

# NHCC FINANCE COMMITTEE MEETING

September 3, 2020 at 5:00 p.m.

Via Zoom

## MINUTES

### ***Finance Committee Members in Attendance on Zoom:***

- John Sardelis, Dr.PH, Chairman of Committee
- Dr. Bobby Kalotee, Board Director
- Jan Figueira, Board Director
- Waylyn Hobbs, Jr., Board Director

### ***Finance Committee Member Absent:***

- Giuseppe Caruso, Board Director

### ***NUMC Attendance in person***

- Robert Detor, Chairman NHCC
- Megan Ryan, EVP/General Counsel, NUMC
- Dr. Anthony Boutin, EVP/Interim CEO/CMO, NUMC
- Richard Rank, Director of Finance, NUMC

### ***Others in Attendance via Zoom:***

- Carl Dreyer, NIFA
- Jeremy Wise, NIFA
- Anthony Kendall, Mitchell Titus
- Angela Allen, Mitchell Titus

## **I. Call to Order**

Mr. Sardelis called the meeting to order at 5:05 pm.

Chairman Detor asked Mr. Sardelis if the agenda could be changed to move the Discussion of the Management Letter after the Approval of the August 6, 2020 Minutes since he had Mr. Kendall of Mitchell Titus on the Zoom call for the discussion of the Management Letter.

Mr. Sardelis agreed to the change.

## II. Roll Call

Chairman Detor advised Mr. Sardelis that we had a quorum to proceed.

## III. Approval of Minutes - August 6, 2020

Mr. Sardelis asked for a motion to approve the August 6, 2020 Finance Meeting minutes.

Dr. Kalotee said he wanted to make some changes to make sure that everyone understood what he said and to ensure that the minutes correctly reflected his comments.

Mr. Hobbs reminded everyone that a motion had to be made and seconded and then questions could be asked.

**Action: Mr. Sardelis then asked for a motion to approve the minutes of the August 6, 2020 Finance Committee meeting. Mr. Hobbs made the motion and Dr. Kalotee seconded it. All were in favor and the motion was unanimously approved.**

Dr. Kalotee then asked everyone to go to the second full paragraph of page 4 of the minutes. He said he was clarifying that what he really wanted to say was that we should appropriately use all the funds we received for Covid for its designated purposes in a timely manner. He asked Ms. Ryan to ensure that the proper wording was used to reflect his meaning.

Ms. Ryan stated that she could add the word “appropriately” in the third line of the paragraph after the word “money” and ask for a motion to approve the minutes with the word “appropriately” added.

Dr. Kalotee said that he also he wanted to give the credit to the proper organizations since the names were incorrectly spelt. He noted that on page 5 (second to last paragraph) the names of the organization were Nargis Dutt Foundation and Friends for Good Health.

Ms. Ryan noted the corrections and asked to amend the motion to include those two additions.

Dr. Kalotee thanked Ms. Ryan

**Action: Mr. Sardelis asked for a motion to approve the minutes of the August 6, 2020 Finance Committee meeting as amended. Chairman Detor made the motion and Dr. Kalotee seconded it. All were in favor, none opposed but Ms. Figueira abstained since she was not at the meeting. The motion was approved.**

## IV. Management Letter 2019

Mr. Sardelis asked Mr. Kendall to present the Management Letter.

Mr. Kendall thanked the Committee for having him and his colleague, Angela Allen, at

the meeting. Mr. Kendall said he would go through the highlights of each area and allow the committee members to ask any questions they may have.

There was a discussion of the management letter.

## V. Finance Director Report

Mr. Sardelis asked Mr. Rank to give his report starting with the operating results.

Chairman Detor stated that the Board had read and discussed the management letter and the one issue which concerned them was the Going Concern issued in 2018 and then in 2019. He said that the Board has now begun a very aggressive focus and is trying to look at some kind of restructuring, and in responding to the Going Concern there is a significant effort of the Board in conjunction with NIFA that management would come up with a game plan to address the financial problems by the end of 2020.

Mr. Kendall also noted that the Going Concern was mentioned in the 2018 audit report and they thought it was a good opportunity for the Board and management to come up with a comprehensive plan on how to address it.

Mr. Kendall and Ms. Allen left the meeting at this point.

Mr. Sardelis asked Mr. Rank to start his report on the operating results.

Mr. Rank presented his report on the NHCC Cash Position as of July 31, 2020 and the Unaudited July Financial Statements.

Chairman Detor noted that we received a notice this week of an additional award of \$50 million from the DSRIP Program. He said that will go a long way towards helping our cash flow for 2021. He stated that he had sent a letter this week to Peggy Chan, DSRIP Program Director, with a copy to the Governor's office, notifying them that we intend to take the \$34 million from DSRIP which Mr. Rank referred to while giving the report on the NHCC cash position. Chairman Detor said that \$34 million will get us through to June of 2021 and the \$50 million would get us a lot more breathing space to be able to change our operations to get to a more stable platform.

Mr. Rank noted that all the numbers he reported excluded the \$50 million award since the notice was only just received. He said that concluded his report.

## VI. New Business

Mr. Rank stated that a couple of days ago President Trump announced that employers could defer the Social Security component of FICA and allow employers to retain that for a period of four months starting September 1, 2020. He said that at this point any deferral is the obligation of the employer, and those amounts would have to be repaid by the employers in the first four months of 2021. Mr. Rank said that after considering the

implications and checking with the payroll company (they said a lot of companies they serviced were not doing it) he brought it before the Committee for them to make a decision.

There was a discussion about whether or not to do so.

Dr. Boutin said that they had decided not to do it.

Dr. Kalotee asked whether hazard pay could be paid to the employees soon since they had money to do so.

Ms. Ryan explained that she was working on it with the union and she hoped to resolve it by the following week and provide the Board with an update at the Board meeting which was scheduled for September 10, 2020.

VII. **Motion to Adjourn**

There being no further business to discuss, Dr. Kalotee made a motion to adjourn the meeting, it was seconded by Ms. Figueira, and the vote was unanimously approved. The meeting ended at 6:13 pm.

Dated: September 4, 2020

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**John Sardelis, Dr.PH**  
*Chairman, Finance Committee*