

MINUTES OF
THE REGULAR MEETING OF THE
CITRUS COUNTY HOSPITAL BOARD

AUGUST 22, 2013 8:30 A.M.

(1) CALL TO ORDER

A regular meeting of the Citrus County Hospital Board of Trustees was held Thursday, **August 22, 2013**, in the Citrus Memorial Hospital Administration Building, 2nd floor Board Room, 502 W. Highland Blvd., Inverness, Florida. Chairwoman Mrs. Ressler called the meeting to order at 8:30A.M.

(2) PUBLISHED MEETING LEGAL NOTICE

(Agenda & Published Legal notice Copies On File)

(3) QUORUM PRESENT

(4) ATTENDANCE

Board Members: Debbie Ressler (Chairwoman), Robert Priselac (Vice-Chairperson), Krista Joseph (Secretary/Treasurer) and Dr. Mark Fallows, (Trustee).

Also in attendance:

William Grant, General Counsel
Richard Powell, CPA Powell & Jones
Sara Bascom, Bascom Communications
Karla Dozier CCHB Administrative Assistant

Attendance via Telephone:

Ashby Burks, Esq.
Warren Bloom, Esq.

Prestige Court Reporting

Members of the Public: Charles Locasto, Justin Krumholtz, Joe Chrietzberg, Ryan Beaty (CMHF), Clark Stillwell, Esq. (CMHF), Robert Schweickert, Jr., Rebecca Martin and Mike Wright (Citrus County Chronicle)

Mrs. Ressler stated that No. 9 and No. 13 have been combined and they will be time certain presented at 11:00 a.m. by Mr. Beaty and Mr. Stillwell.

(5) PUBLIC COMMENT

- Joe Chrietzberg: Mr. Chrietzberg asked about the time of the executive session meeting.
- Justin Krumholtz: Mr. Krumholtz would like to see the Hospital sold and not leased and his preference is HCA.

- Charles Locasto: Mr. Locasto member of the Catholic charities informed the Board about the relationship that the Catholic charities has with Nature Coast Ministries. Mr. Locasto informed the Board that the Nature Coast Ministries retains the general contractor and will prepare the facility for the dental program; the construction work is done and now the capital equipment needs to be delivered and installed. Mr. Locasto will have an update for the Board at the September 30, 2013 meeting.

(6) APPROVAL OF MINUTES

MOTION by Dr. Fallows, second by Mr. Priselac to approve the minutes from the May 29, 2013 regular meeting. The Motion passed unanimously, 3-0.

MOTION by Dr. Fallows, second by Mr. Priselac to approve the minutes from the July 10, 2013 regular meeting. The Motion passed unanimously, 3-0.

MOTION by Dr. Fallows, second by Mr. Priselac to approve the minutes from the July 19, 2013 regular meeting. The Motion passed unanimously, 3-0.

(7) BUDGET WORKSHOP

Mr. Powell stated that the tentative millage rate is the same as the current fiscal year (0.245) and it's the millage rate that was sent in the TRIM notice. Also at the two (2) tax hearings the millage rate can be reduced but not set higher.

Mr. Powell noted that the ad valorem revenue compared to the current year, appears there is a \$300,000 increase; however, if you look on page two under "other uses", the property appraiser recommended that we reserve the portion of the value from the Duke Energy facilities that likely will not be collected and the ad valorem revenue is actually decreasing for the year.

Discussion ensued regarding the budget.

MOTION by Mr. Priselac, second by Dr. Fallows to accept the budget as presented. The Motion passed unanimously, 3-0.

(8) FINANCE COMMITTEE REPORT

- a) Approval of the Finance Report for July, 2013: (Copy on file)

MOTION by Dr. Fallows, second by Mr. Priselac to approve the finance report for July, 2013. The Motion passed unanimously, 3-0.

- b) Approval of the Citrus County Hospital Board Invoices: (Copy on file)

MOTION by Dr. Fallows, second by Mr. Priselac to approve payment of the invoices as presented. The motion passed unanimously, 3-0.

- c) CMHF Charity Care Reimbursement Update: Discussion ensued regarding the charity care accounts for fiscal year 2012-2013.

MOTION by Mr. Priselac, second by Dr. Fallows to advance payment to CMHF for \$398,679.42 for charity care accounts for fiscal year 2012-2013 with the understanding that we will continue the audit process for accountability of those funds until the \$1M is reached. The Motion passed unanimously, 3-0.

(10) ATTORNEY GENERAL OPINION

Mr. Grant informed the Board that the Attorney General's office gave an official response regarding the referendum issue. If the transaction is a sale a referendum is not required.

(12) COMMENCE ATTORNEY CLIENT EXECUTIVE SESSION MEETING

Cancelled

(15) COMMITTEE REPORTS

- **Steering Committee:** Mr. Priselac stated that the committee will probably meet sometime in September.
- **155.40:** Mrs. Ressler stated that all the Trustees were present at the August 19 meeting with the bidders and Dr. Burkhart mentioned that Tampa General Hospital will present their bid to the Foundation and will receive an invitation for that meeting.

(16) NEW BUSINESS

Dr. Fallows noted that Dr. Desai concerns presented to the Board in the last meeting about the medical staff by-laws and the reappointment of physicians. Dr. Fallows also stated that the Hospital administration and the Foundation position via their general counsel Mr. Stillwell is when the CCHB leased the Hospital to the Foundation the Board transferred their ability to do appointments and reappointments of the medical staff.

Mr. Grant stated that he spoke with external counsel and it will be better that the physicians have their own Attorney and the CCHB doesn't have a conflict with the Foundation and the Medical Staff because the Physicians are a very important part of the transaction.

Discussion ensued to help the Medical Staff allocate some money to resolve the issues regarding their by-laws and reappointment and appointment of Physicians.

MOTION by Dr. Fallows, second by Mr. Priselac to authorize up to \$15,000 of legal expense reimbursement pending CCHB approval for a lack of conflict of interest and also pending CCHB General Counsel approval of a counsel with expertise to help the medical staff to assess their rights and responsibilities as it relates to medical staff appointment and reappointment of Citrus Memorial Hospital. The Motion passed unanimously, 3-0

Mrs. Ressler informed the Board that a letter was sent to Mr. Collins and Mr. Beaty asking them to notify the CCHB of the Foundation upcoming meetings and to have a mutual collaboration with the ads and send one message to the community.

- **Media Committee:** Ms. Bascom informed the Board that under Mrs. Joseph's directions the CCHB has done a series of positive ads; also they had communication with the press. Mrs. Bascom would like to see more progress and work with the Foundation in the future.

RECESS 9:52am

Mrs. Joseph joined the meeting and Attorney Warren Bloom joined the meeting via telephone.

(9) BONDS UPDATED INFORMATION

Mr. Beaty stated that Mr. Collins and he received Mrs. Ressler' letter and they will be happy to comply with the request. Mr. Beaty also noted that probably the Foundation will not be able to make their bond covenants by September 30 for a variety of reasons, SunTrust called the bonds, summer season, the change of their computer system and most probably will run low on the days of cash on hand covenant, which is 65 days.

Mr. Beaty informed the Board that the administration has been working with Ponder to help them look for an institution to give the Hospital a loan to pay the 2006 bonds and help them with the days on cash. HF&G is the lender.

Mr. Stillwell (General Counsel of the Foundation) stated that this short term loan will allow the hospital to refinance the 2006 and 2008 bonds and to subordinate the CCHB security interest that is found within Lease in paragraph 21 for rents; the Subordination Agreement allows the lender to protect a first interest against the accounts receivable financing of the Foundation and that's a covenant that the Hospital has to comply with as part of the loan term sheet.

Attorney Bloom stated that there is a possibility to request that SunTrust and Compass grant a forbearance/waiver for x months and promise there will be a transaction in this period of time. Attorney Bloom suggested to consider a joint resolution of cooperation which will show the (2) boards working together. Discussion ensued regarding the forbearance and a joint resolution of cooperation.

MOTION by Mr. Priselac, second by Dr. Fallows to authorize a joint resolution of cooperation with the Foundation which will contain therein that both boards will select a bidder and transaction on or before September 26th. Conceptual Agreements for Forbearance will be given by the CCHB subject to the lender. The lender will also be asked to forbear by both organizations and the Hospital Board will, just like the Foundation, will reserve the right to approve it when they see that it's in the final form which will be on the 29th. The Motion passed unanimously, 4-0.

RECESS 11:35am

(11) DISCUSSION REGARDING TRANSACTION BROKER

Attorney Ashby Burks joined the meeting via telephone. Mrs. Ressler asked Mr. Burks input about the responses that the Board received to the RFI for Transaction/Broker. Attorney Burkes stated that after reviewed of the proposals he was able to narrow to three according to the experience, fees (First Southwest, Ziegler and Stroudwater)

Discussion ensued about the three (3) options.

MOTION by Dr. Fallows, second by Mr. Priselac to select and engage Ziegler subject to contract negotiation and authorized the chairperson to sign the agreement. After discussion the Motion passed unanimously, 4-0.

(13) FOUNDATION GOVERNANCE ISSUES

Mr. Grant informed the Board that contact has been made with the insurance carrier regarding coverage as it related to the claims being made by Mr. Nemzoff.

Mr. Grant stated that the legal team will meet in Orlando to prepare the responsive pleadings for the two (2) pieces of litigation (state lawsuit and federal lawsuit) and the lawyers will brief the Trustees at the next Attorney/Client session meeting with some proposals and options as it relates to your litigation expenditures for consideration.

Mr. Grant also informed the Board that the legal fees will spike up in August and September related to the lawsuits and the transaction process.

Mr. Grant expressed that the Supreme Court had not yet issued a response regarding the motion for oral argument. Also Mr. Grant commented about the implications if the CCHB prevailed in the Supreme Court case and Tampa General Hospital (TGH) is selected which (TGH) will subject to the Law 2011-256.

(13) UNFINISHED BUSINESS

- *Dental Clinical Update*: The update was address in the public comment section.

(17) TRUSTEE COMMENTS

None

(18) OTHER

None

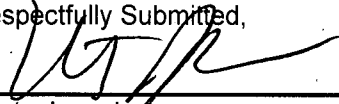
(19) NEXT SCHEDULE MEETING DATE:

The next scheduled board meeting will be Tuesday, August 29 5:15pm.

(20) ADJOURNMENT

MOTION by Dr. Fallows, second by Mrs. Joseph to adjourn the meeting, the motion passed 4-0. The meeting was adjourned at 12:51pm.

Respectfully Submitted,



Krista Joseph
Secretary/Treasurer

08.22.13 Minute Copy on File:

1. Agenda & Public Notice
2. CCHB Finance Report & Invoices