

MINUTES

The quarterly meeting of The Medical Center Hospital Authority Board of Trustees was held on Wednesday, April 27, 2022, in the conference center at Piedmont Columbus Regional Midtown.

Members Present: Susan McWhirter, M.D., Chair, Alpna Arora, Mike Burns, Brenda DeRamus, John Hargrove, Rodney Mahone, Rick McKnight

Member Excused: Max Brabson, Jr.

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

I. Approval of Minutes

On motion by Mr. Hargrove, seconded by Mrs. Arora, the minutes of the January 26, 2022 meeting were approved as submitted.

II. Review of Operations and approval of Financial Statements Period Ending March 31, 2022

A. The Medical Center Hospital Authority

The proceeds from the sale of Azalea Trace are reflected in the financials under other income. The project utilizing the funds received from the City for the widening of Talbotton Road will begin soon and will include fencing and landscaping. Total income year-to-date March 31, 2022 was \$210,157 versus prior year of \$347,017. Total expenses were \$247,574 versus the prior year of \$218,878. Net income was \$590,036 versus the prior year of \$128,139.

B. Spring Harbor

Operating income for year-to-date March 31, 2022 was \$442,000 versus the budget of \$761,000. Total occupancy was 78.9% versus the target of 82%. Independent living was 172 versus the target of 178. Health care occupancy was 61.2% versus the target of 65%. Operating income at \$442,000 was versus the target of \$761,000. Occupancy has improved over fiscal year 2021. There were some residents that moved to health care from independent living. Operating expenses were above target due to wage adjustments that were made to assist Spring Harbor in remaining competitive in the market. A new food service company was brought in which has resulted in the improvement of the food quality.

C. Piedmont Columbus Regional

There was an anomaly in the financials for the month of March. Midtown had higher volumes than the past several years but an accounting adjustment for Blue Cross/Blue Shield erased much of what was made on income.

There were month ending March 31, 2022 earnings after regional allocations of \$3.6 million on a budget of \$7.9 million. Year-to-date earnings after regional allocations were \$69.9

million on a budget of \$57.6 million. The pediatrics ED volumes continue to be below budget. There will be some changes made to revenues in the fourth quarter due to the extra funding received from Medicare for the COVID patients that will go away.

There has been an extreme amount of contract labor within the Piedmont Healthcare system during COVID. The system has been paying \$52 million a month for contract labor. Piedmont Columbus Regional has approximately \$6 million per month in contract labor expense. The system is working on the elimination of contract labor.

On motion by Mr. McKnight, seconded by Mr. Hargrove, 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 March 31, 2022, as presented by Mr. Holladay and discussed.

Attention was called to the Spring Harbor bond covenants compliance report. Spring Harbor is back in compliance with the bond covenants except for the occupancy covenant. This area continues to be under a waiver by BBVA.

III. Muscogee County Indigent Care Program Update

Year-to-date March 31, 2022, total utilization was \$14.4 million. Payments received were \$13.7 million. Year-to-date utilization was 57.74% versus the target utilization of 50%. There is the potential that funds will need to be returned to the City again this year.

IV. Approval Audit Engagement Letter

Attention was called to the audit letter submitted by Dixon Hughes Goodman. The firm will audit the financial statements of the Authority and Spring Harbor and present the results to the Hospital Authority Board. The fee for the audit is \$62,300 for the Spring Harbor audit and \$16,800 for the Authority audit.

On motion by Mr. Mahone, seconded by Mr. McKnight, the board unanimously approved the engagement of Dixon Hughes Goodman to perform the audit of the Authority and Spring Harbor as presented by Mr. Holladay and discussed.

Mr. Holladay presented two engagement letters from Dixon Hughes Goodman concerning the preparation of Form 990s for year ended June 30, 2021 and June 30, 2022. The estimated fees for the preparation of the year ending June 30, 2021 Form 990 is \$3,100 and the estimated fees for the preparation of the year ending June 30, 2021 Form 990 is \$3,200.

V. Approval of Spring Harbor Fiscal Year 2023 Operating and Capital Budgets

The operating budget was presented and discussed. It is anticipated that operations will return to closer to pre-COVID performance. The budget includes a 4% increase in resident fees. Occupancy for independent living is projected to increase by two. On the health care side, there are projected increases in census for skilled nursing, personal care and memory support. An RFP

for the employees insurance coverage was sent out to assist with expense control. The property casualty coverage was also put out for bid. The food service contract is being renegotiated. There will be an increase in the rates, but it is felt that a decrease of the original increase quoted for management and salaries will be received.

The capital budget was presented and discussed. Included is partial phase 2 of the Bistro project. The Spring Harbor Foundation may be able to fund the \$375,000 allotted for this project. The additional items on the budget are in line with past infrastructure items.

It is important for Spring Harbor to meet budget. Expenses must be kept in line due to inflation. Management at Spring Harbor feels the budget can be achieved.

Spring Harbor has more competition in the area than in the past, but there are no true CCRCs at this time. The Lodge, when built, will be more like Spring Harbor but will not have some of the services that Spring Harbor offers.

On motion by Mr. McKnight, seconded by Mrs. DeRamus, the fiscal year 2023 operating and capital budgets were approved as submitted and discussed.

VI. Spring Harbor Debt

When the debt for Spring Harbor was refinanced five years ago, the bond holders were taken out and BBVA became the only holder of the debt. There are fifteen years left on this debt issue. Work has been performed with SmartBank on refinancing this debt which will need to be refinanced by the end of calendar year 2022. PNC Bank, which bought BBVA, was approached and asked if they would allow for the early pay off of the debt and they agreed. The new rate will be 3.11% which will be lower than what the rate would be in December. The total debt is \$27 million. Since Spring Harbor has significant cash on hand, \$10 million will be paid down on the debt prior to refinancing. This will improve the funding ratio.

On motion by Mrs. Arora, seconded by Mr. McKnight, the board approved the refinancing of the Spring Harbor debt as presented by Mr. Holladay and discussed.

VII. Spring Harbor Update

There were no other items to report for Spring Harbor.

VIII. Approval Lease of 1018 Talbotton Road to Pezold Management

The Medical Center Hospital Authority was approached and asked if the City could lease the Three Arts Theater lot for additional parking for the screening services of potential jurors. The screenings are being held in the old Health and Human Services building on Comer Avenue. Family Holdings Sub, LLC, a subsidiary of Pezold Management, owns the old Health and Human Services building and inquired about leasing the lot from The Hospital Authority for \$400 per month and then they would lease the lot to the City. This is a short term lease because we are exploring potential uses as a farm for raising crops that would assist the low income population in the area.

This information was emailed to the board members earlier and an electronic vote approved this action. The board is being requested to ratify the electronic vote.

On motion by Mr. Mahone, seconded by Mrs. Arora, the board ratified the electronic approval for the lease of the lot located at 1018 Talbotton Road to Family Holdings Sub, LLC as presented by Mr. Holladay and discussed.

IX. Report from Chairman

There was no report from the Chairman.

X. Report from Piedmont Columbus Regional

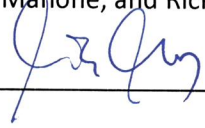
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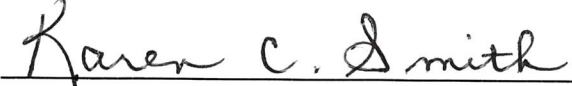
XI. Other

There were no other items for discussion.

XII. Executive Session

On motion by Mr. Hargrove, seconded by Mrs. Arora, the Authority, on advice of legal counsel, then went into executive session, closed to the public, to discuss matters described below pursuant to 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 Susan McWhirter, M.D., Chair, Alpa Arora, Mike Burns, Brenda DeRamus, John Hargrove, Rodney Mahone, and Rick McKnight.



Chair


Assistant Secretary