

**MINUTES OF MEETING OF BOARD OF TRUSTEES AND BOARD OF
TRUSTEES EXECUTIVE COMMITTEE OF
TALLAHATCHIE GENERAL HOSPITAL**

February 23, 2016

On this date at the hour of 11:30 a.m., the Board of Trustees and Board of Trustees Executive Committee met in regular session at the hospital boardroom with the following trustees and personnel, to wit:

David Hargett, Trustee District One
Isaac Sayle, Trustee District Two
Gerry Speir, Trustee District Three
Morris Murphey, Trustee District Four
Willie Lockett, Trustee District Five
Jim Blackwood, Administrator
Joey Brunson, Chief Financial Officer

Trustee Hargett opened the meeting with prayer.

The minutes of the January 26, 2016 meeting were presented. A motion was made by Trustee Hargett to approve the minutes from the last regular meeting. The motion was seconded by Trustee Sayle with all Trustees voting "Aye" in favor of the motion.

Mr. Brunson gave the Board copies of the statistics for the providers showing their production in the hospital and the clinic for the month of January 2016. The Board reviewed the statistics and questions were asked and answered.

Mr. Brunson presented the report of the Finance Committee for the January 2016 financials. Questions were asked and answered about the report. A motion was made by Trustee Hargett to approve the summary report of the Finance Committee. The motion was seconded by Trustee Lockett with all Trustees voting "Aye" in favor of the motion.

Mr. Brunson reported to the Board the status of the audit report for the fiscal year 2015. Mr. Brunson reported that he is projecting that we will have the auditor's report by April, 2016.

Mr. Blackwood circulated the Administrator's comments, a copy of which appears as Exhibit 1 hereto and is incorporated herein by reference. Questions were asked and answered concerning the Administrator's comments.

Mr. Blackwood reported to the Board that he had contacted Kingsbridge as to the renewal of our lease on the wellness rooms. A five year renewal term was negotiated that reduces our payments to Kingsbridge by approximately half of what we are presently paying with an option to purchase the equipment at the end of the five year period at no more than 10% of the original purchase price. Trustee Sayle made a motion that Mr. Blackwood be authorized to finalize the terms that were negotiated as to the renewal lease with Kingsbridge. The motion was seconded by Trustee Murphey with all Trustees voting "Aye" in favor of the motion.

Mr. Blackwood reported to the Board that the old generator in the nursing home needed to be replaced as replacement parts are no longer available. A rental generator is in place to make sure that we are compliant with nursing home regulations. We have requested quotes for the purchase of a new generator and we have only received one quote in response to our request for quotes. Mr. Blackwood reported that our maintenance director is trying to secure a second quote, but not having much response. Mr. Blackwood requested that if a second quote is not secured by March 1 that he be given authority to purchase a generator on an emergency basis. A motion was made by Trustee Hargett giving Mr. Blackwood authority to purchase a generator for the nursing home on an emergency basis if a second quote is not received by March 1. The motion was seconded by Trustee Sayle with all Trustees voting "Aye" in favor of the motion.

Mr. Blackwood requested that the Board enter into executive session for the purpose of discussion of the following matters: 1) employee pay raises; 2) resignation of Assistant Administrator; and 3) the claim by the Estate of William Brewer as a legal matter. Trustee Sayle made the motion to enter into executive session for discussion of these matters. The motion was seconded by Trustee

Hargett with all Trustees voting “Aye” in favor of the motion. The Board adjourned into executive session.

Trustee Sayle made the motion for the Board to enter into regular session. The motion was seconded by Trustee Lockett. The Board returned to regular session.

A motion was made by Trustee Lockett to authorize the hospital to implement an employee pay raise from one percent (1%) to five percent (5%) as determined by administration. The motion was seconded by Trustee Sayle with all Trustees voting “Aye” in favor of the motion.

Quality Assurance Director, Lisa Smiley, circulated the Quality Report and HCAHPS for January, 2016. Questions were asked and answered concerning the quality metrics for the month.

There being no further matters for discussion, the Board adjourned.

Administrator's Comments – Meeting of February 23, 2016

Nursing Home – We have 97 of 98 nursing home beds occupied with one available bed on A-wing. We have one patient from swing bed who has requested placement in the room upon discharge. That patient is discharging from swing bed to the nursing home tomorrow.

Nurses Station Renovation – The nurse's station renovation has commenced. The asbestos abatement is currently in process. We have created a temporary nurse's station in the Training Room. It is cramped, but our staff is managing. All of our patients have been advised of the construction, and we have asked for their patience in this process. All patients appear to be understanding and accepting of the process.

DNV Accreditation Survey – We continue implementation of our "Plan of Corrections" subsequent to our DNV survey. Those changes are going well and on schedule. Part of that process includes an across the board employee evaluation. Our department heads are approximately half way through that process, and the reviews appear to be going well. I will personally conduct evaluations on our department heads, which I intend to complete by the end of next week.

Employee Pay Raises – It is time for us to consider employee pay raises. We will discuss the details of this at the meeting.

HITECH Audit Complete – As you may recall, our Medicare Administrative Contractor ("MAC") withheld approximately 25% of our Stage I Meaningful Use incentive from 2013 pending our final desk review. Our desk review for 2015 was completed in April 2015, which led us to inquire on the balance of the incentive owed. After several inquiries, we were advised that our account had been selected for a HITECH audit, which is a more intensive review of the purchases related to the implementation of our Electronic Health Record. The HITECH review was finally completed last week.

I am pleased to report that out of over \$450,000 that remained owed, the MAC disallowed only \$16,000. Of those disallowed monies, approximately

\$2,700 was attributed to a laser check module, which the MAC correctly concluded was a financial function, not a reimbursable meaningful use function. The balance was attributed to the purchase of computers that were used in areas that were not related directly to patient care. This is a very good outcome. We have been told we can expect a payment of approximately \$437,000 in April.

Corporate Compliance Program – I have requested Wise Carter to assist us in the implementation of a corporate compliance program (“CCP”). Fortunately, many of the matters that one would typically be covered in a CCP are addressed in our existing policies and/or the policies we are implementing as part of our DNV accreditation. However, the CCP will aid us in assembling and disseminating important information to our employees on how to raise any concerns of corporate compliance if they become aware of an issue. Further, it will provide a more structured procedure for investigation and reporting if an issue requiring attention arises.

Aesthetic Improvements on A-Wing – We are performing some aesthetic performance on A-Wing, much of which we will handle by maintenance staff in-house. However, there are some matters in this process, such as floor and handrail replacement, that will require us to publicly bid the work. A notice for the floor and handrail work has been published in the local newspaper. We will open those bids on March 11, 2016.

Wellness Environments/Kingsbridge Renewal – In September 2016, our initial 5-year lease of the Wellness Environments equipment is scheduled to expire. In January, I reached out to Kingsbridge about renewal terms mistakenly thinking our lease expired in March. In the course of that discussion, Kingsbridge indicated that although the leases do not expire until September, it was willing to renew the leases early. We have negotiated a 5 year renewal term that reduces our payments to Kingsbridge by approximately half what we were previously paying. This reduction is attributed to the fact that equipment is now 5 years old and can now effectively be treated as used equipment. At the end of the 5 year renewal, we will have the option to purchase the equipment at no more than 10% of the original purchase price.

Nursing Home Generator Replacement – Our old generator on the nursing home side is broken and replacement parts are no longer available. We have rented a generator to remain compliant with the nursing regulations. However, the generator will need to be replaced. We have received a quote from Taylor Machine Works for a replacement generator for approximately \$35,000.00. Due to the price for replacement, we are seeking a second quote from Generac, which is the manufacturer of the newer generator that we currently have in place on the hospital side.

Resignation of Assistant Administrator – Assistant Administrator, Matthew Floyd, has tendered his resignation. I will discuss this further at the meeting.

Reminder on Finance Committee and New Meeting Time – As a reminder, please note that our finance committee will meet on Tuesday at 11:00. Our regularly scheduled meeting will commence at 11:30.

Legal Matters:

The Estate of William Brewer, Sr. -- On Thursday, February 11, 2016, I was served at my home with a Notice of Claim by the Estate of William Brewer, Sr. The estate claims that Mr. Brewer's death was caused by the negligence of our physician and nursing staff while he was in our care in February of last year. We have notified our insurance carrier and a review of the medical documentation is underway. I will discuss this matter in more detail at our meeting.