

# Approved Minutes

## Operating Board of Directors DeKalb County Rehab & Nursing Center November 16, 2016

Present Directors: Veronica Casella, Greg Millburg, Jeff Whelan, Rita Nielsen, Ferald Bryan, Ron Klein,  
Misty Haji-Sheikh

Absent Directors: none

Also Present: Bart Becker, Gary Hanson, Gary Winschel

Veronica Casella called the meeting to order at 7:00 am.

Motion: Misty Haji-Sheikh moved to approve the agenda, Rita Nielsen seconded the motion.

Voice Vote: Veronica Casella asked for a voice vote on the approval of the agenda. All Members voted yea.  
Motion carried unanimously.

Motion: Rita Nielsen moved to approve the September 2016, Operating Board minutes, Jeff Whelan seconded the motion.

Voice Vote: Veronica Casella asked for a voice vote on the approval of the minutes. All Members voted yea. Motion carried unanimously.

**Public Comments:** There were no public comments.

**Old Business:** None

**New Business**

### **Management Report:**

#### **Operations and Finance:**

#### **Gary Winschel gave a report:**

September financial statements reflect a gain of \$117,835, which has the Home \$550,905 above the year-to-date 2016 budget. The following occupancy table compares year-to-date actuals to year-to-date budget. As a reminder, please note that IGT Revenue has been moved from Non-Operating Revenue to Operating Revenue. Since the IGT Revenue is part of Medicaid, it was agreed with the Auditors that this move was appropriate.

During September, Revenues exceeded budget by \$3,012, while expenses were under by \$76,080 - resulting in Net Income exceeding budget by \$79,092. The attached Actual vs. Budget Statement of Operations highlights the differences by department. \$73,439 was saved in Nursing, Special Care, and Administration. Administration was overstated by \$15,000 in August, resulting in part of the savings this month. The following entry continues to be made:

1. Medicaid revenue adjustment decreasing booked revenue by 5% to account for Medicaid overpayments resulting from a lack of published 2016 rates.
2. Total ADC of 178.7 is 5.7 above budget

The September census increased by 2.2, coming in over budget by 5.7; Medicare census was 1.3 over budget, Medicaid census was .3 lower than budget and Private Pay was 4.7 over.

The 745 conversion day's year-to-date increases Medicaid by 3.1 and decreases Private pay by the same. Approximately \$34,500 less revenue has been recognized this year.

Medicare A revenue year-to-date exceeds budgeted year-to-date by \$281,081. Net Revenues were over budget year-to-date by \$211,104. Expenses year-to-date are under budget by \$303,741. Nursing is under budget by \$121,599, Special Care is under by \$91,026 and Administrative expenses are under by \$115,624. Net income through September 2016 was \$899,592, exceeding budget by \$550,905.

**Bart Becker, Administrator for DCRNC, gave a report:**

Illinois Department of Public Health arrived on a complaint visit on November 7, 2016. There were two findings during that visit (two tags). One was regarding a G-tube error and the other was regarding the family notification of that error. The Plan of Correction was being implemented and the Statement of Deficiencies hadn't been received.

Mr. Becker explained that Centers for Medicare and Medicaid (CMS) and put new regulations into effect. There will be three phases: Phase 1, effective 11/28/2016, Phase 2, effective 11/28/2017, and Phase 3, effective November 2019.

Mr. Becker explained that the new loading dock had been installed/replaced on November 1, 2016, for a cost of \$10,750. The new folding wheelchair scale has also been installed. Pharmacy has provided DCRNC with an automated medication cart (in October 2016). This replaces the Convenience and Emergency boxes.

Mr. Becker updated the Operational Board regarding the resident's family member (wife) that had been banned from the facility on June 30, 2016. The ALJ stated (at the hearing on 8/26/16) that a decision would be made in thirty to forty-five days, as to whether the resident's wife will continue to be denied access to the facility, or not. IDPH in Springfield hasn't sent the facility a letter regarding their decision.

DCRNC's star rating is still five stars. This rating could be affected by the recent two tags from IDPH.

**Gary Winschel:**

Mr. Winschel discussed a Resolution to accept the Construction Project, with updated costs and details as to how it will progress. He discussed Building Information Model (BIM) and how that will help avoid surprises and cost overruns.

The Resolution includes the adoption of MPA's Engagement letter for Project Management Development Services and how they will proceed with the contract negotiations with the Construction Manager and Architect. The short list for the Construction Manager position consisted of Ringland-Johnson Construction and River City Construction, L.L.C. Both are highly qualified and did an excellent job at the presentations. Based on the criteria reviewed, Ringland-Johnson will be the first to enter into contract negotiations, as noted in the Resolution. If successful, the contract will be presented to the Board for approval. Please note that the Construction Manager chosen will not be notified until after the Resolution is accepted.

Mr. Winschel presented and thoroughly explained the Forecasted Income Statement. This was projected off of the 2017 budget, even though 2016 is doing well. The budget for Medicaid census is 50%, Medicare census is 15%,

and Private Pay is 35%. DCRNC will have six additional units/beds for a total of 196. The number and use of private resident rooms was discussed. Bonds were paid off in 2016. There is no debt service for 2017. The debt service coverage will be 1.76 in 2020 (the higher the number the better; anything above 1.5 is good). The bond rating for the County was briefly discussed. It is currently AA+.

Misty Haji-Sheikh asked if the residents could be made aware and have input into the upcoming construction project.

Mr. Klein discussed construction “hard costs” and “soft costs.” His concern is that the Architect and Construction Manager costs are high. He also stated that Management Performance Associate’s engagement letter states that fees could be adjusted upwards or downwards. He suggested taking out the “upwards part” or upwards with Operational Board approval. Mr. Klein also suggested that regarding the, “Architect” “the language should have a limit if costs go up, their pay shouldn’t go up.”

Misty Haji-Sheikh stated that if it was an owner enhancement then the fee (could go up) if not then the cost should stay the same. She suggested that this language should be in the contract.

Mr. Klein briefly discussed MPA’s rates comparing 1997 to 2016. Mr. Winschel discussed the three contracts that MPA has with DCRNC; Management, Financial, and Compliance.

Mr. Winschel discussed the Limitation of Liability on the DeKalb Project Manager Engagement Letter. MPA wants indemnification/limited liability. MPA cannot get insurance as a management company for matters not in their control. They don’t own the nursing home (ie. if something goes wrong with the architect MPA cannot cover that). MPA’s liability was discussed at length. Mr. Winschel is to revised portions of the engagement letter and resubmit.

Mr. Klein stated that this limits MPA’s negligence. Mr. Klein stated that liability shouldn’t be limited at all, for any negligence on MPA’s part.

Ms. Casella asked if the Operational Board members could be sued, in a nursing home lawsuit. It was explained that Operational Board members are indemnified.

The Operational Board members returning to the Board next term were discussed. Mr. Klein stated that he would not be returning for the next term. Ferald Bryan and Jeff Whelan will be returning for the next term. Veronica Casella wasn’t sure if she’d be returning for the next term.

“Resolution of the Operating Board of Directors of DeKalb County Rehab & Nursing Center” was discussed at length (numbers 1-8). New language was discussed for number 5 of the Resolution (ie. “...is being reviewed and will be considered by the board at an upcoming meeting.”). The Architect and Management fees would be under review. It is expected that some of the contingency fees would be recouped.

Misty Haji-Sheikh stated that she would like to make sure that the Master Gardeners would be involved with the Construction Manager meeting (so that they know what is taking place).

Motion: Veronica Casella made a motion to approve the “Resolution,” with section 5 to be revised, Ferald Bryan seconded the motion.

Voice Vote: Veronica Casella asked for a voice vote on the approval of the “Resolution.” All Members voted yea. Motion carried unanimously.

**Executive Session:**

No closed session took place

**Next Meeting:** January 11, 2017, at 7:00 a.m.

Motion: Misty Haji-Sheikh moved to adjourn the meeting, Jeff Whelan seconded the motion.

Meeting adjourned at 8:45 a.m.

Respectfully submitted  
Bart J. Becker  
Recording Secretary