



Board of Trustees
Commonwealth Healthcare Corporation
Commonwealth of the Northern Mariana Islands
1 Lower Navy Hill Road Navy Hill, Saipan, MP 96950



CHCC Board of Trustee Meeting
Wednesday August 22, 2018 at 12:00 pm in Conference Room #3

Present:

Lauri Ogumoro, Chair/David Rosario, Vice Chair/William Cing (via phone)/Esther Muna, CEO/Derek Sasamoto, CFO/Nancy Gottfried/Trinidad Diaz, Recorder

Absent:

Dr. Lorenzo Hocog

- I. Call to Order at 12:00 pm
- II. Determination of Quorum – There was a quorum
- III. Review and Adoption of Agenda - A Motion to amend the Agenda was made to include item VI “Discussion on Quorum.” Was seconded. Agenda was approved with amendment to include item VI.
- IV. MPLT Loan: Met with MPLT Chair Pedro R. Deleon Guerrero as requested form their letter of July 10. It was suggested that CHCC take a three-year extension rather than 90 days so that the loan does not go into default. \$2.8 million is the amount of the loan that is set for mature on September 12, 2018. Right now there is \$7.5 million in reserve which is enough to pay off the loan in full. It is a concern that the Medicaid funding will be out in FY2019 – should the three-year amortization plan be desired there is a 5% interest – total interest for the three years is close to \$300K depending on the payment every month. CEO recommended Option 2 – paying close as to what we are currently paying already. It is not as significant as the three years, which has a lot of interest. Option 2 – first year interest is \$140K, second year close to \$80K – at 5% interest will be about \$125K a month.

Based on the last report in July by Derek – MSO inputted contracts in error, where obligations were over stated by over \$2 million – Multi-year contracts were obligated in one year which was improper.

Motion to Approve Option 2 – 24-months payment plan was made. Was seconded. Option 2 – 24-months payment plan approved.
- V. CUC: Discussed about following up on the reconciliation. According to CEO – CUC wanted to remove the \$1.5 million difference and to start a payment plan for the balance. Scheduled to have a meeting with CUC Executive Director today at 1:30 pm to see about

starting to pay the amount owed starting October, and the balance to be effective once an agreement is signed. Discussed about Hybrid- similar to what PSS has – to have water and sewer in commercial rate (at this time we are paying government rate which is higher). The only way to change to commercial rate is through legislation. Will need to find someone to draft the legislation.

Still awaiting CUC's legal counsel's interpretation of the opinion on PL18-71 which clearly states that \$3 million applies to CHCC billings – they still have not gotten back to us on this. The other is the 1% in this year's budget act that will also be applied to CUC is about \$2 million – total of about \$5 million. During the last reconciliation the balance owing CUC is about \$16.5 million. The current billing per month is around \$350K averaging at about \$400K. CUC should be offered to be paid the current billing, plus an amount towards to past due, but should CHCC's cash flow dip below – it will be reduced.

During the last meeting with CUC, they agreed to reassess how they are estimating the water usage which is still pending.

VI. Discussion on Quorum: A motion to amend the current BOT Bylaws to contain "Quorum" to be modified: majority of exiting full members of Board – in the instance that member is off island, the quorum will be the majority; if not remaining members to certify that it is an emergency decision. Motion was seconded. Amendment approved.

VII. Adjournment: 12:51 pm.