

MINUTES

SEVIER COUNTY QUORUM COURT MEETING

2:00 P.M., Monday, March 13, 2023

The Sevier County Quorum Court met at 2:00 P.M., Monday, February 13, 2023, in the Sevier County Courthouse Conference Room with County Judge Sandra Dunn presiding. The roll was called with the following Justices present: Michael Barnes, Kenneth Currence, Callie Efird, Scottie Morris, Walter Smith, Roxy Stephens, Angie Walker, Roger Whitmore, Greg Wright. Absent - None. Upon a motion by Roxy Stephens and second by Callie Efird, the Quorum Court voted to dispense with the reading of the minutes of the last meeting and to approve the minutes as emailed.

Committee and Other Reports -

1. Lori House, CEO of Sevier County Medical Center was present to report on the month of January & February's patient load and financials. The ending cash balance for the month was \$6,275,180 with \$6,250,00 still be reserved. January had a net loss of \$793,747.80. Gross Patient revenue was \$114,029 with revenue deductions estimated to be \$96,925, making the net patient revenue, making the net patient revenue \$17,104. The non patient revenue was \$231,039, \$7327 from cafeteria sales and \$223,493.81 from sales tax revenue. The total revenue for the month was \$248,144. Total expenses for the month were \$1,041,891. FTEs for January totaled 83.27 with an average hourly rate of \$27.48/hr. As compared to budget, total revenue was under budget \$477,261. Mrs. House also informed the Quorum that the hospital seen 188 patients (inpatient and outpatient services) in the month of January. She stated of those services 78% were from Sevier County. House went on to inform the Quorum that in the month of February the hospital seen 714 patients. Of those 714 patients 20 of those were inpatients, 20 were observations, 420 were in the emergency room, 205 were outpatient services, and 49 were room therapy services. With 77% of those bring from right here in the city or the county.

New Business -

1. The first agenda item was an appropriation ordinance to amend the annual operating budget for calendar year 2023. This appropriation is to move ARPA funds to Sevier County Medical Center. Lori House CEO of Sevier County Medical Center spoke to the Quorum about needing the ARPA Funds. Mrs. House stated that they have known since the very inception of the idea of the hospital that we were going to have to have money to actually function before the hospital could start collecting revenue from Medicare and Medicaid and all the commercial insurance payers. The hospital board has since found out that there is a lot of red tape and a lot of things, we have to jump through in order to do that. Mrs. House stated in order to take out a loan we've always known that we were going to need loan for this, and fortunately, it's a much larger process than what we ever anticipated. We thought as a hospital board we could go to the lenders and get a loan, ok, we've all found out at the same time basically that we cannot do that. So, there is an additional time lag in what, where we are right now and when we can get a loan where they call it a bond to help tide us over while we're going through our Medicare survey, which great news we

had our 30th patient yesterday so the hospital can start moving forward with this process. Lori stated it was taking much longer than expected and the board also expected to have more money set aside to be quite honest, because of the additional time that it took to get the project finished and the rate inflation that took place. Lori stated she was coming here today to ask the Quorum we need this additional ARPA money to get us through. The hospital has a minimum of 30 days from the time that the banks that we're working with say yes, we're going to give you this loan before we're what they're doing right now is they're getting other banks to participate, different banks in the county and you know, we need this money to get us through from now until the hospital can get that loan and then we can start getting our reimbursements. Mrs. House goes on to say that the hospital is serving the patients of Sevier County, and are taking care of their needs regardless of the cost at this point. Lori said remember this hospital is yours and was brought together by the entire community that voted 86% and 82% to do this. We are the county's hospital and we ask you to support this, and your constituents have already spoke when they vote for this hospital and that they're using this hospital and we ask you to give us this money. Judge Dunn asked Clerk Bailey if she had a figure of how much we are speaking about? Clerk Bailey informed the Quorum the amount of money that was available was \$942,645.57. Judge Dunn informed the Quorum that was the amount that we had unobligated in our ARPA Fund. Justice Angie Walker asked that while we're waiting on the banks to come in and do the \$4.5 million line of credit are we able to or at what point do you say, well, we've got to pledge 3.5, that's what we're going to have to go with and we're going to start our 30 days or does it have to stay there and stay open until you get the whole \$4.5 million. Mrs. House stated she didn't have a specific answer for that because that just hasn't come up in the conversation. She thinks if we can get 3.5 at this time, our 30 days would start then on that 3.5 now. Since we asked for 4.5, we would have to go back to the attorneys and say if we could get an additional how that would work, but I don't have that answer. Justice Walker asked if they had a meeting set yet with the banks? Lori stated that Greg Revels and Dr. Steve Cole have been working on those, and addressed them in the audience if they had any additional meetings set up. Greg Revels answered not at this point in time, he stated that he talked to them Friday, but hasn't talked to them today. Lori said the bank reached out to her on Thursday about another bank that is will to participate. She said at this point I think that they are, they're trying to figure out who all the banks are and then we're going to get them together. Dr. Steve Cole stated that him and Greg Revels have been working on this with the other banks, and right now we're up to three that we know are going to participate. But they're working on that because there are some meetings for them coming up this week. All of them know the time you know, they do understand that until we can certify whatever amount this loan is with Ryan, our Bond Council, that 30 days can't start. So, until he has that financing information and so they know that, this is not a next month thing, that this is this week thing. We do know that we have three that are extremely, extremely likely suitors, but don't know if it would be 4.5 yet, but we're working on that. Justice Greg Wright addressed Dr. Cole stating that he thought he answered his question but, at first it was said the banks were going to participate, but then it was said they are really looking at it. So, when will the Quorum know for sure that they are going to participate. Dr. Cole answered without knowing exactly how they're boards, these are board agendas for them because they're over a certain amount of money, I can't tell you that. I do know that they're meeting this week. When we started, four years ago, we knew we had to have actually Bill Couch our original accountant put \$5 million in the line of credit knowing that was the line to get over this hump that we're going through. So, we're going to be right on with that before 4.5 million. Now if we have 50 banks participate and they're only participating a very small amount each, which I don't foresee that. But if they were, and we come up short, we're going to do as hospital, what we need to do at that point in time. 4.5 is optimal, but 4.5 is where hopefully we don't have to come out ever ask anyone for anything ever again, but you never know. So, we would rather ask for that

amount and be sure than have to ask for a million because you see what we're going through every time we try to do this now with, that specific law that says we have to wait 30 days. We would hate to, come in with a million and wait 30 days to approve a million and then two months later have to wait 30 more days. We're just trying to get to through this period of time, which over the weekend, thank goodness we had our 30th inpatient. Which means now our survey will become soon and the DMV will be doing our survey hopefully in April. Then hopefully we can get certified and be able to start submitting reimbursements and start that generating those revenues. Y'all just, you know, food for thought it's the first new hospital in 40 years and a lot of uncharted territory even for our attorneys, because usually hospitals are already operating, and have their own set of revenues. They're able to bill and they don't have to seek approval from CMS and we're having to go through all those things, and that is why we're we reached this hurdle. Justice Walker asked if there was any way to try to at least get that date put into play? Because again with us still having to wait 30 days, we're just kicking the can and you know that I feel bad about, I mean it needs to be resolved so that you can get that line of credit. So, the hospital can get up and running because you know, if we go another 30 and then another 30, I just don't know how we can support that. Greg Revels said there is a way, but we're dealing with banks and we are at their mercy. So we can say hey we need to know by Tuesday and they just say no we're not going to do it by Tuesday. So we've never given them that ultimatum because we don't feel like that's something we could do. We have explained to them all that there is an extreme urgency. Dr Cole spoke up and said that he was 90% confident in all of the banks to respond by the end of this week because. We have to still put all the documents together and give them to Ryan where he can process that and get it where we can put it out, as a comment period for that 30 days to start. Judge Dunn asked if there were anymore questions from the Quorum and Justice Scottie Morris asked if the ARPA funds, they are requesting be earmarked for something or would it go into General Operations. Mrs. House answer Justice Morris stating the money would go into General Operation to help pay the payroll, our light bill, and just keep the hospital going at this point. Justice Michael Barnes asked how far would the ARPA funds get you. Lori stated that hospital monthly expenses are about \$1,041,000, so it would give us about a month. Which is what we need to secure this line credit. Justice Callie Efird asked after that month, what the game plan here. We keep hearing a lot of maybe from the bank and I'm just playing devil's advocate what a worst-case scenario that gets put off and you don't get what you need? Because I'm looking at this figure and I'm thinking it doesn't even cover a month of your expenditures. So, do you have something after this? Mrs. House feels very confident that the hospital is going to get the line of credit. The community is here to support the hospital. We've heard that the banks are here in the community they know. They know that we're going to lose industries, you know, we know that pilgrims have a waiver right now to be in our community. I don't think anyone in Sevier County with a good heart and a good conscience could let our hospital go knowing that not only are they going to take the lives of the people who need the hospital and put them in jeopardy. Take the 100 plus people who are working at the hospital or take down an entire industry like pilgrims out of our community, that is one of the major lifelines that employees over 1000 folks. It's just not going to happen. Justice Roxy Stephens spoke up stating the ARPA funds to begin with was designed for entities that were impacted negatively by the shutdown, by the pandemic. Our county fared really well, the county itself, so really and truly this money that we're talking about and the money that we have used from ARPA has been, I would say, a windfall forest because it we have not really been impacted negatively. The hospital has from the get go, we started construction right at the very beginning of it then inflation struck, the delays in your able to get things. All the things that have happened that negatively impacted you. So, I feel like this money is here or maybe this is God's time for such a time as this. We are here at a special time that can help the hospital move forward. So, I just with it being right in that line of being negatively

impacted by the pandemic itself. I don't think we would be in the situation the complete situation that we're in had it not been for that. I know that's not all of it, but it is a large portion of it. So therefore, I feel like that this money should go to the hospital. What better place could it be used and it's just, maybe this is the right thing in God's time, and I just feel like this is a godly thing to do. Dr. Cole added that up until about a week and 1/2 ago, we, Greg and I and the board, we did think, we thought that we already had the line of credit for 4.5 million. I keep saying line but that's inaccurate it's a loan because that's not how it works, but it's a loan. We thought we were under and you know taking people at their word that we had the 4.5 million. It wasn't until last week that we learned that that wasn't true. So, we went into immediately scramble mode trying to get where we're trying to get. So we'll get there we're very confident we'll get there, but we do need help now. Judge Dunn asked once again if there were any more questions from the Quorum court? Justice Michael Barnes asked if for some reason the loan doesn't happen is there another plan? CEO Lori House answered with no, not at this time because we have known from the inception that we have to have a loan to operate, we have no choice. Justice Greg Wright wanted to make a comment that he has talked to more constituents since Friday of all my other eight years combined. This is what they're worried about. Everybody in this county wants a hospital. Everybody in this county wants to see hospital work, and their concern is if this loan doesn't go through, we just wasted \$1,000,000 of the county's money that could be used for other things. I've heard everything from bridge replacement to winding roads to 50 other things they're worried about. A lot of them were business owners and that comes from, they said the first thing I do when I'm in a spot like that I start looking at cost reduction. They're not having to do that I tried to explained to the there's certain aspects you can't, but there's probably certain aspects you can and that's what everyone was concerned with. I did not talk to one person that said, you know, I don't the hospital look there, everyone does, every single one does, but they don't want to see money just keep going out the door and going out the door and going out the door. The thing I heard over and over was if we give them this million, when are they going to be back asking for more? Could we afford it and we cannot afford it after this is gone, that's it. Mrs. House stated the first thing I would say is they would understand more about how a hospital is operated if more people, we had one person show up to the workshop that was outside of here, so I feel like they're not taking the opportunities to educate themselves. They're not contacting me, they're not contacting our board, they're asking the wrong people for questions, so they need to come to us because we have the answers for them. We gave you the answer last Thursday. You should understand it well enough now that you're able to go back to your constituents and talk to them about that. We as a hospital they had experts there that showed you have to run at a certain level, which we're going to be a critical access hospital here just in couple of months. If you go in and let's, say we cut our expenses by \$50,000, that could negatively impact our return on being able to collect money by hundreds and hundreds and hundreds of thousands. They don't understand it's simply a hospital is not Walmart. A hospital is not a county store. A hospital is not, you know, a gas station. It's not your feed store, it is run in a completely different dynamic and so you know, I can't legally send all but two of my nurse's home from the hospital. I have to have the staff there to be able to take care of whether we have one inpatient or if we have 8 inpatients. If I were to do that and we filed a cost report, if they didn't already shut us down because of it. We are going to end up owing them money back because we didn't, we didn't follow the rules and the guidelines properly. So, saying that do your constituents know and understand that not only they think that this, this is \$1,000,000 that we're dealing with. This is nowhere near \$1,000,000 that we're dealing with. We're dealing with all of those people that are sitting right back there and those last couple of rows, all of those people had to take jobs out of this county because there weren't the jobs in this county. We have brought people back from Paris Texas, several from Nashville. The revenue that the hospital is making right now about bringing people in

different industries and us spending money here at home. I moved here I spent X amount of dollars on a home, so did Stacy. You know having the hospital back that has done for the community, they're not taking that into consideration. Also, they're thinking as the hospital is separate the hospital, county owned and operated. If you do not give us this money and you allow us to fail, you've not only you've thrown away that \$900,000 or let's say you kept the \$900,000 you just threw away a \$24 million plus investment that the county is still going to be paying their sales tax. For the next 30 years, 29 years. Justice Wright addressed Mrs. House because she misunderstood what he said. He said the people are worried about if we give the hospital the money and it still fails. Mrs. House stated that she understands, but the hospital is for sure going to fail if the Quorum does not give them the money. She stated that if you look at it that way, we're not going to have the money to get through to get the loan. Justice Wright once again spoke up and the citizens are worried that if we do give you this money, and you come back for more. The citizens are wanting more of definitive answers instead of these might's. Mrs. House stated there is not way to give a more definitive answer because she does not set on any of the boards. Dr. Cole wanted to let the Quorum know that we are getting the loans. We are, now is it going to be 4.5 million, maybe not. We are getting less definitive that's not a might we are and we'll know this week. I just don't want anyone to leave this room thinking, oh, here we go again or something about the hospital or something's wrong with the hospital or the hospitals in financial dire restraints. None of that is true, none of that. We are simply in the middle of a natural life cycle of a brand-new hospital and we have to get to the end of this stretch, to where we know what we're doing is right, but I don't want anyone leaving here to think that it's not true. I mean, we're healthy financially we're just involved in that, that funny little life cycle to where it's not really funny right now. But that's hurdle that we have to get over and I just want everyone to know that please. Justice Efir spoke up about what all she has heard from her constituents, along with hearing from other people constituents, a good idea that I felt like I had heard was instead of because all of this money and you can correct me if I'm wrong, Renea, all of this money has to be receipted and brought back to us on what it was spent? Clerk Bailey answered correct. Could we give a portion of it now, and if that's everybody concern of what it's being spent on and show them what it's being used for. How much do you need to make your payroll for next month? What are and maybe just tell everybody since we're live here, that with all this money what you've got planned for. I guess because a lot of the people I have talked to that was their concern is what is this even going to pay for? You covered a lot of that I understand and there are things that like we learned Thursday that you just cannot control. I think it would make people feel a little bit better. If it's \$250,000 let us know and I think I would be more than happy to do that and just see where it comes in and I don't mind coming in to me and let y'all have, more at the time. I really don't, but I felt like that was a really good idea we heard from the constituents. Mrs. House stated we can certainly do that. That's just taking up more time and effort and honestly, if you're going to give it to us I. Mean I've been turning in the payroll for the other ARPA money in the last two times. We can continue to do things like that, but I don't want to have to come back every week and ask for more money. That's not something that's very desirable because we're going to have to call special meetings, we're going to have to go through all this. I think it's totally just a waste of the taxpayer's time because they have to pay you all every time that we come here, and I think that that's a greater expense that they don't realize it's happening. Every time we call a special meeting or a workshop, they're having to pay additional for you all as well. So, I think I would rather at this point I would rather you all vote and see where it comes out. Citizen Sandra Jackson spoke up asking Mrs. House on when she projected that we will start getting payments from Medicare and Insurance Companies? Mrs. House stated as I said at that meeting and we've said over and over again, we have to have 30 inpatient stays. Yesterday we received our 30th patient, so I submitted our numbers to DMV who does our survey. DMV can show up whenever they want to. They were originally going to show

up in May, they said for us to be prepared some time, probably in the month of April, but it cannot be announced. After that, they're going to show up, they're going to spend four days here with or two days here with four surveyors. They will go through that process of them finding things, that's us answering them that could take two weeks. After that, they're going to turn in the information to CMS. CMS does not have a time that they have to get that back to us. Now we have contacts at CMS that they're hoping that they can get that processed in probably 30 days or less. So, we're looking at a minimum of 2 to 2 1/2 months before we can ever get a number to start processing our claims. Now our claims as we're seeing patients, we're going ahead and processing everything and having it set there and ready to go out the door. The only thing that will be able to take care of when we get that number is Medicare, at that point we have to go back and we have to apply for a number for Medicaid that can take 30 to 60 days. We're also going to apply; we've already got these applications sitting there ready to go for Blue Cross and Blue Shield and the hundreds literally hundreds of other insurance carriers. So, we are we're working on those daily so, that's a great question and only the good lord knows. Mrs. Jackson said so we're looking at probably 60 to possibly 180 days. Mrs. House said more like 60 to 90 days. Mrs. Jackson's next question was how far back can you go to file on these insurance and Medicare claims? Can you go back all the way to when the hospital opened or does it start when we get the number? Mrs. House answered Mrs. Jackson stating It depends on the individual contract with the individual company. So Blue Cross and Blue Shield have said they will only go back to the day that we have our survey done. United Healthcare, they're never going to pay a day in rears they don't have to pay. So, it's all going to depend on that individual company. Medicare has two options they can choose to go back to the day we have our survey, or they can choose to go back to the day that they issue our number. That is strictly in their hands on what they want to do, but we can go back to that time. Mrs. Jackson said the reason she asked these was we need to have a projection as to what can happen in the next few months with the hospital. Judge Dunn said she was not seeing any other questions or comments, are we ready to vote. A motion was made by Roxy Stephens and seconded by Walter Smith. A roll call vote was taken. Yes - Michael Barnes, Kenneth Currence, Callie Efird, Scottie Morris, Walter Smith, Roxy Stephens, Angie Walker, and Roger Whitmore. No- Greg Wright. -. The motion passed.

2. The second agenda item is an appropriation ordinance to amend the annual operating budget for 2023. This appropriation is the adjusted hourly wage for the deputy clerks. Judge Dunn read the appropriation ordinance. A motion was made by Angie Walker and seconded by Roxy Stephens. A roll call vote was taken. Yes - Michael Barnes, Kenneth Currence, Callie Efird, Scottie Morris, Walter Smith, Roxy Stephens, Angie Walker, Roger Whitmore, and Greg Wright., No - None. The motion passed.
3. The third agenda item is an appropriation ordinance to amend the annual operating budget for 2023. This appropriation is for the new deputy clerk for the Circuit Clerk's Office. Judge Dunn read the appropriation ordinance. A motion was made by Michael Barnes and seconded by Greg Wright. A roll call vote was taken. Yes - Michael Barnes, Kenneth Currence, Callie Efird, Scottie Morris, Walter Smith, Roxy Stephens, Angie Walker, Roger Whitmore, and Greg Wright., No - None. The motion passed.
4. The fourth agenda item is an ordinance to adopt a revised base pay for new county deputy clerks and the removal of the administrative assistant hourly wage for 2023. Clerk Bailey read the ordinance. A motion was made by Roxy Stephens and seconded by Michael Barnes. A roll call vote was taken. Yes - Michael Barnes, Kenneth Currence, Callie Efird, Scottie Morris, Walter Smith, Roxy Stephens, Angie Walker, Roger Whitmore, and Greg Wright., No - None. The motion passed.

5. The fifth agenda item is an appropriation ordinance to amend the annual operating budget for calendar year 2023. Judge Dunn explained that is appropriation is to move funds within a fund to clean up line items. Dunn went on to explain that they had to pay sales tax on the piece of an equipment, and that she had money in the local match for the bush hog and computer. Judge Dunn said the internet and computer will be utilized by the road department in being able to find manuals, and parts they might need for equipment. Judge Dunn also explained the added more funds to the travel due to using her personal vehicle instead of the county truck. A motion was made by Angie Walker and seconded by Callie Efird. A roll call vote was taken. Yes – Michael Barnes, Kenneth Currence, Callie Efird, Scottie Morris, Walter Smith, Roxy Stephens, Angie Walker, Roger Whitmore, and Greg Wright., No – None. The motion passed.
6. The sixth agenda item is an emergency appropriation ordinance establishing petty cash funds for the Sevier County Circuits Clerk's Office and appropriation funds for the same. A motion was made by Angie Walker and seconded by Walter Smith. A roll call vote was taken. Yes – Michael Barnes, Kenneth Currence, Callie Efird, Scottie Morris, Walter Smith, Roxy Stephens, Angie Walker, Roger Whitmore, and Greg Wright., No – None. The motion passed.
7. The seventh agenda item is an appropriation ordinance to amend the annual operating budget for calendar year 2023. This appropriation is to add funds to the Hospital Construction fund for the helipad grant. Clerk Bailey went on to explain that the monies were budgeted last year, but wasn't spent and didn't get added to the 2023 budget. Justice Angie Walker asked what the grant was if it was 80/20 and Judge Dunn stated it was a 90/10. Upon further discussion where the 10% would come from a motion was made by Angie Walker to use the Hospital Construction funds to pay for the 10%. The motion was seconded by Michael Barnes. A roll call vote was taken. Yes – Michael Barnes, Kenneth Currence, Callie Efird, Scottie Morris, Walter Smith, Roxy Stephens, Angie Walker, Roger Whitmore, and Greg Wright., No – None. The motion passed.

Old Business – There is no old business

Announcements – Judge Dunn handed out materials on meeting she attended about Solar Power. She stated there is a company called Scenic Hill Solar that made a presentation, and wanted to give the county a proposal. She asked the Quorum to look at the documents and would bring it up at a later time.

Adjournment – With no further business to discuss, Callie Efird made a motion to adjourn. The motion was seconded by Angie Walker. The motion passed with a unanimous voice vote.

Respectfully Submitted,

RENEA BAILEY

Renea Bailey
County Clerk