

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

April 28, 2020

On this date at the hour of 10:30 a.m., the Board of Trustees and Board of Trustees Executive Committee met in regular session in the boardroom at the Administration House with the following trustees and personnel, to wit:

David Hargett, Trustee District One
Ike Sayle, Trustee District Two
Gerry Speir, Trustee District Three
Willie Lockett, Trustee District Five
Jim Blackwood, Administrator
Joey Brunson, Chief Financial Officer
Buddy McRae, Chief Operating Officer
Rani Richard, Finance

Trustee Speir opened the meeting with prayer.

The minutes of the March 24, 2020 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 March 2020. The Board reviewed the statistics and questions were asked and answered.

Mr. Brunson presented the report of the Finance Committee for the March 2020 financials. Questions were asked and answered about the report. A motion was made by Trustee Sayle to approve the summary report of the Finance Committee. The motion was seconded by Trustee Hargett with all Trustees voting "Aye" in favor of the motion.

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 due to the COVID-19 pandemic, several emergency purchases were required to convert four of our hospital rooms to negative pressure rooms in the event we need them for a COVID-19 admission. Even those none of these items individually exceeded the \$5,000 threshold requiring additional quotes, Mr. Blackwood requested that these transactions be approved as emergency purchases. A motion was made by Trustee Lockett to approve these emergency purchases. The motion was seconded by Trustee Sayle with all Trustees voting "Aye" in favor of the motion.

Mr. Blackwood also presented to the Board that an application was presented for the Small Business Administration Paycheck Protection Program and requested that he be given authority to submit this application and take any further actions that may be necessary for the TGH to participate in this program. A motion was made by Trustee Hargett granting Mr. Blackwood authority to take any actions that may be necessary for TGH to participate in the SBA Paycheck Protection Program. The motion was seconded by Trustee Sayle with all Trustees voting "Aye" in favor of the motion.

Mr. McRae circulated the Quality Report and HCAHPS for March, 2020. Questions were asked and answered concerning the quality metrics for the month.

Mr. McRae presented a new policy, Autovent/Automatic Transport Ventilator. After a discussion of the policy, a motion was made by Trustee Sayle to approve this policy. The motion was seconded by Trustee Hargett with all Trustees voting "Aye" in favor of the motion.

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

Administrator's Comments – Meeting of April 28, 2020

Nursing Home Census – We have 93 residents in the nursing home, with four beds open on the general care side and one on the special care side. As you are aware, the nursing home population throughout the state is extremely vulnerable to COVID-19. For this reason, we have constructed a temporary partition separating the 4 available general care beds as isolation beds for any residents demonstrating COVID-19 symptoms. We will also be able to use these rooms to temporarily separate any new admissions from the remaining population until we receive confirmation that the new resident is COVID-19 negative.

ACO and Population Health Initiatives – We continue to enjoy growth in our Accountable Care Organization and Population Health programs. We currently have 735 active Chronic Care Management patients (up from 505 in March and 350 in February). We have conducted approximately 100 Medicare Annual Wellness Visits and 82 Blue Cross Color Me Healthy exams (these numbers are not likely to change while clinic access is restricted).

TGH Discount Pharmacy – We filled 5,537 prescriptions in March, up from 5,482 in February. We have now completed installation and staff training for prescription syncing; as we have outlined before, this will allow customers with multiple prescriptions refilled at different intervals (e.g., every 30/60/90 days) to schedule one regular pickup time for all their refills. We have announced this new service on social media, and will publicize it more in the coming weeks. This will also assist us with establishing a delivery service.

Cost Report and Audit – Last month I reported to you that, while our audit was not yet finalized, we were anticipating a FY 2019 loss in an amount similar to FY 2018 (approximately \$600,000).

Three weeks ago, as they were working to complete our audit, Watkins, Ward & Stafford sent our accounting office a preliminary report that included our cost report and an itemization of our payback. Our

accounting staff subsequently performed a detailed review, and discovered that two lines in the cost report relating to coinsurances and deductibles had been combined into a single line, when they should have been separately reported. Our staff alerted Watkins, Ward & Stafford, which confirmed that it was, in fact, an error in its software. Watkins, Ward & Stafford then discovered that the same mistake had been made in our FY 2018 cost report.

The correction of these mistakes will have a significant positive effect on TGH's finances for 2018 and 2019. The net effect is a gain of approximately \$1.2 million over the two years. Strictly for accounting purposes, Watkins, Ward & Stafford is indicating that it will assign the entire gain to FY 2019, which will result in a profit on the year. It also means that we have now been paid back \$1.2 million in cash from Medicare.

We are continuing to work with Watkins, Ward & Stafford to finalize these adjustments, and WW&S is continuing to finalize its audit so that it can be presented to the board. With the restrictions on travel related to the COVID-19 crisis, it may be another couple of months before the audit is presented to the Board.

COVID-19 – All the changes we reported to the board last month – including no visitors in the hospital or ECF, employee screenings, restricted access to the clinics, suspension of IOP activities, closing of the wellness center, and the like – remain in effect. We have also ordered four portable ventilators, only one of which we have received. We have also made some modifications to convert four of our hospital rooms to negative pressure rooms in the event we need them for a COVID-19 admission. None of these items individually exceeded the \$5,000 threshold requiring additional quotes. However, given the circumstances, it may be appropriate to approve these transactions as emergency purchases.

As of this writing, there have been 9 confirmed cases and 1 death in Tallahatchie County. Only 2 of the 9 confirmed cases have been tested by TGH. The remaining positive cases appear to be concentrated in the western part of the county, with approximately 4 of them being inmates at

the CCA prison facility. Our understanding of the 1 death is that it was an elderly female who had several chronic health conditions. We have not yet had a hospital patient or ECF resident test positive.

Financially, we are actively working to secure relief from the federal programs that Congress has established. We elected to receive early payments from Medicare (approximately \$8 million, which will be recouped without interest). This was a matter that required us to act upon quickly. Therefore, we will seek ratification of this action from the Board at our meeting. We also received a unilateral grant of approximately \$1 million from the Department of Health and Human Services as part of Congress's emergency relief efforts. We have an application pending for the Paycheck Protection Program which, if approved, would be a grant for two months of TGH's payroll. This was also a time sensitive application, for which we will require ratification. We are also actively monitoring legislation pending before Congress that would grant another \$75 billion for relief to hospitals to see what TGH may qualify for. Out of an abundance of precaution, we will seek Board authorization to pursue those funds, if permitted by the guidance to do so.

Legal Matters:

Network Services Solutions – No new developments.

The Estate of William Brewer, Sr. – No new developments.

RESOLUTION OF THE BOARD OF TRUSTEES OF
TALLAHATCHIE GENERAL HOSPITAL

The members of the Board of Trustees of Tallahatchie General Hospital (“Hospital”), a Mississippi community hospital formed under the laws of the State of Mississippi, as codified in Title 41, Chapter 13 of the Mississippi Code of 1972, as amended, having assembled at an emergency meeting and waived notice for the reasons set forth below, do hereby adopt the following Resolution in the name of and on behalf of the Hospital’s Board of Trustees (the “Board”) at the meeting:

WHEREAS, the Board has reviewed the on-going emergent situation with the COVID-19 virus, the demands it is placing and is expected to continue to place on the Hospital and its resources available to address the pandemic crisis and the other healthcare needs of the population in Hospital’s service area. The Board finds that those demands have strained and will continue to strain the financial resources of the Hospital such that the Hospital may not have adequate funds and other resources available to address the healthcare needs of the population in Hospital’s service area. In order to protect the solvency of the Hospital and to assist the Hospital’s efforts to address the healthcare needs of the population in Hospital’s service area, the Board finds that it is necessary to pursue all available sources of funding for Hospital operations;

WHEREAS, pursuant to the CARES Act, passed into law and signed by the U.S. President on March 27, 2020, as interpreted by regulatory guidance from the U.S. Small Business Administration (the “SBA”), the Hospital qualifies for a Payroll Protection Program SBA loan under Section 1102 of the CARES Act, to assist with payment of

Hospital payroll costs, rent, utilities and interest expense (the “SBA Loan”), provided the Hospital meets certain of the requirements of Sections 115 and 501(c)(3) of the Internal Revenue Code (“IRC”) as set forth in the SBA’s answer to Question No. 42 in the Paycheck Protection Program Loans Frequently Asked Questions for the SBA Loan, published May 3, 2020. The Board has determined that it is in the best interest of the Hospital to move forward with applying for and securing the SBA Loan and to execute all applications and other loan documents necessary to secure the SBA Loan for the Hospital as soon as possible

WHEREAS, the Board finds and resolves as a long-established fact that Hospital is a community hospital under Mississippi law and as such is a governmental entity, specifically a political subdivision of the State of Mississippi, and is exempt from federal income taxation under Section 115 of the IRC. The Board further finds and resolves that the Hospital is an organization described in IRC 501(c)(3) as a category of organization exempt from taxation under IRC Section 501(a), though the Hospital has not sought to be recognized by the Internal Revenue Service under IRC 501(c)(3) because Hospital is fully tax-exempt under IRC Section 115.

WHEREAS, the Board further finds and resolves that Hospital meets the requirements of IRC Section 501(c)(3) to the extent required by the SBA for Hospital to qualify for the SBA Loan, because, among other things: (1) Hospital is organized and operates exclusively for purposes of public health and safety for the benefit of the citizens of Hospital’s service area, including substantial amounts of charity care provided to patients without the ability to pay for Hospital’s services, including, but not limited to, care made available through Hospital’s emergency department; (2) no part of Hospital’s

net earnings is allowed to inure to the benefit of any private shareholder or individual; (3) no substantial part of the Hospital's activities consists of carrying on propaganda or otherwise attempting to influence legislation; and (4) the Hospital does not participate in, or intervene in, any political campaign on behalf of (or in opposition to) any candidate for public office.

IT IS THEREFORE RESOLVED BY THE BOARD that, based on the factual findings and resolutions above, Hospital is eligible for the SBA Loan and Hospital's Administrator is authorized to certify Hospital's eligibility on the SBA Loan application form and any related documents, based on the findings in this Resolution.

IT IS FURTHER HEREBY RESOLVED that the Hospital shall move forward with applying for and securing the SBA Loan from the Hospital's existing lender (or such other lender as may be necessary in order to secure the SBA Loan), and the Hospital's Administrator or his designee designated to act on his behalf if he is unavailable, is hereby authorized to execute and deliver on the Hospital's behalf any and all SBA Loan application documents and SBA Loan documents, including notes and security agreements, necessary to secure the SBA Loan and the funds flowing therefrom. This Resolution includes authority for the Hospital's Administrator, or his designee designated to act on his behalf if he is unavailable, to execute any resolution document required by the lender in conjunction with the SBA Loan and consistent with the terms of this Resolution

[Signature Page Follows]

BOARD OF TRUSTEES OF TALLAHATCHIE GENERAL HOSPITAL

By: 
GERRY SPEIR, CHAIRPERSON

ATTEST:


IKE SAYLE, SECRETARY

CERTIFICATE

I, Ike Sayle, Secretary of the Board of Trustees of Tallahatchie General Hospital, do hereby certify that the above and foregoing is a true, correct and complete copy of a Resolution duly adopted by the Board of Trustees of Tallahatchie General Hospital at an emergency meeting thereof on Monday, May 3, 2020, as the same appears of record in the Minute Book of said Board in my custody.

WITNESS MY SIGNATURE on this ^{3rd} day of May, A.D., 2020 in Charleston, Mississippi.


IKE SAYLE, SECRETARY