

**MINUTES
BOARD OF TRUSTEES
INDIAN RIVER COUNTY HOSPITAL DISTRICT
Regular Monthly Meeting
July 20, 2017
4:30 PM**

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| TRUSTEES: | Allen Jones Dr. Michael Weiss Karen Deigl | Ann Marie McCrystal Tracey Lockwood-Zudans Barbara Bodnar |
| VIA TELEPHONE: | Marybeth Cunningham | |
| STAFF: | Ann Marie Suriano Kate Voss | Jennifer Frederick Jennifer Peshke, Esq. |
| OTHER ATTENDEESS: | Mary Linn Hamilton James Large, M.D. Mary Blumstein Miranda Hawker Vicki Soule George Andreassi | Deborah Hawkins Lewis Clark Zack Sanders Val Zudans, M.D. Janet Begley |

Convene Meeting – Michael Weiss, Ph.D. Vice Chair

Dr. Weiss convened the regular monthly meeting of the Indian River County Hospital District (“IRCHD”) at 4:30 p.m. He stated that Chairwoman Cunningham was participating in today’s meeting via telephone and that he would lead the meeting in her absence.

Consent Agenda – Michael Weiss, Ph.D. Vice Chair

Dr. Weiss asked for a motion for approval of the Budget Workshop Minutes dated May 26; Chairman Meeting Minutes dated June 14; Regular Monthly Meeting Minutes dated June 15; and a July disbursement of \$1,206,048.89. Mrs. McCrystal made a motion to approve which was seconded by Ms. Deigl. The motion carried unanimously.

District Counsel Report, Jennifer Peshke, Esq.

Mrs. Peshke provided her monthly counsel report and stated that she has been participating in the agency funding request meetings and is working to ensure that all agency funding agreements are in place and are updated accordingly. She has prepared a draft Agency Funding Agreement to be used with those agencies that will be funded on a program basis and will work with District staff to finalize the draft document before bringing it to the Board of

Trustees for final approval. The District will continue to utilize the existing agency funding agreement put in place last year for those agencies funded on a fee for service basis and update those accordingly.

Lastly, Mrs. Peshke stated that she continues to stay involved with Collaborative Committee matters and continues to correspond with hospital counsel with regard to this ongoing process. She explained that this process, involving due diligence on behalf of the taxpayers and residents of Indian River County, is underway and she will continue to monitor the process and assist the Trustees and the Consultants as they work.

Financial Statement Review- Allen Jones, Treasurer

Mr. Jones stated that the District remains in sound financial condition for this fiscal year. Currently the bank balances total approximately \$7.8 million, minus the expense of \$1.2 million in disbursements for the month. He explained that if the District continues to spend around \$1.1 million per month, they will finish the fiscal year ending September 30, with around \$3.3 million in the bank, which included reserves.

Mr. Jones explained that next fiscal year will include some unique, mostly onetime extraordinary expenses and he will review those matters during the discussion regarding the proposed FY 2017-18 budget.

Executive Director Report- Ann Marie Suriano, Executive Director

Mrs. Suriano stated that tonight's vote on Resolution 2017-05 would not be taking place. She explained that there were some additional questions from Trustees regarding the document and she will need to speak with Special District Services regarding the same. She hopes to have it for approval on next month's agenda.

Additionally, she explained that TCCH has received an opportunity to participate in the AHCA LIP funding program and that the funds from this program help provide services to the underserved population. The total amount that the District will forward to the state on their behalf is \$159,000. After the state has received the funds, they will provide that funding to TCCH. Once TCCH has received the funding from the state, they will reimburse the District. She recommended to the Trustees that they assist TCCH with this matter and the Trustees agreed.

IRMC, Inc. Monthly Report- Introduction of Linda Walton, VP/Chief Nursing Officer- Jeff Susi, CEO

Mr. Susi introduced Ms. Linda Walton as the new chief nursing officer, who was hired three months ago. He explained that Ms. Walton has 30 years of experience and he reviewed her professional achievements. He further reviewed her employment duties. Ms. Walton addressed the board and stated she is pleased to be working with hospital. The main role of her position is to create an environment where nurses can excel. She further discussed the high quality of care that the nurses provide to the patients at IRMC.

Funded Agencies Quarterly Report- Andrea Berry, CEO Healthy Start

Mr. Berry provided an update on the Strengthening Healthy Moms and Babies program, which the District provided funding for through the RFP process this fiscal year. The total amount of funding the District approved for the program was \$100,000, but Healthy Start has only billed for \$25,000 year to date. Ms. Berry indicated she wanted to make sure the program was producing positive results before requesting the remaining funds. She further reviewed the financial data and statistics associated with the program. Additionally she discussed the Baby Box program, which is designed to give all mothers in Indian River County a safe place for their baby to sleep. She further discussed the home visit program, which is working well and began in May. So far, they have visited 98 homes and have met with 120 mothers and babies in Indian River County.

New Business- Approval of Tentative FY17-18 Budget- Allen Jones, Treasurer

Mr. Jones explained that the document being addressed today is the preliminary proposed budget for fiscal year 2017-2018. He explained that the proposed millage of .9201 is a maximum proposal, which constitutes an ad Valorem Tax of \$14,996,858. Mr. Jones made a motion to approve the preliminary proposed budget as presented and Mrs. Cunningham seconded the motion.

Mr. Jones stated that the District trustees met on July 13 in a public meeting and reviewed this budget in detail by line item. He explained that the preliminary proposed budget reflects the maximum millage rate that can be charged for the upcoming fiscal year. This process allows for public comment and further trustee review with a final budget to be determined in a public meeting on September 21. Additionally, the final millage can be lower than the current one proposed, but cannot be higher.

He further stated that the preliminary proposed budget anticipates total expenditures to the various providers of \$13.1 million, which is slightly more than the amount budgeted for the current fiscal year. Additionally, the preliminary proposed budget anticipates total administrative expenses of \$2.1 million, which is inclusive of \$928,071 of property appraiser and tax collector commissions. Mr. Jones explained that the actual administrative expenses of running the District are almost identical to that budgeted for the current fiscal year, and the proposed normal operating budget of the District is mostly unchanged and would normally reflect a millage rate of .8307 down from this fiscal year's .8443.

Mr. Jones explained that there are some extraordinary expenses that the District is facing this coming fiscal year including repairs to the District owned Human Services building, which is leased to the VNA. This lease was renewed in May, however the building is in need of repair and maintenance budgeted to be approximately \$300,000 in excess of reserves, which are maintained for that purpose. He believed the true estimate of cost is somewhat lower but until formal bids are received, he believes they should budget for the higher amount at this time.

Secondly, the Gifford Health Center, which is also owned by the District and leased to the Health Department, is in need of maintenance. He explained that the cost is estimated to be approximately \$60,000 in excess of the reserves maintained for that purpose.

Lastly, he stated that the Collaborative Committee's consideration of restructuring of the ownership of IRMC would require significant expenditures for transactional legal and consulting retention. This budget has reserved \$1 million for these costs. Mr. Jones stated that pending the selection of a consultant and transactional legal counsel, the District's actual costs may be well less than this amount, but the amount for outside legal assistance is unknown at this time. He further stated that all of the amounts budgeted for extraordinary expenses for the next fiscal year represent a cap, and if amounts less than budgeted are actually expended, unspent funds will be carried over to the next fiscal year, which will result in a reduced millage rate.

Mr. Jones stated that this budget reflects a flat spending budget vs. last year's budget. In addition, the District is considering the sale of the Human Services Building, in which proceeds from such a sale could result in further reductions in the next fiscal year's millage rate.

Mrs. Zudans made an amended motion to approve a millage of .7998, which is the rolled-back rate of the original proposed budget. Dr. Weiss seconded the motion to provide Mrs. Zudans with an opportunity to discuss her amended motion. Mrs. Zudans stated that she believes the Trustees have been good stewards of the taxpayers' money and she does not agree in a raise of the millage rate. Dr. Weiss commended and stated that he understand Mrs. Zudans' position on keeping the millage rate low, but felt that lowering the millage as she proposed, could put the District in a situation where they are unable to fulfill their commitments to the providers for indigent care. There was further Trustee discussion and the other members of the board agreed and stated there would be time next month for further discussion and opportunity to reduce some areas of the budget, which could result in a lower millage rate. Mrs. Peshke asked for public comment on the amended motion.

Dr. Zudans stated that from his review, this is a 15% increase above the roll back rate. He reviewed Mrs. Zudans' proposed budget and it still would provide proper funding for indigent care. He recommends selling the HSB and removing the \$300,000 set aside in reserves for the repairs. He also feels that the public should not be taxed for the Collaborative Committee reserve fund.

Mrs. Peshke called the question to vote on the amended motion to adopt a millage of .7998. The motion failed 6 to 1. Mrs. Peshke called the question on the original motion to adopt a millage rate of .9201. The motion carried 5 to 1 and Mrs. Cunningham did not vote due to her being disconnected on the telephone.

Public Comment-

Dr. James Large asked for an update concerning the Governance Structure between IRMC and the District. Mr. Jones explained that this matter is still pending and will be addressed during Phase 2 of the process. Dr. Large stated that he feels that the District needs to keep the

additional funds in the budget for the Collaborative Committee as this process directly supports the community.

Dr. Zudans expressed his concerns with the Collaborative Committee process and the roles of each Board involved. Ultimately, he feels that the District Trustees are responsible for this decision and feels the two other boards will impede any decision that the Trustees are responsible for making as the Trustees are the elected representatives for the public. He further stated that he feels the hospital is in breach of the lease between the District and IRMC due to the fact that they have not been maintaining the building. He further stated that he feels Mrs. Cunningham, Mrs. McCrystal and Mr. Jones have expressed a bias in supporting a transaction with a not for profit entity regarding the future of IRMC. He stated that there is a Florida law that states; that when a hospital district sells or leases a hospital, they cannot be bias against a for-profit system. He believes that if the transaction takes place with a not for profit entity, a for-profit entity will sue the District and view the transaction as against the law; therefore the three Trustees he just mentioned will have to recuse themselves from the final decision.

Mrs. McCrystal stated that she has no bias toward a not-for profit entity and that at every Collaborative meeting it has been stated that the committee is reviewing all possible options. She also commented that, over the last several years, IRMC has invested time and funds into the hospital for improvements and does not agree with the comment that it has not been maintained.

Mr. Jones stated that, as a member of the Collaborative Committee, whatever action they take will be in compliance with the law and to imply that publicly, without having all the facts, is offensive. He further stated that he does not have a bias for non-profits, but in favor for high quality healthcare. He explained that the Collaborative Committee ranked each objective of importance and found that each member of the group felt that sustainable high quality patient care to the community was the number one objective for this process. Further, no decision has been made regarding a transaction, and the committee has stated publicly, numerous times, that the committee is considering all options.

Adjournment- The meeting adjourned at 5:51 PM

Respectfully Submitted,



Ann Marie McCrystal
Secretary