**COLUMBIA COUNTY COMMUNITY HEALTHCARE CONSORTIUM. INC.**

**MEETING NOTES**

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| **Committee: Budget and Finance**  | **Date: May 25, 2021** |
| **Board Members Attending: Jack Mabb (Chair), Bob Gibson, PJ Keeler and Tina Lee****Board Members Excused: Kevin McDonald, Casey O’Brien and Ken Stall** | **Guests: Terrence Pellitteri** |
| **Staff Members Attending:** **Claire Parde and John Ray** |
| **TOPIC**  | **SUMMARY OF TOPIC DISCUSSED** |
| Update on the investment account  | TJ Pellitteri, the manager of the agency’s investment account (“the Fund”), provided an update to the Committee. TJ noted that fixed income continues to be down and that there were small market corrections based on inflation fears. However, since our investment is largely in equities, this has not had a profound effect on our account. Year-to-date, TJ noted the account value is up 7.23%, and recording just under $15,000 in profit. Furthermore, he noted that, since its inception, the value of the account has grown 13.45% TJ does expect some slower growth going forward, but notes that at this time, we have established a cushion so any downturns will eat the profits, rather than initial investment.  |
| Request to forego bidding requirement for IT support services  | Claire asked the Committee to consider waiving the bidding requirement for securing a vendor of IT support services. She noted that we have contracted with a company called Intelligent Technology Solutions, or i.t.s., since 2013. The last time we went out to bid for IT support services was in 2016 for the 2017 calendar year. At that time, we solicited bids from at least 12 companies, 4 of which submitted bids. The range of bids was $10,673.40 to $44,739.82, with i.t.s submitting that lowest bid; the next lowest bid was submitted by PCA out of Rhinebeck for $21,264.00. The most recent contract with i.t.s. for the 2021 calendar year is $13,919.39. Claire stated that she is loathe to disrupt this particular vendor relationship, as i.t.s has gained, over the years, an intimate knowledge of the Consortium’s systems, manages its hardware and software lifecycles, and provides excellent customer service. Moreover, she doubts that any other vendor could match i.t.s.’ pricing because their business model is fundamentally different from other IT support companies (i.t.s. does not maintain a sales staff and therefore does not incur—and pass along—those costs). **Bob Gibson made the motion to waive the bidding requirement for securing a vendor of IT support services in favor of continue to utilize the existing vendor, i.t.s. The motion was seconded by PJ Keeler, and unanimously approved.**  |
| Discussion regarding excess cash | Claire reported that, as a result of the PPP loan funds that remain on the Consortium’s books, as well as a recent influx of funds that the State had previously withheld, the Consortium now has a considerable amount of cash on hand. In response to this cash balance, a board member had recently raised a concern about excess cash—that is, cash in excess of the FDIC-insured limit of $250,000—asserting that maintaining excess cash in a deposit account is akin to putting “cash under a mattress.” To learn more about excess cash and properly assess the level of risk associated with it, Claire consulted with three individuals with expertise in the areas of not-for-profit financial management, banking, and bank audits. All three asserted that the risk to excess cash is extremely low and that it is, in fact, a common practice for depositors to have excess cash—sometimes in the millions of dollars—in their deposit accounts. All asserted that a much more relevant measure of risk is the strength of the banking institution where the deposit account is held, and opined that the Bank of Greene County is, indeed, a financially sound institution (e.g. it has received a 5-star rating for several consecutive years). Furthermore, two of the consultants volunteered that there is far more risk associated with the agency’s investment account than with its bank account. The Committee discussed this input and agreed that the risk associated with losing excess cash, while possible, is improbable, given the strength of the bank, and are not moved to action by the concern.Claire noted that one strategy employed by other agencies is creating one or more additional deposit accounts at separate banking institutions. Claire and John will consider this strategy should the cash balance continue to regularly and persistently exceed the limits.  |
| Discussion regarding management of PPP loan funds | Claire reported that the Executive Committee had discussed whether the agency should invest, rather than repay, the portion of the PPP loan that is not forgiven. After discussion about the risks associated with this approach, the Committee directed staff to repay, rather than invest, the loan. As the audit was recently concluded, staff will now prioritize applying for PPP loan forgiveness, utilizing the a la carte counseling service provided by Bonadio.  |
| Addition to the investment account | The Committee returned to previous deliberations regarding adding funds to the investment account, which had been tabled while there was still considerable uncertainty regarding the status of the agency’s State contracts and reimbursements. Since that time, the “dust has settled” and in a mostly favorable way, giving John and Claire the confidence to suggest the addition of $100,000 to the agency’s investment account. **PJ Keeler made a motion to approve moving an additional $100,000 into the Board-designated Fund. Bob Gibson seconded the motion, and it was unanimously approved.**  |
| Update on the question of board member independence | Claire reported that the Corporate Compliance Committee had generated a question regarding the independence of employees of Columbia County. While PJ Keeler, Jack Mabb, and Kevin McDonald have historically been considered non-Independent by virtue of funds flowing between the Consortium and the budgets they oversee, other public agency directors without substantial funds flow to or from the Consortium have historically been considered Independent. However, given that all public agency directors share the same employer—Columbia County—it was suggested that they may all be non-Independent. This question has been referred to legal counsel at NYCON, but an opinion has not been provided as yet. Claire will report back to the Committee once an opinion has been furnished and discuss the implications, if any, for the Committee members and their function.  |
| Update to 2021 Annual Operating Budget | John Ray prepared an update to the 2021 Annual Operating Budget that reflects new information about State contracts and reimbursements that was received in the first quarter. It is worth noting that while the outcomes related to those contracts and reimbursements was largely favorable, the revised budget predicts a greater deficit than the original, largely due to growing losses in Medicaid revenue. At this time, it is hard to predict when Medicaid revenue will rebound, so staff anticipate updating the budget at regular intervals throughout the balance of the calendar year.  |
| Financial Reports  | The Committee inspected the Organization’s Financial Reports, including the Grants Receivable Aging Summary, the Statement of Financial Position (Balance Sheet), Statement of Activities (Income Statement) for the agency and transportation program, respectively, and the Statement of Revenues, Supports and Expenses, all of which are current to April 30, 2021. Additionally, John Ray offered his “Fiscal Highlights” report. Of note: significant cash on hand, excellent Fund performance, and greatly reduced Accounts Receivable.  |
| Next meeting | **Date, Time & Location: Tuesday, July 27, 2021 at 3:00 p.m., TBD** |