

## MINUTES

The quarterly meeting of The Medical Center Hospital Authority Board of Trustees was held on Wednesday, October 28, 2020, at 5:00 p.m. via WebEx due to the COVID-19 restrictions.

Members Present: Michael Gorum, M.D., Chairman, Max Brabson, Jr., Mike Burns, James E. W. Crosse, M.D., Brenda DeRamus, John Hargrove, T. Fredrick McKnight

Members Excused: Susan McWhirter, M.D., Dr. Robert Wright

Others Present: Laura Drew, Scott Hill, Allen Holladay, Bill Tustin, Andrew Rothschild, Kelly Thrift

### I. Approval of July Quarterly Minutes

On motion by Mr. Burns, seconded by Mr. Hargrove, the minutes of the July 22, 2020 meeting were approved as submitted.

### II. The Medical Center Hospital Authority Fiscal Year 2020 Audit Report

Mr. Thrift presented the audit report for fiscal year 2020. The required communications were reviewed. A clean opinion will be issued. There were no difficulties with management in performing the audit. Effective July 1, 2019, a change was made to the method utilized to estimate amortization of nonrefundable entrance fees to the remaining unamortized balance method. This is a method more widely utilized in the industry and is considered a preferable method. The change in estimate resulted in an approximate \$5.2 million increase in nonrefundable entrance fees in the 2020 statement of assets, liabilities and net position (deficit) and a corresponding approximate \$5.2 million decrease in amortization of deferred entrance fees in the 2020 statement of revenues, expenses and changes in net position (deficit). There were no changes in accounting policies.

The estimates were reviewed and discussed. There were two financial statements disclosures that were sensitive because of the significance. The most sensitive disclosure affecting the financial statements was the ongoing property tax issue. The second disclosure was COVID-19 and CARES funding. There were no corrected or uncorrected misstatements. The internal control deficiency is the same deficiency at Spring Harbor as in the past. This deficiency is concerning the segregation of duties for Janet Peters.

Attention was called to the financial statements. There was a net loss at the end of the year of \$2.6 million. Interest and investment income was \$947,000 versus \$1.3 million in prior year. The change in estimate, amortization of deferred entrance fees of \$5.2 million reflects the change in the amortization of nonrefundable entrance fees at Spring Harbor. The loss from operations will be more comparable going forward. A breakdown of investments was reviewed. There are no level 3 investments in the portfolio. Note 5 lease payments received are for The Medical Center Hospital Authority only. Note 11 gives a description of the tax issue at Spring Harbor. The taxing

authorities for Muscogee County assert that approximately \$12.6 million is owed in ad valorem property taxes of June 30, 2020. It is likely the non-prevailing party will appeal the decision of the Superior Court to the Georgia Court of appeals. Note 12 outlines the COVID-19 funds received. Spring Harbor received \$401,000 in Provider Relief Funds (PRF) from the Department of Health and Human Services as part of the Cares Act. The full amount of the PRF received has been recognized as related expenses and lost revenues exceed the amount received during fiscal year 2020. Therefore, the PRF have been classified as non-operating grant income in the statements of revenues, expenses and changes in net position (deficit).

Mr. Thrift was excused from the meeting after the presentation of the audit report.

On motion by Mr. McKnight, seconded by Mr. Burns, the board approved the audit report for fiscal year 2020 as presented by Mr. Thrift and discussed.

Dr. Gorum welcomed Ms. DeRamus to the board. This is her first meeting.

### **III. Review of Operations and Approval of Financial Statements Period Ending September 30, 2020**

#### **A. The Medical Center Hospital Authority**

Total income for year-to-date September 30, 2020 was \$148,604 and total operating expenses were \$44,684. Net income was \$103,920. Total assets were \$5.4 million and unrestricted assets were \$4.9 million.

#### **B. Spring Harbor**

Operating income year-to-date September 30, 2020 was \$344,000 versus the budget of \$404,000 and prior year \$193,000. Independent living occupancy was 180 versus the budget of 185. Health care occupancy was 60.2% versus the budget of 82%. The bond covenants have a requirement around independent living at 90% occupancy. It has been hard to market Spring Harbor during the pandemic. Spring Harbor came close to going below the independent living requirement on the bonds. A call was placed to BBVA and Spring Harbor was given until June 2021 to cure the issue due to COVID-19. Revenue was \$4 million which was \$173,000 below budget. Total operating expenses were \$3.7 million which was below the budget of \$3.8 million.

#### **C. Piedmont Columbus Regional**

Earnings before regional allocations for September were \$5.3 million on a budget of \$1.9 million. Earnings before regional allocation for year-to-date were \$13.6 million on a budget of \$4.5 million. Performance is close to where we were prior to the implementation of Epic. Piedmont Columbus Regional's financial performance has improved from a \$34 million cash gap to a positive \$15 million over the past few months.

On motion by Dr. Crosse, seconded by Mr. Burns, the board adopted the financial/operations report for Spring Harbor and Piedmont Columbus Regional, and the financial statements for The Medical Center Hospital Authority for year-to-date ending June 30, 2020, as presented by Mr. Holladay and discussed.

**IV. Muscogee County Indigent Care Program Update**

Total utilization year-to-date September 30, 2020 was \$6.6 million. Payments received were \$657,658. We will begin to receive funds again in November. Utilization year-to-date is 19.80% versus the target of 50%.

**V. Indigent Care Trust Fund Update**

There was nothing new to report.

**VI. Piedmont Commitment Update as of June 30, 2020**

The covenants and obligations compliance check list was reviewed. The items in progress were discussed. Some of the items on the list could not be performed due to the CIA. Additional integrations are now being performed. Piedmont Columbus Regional will expand existing services and will retain the NICU and trauma services. Should the property tax issue at Spring Harbor require payment of any amount by Columbus Regional Healthcare System, the payment required will come from the capital funds. Piedmont Columbus Regional Midtown will be positioned by Piedmont Healthcare as a Regional Clinical Hub.

Attention was called to the capital commitments and expenditures for March 1, 2018 through June 30, 2020. The total capital expenditures over eight years is \$250 million minimum. The total committed as of June 30, 2020 is \$41.8 million. The master facility plan calls for the upgrade of the ICUs at Midtown and other projects. These projects were placed on hold due to COVID. The master facility planning began again recently. Piedmont Healthcare committed to all capital items requested by Piedmont Columbus Regional.

The Piedmont Healthcare audited financials as of year end June 30, 2020 and 2019 were reviewed. The system received approximately \$171.7 million in stimulus payments from the Public Health and Social Services Emergency Fund (Relief Fund) which was a provision of the Cares Act. The old Hospital Authority pension plan is being retired. The funds in the plan will be utilized to purchase annuities for the people in the plan. This will remove risk from the balance sheet.

On motion by Mr. Burns, seconded by Mr. Hargrove, the board approved the Piedmont commitment update as presented by Mr. Holladay and discussed.

**VII. Spring Harbor Update**

COVID has impacted the marketing of Spring Harbor. The residents are confined to their apartments which has not been ideal for them. The food contract was transitioned to a new company and the transition is not going well. We are working with a consultant on how to correct the food service issues. Due to COVID, we are unable to host marketing events. There are two new competitors in the area that are marketing themselves as being the same as Spring Harbor but they are not true life care communities. Spring Harbor is the only continuing care retirement community in the area. The dining areas are being slowly reopened. Some activities are being held again.

We continue to await the ruling on the tax issue by Judge Smith.

**VIII. Medical Staff Update**

There were no extraordinary items for Midtown or Northside.

**IX. Nominating Committee Report**

On motion by Mr. McKnight, seconded by Dr. Crosse the board unanimously approved the recommendations from the Nominating Committee for election of the following officers of the Board of Trustees for the year beginning January 1, 2021, as presented by Mr. McKnight.

Michael Gorum, M.D.	Chairman
Susan McWhirter, M.D.	Vice Chair
Rick McKnight	Treasurer
Allen Holladay	Assistant Treasurer
Mike Burns	Secretary
Karen Smith	Assistant Secretary

**X. Report from Chairman**

There was no report from the Chairman.

**XI. Report from Piedmont Columbus Regional**

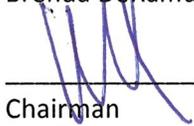
There was no report from Piedmont Columbus Regional.

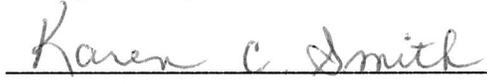
**XII. Other**

There were no other items for discussion.

**XIII. Executive Session**

On motion by Mr. Hargrove, seconded by Dr. Crosse, the Authority, on advice of legal counsel, then went into executive session, closed to the public, to discuss the matters described below pursuant to the exemption from the Open Meetings Act set forth at O.C.G.A. §50-14-3(a)(6)(C) which permits closure of any meeting of the governing authority of a public hospital in which the granting, restriction or revocation of medical staff privileges is discussed; pursuant to the exemption from the Open Meetings Act set forth at O.C.G.A. §50-14-2 which permits closure of any meeting to consult with legal counsel pertaining to pending litigation brought by or against an "agency"; and also pursuant to the exemption from the Open Meetings Act, set forth in the Georgia Hospital Authorities Law §50-31-75.2, which permits closure in executive session to allow discussion of a potentially commercially valuable proposal or strategy that may be of "competitive advantage" in the operations of the Authority or its medical facilities that has not been made public. The members voting to go into executive session were all those who were initially present, being Michael Gorum, M.D., Chairman, Max Brabson, Jr., Mike Burns, James E. W. Crosse, M.D., Brenda DeRamus, John Hargrove, and T. Fredrick McKnight.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Assistant Secretary