

MINUTES

The quarterly meeting of The Medical Center Hospital Authority Board of Trustees was held on Wednesday, October 27, 2021, in the conference at Piedmont Columbus Regional Midtown and via WebEx due to 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, Rick McKnight, Susan McWhirter, M.D.

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

I. **Approval of July Quarterly Minutes**

On motion by Dr. McWhirter, seconded by Mr. McKnight, the minutes of the July 28, 2021 meeting were approved as submitted.

II. **The Medical Center Hospital Authority Fiscal Year 2021 Audit Report**

Mr. Thrift presented the audit report for fiscal year 2021. The required communications were reviewed. There were no new accounting policies adopted during the fiscal year. There were no difficulties with management in performing the audit.

There were no corrected or uncorrected misstatements. The estimates were reviewed and discussed. Two sensitive estimates affecting the financials include: deferred revenues from entrance fees and related annual amortization; and, valuation of certain level 2 financial assets. The most sensitive financial statement disclosures affecting the financial statements include: the ongoing property tax matter; and, the disclosure of the debt compliance.

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, Director of Accounting. In 2021, Spring Harbor transitioned from Piedmont Columbus Regional's IT oversight to another external IT administrator. The combined IT administrative access segregation of duties and other IT matters are being communicated as a significant deficiency. The other IT matters were discussed.

The use of corporate credit cards at Spring Harbor was addressed. The credit cards have been utilized for several years to expedite purchases or for convenience. It was recommended that management continue to evaluate the need for the credit cards and that only appropriate personnel have access to the cards.

Attention was called to the financial statements. A clean opinion will be issued. The Authority and Spring Harbor assets were reviewed. Investments and cash were approximately \$41 million. On the liability side, deterred revenue from entrance fees were \$17.7 million. Expenses increased

due to COVID related expenditures. Investments performed better than the prior year with unrealized gains on investments at \$4.1 million versus \$19,095 prior year and interest expense (\$688,200) versus (\$715,686) prior year. A breakdown of investments was reviewed. There were no level 3 investments in the portfolio. Note 5 lease payments received are for The Medical Center Hospital Authority only. Note 10 entrance fees and deposits are for Spring Harbor. The note outlines the three types of resident agreements with varying entrance fee refund provisions. The refundable portion of the entrance fees are refunded to either the resident or estate at the time the resident's unit is reoccupied. Note 11 gives a description of the tax issue at Spring Harbor. In October 2020, the Superior Court of Muscogee County again ruled in favor of Spring Harbor, ruling that Spring Harbor is exempt from ad valorem property taxation. A notice of appeal was filed once again by the Muscogee County taxing authorities. Note 12 outlines the COVID-19 and provider relief funds received. Management is of the belief that Spring Harbor is in compliance with the terms and conditions of the provider relief funds and there will not be recoupments of the funds received.

Footnote 8 addresses the waiver obtained on the Spring Harbor bond covenants concerning occupancy and debt coverage. The waiver was necessary due to the impact of COVID-19.

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

On motion by Mr. McKnight, seconded by Dr. McWhirter, the board approved the audit report for fiscal year 2021 as presented by Mr. Thrift and discussed.

III. Review of Operations and Approval of Financial Statements Period Ending September 30, 2021

A. The Medical Center Hospital Authority

Total income for year-to-date September 30, 2021 was \$70,497 versus prior year of \$148,603. Total operating expenses were \$103,033 versus prior year of \$44,684. Net income was (\$32,536) versus prior year of \$103,919. Total assets were \$5.5 million and unrestricted assets were \$5.1 million.

B. Spring Harbor

Operating income for year-to-date September 30, 2021 was \$232,000 versus the budget of \$157,000. Total occupancy was at 76% versus the target of 81% which was mainly due to COVID. Revenue was \$3.9 million which was \$29,000 over budget. Operating expenses were \$46,000 below budget. Debt service is improving. Sales incentives that were put into place have assisted with sales. Spring Harbor should be out of the bond covenant waiver in the near future.

C. Piedmont Columbus Regional

There were year-to-date September 30, 2021 earnings after regional allocations of \$24.4 million versus the budget of \$13 million. The emergency departments at both hospitals experienced increased activity. The physician group loss was less than anticipated. The physicians had strong wRVUs. Surgery volumes in October were slow to return due to non-availability of ICU beds.

On motion by Dr. McWhirter, seconded by Mr. McKnight, 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 September 30, 2021, as presented by Mr. Holladay and discussed.

IV. Muscogee County Indigent Care Program Update

Year-to-date September 30, 2021, total utilization was \$5.8 million. Payments received were \$876,233. A settlement with the City was made for the prior year and for the first time ever, a payment was made to the City of \$1.1 million. Due to COVID, there was an issue with qualifying and requalifying people for the program.

V. Spring Harbor Update

Mr. Hill reported that Shane McDougall was been hired as the Executive Director.

Spring Harbor transitioned to Forefront for dining services on October 1, 2021. On October 11, the Bistro reopened. Forefront is hiring their permanent team. The transition has been well received by the residents.

Kelsea Garrett is in a nursing home administrator training program. The training is taking place off site. Mrs. Garrett is scheduled to graduate in December and will have one year to take and pass the exam. An interim nursing home administrator is on site until Mrs. Garrett obtains her license.

VI. Medical Staff Update

There were no extraordinary items from Midtown or Northside.

VII. Nominating Committee Report

On motion by Dr. McWhirter, seconded by Mr. McKnight, 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, 2022, as presented by Dr. McWhirter.

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

VIII. Selection of Board Members

- a. Mrs. Alpa Arora was unanimously selected to replace James E. W. Crosse, M.D. as a member of The Medical Center Hospital Authority Board of Trustees on motion by Dr. McWhirter, seconded by Mr. McKnight. This term is effective December 31, 2021, and expires December 31, 2026, or until her successor is elected, whichever last occurs. On motion by Dr. McWhirter, seconded by Mr. McKnight.
- b. The selection of Brenda DeRamus to succeed herself as a member of The Medical Center Hospital Authority Board of Trustees, for a new five year term beginning January 1, 2022 and expiring December 31, 2026, or until her successor is elected, whichever last occurs. On motion by Dr. McWhirter, seconded by Mr. McKnight.
- c. The selection of John Hargrove to succeed himself as a member of The Medical Center Hospital Authority Board of Trustees, for a new five year term beginning January 1, 2022 and expiring December 31, 2026, or until his successor is elected, whichever last occurs. On motion by Dr. McWhirter, seconded by Mr. McKnight.
- d. The selection of Susan McWhirter, M.D. to succeed herself as a member of The Medical Center Hospital Authority Board of Trustees, for a new five year term beginning January 1, 2022 and expiring December 31, 2026, or until her success is elected, whichever last occurs. On motion by Dr. McWhirter, seconded by Mr. McKnight.

IX. Report from Chairman

There was no report from the Chairman.

X. Report from Piedmont Columbus Regional

There was no report from Piedmont Columbus Regional for the open session.

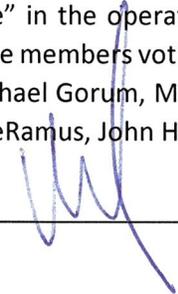
XI. Other

There were no other items for discussion.

XII. Executive Session

On motion by Mr. McKnight, seconded by Dr. McWhirter, the Authority, on advice of legal counsel, then went into executive session, closed to the public, to discuss 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 Hospitals 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, Rick McKnight, and Susan McWhirter, M.D.



Chairman



Assistant Secretary

Assistant Secretary