

McDonough District Hospital
Board of Directors
Finance Committee

McDonough District Hospital (MDH) Finance Committee met on Thursday, May 16, 2024, at 7:00 a.m. in the third-floor Board Room. Finance Committee members present: Scott Clauson, Dan O'Neill, Jere Greuel, Dr. Mary Kathleen Lockard, Dr. Tim Biagini, Kathleen Neumann, and Todd Lester. Hospital Administration members present: Bill Murdock, Sherri Hitchcock. Administrative Assistants: Ronda Baker and Kim Thorman.

Guests: Dr. Curt Farr, JoEllen Pensinger, Josh Stinocher, Terry Hostert, and Alexis Vonholt. Beth Jones from Morton Community Bank Wealth Management. Glen Maxey and Todd Sheridan from DVI, and Tim Gilhooly from Gallagher

Scott Clauson, Chairman of the MDH Finance Committee, called the meeting to order at 7:00 a.m.

There was no public comment at this time.

Annual Fellheimer Fund Review

The Annual Fellheimer Fund Review documents were distributed and presented by Beth Jones, Glen Maxey, and Todd Sheridan. Beth went over the details and parameters of the Fellheimer trust and its intended beneficiaries and introduced Glen and Todd to the group and the three shared additional details related to the trust, which included, the cash of the account, the market performance, trends, federal fund rate cuts, the bond market, the contributors to inflation, value vs growth relative valuations, the allocation of assets, the expected annual income, the portfolio appraisal, maintenance fees, and realized gains and losses. Discussions of the portfolio growth since Morton Wealth Management began managing the funds, and questions from the group were answered. Bill Murdock requested a future call between Beth, Sherri Hitchcock, and himself to discuss the use of Fellheimer funds for future Capital projects. Beth thanked the MDH Finance Committee for allowing them to manage the Fellheimer Fund.

Dr. Tim Biagini left the meeting at 7:30 a.m.

Beth Jones, Glen Maxey, and Todd Sheridan left the meeting at 7:48 a.m.

Tim Gilhooly from Gallagher entered the meeting at 7:49 a.m.

Dr. Lockard left the meeting at 8:00 am.

Insurance line renewals from Gallagher

The Commercial Insurance line renewal summary was distributed and presented by Tim Gilhooly. The market update for healthcare professional liability insurance was reviewed including the severity rate, property rate, auto rate, umbrella rate trends, and D&O rate trends. Line renewals, and proposals for property carriers were explained. The schedule of Property, Cyber, D&O, Physicians, Auto, and Environmental, their rates, renewal projections/expectations, and premiums were also explained. Tim took questions from the group and offered to provide any additional information as requested.

At 8:19 am, Tim Gilhooly left the meeting

JoEllen Pensinger entered the meeting at 8:41 am.

Review and Recommend FY 2025 Annual Budget

Sherri introduced Alexis, Josh, and Terry to the group. Copies of the FY25 Annual budget were distributed and Terry presented the annual budget. He noted the steps involved in preparing the operating budget, the references made, budgeted/projected income statement and breakdown of the income statement. There was a request for the actual FY24 revenue instead of the annualized FY24 revenue. Questions were taken about specific details of the budget, including the budgeted revenue

increases by department, as well as the potential impact of the community pharmacy on the budget. The budgeted income statement for the community pharmacy was also explained. Additionally, the budgeted salaries and wages, the increases and adjustments budgeted based on the market average, minimum wage increase and decompression and employer-paid employee benefits were reviewed. The steps in preparing the capital budget were explained, the comparisons of the fiscal year budgets over the last 5 years, and the projection of capital budget expenditures by quarter in fy25. Additionally, all capital budgeted items over \$25000 were reviewed. Terry noted that no COVID/ERC money is factored into this budget. Also noted was the RSM assessment for Margin improvements that has been scheduled.

A motion was made by Dan O’Neill and seconded by Kathy Neumann, to recommend to the MDH Board of Directors, the approval of the FY2025 annual budget. Motion carried.

Miscellaneous / Items for discussion

There were no topics to discuss.

At 9:37 a.m. a motion was made by Jere Greuel, and seconded by Dan O’Neill to go into executive session for the purpose of 5 ILCS 120/2 (C) (1)The appointment, employment, compensation, discipline, performance, or dismissal of a specific employee or legal counsel for the public body. Specifically all Vice Presidents and higher-ranking officers within the hospital. And 5 ILCS120/2(c)(11) litigation, when an action against, affecting, or on behalf of the particular body has been filed and is pending before a court or administrative tribunal, or when the public body finds that an action is probable or imminent, in which case the basis for the finding shall be recorded and entered into the minutes of the closed meeting.

	<u>Yea</u>	<u>Nay</u>
Clauson	x	
Greuel	x	
Neumann	x	
O’Neill	x	

Motion carried.

At 9:47 am, the meeting returned to open session with Scott Clauson, Dr. Curt Farr, Jere Greuel, Kathy Neumann, Dan O’Neill, JoEllen Pensinger, Bill Murdock, Ronda Baker, and Kim Thorman present.

A motion was made by Jere Greuel, and seconded by Kathy Neumann, to recommend to the MDH Board of Directors the addendum and contract for hiring Bill Murdock as CEO.

	<u>Yea</u>	<u>Nay</u>
Clauson	x	
Greuel	x	
Neumann	x	
O’Neill	x	

Motion carried.

At 9:49 a.m., there being no further business to discuss, a motion was made by Dan O’Neill, and seconded by Kathy Neumann to adjourn. Motion carried.

Scott Clauson
Secretary/Treasurer of MDH Board of Directors