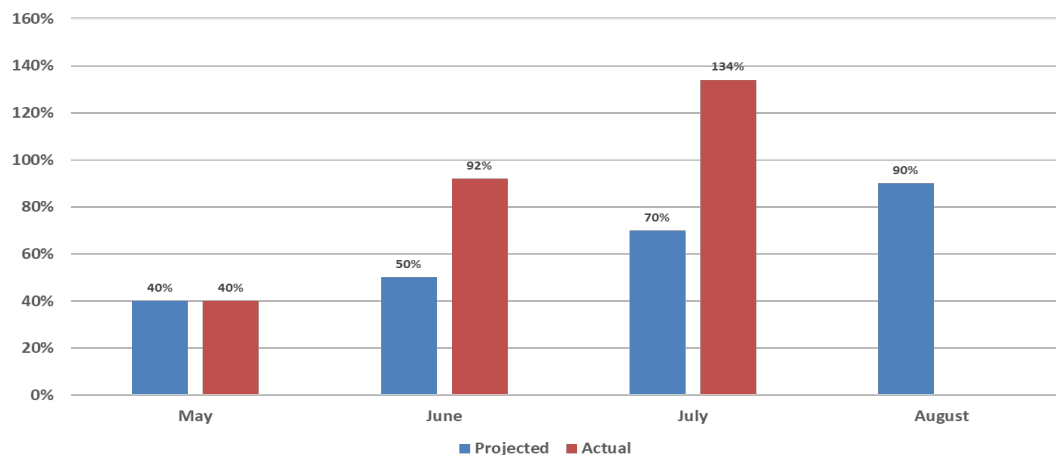
Most Estes Park Health (EPH) revenue streams including inpatient revenues & outpatient revenues were significantly reduced or, as is the case with elective surgeries, halted via Covid-19 in mid-March 2020. This rapid shutdown in revenue streams resulted in fiscal challenges (much like many of our health care partners) for EPH.

EPH took action to reduce operational expenses. In particular, EPH completed the following actions:

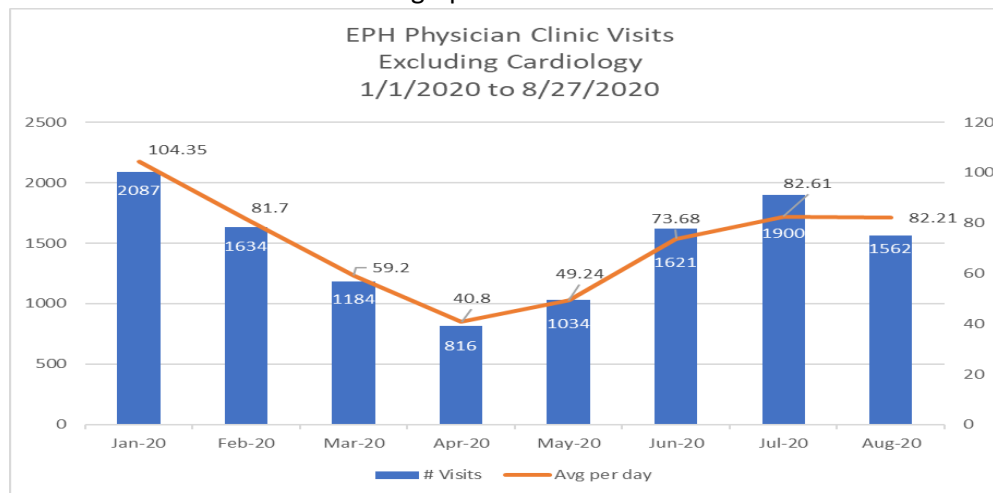
- Organizational salary reductions
- PTO freeze
- Contract/vendor expense reduction
- Locum expense reduction
- 10% departmental spend reduction target
- Capital spend management

Additionally, EPH worked diligently since mid-March 2020 to create a safe environment for patients and staff and to restart its economic engine. In particular, EPH worked with the Foundation to secure and install necessary equipment to create “negative” pressure rooms that facilitate air exchange thus, EPH has the capacity to hospitalize and manage community members care safely.

Furthermore, inpatient and outpatient elective and emergency surgery has been re-opened and is performing better than anticipated but still below budgeted 2020 levels. For all surgical cases including IP & OP surgeries, orthopedic cases, general surgery cases, GYN cases, eye cases, pain procedures and GI procedures at July 2020 month end, EPH varied from its budgeted targets by **-22%**. However, the surgery department as a whole has performed better than anticipated since reopening. Performance is indicated below via graph:



EPH clinic visits bottomed out in April of 2020 with a total number of patients seen in the clinic of 40.8 but has steadily risen each month with the exception of August 2020. The month of August 2020 is anticipated to finish at 82.21. Please refer to graph below:



As indicated in past reports, EPH instituted a phased “preservation approach.” This approach provided necessary time to evaluate how our health system would respond to the Covid-19 pandemic. At the present time, EPH has the potential to recover to approximately 80% of its budget by fiscal year end largely based on approximately \$10.1 MM in stimulus funding. Also, it appears that EPH will normalize at approximately 80% of its budgeted revenues. Please refer to the forecast below:

<b>ESTES PARK HEALTH</b>					
<b>Statement of Revenues and Expenses (Unaudited)</b>					
<b>Forecast 2020</b>					
	<b>FY 2020 Forecast</b>	<b>FY 2021 Forecast @ 70%</b>	<b>FY 2021 Forecast @ 80%</b>	<b>FY 2021 Forecast @ 90%</b>	<b>FY 2021 Forecast @ 100%</b>
TOTAL OPERATING REVENUE	44,155	40,396	44,898	49,400	53,902
TOTAL OPERATING EXPENSE	(56,605)	(52,063)	(52,063)	(52,063)	(52,063)
<b>OPERATING INCOME (LOSS)</b>	<b>(12,449)</b>	<b>(11,668)</b>	<b>(7,166)</b>	<b>(2,664)</b>	<b>1,838</b>
NON-OPERATING	3,386	3,490	3,490	3,490	3,490
Gift to Purchase Capital Assets	133	150	150	150	150
Stimulus Funds	10,161	-	-	-	-
<i>Total Margin</i>	<i>2.8%</i>	<i>-19.9%</i>	<i>-7.9%</i>	<i>2.0%</i>	<i>10.2%</i>
<b>REVISED CHANGE IN NET ASSETS</b>	<b>1,231</b>	<b>(8,028)</b>	<b>(3,526)</b>	<b>976</b>	<b>5,478</b>
<b>REVISED EBIDA</b>	<b>4,756</b>	<b>(4,658)</b>	<b>(156)</b>	<b>4,346</b>	<b>8,848</b>
* Includes Mitigation Plans					

From the onset of the pandemic, EPH has focused on preserving our cash reserves. So, days cash on hand is a critical operational measure: This is a measure that if all revenues stop for how many days can EPH cover its operating expenses. Although income from operations is important, EPH believes that days cash on hand in this particular situation is our most important measure. Therefore, EPH will strive to stay above

90 days cash on hand. Maintaining greater than 90 days cash also means we will be in compliance with our loan covenant requirements.

The circumstances of Covid-19 and our fiscal forecast indicate that another phase of recovery will need to be initiated to keep cash reserves at or above 90 days. During this phase EPH will focus and create additional financial mitigation plans based on some of the following ideas:

- Further reduction in departmental level expenses.
- Additional labor and locum expense reductions.
- Initiate examination of possible service line reductions.
- Examine and foster new revenue streams.



**EPH COVID-19 Pandemic Update  
August 31, 2020**

**KEEPING EVERYONE SAFE AT EPH:** We continue to focus on maximum safety at EPH. All staff, patients, and visitors must wear masks at all times, and we check temperatures and screen for symptoms and contact with potential infected parties at the entry doors for all employees, patients, and visitors. We test all inpatients and most surgery patients. We only allow one visitor per patient (unless it's a child, where we'll allow both parents) for the inpatient unit, the surgery suite, and the emergency department.

**COVID TESTING AT EPH:** Our current swabbing process include a Telehealth visit for personalized care and follow-up, along with a scheduled specimen collection date and time. We swab M/W/F from 10 AM -- noon, and T/Th from 10 AM – 11 AM, but we will extend times depending on the demand from our community. Swabbing volumes are variable, from four to sixteen specimen collections daily. We have the ability to run a full respiratory viral panel in-house that will provide a COVID result. This test takes up to 2 hours to run, hence outpatient tests (the clinic and the drive-up) are still being sent out due to the higher quantities and be more cost-friendly to our patients. We have installed a Diasorin analyzer which will shortly give us the ability to do a COVID-19 test without being part of a larger panel of tests, with a 1-hour turnaround. We expect to have that up within the next two weeks, we're still validating and building.

**DON'T HESITATE TO GET HELP:** If you are experiencing serious or life-threatening symptoms (chest pain, stroke symptoms, etc.), you should immediately come to EPH to get attention for that emergent condition. You are safe coming to the emergency department for emergency situations, we have a very well-protected setup to ensure your safety from COVID or other infections while you are receiving attention. Do not delay service for any serious medical condition out of COVID fear. Adding three negative pressure rooms in our Emergency Department also has greatly helped EPH sequester suspicious cases safely.

**PHYSICIAN CLINIC OPEN FOR BUSINESS:** Our physician clinic is ready to safely see you, for any type of appointments, including routine, non-acute appointments. You can visit your PCP now to address your regular checkups and chronic conditions. We take all precautions, beyond and in addition to, the front-door screening, to keep our patients safe and to maintain social distancing. Techniques of staggered appointment times and social-distancing blocks help reduce the number of patients arriving at any one time. We get you into our exam rooms quickly to minimize waiting room time. We're as safe as we can be for you.

**LOOKING AHEAD TO FLU SEASON:** EPH is planning management of the "normal" flu season in addition to having COVID still present. We are expecting our first flu vaccine delivery shortly.

**TRANSFER TO THE AVAILABLE ICUs:** Despite the recent increase in cases in Larimer County recently, there are Front Range ICU beds available for COVID-19 cases. What this means to EPH is that our strategy can continue to be identify, stabilize, protect – and transfer when appropriate to those Front Range facilities who are most capable of providing ICU service.

**CONTINUE TO SCREEN FROM HOME:** One of the best safety measures you can take if you are concerned that you may have COVID-19 symptoms, or that you might have been exposed, is to be screened over the phone (meaning "asked the key questions about symptoms and exposure to COVID-19"), from the safety of the home. Our COVID line is staffed Monday thru Friday, 8 AM – 5 PM and after hours, a nurse is available for questions at any time. Anyone calling for COVID information can call the clinic registration desk at 586-2200 and then be transferred to the COVID triage nurse. We have been taking approximately 20 calls per day.

CNO Board report  
8/31/2020

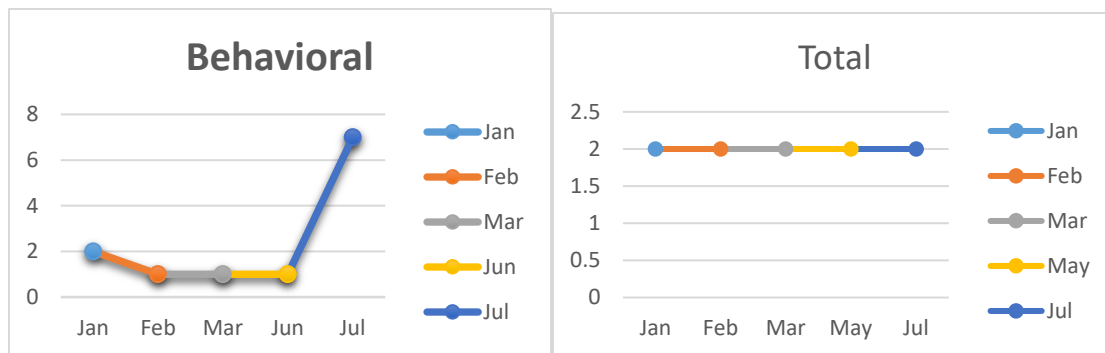
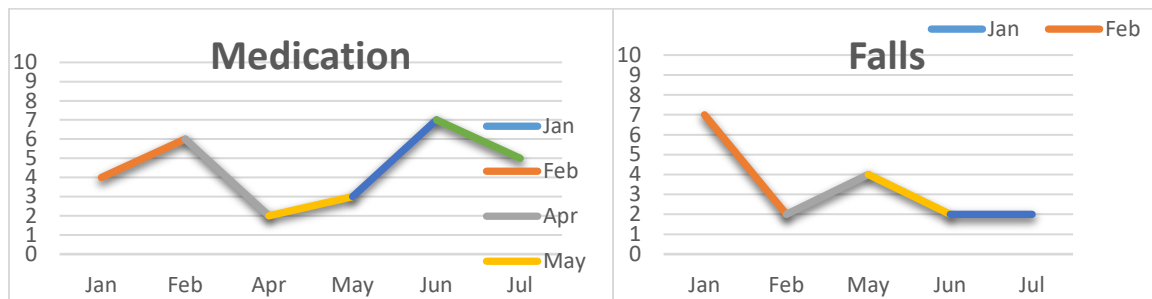
Summary: EPH has been working hard to increase our census and return as much as possible to our 'normal' work.

- Medical/Surgical Unit has been busy, running 6 to 10 patients/day. RPG hospitalists are partnering very well with our clinical care team to support keeping more patients and supporting the specialists in the care of the patients. Shifting FTEs with case manager and social work. Need social work coverage 5 days/week due to complexity of patients.
- Peri-operative service line continues to develop and increase in volume, had a record month in July and on target to meet budgeted volume for August. Interim leader in place, rebuilding structure and framework according to best practice and AORN. Travelers to support nursing team. Recruiting nurses and permanent director.

Month	Volume: procedures/cases
April	5
May	45
June	108
July	133
August (MTD)	107

- Home Health Care (HHC)/Hospice/Unskilled care is doing well. HHC and Hospice continue to stay busy and up in volume by about 8%.
- Emergency Department volume down about 40%, 30% budgeted due to opening of UCC.
- Infection Prevention: our new team member started the first of August, Kim Smith. She has a wealth of experience and has hit the ground running.
- COVID: weekly operations meeting, monitoring PPE usage and stock, continue to adjust to CDC recommendations. Curbside testing diminishing, will evaluate how to move into the hospital.

- Our quality team continues to focus on process issues that impact patient care. We have completed 4 root cause analysis in the last two months. Identifying consistent themes of
  - Novice in regards to EPIC
  - Policies need updated, supported by best practice
  - Handoff communication
- Revising quality plan to focus on two areas hospital wide, teaching auditing practices to all departments to support their quality plan.
- Patient safety team identified top four challenges areas for focus.



- Patient experience has fallen in second quarter-will need to focus on key questions. Patient rounding, nurse/physician communication.

## HCAHPS - Dimensions

Selected Timeframe: Q1 2020










Time Period  
Quarter

Start Date  
1/1/2020

CCN  
All

Benchmark  
NRC Average

Benchmark Date  
Q1 2020



















	Dimensions	Previous Quarter	Current Score & Benchmark	Difference
SUBMITTABLE 38	Care Transitions	Null	50.4%  53.6%	➔
	Cleanliness / Quietness	Null	65.6%  65.3%	➔
NEEDED 300	Communication About Meds	Null	36.4%  64.3%	➔
	Communication with Doctors	Null	77.1%  81.3%	➔
% SUBMITTABLE 12.7%	Communication with Nurses	Null	70.8%  80.0%	➔
	Discharge Information	Null	85.7%  88.1%	➔
	Overall Rating of Hospital	Null	75.0%  74.0%	➔
	Responsiveness of Hospital Staff	Null	82.6%  66.0%	➔
	Would Recommend Hospital	Null	68.8%  75.2%	➔

\* Reporting has been produced by NRC Health for quality improvement purposes and does not represent official CMS Results.

Showing Discharges: 1/7/2020 - 3/18/2020

## HCAHPS - Dimensions

Selected Timeframe: Q2 2020

Time Period Quarter	Start Date	CCN	Benchmark NRC Average	Benchmark Date
	4/1/2020	All		Q1 2020
	Dimensions	Previous Quarter	Current Score & Benchmark	Difference
SUBMITTABLE 38	Care Transitions	50.4%	42.2% 	-8.2% 
	Cleanliness / Quietness	65.6%	60.5% 	-5.1% 
NEEDED 300	Communication About Meds	36.4%	43.3% 	6.9% 
	Communication with Doctors	77.1%	61.3% 	-15.8% 
% SUBMITTABLE	Communication with Nurses	70.8%	56.1% 	-14.7% 
	Discharge Information	85.7%	86.8% 	1.1% 
12.7%	Overall Rating of Hospital	75.0%	36.8% 	-38.2% 
	Responsiveness of Hospital Staff	82.6%	51.4% 	-31.2% 
	Would Recommend Hospital	68.8%	42.1% 	-26.7% 

\* Reporting has been produced by NRC Health for quality improvement purposes and does not represent official CMS Results.

Showing Discharges: 4/9/2020 - 6/23/2020

### **Talking Points for the Forecast 2021**

Staffing Adjustments reflect the current consideration for reductions in cost. Each Director has been instructed to seek aggressive opportunities for managing scheduled and worked hours. For example, the MedSurg unit, Birth Center, Surgery, Admitting, etc. continue to work on an adjusted schedule of staffing. What is critical vs good to have. There remains work to be done in this area.

Other Departmental Adjustments represents the total of considered expense cuts, including \$3M for Salary cost cuts, \$2M for reduction in Contract labor, and \$400K in Supplies, Purchased Services and Other Expenses.

Regarding the assumption of Revenues at 80%, this is consistent with local and state-wide trends, as a result of the COVID-19 pandemic. Modeling was also completed for 70% and 90%. Obviously, if 90% recovery occurs, the numbers look very favorable.

Any recovery below 80% would likely necessitate consideration of Phase III, which includes consideration of eliminating some service lines, in order to remain operational.

### **Talking Points for the COVID-19 Impact**

Revenues for the year are \$9.5M under budget. While it may be difficult to prove that it is all related to COVID, the history would suggest that, for at least the past 3 years, the hospital has reported revenues in excess of budget and it was expected that budget revenues would stand for 2020. Thus, the conclusion that this is COVID related.

Hospital has kept track, by department, of COVID related expenses, including Salaries, Supplies, Equipment. This number comes directly from that spreadsheet. Of those expenses, the hospital is reporting documented staffing costs of \$437K and Capital purchases (i.e. Lab Instruments) of \$150K.

If cost cutting measures are not enacted, with revenues assumed at 80%, the hospital will have variance in Earnings of potentially up to \$8M.

**RESOLUTION 2020 - 06**

**A RESOLUTION AUTHORIZING A LINE OF CREDIT AND AUTHORIZING THE OFFICERS OF THE BOARD OF DIRECTORS OF THE PARK HOSPITAL DISTRICT TO EXECUTE CERTAIN DOCUMENTS AND INSTRUMENTS RELATED THERETO.**

**WHEREAS**, the Board of Directors (the “Board”) of the Park Hospital District (the “District”), d/b/a Este Park Health, has determined that it is in the best interests of the District to incur a line of credit with Bank of Colorado (the “Bank”); and

**WHEREAS**, pursuant to Section 32-1-1001(1)(e), C.R.S, the Board is authorized to borrow money on behalf of the District, subject to the limitations of Article X, Section 20 of the Constitution of the State of Colorado; and

**WHEREAS**, the Bank has previously issued its commitment to extend a line of credit to the District in the maximum amount of \$3,000,000; and

**WHEREAS**, the Board determines that such terms and conditions of the line of credit are acceptable, reasonable and in the best interests of the District; and

**WHEREAS**, the incurrence of such short-term indebtedness does not constitute a multi-year financial obligation under the provisions of Article X, Section 20 of the Constitution of the State of Colorado because such line of credit will be due and payable in full within the same fiscal year in which the funds shall be drawn.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PARK HOSPITAL DISTRICT, ESTES PARK, COLORADO THAT:**

1. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and officers and employees of the District, in connection with establishing a line of credit are hereby ratified, approved, and confirmed.
2. The District’s President/Chairman of the Board and other officials of the District are hereby authorized to execute and deliver on behalf of the District such instruments and documents that may be required to:
  - 2.1 effectuate the line of credit with the Bank in an amount not to exceed \$3,000,000 and at an interest rate not to exceed the then current prime rate as established and reported by the *Wall Street Journal* with a maturity or repayment date occurring within the same fiscal year in which the draw on the line of credit occurs; and
  - 2.2 to perform all other acts that they may deem necessary or appropriate in order to implement and carry out the matters authorized by this Resolution
3. The Board hereby designates the following individuals as legally permissible signers as necessary for accessing the line of credit funds:
  - 3.1 Dr. David Batey, President of the Park Hospital District Board of Directors
  - 3.2 Vern Carda, Chief Executive Officer of Estes Park Health

3.3 Tim Cashman, Chief Financial Officer of Estes Park Health

4. The Secretary of the Board or any Assistant Secretary is hereby authorized and directed to attest all signatures and acts of any official of the District in connection with the matters authorized by this Resolution and to place the seal of the District on the documents authorized and approved by this Resolution.
5. No provision of this Resolution, the line of credit, or any other document authorized herein, shall be construed as creating or constituting a multiple fiscal year financial obligation whatsoever of the District within the meaning of any constitutional or statutory provision, nor a mandatory charge or requirement against the District in any ensuing fiscal year beyond the then current fiscal year in which incurred.
6. Should any one or more sections or provisions of this Resolution be judicially determined invalid or unenforceable such determination shall not affect, impair, or invalidate the remaining provisions hereof, the intention being that the various provisions hereof are severable.
7. This Resolution, as adopted by the Board, shall be numbered and recorded in the official records of the District.
8. This Resolution shall be effective immediately upon adoption.

INTRODUCED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

ATTEST:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

The motion to adopt the foregoing Resolution was duly seconded, put to a vote and carried upon the following vote:

Those voting AYE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Those voting NAY: \_\_\_\_\_  
\_\_\_\_\_

Those absent: \_\_\_\_\_

Thereupon the Chairman declared the motion had carried and the Resolution duly passed and adopted.

\_\_\_\_\_  
Secretary

CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

Principal \$3,000,000.00	Loan Date 08-31-2020	Maturity 07-30-2021	Loan No 7803002079	Call / Coll Other - Municipal Loan	Account 7801000950.1	Officer 959	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Corporation: Park Hospital District  
PO Box 2740  
Estes Park, CO 80517

Lender: Bank of Colorado  
Estes Park Branch  
533 Big Thompson Ave  
Estes Park, CO 80517  
(970) 586-8185

WE, THE UNDERSIGNED, DO HEREBY CERTIFY AND STATE UNDER PENALTY OF PERJURY THAT:

**THE CORPORATION'S EXISTENCE.** The complete and correct name of the Corporation is Park Hospital District ("Corporation"). The Corporation is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Colorado. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at PO Box 2740, Estes Park, CO 80517. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

**RESOLUTIONS ADOPTED.** At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on \_\_\_\_\_, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

**OFFICERS.** The following named persons are officers of Park Hospital District:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
Diane Muno	Secretary of the Board of Directors	N	
David Batey	President of the Board of Directors	Y	X
Vern Carda	Chief Executive Officer	Y	X
Tim Cashman	Chief Financial Officer	Y	X

**ACTIONS AUTHORIZED.** Any two (2) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, any two (2) of such authorized persons are authorized, empowered, and directed to do the following for and on behalf of the Corporation:

**Borrow Money.** To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in their judgment should be borrowed, without limitation.

**Execute Notes.** To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

**Grant Security.** To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

**Execute Security Documents.** To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

**Negotiate Items.** To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

**Further Acts.** In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, **including agreements waiving the right to a trial by jury**, as the officers may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

**ASSUMED BUSINESS NAMES.** The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: **None**.

**NOTICES TO LENDER.** The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

**CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS.** The officers named above are duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupy the positions set opposite their respective names. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

**NO CORPORATE SEAL.** The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

**CONTINUING VALIDITY.** Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

**IN TESTIMONY WHEREOF,** we have hereunto set our hand and attest that the signatures set opposite the names listed above are their genuine signatures.

We each have read all the provisions of this Resolution, and we each personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated August 31, 2020.

CERTIFIED TO AND ATTESTED BY:

X  
Diane Muno, Secretary of the Board of Directors of  
Park Hospital District

X  
David Batey, President of the Board of Directors of  
Park Hospital District

STATE OF COLORADO )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

Signed and sworn to (or affirmed) before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by \_\_\_\_\_ as \_\_\_\_\_ of \_\_\_\_\_.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

NOTE: If the officers signing this Resolution are designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

CHANGE IN TERMS AGREEMENT

Principal \$3,000,000.00	Loan Date 08-31-2020	Maturity 07-30-2021	Loan No 7803002079	Call / Coll Other - Municipal Loan	Account 7801000950.1	Officer 959	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower:

Park Hospital District  
PO Box 2740  
Estes Park, CO 80517

Lender:

Bank of Colorado  
Estes Park Branch  
533 Big Thompson Ave  
Estes Park, CO 80517  
(970) 586-8185

Principal Amount: \$3,000,000.00

Date of Agreement: August 31, 2020

DESCRIPTION OF EXISTING INDEBTEDNESS. Loan No. 7803002079 dated October 2, 2008 in the amount of \$1,500,000.00.

DESCRIPTION OF CHANGE IN TERMS. Renewal.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on July 30, 2021. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning September 30, 2020, with all subsequent interest payments to be due on the same day of each month after that.

VARIABLE INTEREST RATE. The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks known as the Wall Street Journal U.S. Prime Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 3.250% per annum.** Interest on the unpaid principal balance of this loan will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 0.750 percentage points under the Index (the "Margin"), adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 3.500%. If Lender determines, in its sole discretion, that the Index has become unavailable or unreliable, either temporarily, indefinitely, or permanently, during the term of this loan, Lender may amend this loan by designating a substantially similar substitute index. Lender may also amend and adjust the Margin to accompany the substitute index. The change to the Margin may be a positive or negative value, or zero. In making these amendments, Lender may take into consideration any then-prevailing market convention for selecting a substitute index and margin for the specific Index that is unavailable or unreliable. Such an amendment to the terms of this loan will become effective and bind Borrower 10 business days after Lender gives written notice to Borrower without any action or consent of the Borrower. NOTICE: Under no circumstances will the interest rate on this loan be less than 3.500% per annum or more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this loan is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

REVOLVING LINE OF CREDIT. This is a Revolving Line of Credit.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER:

PARK HOSPITAL DISTRICT

By:

David Batey, President of the Board of Directors of  
Park Hospital District

By:

Vern Carda, Chief Executive Officer of Park Hospital  
District

By:

Tim Cashman, Chief Financial Officer of Park  
Hospital District

BUSINESS LOAN AGREEMENT (ASSET BASED)

Principal \$3,000,000.00	Loan Date 08-31-2020	Maturity 07-30-2021	Loan No 7803002079	Call / Coll Other - Municipal Loan	Account 7801000950.1	Officer 959	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: Park Hospital District  
PO Box 2740  
Estes Park, CO 80517

Lender: Bank of Colorado  
Estes Park Branch  
533 Big Thompson Ave  
Estes Park, CO 80517  
(970) 586-8185

THIS BUSINESS LOAN AGREEMENT (ASSET BASED) dated August 31, 2020, is made and executed between Park Hospital District ("Borrower") and Bank of Colorado ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of August 31, 2020, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

LINE OF CREDIT. Lender agrees to make Advances to Borrower from time to time from the date of this Agreement to the Expiration Date, provided the aggregate amount of such Advances outstanding at any time does not exceed the Borrowing Base. Within the foregoing limits, Borrower may borrow, partially or wholly prepay, and reborrow under this Agreement as follows:

Conditions Precedent to Each Advance. Lender's obligation to make any Advance to or for the account of Borrower under this Agreement is subject to the following conditions precedent, with all documents, instruments, opinions, reports, and other items required under this Agreement to be in form and substance satisfactory to Lender:

- (1) Lender shall have received evidence that this Agreement and all Related Documents have been duly authorized, executed, and delivered by Borrower to Lender.
- (2) Lender shall have received such opinions of counsel, supplemental opinions, and documents as Lender may request.
- (3) The security interests in the Collateral shall have been duly authorized, created, and perfected with first lien priority and shall be in full force and effect.
- (4) All guaranties required by Lender for the credit facility(ies) shall have been executed by each Guarantor, delivered to Lender, and be in full force and effect.
- (5) Lender, at its option and for its sole benefit, shall have conducted an audit of Borrower's Accounts, books, records, and operations, and Lender shall be satisfied as to their condition.
- (6) Borrower shall have paid to Lender all fees, costs, and expenses specified in this Agreement and the Related Documents as are then due and payable.
- (7) There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement, and Borrower shall have delivered to Lender the compliance certificate called for in the paragraph below titled "Compliance Certificate."

Making Loan Advances. Advances under this credit facility, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by authorized persons. Lender may, but need not, require that all oral requests be confirmed in writing. Each Advance shall be conclusively deemed to have been made at the request of and for the benefit of Borrower (1) when credited to any deposit account of Borrower maintained with Lender or (2) when advanced in accordance with the instructions of an authorized person. Lender, at its option, may set a cutoff time, after which all requests for Advances will be treated as having been requested on the next succeeding Business Day.

Mandatory Loan Repayments. If at any time the aggregate principal amount of the outstanding Advances shall exceed the applicable Borrowing Base, Borrower, immediately upon written or oral notice from Lender, shall pay to Lender an amount equal to the difference between the outstanding principal balance of the Advances and the Borrowing Base. On the Expiration Date, Borrower shall pay to Lender in full the aggregate unpaid principal amount of all Advances then outstanding and all accrued unpaid interest, together with all other applicable fees, costs and charges, if any, not yet paid.

Loan Account. Lender shall maintain on its books a record of account in which Lender shall make entries for each Advance and such other debits and credits as shall be appropriate in connection with the credit facility. Lender shall provide Borrower with periodic statements of Borrower's account, which statements shall be considered to be correct and conclusively binding on Borrower unless Borrower notifies Lender to the contrary within thirty (30) days after Borrower's receipt of any such statement which Borrower deems to be incorrect.

COLLATERAL. To secure payment of the Primary Credit Facility and performance of all other Loans, obligations and duties owed by Borrower to Lender, Borrower (and others, if required) shall grant to Lender Security Interests in such property and assets as Lender may require. Lender's Security Interests in the Collateral shall be continuing liens and shall include the proceeds and products of the Collateral, including without limitation the proceeds of any insurance. With respect to the Collateral, Borrower agrees and represents and warrants to Lender:

Perfection of Security Interests. Borrower agrees to execute all documents perfecting Lender's Security Interest and to take whatever actions are requested by Lender to perfect and continue Lender's Security Interests in the Collateral. Upon request of Lender, Borrower will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Borrower will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. Contemporaneous with the execution of this Agreement, Borrower will execute one or more UCC financing statements and any similar statements as may be required by applicable law, and Lender will file such financing statements and all such similar statements in the appropriate location or locations. Borrower hereby appoints Lender as its irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue any Security Interest. Lender may at any time, and without further authorization from Borrower, file a carbon, photograph, facsimile, or other reproduction of any financing statement for use as a financing statement. Borrower will reimburse Lender for all expenses for the perfection, termination, and the continuation of the perfection of Lender's security interest in the Collateral. Borrower promptly will notify Lender before any change in Borrower's name including any change to the assumed business names of Borrower. Borrower also promptly will notify Lender before any change in Borrower's Social Security Number or Employer Identification Number. Borrower further agrees to notify Lender in writing prior to any change in address or location of Borrower's principal governance office or should Borrower merge or consolidate with any other entity.

Collateral Records. Borrower does now, and at all times hereafter shall, keep correct and accurate records of the Collateral, all of which records shall be available to Lender or Lender's representative upon demand for inspection and copying at any reasonable time. With respect to the Accounts, Borrower agrees to keep and maintain such records as Lender may require, including without limitation information concerning Eligible Accounts and Account balances and agings. Records related to Accounts (Receivables) are or will be located at . The above is an accurate and complete list of all locations at which Borrower keeps or maintains business records concerning Borrower's collateral.

Collateral Schedules. Concurrently with the execution and delivery of this Agreement, Borrower shall execute and deliver to Lender schedules of Accounts and schedules of Eligible Accounts in form and substance satisfactory to the Lender. Thereafter supplemental schedules shall be delivered according to the following schedule:

Representations and Warranties Concerning Accounts. With respect to the Accounts, Borrower represents and warrants to Lender: (1) Each Account represented by Borrower to be an Eligible Account for purposes of this Agreement conforms to the requirements of the definition of an Eligible Account; (2) All Account information listed on schedules delivered to Lender will be true and correct, subject to immaterial variance; and (3) Lender, its assigns, or agents shall have the right at any time and at Borrower's expense to inspect, examine, and audit Borrower's records and to confirm with Account Debtors the accuracy of such Accounts.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing

**BUSINESS LOAN AGREEMENT (ASSET BASED)**  
**(Continued)**

Loan No: 7803002079

Page 2

under and by virtue of the laws of the State of Colorado. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at PO Box 2740, Estes Park, CO 80517. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

**Assumed Business Names.** Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

**Authorization.** Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

**Financial Information.** Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

**Legal Effect.** This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

**Properties.** Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

**Hazardous Substances.** Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

**Litigation and Claims.** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

**Taxes.** To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

**Lien Priority.** Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

**Binding Effect.** This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

**AFFIRMATIVE COVENANTS.** Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

**Notices of Claims and Litigation.** Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

**Financial Records.** Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

**Financial Statements.** Furnish Lender with the following:

**Annual Statements.** As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant satisfactory to Lender.

**Additional Requirements.** Borrower prepared quarterly interim financial statements required if line has a balance outstanding.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

**Additional Information.** Furnish such additional information and statements, as Lender may request from time to time.

**Financial Covenants and Ratios.** Comply with the following covenants and ratios:

**Working Capital Requirements.** Other Working Capital requirements are as follows: **Current Ratio no less than 2.50:1.**

**Tangible Net Worth Requirements.** Other Net Worth requirements are as follows: **Debt to Worth Ratio no greater than 1:1.**

**Additional Requirements.**

1. Eligible accounts include net accounts receivable (after allowances) aged less than 90 days and exclude property taxes receivable
2. Monthly borrowing base certificate and accounts receivable aging required when line has a balance outstanding
3. IRS form 8038 and attorney opinion to be provided at time of draw request to document borrower's tax-exempt status
4. Borrower agrees that if it's tax-exempt status for any reason, including, but not limited to changes in federal or state tax laws or loss by Lender of the ability to utilize such tax-exempt income, then the interest rate payable hereunder will, within thirty (30) days of such loss of tax-exempt status, adjust to a rate equal to the Prime rate of interest (as published in the Wall Street Journal) plus a margin of 1.00% with a 4.00% floor. Rate will remain variable.

**BUSINESS LOAN AGREEMENT (ASSET BASED)**  
**(Continued)**

Loan No: 7803002079

Page 3

5. Borrower will maintain primary operating account with Lender
6. Any advance requires written approval from two of the following three authorized individuals:  
Vern Carda, Chief Executive Officer  
Tim Cashman, Chief Financing Officer  
Board President Elect

Except as provided above, all computations made to determine compliance with the requirements contained in this paragraph shall be made in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by Borrower as being true and correct.

**Insurance.** Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

**Insurance Reports.** Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

**Other Agreements.** Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

**Loan Proceeds.** Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

**Taxes, Charges and Liens.** Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

**Performance.** Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

**Operations.** Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

**Environmental Studies.** Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

**Compliance with Governmental Requirements.** Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Inspection.** Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

**Compliance Certificates.** Unless waived in writing by Lender, provide Lender within thirty (30) days after the end of each month and at the time of each disbursement of Loan proceeds, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

**Environmental Compliance and Reports.** Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

**Additional Assurances.** Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

**CESSATION OF ADVANCES.** If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Loan.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other

**BUSINESS LOAN AGREEMENT (ASSET BASED)**  
**(Continued)**

Loan No: 7803002079

Page 4

agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Right to Cure.** If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within twenty (20) days; or (2) if the cure requires more than twenty (20) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**EFFECT OF AN EVENT OF DEFAULT.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Borrower agrees to pay upon demand all of Lender's reasonable costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the reasonable costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Consent to Loan Participation.** Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Colorado without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Colorado.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Subsidiaries and Affiliates of Borrower.** To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

**BUSINESS LOAN AGREEMENT (ASSET BASED)**  
**(Continued)**

Loan No: 7803002079

Page 5

**Successors and Assigns.** All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

**Survival of Representations and Warranties.** Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**Waive Jury.** All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

**Account.** The word "Account" means a trade account, account receivable, other receivable, or other right to payment for goods sold or services rendered owing to Borrower (or to a third party grantor acceptable to Lender).

**Account Debtor.** The words "Account Debtor" mean the person or entity obligated upon an Account.

**Advance.** The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf under the terms and conditions of this Agreement.

**Agreement.** The word "Agreement" means this Business Loan Agreement (Asset Based), as this Business Loan Agreement (Asset Based) may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement (Asset Based) from time to time.

**Borrower.** The word "Borrower" means Park Hospital District and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Borrowing Base.** The words "Borrowing Base" mean, as determined by Lender from time to time, the lesser of (1) \$3,000,000.00 or (2) 75.000% of the aggregate amount of Eligible Accounts.

**Business Day.** The words "Business Day" mean a day on which commercial banks are open in the State of Colorado.

**Collateral.** The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise. The word Collateral also includes without limitation all collateral described in the Collateral section of this Agreement.

**Eligible Accounts.** The words "Eligible Accounts" mean at any time, all of Borrower's Accounts which contain selling terms and conditions acceptable to Lender. The net amount of any Eligible Account against which Borrower may borrow shall exclude all returns, discounts, credits, and offsets of any nature. Unless otherwise agreed to by Lender in writing, Eligible Accounts do not include:

- (1) Accounts with respect to which the Account Debtor is employee or agent of Borrower.
- (2) Accounts with respect to which the Account Debtor is a subsidiary of, or affiliated with Borrower or its shareholders, officers, or directors.
- (3) Accounts with respect to which goods are placed on consignment, guaranteed sale, or other terms by reason of which the payment by the Account Debtor may be conditional.
- (4) Accounts with respect to which Borrower is or may become liable to the Account Debtor for goods sold or services rendered by the Account Debtor to Borrower.
- (5) Accounts which are subject to dispute, counterclaim, or setoff.
- (6) Accounts with respect to which the goods have not been shipped or delivered, or the services have not been rendered, to the Account Debtor.
- (7) Accounts with respect to which Lender, in its sole discretion, deems the creditworthiness or financial condition of the Account Debtor to be unsatisfactory.
- (8) Accounts of any Account Debtor who has filed or has had filed against it a petition in bankruptcy or an application for relief under any provision of any state or federal bankruptcy, insolvency, or debtor-in-relief acts; or who has had appointed a trustee, custodian, or receiver for the assets of such Account Debtor; or who has made an assignment for the benefit of creditors or has become insolvent or fails generally to pay its debts (including its payrolls) as such debts become due.

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**Expiration Date.** The words "Expiration Date" mean the date of termination of Lender's commitment to lend under this Agreement.

**GAAP.** The word "GAAP" means generally accepted accounting principles.

**Grantor.** The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means Bank of Colorado, its successors and assigns.

**Loan.** The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

**BUSINESS LOAN AGREEMENT (ASSET BASED)**  
**(Continued)**

Loan No: 7803002079

Page 6

**Note.** The word "Note" means Promissory Note dated October 2, 2008 in the amount of \$1,500,000.00.

**Primary Credit Facility.** The words "Primary Credit Facility" mean the credit facility described in the Line of Credit section of this Agreement.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

**Security Agreement.** The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

**Security Interest.** The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

**BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT (ASSET BASED) AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT (ASSET BASED) IS DATED AUGUST 31, 2020.**

**BORROWER:**

**PARK HOSPITAL DISTRICT**

By: David Batey, President of the Board of Directors of Park Hospital District

By: Vern Carda, Chief Executive Officer of Park Hospital District

By: Tim Cashman, Chief Financial Officer of Park Hospital District

**LENDER:**

**BANK OF COLORADO**

By: Christina Kraft, President

**RESOLUTION 2020 - 07**

**A RESOLUTION AUTHORIZING A LINE OF CREDIT AND AUTHORIZING THE OFFICERS OF THE BOARD OF DIRECTORS OF THE PARK HOSPITAL DISTRICT TO EXECUTE CERTAIN DOCUMENTS AND INSTRUMENTS RELATED THERETO.**

**WHEREAS**, the Board of Directors (the “Board”) of the Park Hospital District (the “District”), d/b/a Estes Park Health, has determined that it is in the best interests of the District to continue the “My Loans” program with Bank of Colorado (the “Bank”); and

**WHEREAS**, the Bank has previously provided this Program with a limit of \$400,000.00; and

**WHEREAS**, the Board and the Bank wish to increase the limit to \$500,000.00; and

**WHEREAS**, the Board determines that such terms and conditions of the are acceptable and should continue to encourage further utilization by our patients; and

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PARK HOSPITAL DISTRICT, ESTES PARK, COLORADO THAT:**

1. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and officers and employees of the District, in connection with establishing an increase in this program, are hereby ratified, approved, and confirmed.
2. The District’s President/Chairman of the Board and other officials of the District are hereby authorized to execute and deliver on behalf of the District such instruments and documents that may be required to:
  - 2.1 effectuate the credit limit for the My Loans program; and
  - 2.2 to perform all other acts that they may deem necessary or appropriate in order to implement and carry out the matters authorized by this Resolution
3. The Board hereby designates the following individuals as legally permissible signers as necessary for accessing the line of credit funds:
  - 3.1 Dr. David Batey, President of the Park Hospital District Board of Directors
  - 3.2 Vern Carda, Chief Executive Officer of Estes Park Health
  - 3.3 Tim Cashman, Chief Financial Officer of Estes Park Health
4. The Secretary of the Board or any Assistant Secretary is hereby authorized and directed to attest all signatures and acts of any official of the District in connection with the matters authorized by this Resolution and to place the seal of the District on the documents authorized and approved by this Resolution.
5. No provision of this Resolution, or any other document authorized herein, shall be construed as creating or constituting a multiple fiscal year financial obligation whatsoever of the District within the meaning of any constitutional or statutory provision,

nor a mandatory charge or requirement against the District in any ensuing fiscal year beyond the then current fiscal year in which incurred.

6. Should any one or more sections or provisions of this Resolution be judicially determined invalid or unenforceable such determination shall not affect, impair, or invalidate the remaining provisions hereof, the intention being that the various provisions hereof are severable.
7. This Resolution, as adopted by the Board, shall be numbered and recorded in the official records of the District.
8. This Resolution shall be effective immediately upon adoption.

INTRODUCED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

ATTEST:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

The motion to adopt the foregoing Resolution was duly seconded, put to a vote and carried upon the following vote:

Those voting AYE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Those voting NAY: \_\_\_\_\_  
\_\_\_\_\_

Those absent: \_\_\_\_\_

Thereupon the Chairman declared the motion had carried and the Resolution duly passed and adopted.

\_\_\_\_\_  
Secretary



## AMENDMENT TO SERVICE PROVIDER NOTE PURCHASE AND REPURCHASE AGREEMENT

THIS AMENDMENT TO SERVICE PROVIDER NOTE PURCHASE AND REPURCHASE AGREEMENT ("Amendment") is made and entered into as of this 31st day of August, 2020, by and between Park Hospital District, hereafter referred to as "Service Provider" whose address is PO Box 2740, Estes Park, CO 80517 and BANK OF COLORADO, hereafter referred to as "Bank" whose address is 533 Big Thompson, Estes Park, CO 80517.

### RECITALS

WHEREAS, Service Provider and Bank entered into a Service Provider Note Purchase and Repurchase Agreement dated February 7, 2012 ("Agreement") pursuant to which Bank may, from time to time, purchase Patient Notes from Service Provider on the terms contained therein;

WHEREAS, Service Provider and Bank wish to amend the Agreement to allow Service Provider to submit the original documents for Patient Notes purchased by Bank after Bank funds the purchase thereof subject to the terms and conditions of this Amendment.

### AGREEMENT

NOW THEREFORE, in consideration of the mutual promises, covenants, undertakings, payments and assignments contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Update to Authorized Signers.** The newly appointed signers hereby agree to the terms set forth in the Service Provider Note Purchase and Repurchase Agreement dated February 7<sup>th</sup>, 2012.
2. **Purchase of Patient Notes by Bank.** Until expiration of the Term (as defined below), Service Provider shall offer to Bank for sale from time to time such of Service Provider's Patient Notes as it may wish to sell to Bank. Bank shall have the right, in its sole discretion, to purchase or refuse to purchase such Patient Notes in accordance with the terms and conditions hereof. Bank shall notify Service Provider of its acceptance for purchase or rejection as to each Patient Note within three (3) business days after receipt of Service Provider's offer to sell such Patient Note to Bank. The purchase price for each Patient Note shall be equal to the outstanding principal balance thereof. The maximum aggregate principal amount of the Patient Notes purchased hereunder shall not exceed Six Hundred Thousand Dollars (\$600,000.00) at any one time. All Payments made to Service Provider by Bank for Purchase of Patient Notes shall be credited to Bank of Colorado Account #7800327505.
3. **Term of Agreement.** The term of this agreement ("Term") shall commence on the date hereof and shall expire on August 31, 2021 ("Termination Date"). This Agreement shall be renewed automatically for succeeding twelve (12) month terms unless either Bank or Service Provider shall deliver written notice of intent to terminate same to the other within thirty (30) days of the Termination Date.
4. Service Provider acknowledges, agrees and hereby unconditionally undertakes to repurchase from Bank any Patient Note as to which either of the following events has occurred (each a "Defaulted Promissory Note"): (1) there has been a payment default for more than 90 days from the payment due date, or (2) Bank has received notice that the Patient is the subject of a voluntary or involuntary bankruptcy filing. Service Provider shall repurchase any Defaulted Promissory Note within seven (7) days following notice from Bank that a Patient Note has become a Defaulted Promissory Note.
5. **Miscellaneous.**
  - a. Except as expressly amended in this Amendment, all terms, covenants, provisions, warranties and conditions of the Agreement, as amended, shall remain in full force and effect and shall be

enforceable in accordance with its terms. Service Provider hereby represents and warrants to Lender that all of the representations of Service Provider in the Agreement are true and correct as of the date hereof.

- b. This Amendment may be executed in one or more counterparts, each of which together shall constitute one and the same instrument.
- c. This Amendment shall be construed and governed by the laws of the State of Colorado.
- g. This Amendment shall be binding upon, and inure to the benefit of, Service Provider, Bank and their respective successors and assigns.
- h. **WAIVER OF JURY TRIAL. IT IS MUTUALLY AGREED BY AND BETWEEN SERVICE PROVIDER AND BANK THAT THE RESPECTIVE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF, OR IN ANY WAY CONNECTED WITH THIS AMENDMENT, THE AGREEMENT AND ANY AND ALL OTHER INSTRUMENTS EXECUTED IN CONNECTION THEREWITH.**

IN WITNESS WHEREOF, this Amendment is executed on the day and date first written above.

SERVICE PROVIDER:

PARK HOSPITAL DISTRICT

A Colorado Non-Profit Corporation

By: \_\_\_\_\_

Name: Vern Carda

Title: Chief Executive Officer

By: \_\_\_\_\_

Name: David Batey

Title: President of Board of Directors

By: \_\_\_\_\_

Name: Tim Cashman

Title: Chief Financial Officer

BANK:

BANK OF COLORADO

By: \_\_\_\_\_

Name: Christina Kraft

Title: Branch President

STATE OF Colorado )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of August 2020,  
By Vern Carda, as Chief Executive Officer of Park Hospital District, a Colorado Non-Profit Corporation.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

STATE OF Colorado )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of August 2020,  
By David Batey, as President of Board of Directors of Park Hospital District, a Colorado Non-Profit Corporation.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

STATE OF Colorado )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of August 2020,  
By Tim Cashman as Chief Financial Officer of Park Hospital District, a Colorado Non-Profit Corporation.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

Notary Public

STATE OF Colorado )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of August 2020,  
by Christina Kraft as Branch President of Bank of Colorado.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

ENTITY RESOLUTION

Borrower:

Park Hospital District  
(Entity Name)  
  
A Colorado Non-Profit Corporation  
(Entity Type)  
  
PO Box 2740  
(Address)  
  
Estes Park, CO 80517  
(City/State/Zip)  
  
(970) 586-2317  
(Phone #)

Lender:

Bank of Colorado  
  
Estes Park Branch  
  
533 Big Thompson Ave.  
(Address)  
  
Estes Park, CO 80517  
(City/State/Zip)  
  
(970) 586-8185  
(Phone #)

I, THE UNDERSIGNED, DO HEREBY CERTIFY AND STATE UNDER PENALTY OF PERJURY THAT:

**THE ENTITY'S EXISTENCE.** The complete and correct name of the Entity is Park Hospital District ("Entity"). The Entity is a Colorado Non-Profit Corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Colorado. The Entity is duly authorized to transact business in all other states in which it is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which it is doing business. Specifically, the Entity is, and at all times shall be, duly qualified as a foreign entity in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Entity has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 555 Prospect Avenue, Estes Park, CO 80517. Unless the Entity has designated otherwise in writing, the principal office is the office at which the Entity keeps its books and records. The Entity will notify Lender prior to any change in the location of the Entity's state of organization or any change in the Entity's name. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

**RESOLUTIONS ADOPTED.** At a meeting of the Board of Directors of the Entity, or if the Entity is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on August 31, 2020, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

**AUTHORIZED SIGNERS.** The following named persons and entities are authorized signers of Park Hospital District (Entity Name):

<u>NAMES</u>	<u>TITLES</u>	<u>ACTIONS AUTHORIZED</u>	<u>ACTUAL SIGNATURES</u>
<u>Diane Munro</u>	<u>Secretary of Board of Directors</u>	<u>A&amp;B</u>	<u>X</u>
<u>David Batey</u>	<u>President of Board of Directors</u>	<u>A&amp;B</u>	<u>X</u>
<u>Tim Cashman</u>	<u>C.F.O.</u>	<u>A&amp;B</u>	<u>X</u>
<u>Vern Carda</u>	<u>C.E.O.</u>	<u>A&amp;B</u>	<u>X</u>

ACTIONS AUTHORIZED.

(A) Any One ( 1 ) of the persons and entities listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity.

**Execute Contracts.** To execute and deliver to Lender the Purchase – Repurchase Agreement, or other evidence of the Entity's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so agreed upon of the Entity's receivables to be financed by an assignment to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for the Purchase – Repurchase Agreement, or any other evidence of credit accommodations.

**Further Acts.** In the case of the Purchase – Repurchase Agreement, to designate additional or alternate individuals as being authorized to execute the assignment of promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity’s account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable. And in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, **including agreements waiving the right to a trial by jury**, as the authorized signers may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution. The following person or persons are authorized to request payment due the Entity from assignment of assets to Lender and to authorize payments as may be due Lender for repurchases under the Purchase – Repurchase Agreement until Lender receives from the Entity, at Lender's address shown above, written notice of revocation of such authority.

**(B) Specifically, but without limitation, any one (1) of such persons and entities are authorized, empowered, and directed to do the following for and on behalf of the Entity:**

**Negotiate Items.** To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

**ASSUMED BUSINESS NAMES.** The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does business (Designated “None” when applicable): Estes Park Medical Center

**NOTICES TO LENDER.** The Entity will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the management of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's state of organization; (G) conversion of the Entity to a new or different type of business entity; or (H) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender. No change in the Entity's name or state of organization will take effect until after Lender has received notice.

**CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS.** The officers named above are duly elected, appointed, or employed by or for the Entity, as the case may be, and occupy the positions set opposite their respective names. This Resolution now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

**NO CORPORATE SEAL.** The Entity has no official seal, and therefore, no seal is affixed to this Resolution.

**CONTINUING VALIDITY.** Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Entity's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signatures set opposite the names listed above are their genuine signatures.

I have read all the provisions of this Resolution, and I personally and on behalf of the Entity certify that all statements and representations made in this Resolution are true and correct. This Entity Resolution to Borrow / Grant Collateral is dated August 31, 2020.

CERTIFIED TO AND ATTESTED BY:

X \_\_\_\_\_  
Diane Muno, as Secretary of Board of Directors  
of Park Hospital District

X \_\_\_\_\_  
David Batey, as President of Board of Directors  
of Park Hospital District

X \_\_\_\_\_  
Tim Cashman, as C.F.O of Park Hospital District

X \_\_\_\_\_  
Vern Carda, as C.E.O of Park Hospital District

STATE OF Colorado )  
 ) SS  
COUNTY OF Larimer )  
\_\_\_\_\_

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by Diane Muno, Secretary of The Board of Directors, David Batey, President of The Board of Directors, Tim Cashman as C.F.O and Vern Carda as C.E.O of Park Hospital District.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

NOTE: If the officer/manager/partner signing this Resolution is designated by the foregoing document as one of the officers/managers/partners authorized to act on the Entity's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer/manager/partner of the Entity.

Epic River Patient Financing (F/K/A MyLoans) Website Authorization

ENTITY: Park Hospital District  
PO Box 2740  
Estes Park, CO 80517

LENDER: Bank of Colorado  
533 Big Thompson Ave.  
Estes Park, CO 80517

**AUTHORIZED SIGNERS.** The following named persons are authorized to execute the assignment of promissory notes, or other evidences of indebtedness payable to or belonging to Park Hospital District ("Entity") or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable. The following person or persons are authorized to request payment due the Entity from assignment of assets to Lender and to authorize payments as may be due Lender for repurchases under the Purchase – Repurchase Agreement until Lender receives from the Entity, at Lender's address shown above, written notice of revocation of such authority. The following persons are authorized to designate additional or alternate individuals as being authorized to perform the same acts as described above for Authorized Signers.

SIGNER NAME	TITLE
<u>Vern Carda</u>	<u>C.E.O.</u>
<u>Tim Cashman</u>	<u>C.F.O.</u>

**CONTINUING VALIDITY.** This Website Authorization shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Entity's agreements or commitments in effect at the time notice is given.

**IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signatures set opposite the names listed above are their genuine signatures.**

**I have read all the provisions of this Website Authorization, and I personally and on behalf of the Entity certify that all statements and representations made in this Website Authorization are true and correct. This Website Authorization is dated August 31, 2020.**

CERTIFIED TO AND ATTESTED BY:

X \_\_\_\_\_  
Vern Carda  
as C.E.O of Park Hospital District

X \_\_\_\_\_  
Tim Cashman  
as C.F.O. of Park Hospital District.

STATE OF Colorado )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

Subscribed and sworn to before me on this 31st day of August, 2020, by Vern Cada as C.E.O. and Tim Cashman as C.F.O. of Park Hospital District.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public



**Park Hospital District Board  
Timberline Conference Room  
August 31, 2020**

**CREDENTIALING RECOMMENDATIONS**

Credentials Committee approval: July 29, 2020

Present: Drs. Zehr (Chair), Florence, Steve Alper, Vern Carda, Bill Pinkham and Andrea Thomas

Medical Executive Committee approval: August 5, 2020

**Reappointments**

Pappy, Michelle, M.D.

Sorensen, Matthew, M.D.

Courtesy, Family Medicine

Courtesy, Hematology/Oncology