

North Sunflower Medical Center
Board of Trustees
Regular Meeting Minutes
22 July 2020

BE IT REMEMBERED that the Chairman and the Board of Trustees of North Sunflower Medical Center, Ruleville, Sunflower County, Mississippi, met in their Regular Meeting on Wednesday, 22 July 2020, when and where the following were present:

Billy Joe Waldrup, Chairman and Trustee; H. T. Miller, III, Vice Chairman and Trustee; Phil McNeer, Secretary Pro-Tem and Trustee; Willie M. Burton, Trustee; Billy Marlow, Executive Director; Daniel Ceja, CEO; Rodney Clark CAO; Jennifer Baughman, Accounting Director; Arie Chandler, Administrative Assistant; Sandra Britt, Administrative Assistant; and Lawson Holladay, Esquire.

Guest: Jerry Gammel, CPA-Watkins, Ward & Stafford, PLLC

Absent: Bobbie Bounds Allen, Secretary & Trustee and Sam Miller, COO

The meeting of the Hospice of North Sunflower Medical Center was conducted prior to the calling to order the meeting of the Board of Trustees.

Mr. Waldrup called the meeting of the Board of Trustees to order at noon and asked Mr. H.T. Miller, III to open the meeting with a word of prayer.

Mr. Waldrup welcomed Jerry Gammel, CPA with Watkins Ward & Stafford, PLLC, to the meeting and asked that he begin his presentation of the 2019 Audited Financials.

Mr. Gammel thanked Mr. Waldrup and began the presentation by stating that the audit was performed according to professional standards; an unqualified opinion was issued; and no errors or irregularities were encountered in the audit.

Significant Audit Adjustments made:

- Adjusted allowances to calculated amounts decreased net income by \$814,290.00
- Correcting the prior years' cost report receivable decreased net income by \$794,570.00
- Recording 2019 cost report settlement decreased net income \$344,064
- Adjustment to pension expense to comply with GASB 68 decreased net income by \$3,861,027.00.

Mr. Gammel went on to discuss the PERS Pension Liability numbers that facilities are required by the Governmental Accounting Standards Board (GASB 68) to record.

- Total Pension Liability (PERS of MS): \$17,591,973,000 (decreased by 2% from 2018)
- NSMC's Portion of the Net Pension Liability: 35.4% (decreased from 2018)
- NSMC's Net Pension Liability: \$62,202,930.00
- NSMC's required contribution percentage of covered employee payroll: 17.4% (effective July 1, 2019 the employer contribution rate increased from 15.75% of covered payroll to 17.40%. The facility paid all required contributions at the legal rate.)

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- Actual employee payments into retirement system for fiscal years ending September 30, 2019 and 2018: \$2,047,407
- Employees' required contribution percentage of annual covered salary: 9.00%

NSMC's Statements of Revenues, Expenses, and Changes in Net Position with and without GASB 68:

- Total Operating Revenue: **With GASB 68-** \$60,818,344; **Without GASB 68-** \$60,818,344
- Total Operating Expense: **With GASB 68-** \$67,887,761; **Without GASB 68-** \$64,026,734
- Operating Loss: **With GASB 68-** (\$5,143,233); **Without GASB 68-** (\$1,282,206)
- Total Nonoperating Revenues: **With GASB 68-** \$62,891; **Without GASB 68-** \$62,891
- Excess of Revenues Under Expenses: **With GASB 68-** (\$5,080,342); **Without GASB 68-** (\$1,219,315)
- Net Position (deficit) beginning of year: **With GASB 68-** (\$27,155,310); **Without GASB 68-** \$33,695,832
- Net Position (deficit) end of year: **With GASB 68-** (\$32,235,652); **Without GASB 68-** \$32,476,517

Mr. Gammel's presentation of the of the 2019 Audited Financials was detailed. Mr. Gammel pointed out that the Attorney General's Opinion regarding GASB 68 and PERS of MS dated March 3, 2017, states that "The facility has no obligation above or beyond the proper payment of these contributions" but that the Governmental Accounting Standards Board Statement No. 68 requires that the facility record a liability for its proportionate share of the plans net pension liability.

With there being no further questions, Mr. Waldrup thanked Mr. Gammel for his report to the Board and for the diligence with which Mr. Gammel worked on the audit. Mr. Gammel excused himself from the meeting at 12:23 P.M.

The minutes of the 24 June 2020 Regular Board Meeting were approved as distributed by motion offered by Mr. H.T. Miller, III, seconded by Mr. Willie Burton and unanimously approved.

Arie Chandler reported that the Credentialing of Providers will be deferred to the August meeting due to the absence of a quorum at yesterday's Medical Staff Meeting. Arie also reported that Daniel Ceja, after review of Laj Jarvis Lewis's, FNP-BC, Medical Staff Application and additional information, granted Mr. Lewis temporary privileges so he could begin working to complete his required monitored hours at the Sunflower Rural Health Clinic.

At this time, Jennifer Baughman presented the financial information for June as attached to the minutes. The entire facility has a cash balance of \$25.3 Million, total assets of \$53.2 Million, and a total liabilities and fund balance of \$53.2 Million. The Hospital's Gross Revenue was \$6.3 Million for the month and \$67.3 Million year to date. The Hospital had a Net loss of (\$897,053) for the month and a Year to Date Net Income of \$2.4 Million. Hospice had a Net Income of \$226,992 for the month (\$200,000 was a stimulus payment) and a Year to Date Net Income of \$474,127. Sunflower Diagnostic Center had a Net loss of (\$24,236) for the month due to the expense of supplies and cleaning up bad debt; and a Year to Date Net loss of (\$222,573). Simply Sunflower had a Net Income of \$3,081 for the month and a Year to Date Net Loss of (\$1,109). Sunflower DME had a Net Income of \$5,766 for the month and a Year to Date Net Income of \$245,228. NSMC Pharmacy had a Net Income of \$3,643 for the month and a Year to Date Net Income of \$201,703. The Rural Health Clinic had a Net loss of (\$55,699)

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for the month and a Year to Date Net Income of \$27,682. NSMC as a whole showed a Net loss of (\$684,926) for the month and a Year to Date Net Income of \$3.1 Million.

The Administrator's report was given as follows:

Daniel began the report by stating that Legislation is still working to have the PPP loan forgiven but it has not been approved yet.

Daniel reported that Haire Drug Center opened July 1 and has collected \$83,000 in revenue thus far. Zach Warrington, Pharmacist in Charge, fills an average of 400 prescriptions per day. The 340B program should take effect around August 1st. A drive through window is also in the works and will be open soon.

Daniel reported that we continue to order and maintain PPE and COVID testing kits and supplies. NSMC received two transport ventilators free of charge from the MSDH and we are looking into purchasing two additional ventilators.

Daniel reported that we were not able to open the Senior Care Unit on July 6th as initially planned due to a rise in the number of COVID patients coming in. The Senior Care Unit continues to be utilized as a COVID Unit.

Rodney Clark gave the Quality Assurance Report as follows:

Since March 11 there have been 4,263 COVID tests done with 3,641 being negative and 622 being positive. In July alone we've had 1,832 negative results and 422 positive results and have seen a great increase in the number of tests being done in a days' time. Rodney reported that when a patient tests positive for COVID they are reported to the MS State Dept. of Health and sent home to quarantine for 14 days or admitted to the hospital if necessary.

Rodney reported that we had a 100% referral compliance rate to the Mississippi Organ Referral Agency (MORA) for the first six months of 2020. NSMC had twenty deaths and all were reported to MORA in a timely manner. We also had one tissue and/or eye donation.

On motion of H.T. Miller, III, seconded by Phil McNeer, and unanimously approved, the Board voted to enter closed session to determine the need to enter into executive session to discuss personnel matters. The Board was thereafter declared in closed session.

On motion of H.T. Miller, III, seconded by Willie Burton, and unanimously approved, the Board moved to enter executive session to discuss personnel matters. The Board thereafter convened in executive session, there being present in addition to the Board of Trustees, Lawson Holladay, Board Attorney; Billy Marlow, Executive Director; Daniel Ceja, CEO; Rodney Clark, CAO; Jennifer Baughman, Accounting Director; Arie Chandler, Administrative Assistant; and Sandra Britt, Administrative Assistant. The Board thereafter discussed personnel matters. No official action was taken during the executive session.

On motion of H.T. Miller, III, seconded by Willie Burton, and unanimously approved, the Board voted to exit executive session, and thereafter convened in open and regular session.

At this time Lawson Holladay updated the Board on the Brantley Nichols, DMD, lawsuit.

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Upon Motion made by H.T. Miller, III, and seconded by Willie Burton, the Board adjourned at 1:06 P.M., subject to the call of the Chairman.

Billy Joe Waldrup, Chairman

Phil McNeer, Secretary Pro-Tem