

SABINE COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES

February 14, 2017

The Sabine County Hospital District Board of Directors met for a Special Meeting on February 14, 2017 at 12:00 PM in the Sabine County Hospital Board Room.

Present

Phil Yocom, President
Mark Pearson, Vice President
Joe McNaughten, Secretary
Gary Williams, EMS Administrator
Diane Powell, District Administrator

Others Present

Emily Taylor Administrator Assistant
Jerry Howell, Sabine County Hospital Administrator
Meagan Strickland, Dailey News and More

- I. Mr. Yocom called the meeting to order at 12:00 p.m.
- II. Mr. Gary Williams opened the meeting with prayer.
- III. Public comments.
None
- IV. Mr. Yocom stated when the Board left the February 1, 2017 they were concerned about cash flow so Ms. Powell had done a cash flow analysis. Ms. Powell stated that it is a basic cash flow because she did not want to confuse anyone. She stated that her cash flow is based off the numbers Mr. Kreinke provided during the conference call. She stated that Mr. Krienke said we would send up money in May and send up money again in October but only receive 1/6 of the money that was sent up in May in January. Ms. Powell stated the benchmark funds are received back quarterly but the IGT funds that are sent up are received monthly. She stated that Mr. Krienke should be sending her a standard management contract. She stated that there are two different facilities that are interested in partnering up with the District. Ms. Powell stated that in order to move forward with the QIPP program the Board members need to realize that the District would have to establish a line of credit for operating expenses. She stated that the Tax funds are allocated to pay Preferred and to participate in the QIPP program. Mr. Yocom asked what kind of line of credit. Ms. Powell stated that her recommendation would be for \$640,000. Ms. Powell stated that the part that she does not understand is how we pay back the line

of credit. Mr. Yocom asked how Ms. Powell got to the amount of \$54,000 under the Nursing Home UPL Revenue. Ms. Powell stated that it is 1/6 of the IGT fund (\$320,000). She stated that the District would not receive any benchmark funds in January, but only 1/6 IGT plus 10% that had been sent up. She stated January through June you will receive 1/6 of the funds sent up in May 2017 then the \$360,000 that is sent up in October 2017 you start receiving those funds July through December 2018 Mr. Yocom stated \$320,000 equals \$16.00 per patient bed day. Ms. Powell stated that the \$320,000 amount came from Mr. Krienke on at 50 bed nursing facility. Mr. Yocom stated that if we divided the \$320,000 by \$16 that is 20,000 patient bed days. He stated that if you divide that by 50 beds that is 400 days. Mr. Yocom stated you are talking about a years worth getting that money back then the other \$320,000 is pure profit. Ms. Powell stated from her understanding the first \$320,000 is for the 2017 fiscal year and the second \$320,000 is for the 2018 year government fiscal year which is October 1 to September 30 Mr. Krienke stated he IGT would start coming back January 2018. Mr. Krienke stated that from the first IGT that is sent up it would take 10 months to start receiving it back. She stated that if the Board would agree to be in the program for 2 or 3 years then we are going to make some money. Ms. Powell stated that since we have a deficit in tax dollars this year we have to be careful on how much is borrowed to know how much can be paid back. Ms. Powell stated that Mr. Krienke stated in the conference call there is a chance that you could make up to \$300,000 a year but, that is if they meet or exceed the benchmarks. She stated that if the facility does not meet the benchmark then you do not receive the funds. Mr. Yocom stated the first \$320,000 IGT sent up in May when would we receive those funds back with the bump. Ms. Powell stated we receive those funds monthly the only bump you will receive is the benchmark funds you receive quarterly. Mr. Yocom stated that with the 10% we would receive \$59,400 back in IGT monthly. He stated that we would receive those funds back regardless to whether or not the benchmarks are meet. Ms. Powell stated correct. Mr. Yocom stated let's just say we have 50 beds for 30 days at \$16 a day. He stated we would receive \$24,000 a month if all benchmarks were met is how you pay back the credit line. Ms. Powell asked if he had planed on taking the \$59,000 IGT money plus the \$24,000 a month that will be the monthly income in this program. She stated you could pay it back over 4 months and then the rest will be profit. Mr. Yocom stated that if they only meet half the benchmarks then we will only receive \$12,000. Ms. Powell stated that for one calendar year there is only \$320,000 in IGT funds. Mr. Yocom asked it that was a fiscal year or calendar year. Ms. Powell state it would be the government's fiscal year but out of our fiscal year it will be two payments. She stated you are sending up \$320,000 for the government fiscal year, so the 10% will be \$32,000. Ms. Powell stated that reason we have to send up \$640,000 this year is the way our fiscal year falls into two government fiscal years. Mr. Yocom stated so we only have to send up \$320,000 every fiscal year, Ms. Powell stated correct, after our 2017 fiscal year. She stated that you would have to decide before you receive any funds whether to participate in the following year. Ms. Powell stated that March 3 is the deadline. She stated that if we are in then someone would need to go get a line of credit. She stated that she would call the Nursing facilities to set up a time to meet with the Board but she does not feel it should be her decision on who the Board works with. Mr. Yocom stated that Ms. Powell would be the one that has to work with them. Ms. Powell stated that the Board will be in contract with the Nursing Facility. Mr. Yocom stated that

he realizes that this is a lot for Ms. Powell take on. Ms. Powell stated that she does not feel comfortable making that decision. Mr. Yocom stated that Ms. Powell should set up the meetings and any Board Member who would like to participate in the meeting may do so. She stated that the finance committee should meet with the facility then have a full meeting but we are running out of time as all documents have to be signed by March 3. Mr. Yocom stated we are looking at is a \$640,000 credit line. Ms. Powell stated approximately \$640,000. Mr. Yocom stated that the line of credit would get us through the program until 2019. Ms. Powell stated that the District could not use the line of credit for IGT. Mr. Yocom stated he understands, but that the \$640,000 will cover the IGT in May and October 2017 then the next call would be October 2019. Ms. Powell stated that if you decide to continue in the program then it is all on yearly contracts. Mr. Yocom stated that the District would flow up \$320,000 each time that give us \$32,000 on a 10% reimbursement. He stated that there would be a 1/6 returned in January 2018 plus we would receive about \$6,000 on every benchmark that it achieved up to \$24,000. Mr. Yocom stated until there is a Nursing facility chosen all the number are hypothetical because a lot of things go into the return amount. Mr. Yocom stated the District would send up \$640,000 in 2017 but would not receive anything in returns until 2018. He stated then the District would receive the 10% plus whatever the benchmark money was, so by the end of 2018 we should have the \$64,000 bump and up to roughly \$300,000 in benchmark money. Mr. Pearson stated that they are obligated to take care of Preferred first and secondly we have just got into the EMS business that has some hiccups. Mr. Pearson stated that he is personally not comfortable getting into the nursing home program at this time. Mr. Yocom stated at the end of the day we partner with a nursing home and if the nursing facility does not meet any bench marks then the Hospital District still makes 10% on the money. Mr. Pearson stated that is a very low percent. Mr. Yocom stated that he understands but it is risk and reward like Mr. Krienke said he has done over 200 deals and no one had failed yet. Mr. Pearson stated that he is concerned with Sabine County not the other 200 district. He stated that he does not feel like the risk is worth the reward at this time and we just need to focuses on EMS. Mr. Yocom stated that we could do a lot with EMS with these funds. Mr. Pearson stated that we have hiccups the District need to fix now. Ms. Powell asked what hiccups he was referring to. Mr. Pearson stated that just with the station and things in that nature. Mr. McNaughten stated that this sounds like a good program if we had the funds to participate in it but we are not in the shape to do it right now but maybe by next year we will. Mr. Yocom stated that he does not see why the District does not have the funds to participate after seeing Ms. Powell's cash flow sheet. Ms. Powell stated that she feels that if the Board would talk to other Boards that are participating, maybe that will help them understand better. Mr. Pearson stated that he does not feel comfortable with this especially after last month not giving Preferred \$7,800 to make improvements to the Hospital and the Board could not approve that but now we are talking about sending up \$700,000. Mr. Yocom stated that was a different situation. Mr. Pearson stated that he understands that his obligations for sitting at the District table first and foremost goes to the people that the District is already in contract with. Mr. Yocom stated that he does not feel that the plans laid out today hinders any other contractual obligation the District already has. Mr. Pearson stated he is not comfortable. Mr. Yocom moved that the District should participate in the Qipp program starting in May 2017. Motion died due to lack of second.

V. Board member comments

Mr. Pearson no comment

Mr. McNaughten no comment

Mr. Yocom no comment.

VI. Adjourned at 12:28 P.M.

Phil Yocom, President
Sabine County Hospital District
Board of Directors

Joe McNaughten, Secretary
Sabine County Hospital District
Board of Directors