

MINUTES OF
THE REGULAR MEETING OF THE
CITRUS COUNTY HOSPITAL BOARD

SEPTEMBER 13, 2010 8:30 A.M.

(1) CALL TO ORDER

The regular monthly meeting of the Citrus County Hospital Board of Trustees [CCHB or Hospital Board] was held Monday, **September 13, 2010**, at the Citrus Memorial Hospital Administration Building, 2nd floor Boardroom, 502 W. Highland Blvd., Inverness, Florida. The Chairman called the meeting to order at 8:30 A.M.

(2) PUBLISHED MEETING LEGAL NOTICE

(Agenda & Published Legal Notice Copies On File)

(3) ATTENDANCE

Board Members: V. Upender Rao, MD (Chairperson); Deborah L. Ressler, (Vice Chairperson); Deborah O. Frankel, Esquire (Secretary) and Michael Smallridge (Trustee).

Also in attendance:

William J. Grant, Esquire, CCHB General Counsel
Vickie LaMarche, CCHB Chief Operating Officer
Harry Kilgore, CCHB Director of Finance
Karla Dozier (CCHB Staff)

Tim Westgate, Purvis Gray & Company, Certified Public Accountants, CCHB

Ryan Beaty, Citrus Memorial Health Foundation, Inc., CEO
Jerry DeLoach, Citrus Memorial Health Foundation, Inc., COO
Mark Williams, Citrus Memorial Health Foundation, Inc., CFO
George Mavros, Citrus Memorial Health Foundation, Inc., Director of Professional Services
Prestige Court Reporter Services, Jennifer M. Rogers (CMHF, Inc.)

Members of the Public: Chris Van Ormer, Citrus County Chronicle; David Langer, CMHF, Inc., Chairman; Joe Chrietzberg, and additional members of the public.

MOTION by Mrs. Ressler. Second by Mrs. Frankel to amend the Agenda to add distribution of HB yearly staff evaluations. Upon being called, the Motion passed unanimously, 4-0.

(4) PUBLIC COMMENT

No public comment offered.

(5) CORRESPONDENCE

The following correspondence items were received:

- A. 08.23.2010 Stillwell/Grant: Reviewing Grant PRR re JACHO 07.07.2010 visit; asserting potential exemptions.
- B. 08.26.2010 Hensley/Grant: Reviewing Grant PRR re JACHO visit; asserting potential exemptions
- C. 08.30.2010 Grant/Stillwell: Requesting HB JACHO PRR compliance or exemptions specifically identified.
- D. 08.30.2010 Stillwell/Grant: JACHO reviewing HB JACHO PRR request and potential disclosure exemptions.

- E. 08.30.2010 Grant/Stillwell: Hospital Board commitment to a joint negotiation workshop; CMHF precondition regarding payment of contested monies inappropriate due to HB 2009 actual *overpayment* to CMHF; no meeting until CMHF default notice withdrawn.
- F. 08.30.2010 Rao/Langer: HB demand for repayment of 2009 HB overfunding to CMHF; referencing CMHF representations made to secure the 2009 tax appropriation that \$8.3M of non-bond financed capital improvements would be completed yet only \$773,127 or represented improvements were actually made by CMHF; HB 2009 payments exceeded 2009 CMHF AFS charity cost and actual non-bond financed capital expenditures by \$5.5M.
- G. 08.30.2010 Rao/Langer: HB Notice of Default vs. CMHF for non-compliance with sovereign immunity requirements, HB overpayment of 2009 CMHF funding due to CMHF non-compliance with capital representations made to secure the 2009 tax appropriation; failure to comply with HB Indigent Care policy and failure to appropriately document indigent care services effecting a transference of previously categorized bad debt accounts to tax payer support; CMHF underinsured status due to non-compliance with sovereign immunity oversight requirements; CMHF demand for sponsorship funding beyond the scope of the Lease & HCA & CMHF failure to perform obligations as instrumentality of HB due to CMHF failure to authorize appropriate public oversight sufficient to maintain sovereign immunity.
- H. 09.02.2010 Oliver/Shepard: Response to HB PRR for unredacted CMHF legal bills.

(Correspondence Copies on File)

Discussion ensued regarding the correspondences. Mr. Grant noted the CMHF Notice of Default against the HB contended the Hospital Board had not properly funded 2009 CMHF charity care & capital improvements, yet in actuality, the HB had overfunded such costs. Mrs. Frankel stated for the record that she objected to the HB Notice of Default against CMHF being issued. Mrs. Frankel advised that while the 2009 HB funding resulted in an overpayment of charity and capital improvement expenditures funding to CMHF, the Foundation was not in a financial position to reimburse the Hospital Board. Mrs. Frankel additionally noted when 2009 CMHF non-budgeted capital improvements were included, the potential HB overpayment amount was \$3.8M as opposed to \$5.5M. Mr. Grant advised the lease requires the *ad valorem* funding be utilized pursuant to the annual budget and stated that further discussions would ensue. Mr. Smallridge objected to CMHF making budgetary representations and subsequently reallocating the resulting tax funding to differing purposes.

Mr. Grant advised CMHF is not acting as the HB agent or instrumentality and CMHF does not have sovereign immunity pursuant to law. Mr. Grant further advised CMHF is underinsured due to non-compliance with sovereign immunity requirements.

Mrs. Frankel - in speaking of the Notice of Default - stated that she did not receive a copy of the Notice of Default until two days ago. Mrs. Frankel requested important documents be provided prior to the documents being officially filed or issued. Mr. Grant expressed that he acted on behalf of the Board as a whole when documents are issued. Mr. Grant maintained that the Board had voted twice and the Default Notice was issued pursuant to HB instruction. Mr. Grant further noted Mrs. Frankel had previously voted against the Notice of Default. Mrs. Frankel reiterated she would like to be provided a copy prior to document issuance. Chairman Rao agreed with Mrs. Frankel to provide all Trustees advance copies of documents, however Board members should not try to influence or interfere.

Ms. LaMarche read a letter from Mr. Craig McCurdy, Director of Pharmacy at Citrus Memorial Hospital regarding a lack of available information from both CMHF as well as the Board of Trustees. *(Copy On File)* Mr. McCurdy noted in his letter that certain information is posted on *unofficial* websites that may or may not be accurate and the information could be a source of false rumors. Mr. McCurdy's letter advised the importance of having current information from both Boards available to the CMHS employees. Ms. LaMarche informed the Board that she is currently working on a formal website for the Citrus County Hospital Board.

(6) HOSPITAL BOARD STAFF REPORT

(A) Finance Report August 2010:

Mr. Kilgore, Hospital Board Director of Finance, advised due to the early September meeting date, the August 2010 Citrus County Hospital Board financial reports were not yet finalized and would be presented at the next regular meeting. Mr. Kilgore noted outstanding invoices for review. *(Copies On File)*

MOTION by Mrs. Frankel, Second by Mrs. Ressler for a brief recess. Upon being called the Motion passed unanimously, 4-0.

*** Recess ***

Upon reconvening, Mr. Grant asked for clarification regarding the initial \$20,000 Akerman retainer. Mr. Kilgore advised the amount was used to offset the June billing and there is no longer a pending retainer.

Mrs. Ressler noted that as Mr. Wood's term has expired, another Board member should join Mrs. Frankel on the Finance Committee. Chairman Rao appointed Mrs. Ressler to serve on the Finance Committee with Mrs. Frankel.

MOTION by Mrs. Frankel, Seconded by Mrs. Ressler to approve the List of Payees/Invoices. Upon being called, the Motion passed unanimously, 4-0.

(B) Citrus County Hospital Board Banking RFP No discussion

(C) Acceptance of the Citrus County Hospital Board Audited Financial Report: (Copy On File) Mr. Tim Westgate of Purvis Gray and Company, the HB independent auditor, presented the September 30, 2009 Audited Financial Statements. Mr. Westgate advised clarifications were made to Note 7 regarding the 2009 CMHF LIP (Florida AHCA funding) amounts & Note 8 regarding governance issues, as well as outstanding contested funding amounts.

Mr. Smallridge referenced Note 5 regarding the 2009 \$1.2 million alleged by CMHF to be outstanding and the next paragraph regarding CMHF allowing the HB to use certain leased hospital facilities. Mr. Smallridge expressed concern that the wording implied the contested \$1.2M amount was related to the HB utilization of the leased hospital facilities and inquired whether it was necessary to have the paragraph on minimal HB utilization of Hospital leased facilities. Mr. Westgate noted the use of the Hospital facilities, primarily for meeting purposes, was of some value to the Board. Mr. Westgate further clarified the language did not in any way relate the contested 2009 \$1.2M funding amount to HB utilization of the leased facilities.

Mr. Smallridge also referenced "Compliance & Other Matters" (Internal Control Over Financial Reporting) notes stating the results of the Auditor's tests did not disclose any material instances of financial non-compliance. Mr. Smallridge inquired if any minor instances of non-compliance were identified. Mr. Westgate said that any instance of non-compliance that had come to their attention as a result of the financial audit would be disclosed the Management Letter, page 18 and there were no issues that were out of compliance with financial reporting standards.

MOTION by Mrs. Frankel, Seconded by Mrs. Ressler to approve the Audited Financial Statements for 2008-2009. Following the opportunity for public comment, the Motion passed unanimously, 4-0.

Annual Evaluation of Chief Operating Officer

Mrs. Ressler presented the Personnel Committee Annual Evaluation Form addressing the performance of the HB Chief Operating Officer. *(Copy on File)* Mrs. Ressler requested each Board member complete and return the evaluation for consideration by the Personnel Committee prior to the next regular meeting.

Mrs. Ressler noted she had learned of a recent Hospital event through newspaper reporting and to enable Hospital Board members to attend or participate - requested Mr. Beaty advise the Hospital Board in advance regarding Hospital events. Mr. Beaty indicated he would do so.

(7) Next Scheduled Meeting Dates:

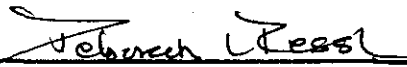
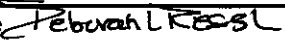
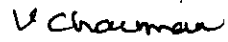
September 15, 2010 / 2011 Hospital Board Tax Hearing 1 (Tentative Millage Rate & Budget)

September 29, 2010 / 2011 Hospital Board Tax Hearing 2 (Final Millage Rate & Budget)

(8) Adjournment

MOTION by Mrs. Ressler to adjourn. Second via consensus: upon being called, the Motion was approved unanimously, 4-0. The meeting adjourned at 8:50 AM.

Respectfully Submitted,


Deborah Osmond Frankel, Esquire 
Secretary  Chairman

09.13.2010 Minutes "Copy on File"

1. Agenda & Published Legal Notice)
2. Correspondences 08.23.2010 – 09.02.2010
3. Letter from Mr. Craig McCurdy, CMHS Director of Pharmacy
4. Hospital Board List of Payees/Invoices 08.25.2010 – 09.10.2010
5. 2009 Hospital Board Draft 2 Audited Financial Statements
6. 2010 Hospital Board Personnel Committee Personnel Policies & Recommendations

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