

**PELICAN VALLEY HOSPITAL DISTRICT
MONTHLY BOARD MEETING
AUGUST 28, 2017**

The regular monthly meeting of the Pelican Valley Health Center Hospital District Board of Directors was held at 6:15 p.m. on Monday evening, August 28 2017, in the Pelican Valley meeting room. The meeting was called to order by Richard Bratlien. Other board members present were: Les Rotz, David Slotten, Joan Fouquette, Shannon Erickson, Bradley Knorr, Brian Evenson, John Waller, Susan Bruggeman, Brad Knorr and Mary Williams. Others present were: Chad Miller, Barbara Axness, Janet Green, Ali Erickson, Mark Neu, Chandra Eaton, Jessie Chenze, Cassie Heaton, and Joycelin Steidl.

CONSENT AGENDA

A motion was made by Les Rotz, seconded by Mary Williams to approve the agenda. Motion carried

REPORTS TO THE BOARD

Chad Miller had no legal report.

Mark Neu, Environmental Services Director, gave a presentation about his duties at Pelican Valley Senior Living and gave insight on why so many service contracts are needed and mandated by the State of MN.

Barbara reviewed the changes made to the budget and most of the changes were made to help accurately reflect expenses between buildings for the cost report. A net income of \$265,000 is needed just to cover our debt service. The budget is based off of a \$600,000 tax levy as suggested by our Finance Committee. The biggest changes from last year were in the nursing budget due to adding a Nurse Manager position and the job demographic change of less LPNs available and having to fill them with RNs, which are more expensive. Janet Green added that a Nurse Manager position would help fill the void of a Social Work Designee. Barbara reported that the Manor budget could take a significant hit if there is unexpected tenant turnover. Memory care was the biggest change for 2018. We are extremely underpriced for a memory care assisted living in our region. After the increase, we will still be the most cost effective in the area. Sue Bruggeman mentioned Brett, an Ecumen resource, gathered some very beneficial data when deciding this price increase. Main had a few service package changes that would increase service value for Residents. Ali Erickson presented the Statement of Cash Flows and explained how this financial statement shows a more accurate year end cash than the income statement. Barbara reiterated that we will not see rate increases from the building project until 2020-2021. Rich agreed that the reimbursement system is a confusing process, but all the investments from the last few years will not be seen as a return on investment until 2021. Les asked about the possibility of opening the existing three beds. Barbara expanded on the economic impact Pelican Valley Senior Living has on the community. Dave Slotten voiced concern on cash flow if we do not increase the levy. He is hopeful in the next years the levy will be lowered. Janet Green reported that Ecumen's budget review recommended that the rate increase be held off until January.

Rich stated the preliminary levy needs to be set tonight. Dave recommended to set the levy at \$600,000. Brad added that this would be a good level. John urged we need to be transparent in the community and let them know that the two year lag is affecting our cash flow and the levy is not paying the interest or principal payments for the construction project. Rich talked about the constantly changing laws that increase the demand for more workers and documentation to stay compliant. Barbara stated we spent the most for wages and raises in 2016 to retain employees and we will not see that investment in our rates until 2019. Dave reminded everyone a few years ago we were looking at all buildings making

money and that is not the case now. John added this is a community service, not a business. Les recommended we need the \$600,000 to keep a cushion so we do not have to do damage control next year.

Janet Green shared the Ecumen recommendations of holding off on the rate increases until January. Barbara reported that Leading age was impressed with our use of grant money. Our survey window will be opening soon.

Ali Erickson presented the July financial statements.

BOARD ACTION

Motion was made by Les, seconded by Brad to approve the financial statements as presented. Motion carried. Motion was made by Dave, seconded by Les to set the preliminary budget at \$600,000. Motion was made by John, seconded by Les to approve the 2017-2018 budget as presented.

ADJOURNMENT

Motion was made by Les seconded by Mary to adjourn the meeting. Motion carried. Meeting adjourned at 7:32pm.

Ali Erickson, Recording Secretary

David Slotten, Secretary