

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

March 22, 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 Sayle opened the meeting with prayer.

The minutes of the February 23, 2016 meeting were presented. A motion was made by Trustee Sayle to approve the minutes from the last regular meeting. The motion was seconded by Trustee Hargett 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 February 2016. The Board reviewed the statistics and questions were asked and answered.

Mr. Brunson presented the report of the Finance Committee for the February 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 that the auditors will present the audit report for the fiscal year 2015 at our April 26, 2016 board meeting. This meeting will be held in the IOP building conference room.

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 presented the quote from Sherwin Williams which was received in response to our request for bids for the flooring and hand railing for A-Wing. This was the only quote received in response to our notice for bids. A motion was made by Trustee Lockett to accept the bid of Sherwin Williams for the flooring and hand railing for A Wing. The motion was seconded by Trustee Sayle with all Trustees voting "Aye" in favor of the motion.

Mr. Blackwood reported to the Board that the x-ray machine at the Charleston Clinic is broken and replacement parts are no longer available. Mr. Blackwood reported that we did secure three quotes from different vendors and the lowest and best bid was from a vendor on our GPO, Amerinet. Mr. Blackwood requested that we accept the quote of GE Healthcare in the amount of \$92,154 and that the Board ratify this purchase. A motion was made by Trustee Sayle to ratify the purchase of the new x-ray machine for the Charleston Clinic from GE in the amount of \$92,154. The motion was seconded by Trustee Murphey with all Trustees voting "Aye" in favor of the motion.

Mr. Blackwood reported that he had finalized the purchase of the IOP building which we had previously been leasing from Performance Capital. The total purchase price for the building was \$30,000.

Mr. Blackwood circulated the Quality Report and HCAHPS for February, 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 March 22, 2016

Nursing Home – We have 98 nursing home beds occupied with a waiting list. We are not currently expecting any discharges.

Nurses Station Renovation – The nurse's station renovation is on schedule and on budget. I expect the work will be complete by the end of June.

DNV Accreditation Survey – We are on schedule with our April 1 deadline for implementation of our plan of corrections from our DNV survey. We can expect a follow-up survey at some point after April 1. One visible change you will see in the coming weeks applies to all vendors. Effective April 1, all vendors will be required to check in at the front desk before conducting any business on campus. There will be a computerized kiosk installed at the main entrance to help ensure all vendors on-site are appropriately credentialed.

FY 2015 Cost Report – On March 7, 2016, we filed our FY 2015 Cost Report with CMS. This year we had a Medicare payable in the amount of \$961,172. This payable is due to our extraordinary growth in days of care for the year during which we were paid a per diem based on our days of care for the prior fiscal year. While we had hoped our payable would be smaller, I am pleased to report that our Finance Department was carrying almost this exact amount as Medicare payable on our books. In other words, our Finance Department was almost spot-on in their estimated costs for the fiscal year. We have accrued cash on hand specifically for this purpose, and the payment to Medicare has been made.

FY 2015 Audit - I have confirmed that Watkins, Ward and Stafford will present our FY 2015 audit at our April 26, 2016 board meeting. Please be thinking about any changes in the time for our next meeting to allow sufficient time for the presentation.

Employee Pay Raises – We will be implementing the pay raises you approved at our last meeting after the employee evaluation process is

complete. The evaluations will be complete by the end of next week. Therefore, we anticipate the pay raises will be implemented by the third week in April.

HITECH Audit Complete – Since our last update, we have received word from Novitas that some additional adjustment may be necessary to the extent we included depreciation of certain assets on our cost report. We have confirmed we included approximately \$84,000 in depreciation on our cost report, but we have not received the revised calculation from the MAC as to what impact that will have on our receivable. We are satisfied that this is an appropriate adjustment and do not intend to contest it with MAC.

Aesthetic Improvements on A-Wing – We opened bids for the flooring and hand railing for A-Wing on March 11, 2016. Only Sherwin Williams responded to the bid with a quote of just under \$92,000 including materials and labor. We have since made inquiry with outside sources and are comfortable that the bid is competitive.

Nursing Home Generator Replacement – As you will recall from last month, we had received a quote for a replacement generator for the nursing home for approximately \$35,000. However, upon closer look, our maintenance department has informed me that due to additional electrical loads that have been put in place at the facility, a larger generator than what was originally specified will be required. I have asked mechanical engineer, Scott Woods, who assisted us with our HVAC replacement design, to review our needs and present a recommendation. Depending on his recommendation and inquiry on price, we may be required to publicly bid this replacement.

New X-Ray Machine for Charleston Clinic – Our x-ray machine at our on-campus clinic is broken and replacement parts are no longer available. We will be required to replace the machine. We have secured quotes from multiple vendors and have selected a machine from a vendor on our GPO, Amerinet. The replacement price is \$92,154.

HPIC Credits – We are pleased to report that we have received credits on our premiums for both our professional liability and our workers

compensation policies. We received a credit of \$75,019 on the professional liability policy and \$43,231 on our workers compensation policy, for a combined credit of \$118, 250.

Legal Matters:

The Estate of William Brewer, Sr. – The insurer has arranged for retention of counsel on our behalf. We will be represented by John Wheeler with Mitchell McNutt. Mr. Wheeler has represented us in the past with good results.