

PUBLIC HEALTH SOLUTIONS District Health Department

Board of Health

November 19, 2020

Board Members in Attendance:

Larry Cerny	Dr. Josue Gutierrez	Janet Henning	Judy Henning
John Hill	Dave Norton		

Board Members in Virtual Attendance:

Dave Bruning	Dr. Bruce Kennedy	Stephanie Knight	Christy Lucking
Tim Pickering	Mark Schoenrock		

Board Members Absent:

Staff Members in Attendance:

Kim Buser, Director; Sonya Williamson, Fiscal Administration; Debra L. Wendelin, Office Administrator, Megan Garcia, Organizational Development Manager/PIO.

Call to Order:

The meeting was called to order at 8:30 a.m. by President Larry Cerny. Notice of the meeting was given in advance thereof by posting required by law.

Approval of Agenda:

President Larry Cerny stated there would be a change in the order of the agenda. Directly after Approval of Agenda would be the Presentation of the Audit for Acceptance followed by Proposal for Building Site Approval and Draft DHM Regulations for Approval. Motion to approve the change in order of the agenda by Janet Henning, seconded by Mark Schoenrock. All ayes, motion #1 carried.

Presentation of the Audit for Acceptance:

Kerry Gustafson with Dana Cole & Company, LLP presented the audit report to the Board. A COVID income/expense has been added to this year's report. Next year a category will be added for leases. The final audit report summary remains consistent with prior year's report findings of Segregation of Duties and Financial Reporting Processes.

Dave Bruning voiced concern that 10% of salaries is in accrued vacation time. Should we consider paying out so we don't experience such a huge liability in one year? Kerry shared that PHS should encourage their employees to utilize their vacation hours when they can. Kim injected that there are employees who are having a hard time during COVID response to take any vacation. Dave wanted to know at what point do we pay out some of the accrued vacation time. Kerry indicated that the accrued vacation time in the budget does not affect our organization's cash flow. It would mean everyone would have to terminate their employment at the same time for it to affect our cash flow. Sonya Williamson contributed that PHS has a 240-hour cap on accrued paid time off. Sonya would be willing to draft a spreadsheet listing every employee at the 240-hour cap and based on their wages the total that would have to be paid out upon termination.

Dave Bruning referenced page 17, Note 7: Lease Commitments. If we enter into a lease longer than one year, do we show this as a liability past the one-year date? Kerry explained that a lease commitment is both an asset (right to use space and/or equipment) and a liability (present value calculated). Cash flow, budget wise, would be the same as it becomes a wash.

Approval of Minutes:

Previous meeting minutes were emailed before the meeting. Motion to approve the minutes by Mark Schoenrock, seconded by Dr. Josue Gutierrez. Janet Henning abstained. All ayes, motion #2 carried.

Minutes of PHSDHD Board of Health Meeting

Financial Reports: Acceptance:

Sonya Williamson presented on the Financial Reports. There was a concern for a period of time when our cash balance dropped below our comfort level of around \$300,000. The Healthy Families America program went through an expansion resulting in hiring new employees, purchasing new equipment, and paying for training. The first-half report showed \$167,000 in receivables. A glitch in HFA's reimbursement for second half receivables failed to reimburse for all expenses submitted. We have received COVID-related expense reimbursement for September and October in the amount of approximately \$100,000. The cash balance is now up over \$300,000. Program managers had a hard time last year to spend funds with COVID response. Activities are now starting back up so hopefully will be back on track this year. Under the Custom Transaction Detail Report the major expenditures in checks written were for flu vaccine, use of a forklift from our landlord to unload Personal Protective Equipment (PPE), and payments to contact tracers.

Dave Bruning directed a question under profit/loss budget vs. actual as to what encompassed the 81% of budget shown as "program supplies". Sonya shared this expense was to stock up on COVID supplies, such as hand sanitizer, disinfectant wipes, Bankers Boxes, etc., that hadn't been included in the original budget proposal.

Dave Bruning wanted clarification on "employee stipends". This is a wellness stipend in the amount of \$30 that is paid to employees who purchase a gym membership and participate 10 times per month.

Dave Bruning noted check #16078 in the amount of \$6,000 to the City of Fairbury. This is a pass-through subaward from the State of Nebraska as part of Jen Hansen's walkability grant.

Sonya Williamson informed the Board that check #16001 is not listed in the Custom Transaction Detail Report. Sonya ordered new security checks and used this check as a test.

Motion to approve the financial reports by Judy Henning, seconded by Janet Henning. All ayes, motion #3 carried.

Proposal for Building Site for Approval:

Dr. Josue Gutierrez removed himself from the meeting. As this is an open session meeting, we will refer to lessor as Saline Medical Plaza, LLC.

The building committee – Larry Cerny, Mark Schoenrock, Dave Norton, Sonya Williamson, Megan Garcia, and Kim Showalter – have met to discuss the proposed building site located in Crete at the property previously occupied by Crete Manor.

The proposal includes a 15-year lease with Saline Medical Plaza, LLC. The owners of the LLC have received a Small Business Administration (SBA) loan to renovate the building. The building committee has met with project designers providing them with what we anticipate we will need in square footage for our space. Base monthly rent is \$4,000 increasing by 2.5% every three years to cover cost of living increases. This amounts to approximately \$120 every three years.

There are essentially three parts to this proposal. PHS would need to come up with \$148,000 in up-front money to get our space ready. An additional \$149,000 would be amortized over a 15-year period at an interest rate of 3.5% (SBA loan rate) to pay off the SBA loan carried by the owners. Our monthly base rent is \$4,000. Kim explained to the Board that she is comfortable in the fact we have the up-front funds available and the expenditure would not affect our cash flow. We have \$58,000 set aside in our current budget.

Our current monthly rent is \$2,400 a month. Our rent under this proposal is \$4,000. We chose a 15-year lease to reduce our monthly payments but we want to pay off as soon as possible to get off our books. By increasing our monthly rent to \$5,000 we can hopefully pay off the loan in five years instead of 15. This amounts to approximately \$31,000 difference to find each year. The Board questioned what happens if we lose a major grant or source of funds. A stipulation has been written into the lease that if our income changes by 20% or more, we re-evaluate with the owner to either lower the rent, lease less space, or terminate our lease.

Mark Schoenrock commented that the proposed move allows us to optimize on our mission. All of our clinic services would be in one space with their own walk-in entrance. Kim shared we would no longer

Minutes of PHSDHD Board of Health Meeting

have to make due with what we have. This move would provide a tremendous opportunity for growth and co-locate us with other services/partners we work with in a more efficient way. It would also reduce our costs by sharing with other lessees. We would have the entire basement to use for storage.

Our current lease with Dittmer and Dittmer, LLC, is by the month. The building to the east of ours was sold by our landlords. This could be our fate down the road. Putting that thought aside, would we still move if the opportunity arose.

Tim Pickering wanted to clarify in the lease who is responsible for additional maintenance costs. We do not pay utilities and operational costs have been combined in the base rent. This total could go up in three years by so much a square foot to cover operational costs.

The owners have been very accommodating in positioning the health department where we can be a premier service provider and implement services that we haven't been able to before. They are waiting on us to finalize their plans. We would be able to move in approximately the end of February, 2021.

Dave Bruning asked what the comparison is between our current square footage and the proposed new site. We currently have 4,502 of usable space. The new site proposes a total of 5,854 square feet. This total does not include the entire basement for free storage and use of the commons area. Dave Bruning asked Dave Norton if this is a typical lease agreement. Dave Norton explained that in a commercial lease the builder builds the empty building and the tenant is 100% responsible for improvements. We cannot afford to take \$300,000 cash out of our net cash balance. The lessor has offered to carry half of the loan at the same rate he is paying. The tenant is always responsible for build-out expenses.

Dave Bruning is concerned that right now we are in a "comfort zone" being able to purchase equipment, etc. If we take on this large expenditure, does this mean we won't have funds for extra things, like increases in employee salaries?

John Hill wanted to know if we have been out looking at other options. Kim indicated that we don't have a lot of security where we are at now and have not looked for other locations. No other opportunities have presented themselves. Janet Henning shared that the New Beginnings in Crete had a difficult time locating a place to rent to fit their needs. It's tough out there to find a space. John Hill shared that spending public money bothers him.—Dave Bruning questioned if PHS has the authority to borrow money. We need to check state statutes on borrowing guidelines. John Hill commented we need to make sure we absolutely are able to do this. Our legal counsel, Cline, Williams and Wright, have reviewed the lease agreement and included several comments for our protection as well as the lessor. Dave Bruning feels we need to put a cap on the amount we are liable for if we need to terminate the lease. John Hill wanted to know what our time frame is on approving the agreement. Kim indicated the owners would like an answer as soon as possible. Our section is next to build out. Holding off in making a decision won't change the outcome in any way.

Mark Schoenrock said we need to find out what the maximum buyout we would be responsible for if we terminate the lease. We have had our legal counsel review the document and they have added significant comments to protect both parties and it looks to be a pretty solid document. There are always risks involved with everything...we need to consider the pluses and minuses as we go forward.

Dave Bruning said he is not afraid of risk but are we taking on more risk than the owner if we pull out and have to continue to pay the \$148,000. Doesn't seem fair and something we definitely need to address.

Judy Henning suggested a straw vote. Should we vote to proceed and then meet in two weeks to see where we are at before we make a final decision to approve the lease? We would not commit to anything at this time. We need to have our legal counsel draft in the termination clause defining parameters of what PHS is responsible for if we terminate the lease early.

Kim asked if there were any other concerns or issues at this time. Do we need to take this step? Is the financial obligation too much? Nothing about this will change in two weeks.

Executive Session:

At 10:10 a.m. the Board of Health (BOH) went in to Executive Session. Motion to go in to Executive Session by Janet Henning, seconded by Judy Henning. All ayes, motion #4 carried.

Minutes of PHSDHD Board of Health Meeting

At 10:22 a.m. the BOH came out of Executive Session. Motion to close the Executive Session by Judy Henning, seconded by Janet Henning. All ayes, motion #5 carried.

Draft DHM Regulations for Approval:

Dr. Josue Gutierrez rejoined the BOH meeting.

In 2006 the State of Nebraska gave approval for health departments to issue Direct Health Measures (DHM's). In order for the health department to acquire the authority, the health department would need to present to each county in their district to receive approval. Then the health department would present to each municipality for their approval. A open public meeting with a 10-day notice is held. The final step in the process is having the DHM signed by the State Medical Director. In 2010, twelve local health departments had completed this process.

Good and bad, everyone knows what a Direct Health Measure is. At this time the State Medical Director is not allowing DHM's. However, we want the ability to do DHM's in the future.

Kim asked for the Board to turn to page 3 of the draft DHM Regulations. A director cannot just issue a DHM without meeting certain criteria referenced under B.1, B.2, and B.3. If all these criteria exist, the health director can issue a DHM. Pages 4 and 5 outline what can be included in a DHM. We need to think beyond the COVID pandemic. We need to have the authority eventually to protect the population from any infectious disease more than just COVID.

Today you will be giving approval to allow the health director to conduct an open meeting for public comment and then propose to our counties. During this pandemic we couldn't issue a DHM and it has really shed a light on our lack of authority in our district. Motion to approve the health director to proceed with public meeting with public distancing to obtain comments before taking to counties within our district by Judy Henning, seconded by Dr. Josue Gutierrez. All ayes, motion #6 carried. Roll call taken.

Directors Report:

No Director's Report.

Open Forum:

Kim received the Board's approval to offer as an extra day off to employees the Wednesday before Thanksgiving (November 25) and Christmas Eve (December 24).

Mark Schoenrock noted that Fairbury's health board passed a mask mandate this morning.

The next Board of Health Meeting is Thursday, December 3, 2020 at 8:30 a.m. in Crete, NE.

Being no further business, the meeting was declared adjourned.

Debra L. Wendelin
Office Administrator

PUBLIC HEALTH SOLUTIONS

Board Members Roll Call & Roll Call Votes

Meeting Date: November 19, 2020

Board Members		Roll Call		MOTIONS																		
				1		2		3		4		5		6		7		8		9		
		Present	Absent	Yea	Nay	Yea	Nay	Yea	Nay	Yea	Nay	Yea	Nay	Yea	Nay	Yea	Nay	Yea	Nay	Yea	Nay	
Bruning, Dave		X		X		X		X		X		X		X								
Cerny, Larry		X		X		X		X		X		X		X								
Gutierrez, Dr. Josue		X		X		X		X		X		X		X								
Henning, Janet		X		X		Abstained		X		X		X		X								
Henning, Judy		X		X		X		X		X		X		X								
Hill, John		X		X		X		X		X		X		X								
Kennedy, Dr. Bruce		X		X		X		X		X		X		X								
Knight, Stephanie		X		X		X		X		X		X		X								
Lucking, Christy		X		X		X		X		X		X		X								
Norton, Dave		X		X		X		X		X		X		X								
Picketing, Timothy		X		X		X		X		X		X		X								
Schoenrock, Mark		X		X		X		X		X		X		X								
Totals		12	0	12	0	11	0	12	0	12	0	12	0	12								