

MINUTES OF
THE REGULAR MEETING OF THE
CITRUS COUNTY HOSPITAL BOARD
February 10, 2010

(1) CALL TO ORDER

The regular monthly meeting of the Citrus County Hospital Board of Trustees [CCHB or Hospital Board] was held Wednesday, February 10, 2010 Citrus Memorial Hospital Administration Building, 502 W. Highland Blvd., Inverness, Florida. The Chairman, Dr. Rao called the meeting to order at 9:08 A.M.

(2) PLEDGE OF ALLEGIANCE

(3) ATTENDANCE

Board Members: (Chairperson) V. Upender Rao, MD; (Vice Chairperson) Deborah Ressler; (Secretary) Deborah Osmond Frankel, Esquire; (Member) Michael Smalridge and (Member) James Wood.

Also in attendance:

William J. Grant, Esquire, CCHB General Counsel
Vicki LaMarche, CCHB Interim Executive Director
Karia Dozier (CCHB), Robin Gelinis (CCHB)

Ryan Beaty, CEO Citrus Memorial Health Foundation, Inc.
Emery Hensley, CFO, Citrus Memorial Health Foundation, Inc.
Mark Williams, CFO, Citrus Memorial Health Foundation, Inc.
Diane Wesch, Director of Health & Financial Information Services, Citrus Memorial Health Foundation, Inc.

Members of the Public

Chris Van Ormer, Chronicle, Sandra Chadwick (CMHF Inc.), Pareshkumar G. Desai, MD - Florida WellCare Alliance, William Dixon, MD- Florida Wellcare Alliance, and Joe Chrietberg,
Liberty Court Reporter Services (CCHB)

(4) APPROVAL OF AGENDA & MINUTES

Minutes December 14, 2009:

Via consensus the February 10, 2010 Agenda was amended to add approval of the December 14, 2010 Corrected Minutes. (*Copy on File 1*)

Motion by Mrs. Ressler, Second by Mr. Wood to approve the December 14, 2009 Corrected Minutes & Exhibits (corrected regarding Florida Retirement Program #8B and clarification of the original Motion & Second). The Motion to Approve the December 14, 2009 Corrected Minutes and Exhibits, passed unanimously 5-0.
(*Copy on File 2*)

Minutes January 18, 2010:

Motion by Mr. Wood, Second by Mrs. Ressler, to approve the January 18, 2010 Minutes & Exhibits. The Motion to Approve the January 18, 2010 Minutes and Exhibits, passed unanimously 5-0.
(*Copy on File 3*)

(5) PUBLIC COMMENT

A. Paresh Desai, MD: Dr. Desai advised the Board that he had not received a response to his previous public record request for CMHF, Inc. banking information and banking relationships. Mr. Grant advised that the Hospital Board is not in possession of the requested information and that the request was forwarded to the CMHF, Inc. some time ago. Mr. Hensley advised that he believed the information had been released but would look into the matter. Dr. Desai also requested he be provided the contractual documents between the Citrus County Hospital Board and the Citrus Memorial Health Foundation, including the Lease and related documents. Mr. Grant advised the CCHB would provide the requested documents.

(6) CORRESPONDENCE

The following correspondence items were received:

- A. 01.13.10 Email Hirsch/Beaty forwarding Florida Wellcare Alliance Email regarding reform progress.
- B. 01.13.10 Lamarche/Beaty Public Record Request (PRR) for CMHF CFO contract 2.01.2010.
- C. 01.26.10 CMHF/Grant: Response to 01.13.10 public records request including requested agreement.
- D. 01.21.10 Grant/Stillwell: CCHB Resolution accepting the 1.11.10 proposed Mediation Agreement.
- E. 01.26.10 Grant/Beaty: 3rd PRR CMHF/CCHB leasing proposal & all SugarMill project change orders.
- F. 02.05.10 Beaty/Grant: Request for participation in CMHF, Inc. Conflicts Committee.
- G. 02.05.10 Grant/Hotel: Request for partial refund of governance seminar.

(Copies on File 4)

(7) COMMITTEE REPORTS

A. Finance Committee: No Committee report (no meeting subsequent to December 14, 2009, previously reported).

(1) Policy On Charity Care/Request CMHF, Inc. Staff Presentation: No presentation made.

The 2.10.2010 Agenda lists a presentation from the CMHF, Inc. regarding the corporate policy concerning charity care and requests, however no CMHF, Inc. staff presentation was made. Mr. Grant recommended the Finance Committee again request a presentation from the CMHF, Inc. staff regarding the corporate policies.

Mr. Smallridge inquired how the charity care is qualified for patients. Mr. Smallridge gave an example of an individual that should have qualified for Medicaid, but received a bill from a CMHF collections agency threatening to take her to court if she did not pay the amount of the bill by a certain date. Mr. Hensley said that the CMHF charity care policy considers total household income and relates to Federal guidelines. Mr. Smallridge wanted know the difference between the charity care and the Medicaid qualifications. Chairman Rao inquired regarding the "total household income" provision mentioned by Mr. Hensley. The Board discussed the need for the CMHF staff presentation regarding charity care parameters.

Mr. Beaty said that he would have staff present the information at the next CCHB meeting.

B. Communications Committee: Mrs. Ressler discussed the January 20, 2010 meeting with the Citrus County Chronicle Editorial Board. Mrs. Ressler felt the interview went well and focused on oversight, accountability and transparency issues.

(8) CEO REPORT

(1) United HealthCare: Mr. Hensley advised the Board that the CMHF/United HealthCare participation contract expires March 01, 2010 and that negotiations are continuing. The CMHF goal is to receive a reimbursement rate from United HealthCare of approximately 140% of the Medicare allowable amount to be phased in over a three year period. The United HealthCare current reimbursement level approximates the Medicare reimbursement level. Mr. Hensley noted the 140% of the Medicare allowable amount is the amount currently reimbursed to CMHF by BlueCross, Aetna, Cigna, Humana and most other major commercial insurers. United HealthCare presently insures approximately 6,000 lives in the Citrus County area and accounts (or approximately 2% -3% of CMHF revenues. Mr. Beaty advised that should negotiations not be successful, United HealthCare patients would still be accepted at CMH however, as CMH would be an out of network provider, patient co-payments may increase.

(2) Quality Assurance Report: Mr. Beaty provided a "Quality & Process Improvement" report reflecting the Joint Commission (JACHO) December 18, 2009 Stroke survey results. It was noted that the CMH score was competitive with only two minor findings. Mr. Beaty further advised CMH had qualified through AHCA and JACHO as a "stroke center." Mr. Beaty presented the latest "VHA Quality Score Graph" demonstrating that CMH had fallen to approximately the middle range of VHA hospitals although the CMH quality score was slightly higher than the previous CMH score. *(Copy on File 5)*

(3) AHCA Compliance/Complaint: Diane Wesch, Director of Health, and Financial Information Services, CMHF, Inc. updated the Board regarding the AHCA complaint concerning CMHS Home Health referral patterns. Ms. Wesch advised that although CMH had previously received an AHCA "Statement of Deficiencies and Plan for Corrective Action" resulting from the AHCA December 21, 2009 survey, a follow up AHCA survey on February 1, 2010 demonstrated no home health referral inadequacies. Ms. Wesch believed the February result would also resolve the previous deficiency findings by AHCA and noted CMH had made recent adjustments and revisions to the CMH Home Health Referral Form provided to patients upon discharge. The adjustments included listing the different agencies in alphabetical order, in the same font size and requiring the patient or patient representative to initial by the selected agency for clarification. *(Copies on File 6)*

(9) CCHB STAFF REPORT

CCHB Financial Report: The February 10, 2010 CCHB Financial documents included the January 29, 2010 Brannen Bank CCHB Super Now Checking Account Statement reflecting a balance of \$6,444,243.38, the December 2009 CCHB Governmental Fund Balance Sheet, the Statements of Activities, Statement of Cash Flows, and the October, and November Invoices and List of Payees Invoices received to date. [The December Total Liabilities and Fund Balance amount: \$6,159,605 The December 31, 2009 Cash & Cash Equivalents \$6,159,605; the December 31, 2009 Fund Balance - Net Assets (exclusive of liabilities): \$4,959,605] *(Financial Report & List of Payees Attachment 1)*

Motion by Mr. Smallridge. Second by Mr. Wood to approve the Financial Report and List of Payees/Invoices. Following the opportunity for public comment the Motion passed unanimously. 5-0.

Florida Association of Special Districts (FASD): Ms. Lamarche advised that the CCHB is now a member of the FASD.

Records Management: Ms. Lamarche advised the Board that all the CCHB records from approximately 1954 forward have been transferred to Grant & Samargya, LLC. The documents are in the process of being digitally scanned.

Office Space: Mr. Grant advised the Board that an independent fair market value analysis is being conducted to determine the appropriate market value for the space that the CCHB is utilizing at the Law Office of Grant & Samargya.

UNFINISHED BUSSINESS

(10) FOUNDATION GOVERNANCE STATUS OF LEGISLATION & LITIGATION

Mr. Grant advised that pursuant to a request made by Representative Shultz, the proposed Bill has been redrafted to include codification of all prior Acts & Amendments. The draft contains additional text revisions. *(Legislative Draft Attachment 2)* Mr. Grant advised that CMHF, Inc. counsel, Mr. Stillwell has stated his belief that the proposed legislation is unconstitutional as an impairment of contract or as impermissibly pertaining to private incorporation or a grant of privilege to a private corporation. Mr. Grant advised his opinion, supported by CCHB outside counsel, Mr. England, that the proposed legislation is constitutional. Mr. Grant noted the Longwood decision relied upon by Mr. Stillwell concerned a private-for-profit corporation extended additional privileges through legislative act and is distinguishable from the CCHB legislation. Mr. Grant advised Senator Dean, as the Chair of the local Legislative Delegation, requested an additional Legislative Delegation Meeting to again address the proposed legislation; the Second Legislative Delegation Meeting is tentatively scheduled for February 22, 2010.

RECESS 10:40 AM

CALL BACK TO ORDER 10:50 AM

(11) REVIEW OF MEDIATION TEAM AGREEMENT CMHF RESPONSE BY CLARK STILLWELL 02.03.2010

Mr. Grant discussed the January 25, 2010 Foundation meeting comments of Mr. Langer, Chairman of CMHF, Inc. stating "... I don't feel like giving up our power to them. That's all there is to it, as far as I'm concerned." *(Copy on File 7)*

Mr. Grant presented Mr. Stillwell's February 3, 2010 letter addressing the CMHF changes to the proposed Mediated Agreement reached by the joint mediation teams on January 11, 2010. *(Foundation Changes to Proposed Mediated Agreement and C. Stillwell Letter Attachment 3)* Mr. Grant noted the Foundation's current proposal differs materially and significantly from the proposal jointly accepted by the CCHB and CMHF mediation teams. Mr. Grant further noted that the CMH Medical Executive Committee had unanimously approved of the original proposed mediated agreement reached January 11, 2010 and supported resolution. Discussion ensued regarding the multiple changes imposed by the Foundation. Mrs. Frankel advised that perhaps each change could be clarified or readdressed to come into compliance with the mediated agreement. The Board addressed the number and significance of the Foundation amendments to the Mediated agreement. The Board further noted the Foundation amendments significantly alter virtually all components of the mediated agreement to the detriment of the Hospital Board.

Motion by Mr. Smallridge, Second by Mrs. Ressler to reject the Foundation changes to the mediated agreement in the entirety.

Amendment to the primary Motion above by Mr. Wood, Second by Mrs. Frankel to reject the Foundation's proposed changes in the current form and rewrite suggested language to come into compliance with the original mediated agreement. Public comment was taken with Mr. Chrietzberg requesting that the vote be unanimous. The Amendment, upon being called, failed 2 to 3 (Mr. Wood and Mrs. Frankel aye; Mrs. Ressler, Mr. Smallridge and Dr. Rao opposed).

The primary Motion was called to vote and public comment was taken. Mrs. Chadwick, a Director of the Foundation advised the 2/2 Committee composition was changed to permit outside experts. Mrs. Frankel advised it was her understanding of the mediated agreement, that although all committees would be 2/2, the Committees retained the authority to appoint outside experts if deemed appropriate.

Motion (Restated) by Mr. Smallridge, Second by Mrs. Ressler to reject the Foundation changes to the mediated agreement in the entirety. Motion passes 3 -2 (Mrs. Ressler, Mr. Smallridge and Dr. Rao aye; Mr. Wood,

Mrs. Ressler advised the Board that she attended the CMHF meeting on January 25, 2010 wherein the Mediations were discussed. Mrs. Ressler advised the Board that Mr. Langer, Chairperson of the Foundation had made profound misjudgments and mischaracterizations of Mrs. Ressler's positions and statements. Mrs. Ressler additionally advised the Board that she had requested to speak during the Foundation meeting by raising her hand, but Chairman Langer refused to acknowledge her or permit her to speak. Mrs. Ressler expressed her concern regarding the negativity and uncooperative attitudes toward the CCHB expressed by the members of the Foundation, primarily the Chairperson. *(Mrs. Ressler January 26, 2010 Attachment 4)*

(12) AUDITOR GENERAL UPDATE

Mr. Grant advised he anticipated the Auditor General's Final Report regarding the organizational operational audit would be released within two weeks.

NEW BUSINESS

(13) CMHF REQUEST FOR FUNDING

Mr. Grant presented the Foundation request that the Board remit the FYE 2009 CCHB budgeted \$1,200,000 to the Foundation. Mr. Grant noted the previous CCHB resolutions regarding CCHB approval of the Foundation Budget and Strategic Plan prior to further funding. Mrs. Frankel noted that when the CCHB budgeted for FYE 2009 Foundation support, the Foundation had represented significant capital expenditures would be made; however, subsequently the Foundation undertook only a small fraction of the capital expenditures previously represented. Mr. Beaty advised that he did not believe the Hospital Board relied upon Foundation's representations and that the FYE 2009 funding amounts were not restricted.

Motion by Mr. Smallridge. Second by Mrs. Ressler to table the matter until a CMHF staff presentation and referral to the Finance Committee for review.

Following the opportunity for public comment, upon being called the Motion passed unanimously, 5- 0.

(14) PROPERTY APPRAISERS AND TAX COLLECTOR REFUNDS

[The Board's document package contained a memo from Mr. Hensley showing the Property Appraiser and Tax Collector refunds for excess fees paid by the CCHB FYE 2003 - 2009. The FYE 2009 Property Appraiser refund amount was \$8,654.02, paid 11.24.09 and the FYE 2009 Tax Collector refund was \$74,735.10, paid 11.24.09.J No discussion. *(Copy on File 8)*

(15) CEO CONTRACT RENEWAL

Mr. Grant advised the Board that Mr. Beaty's CEO contract currently expires December 31, 2011 and the Foundation had recently voted to extend the CEO's contract an additional five years to December 31, 2016. Mr. Grant advised that extension of Mr. Beaty's contract was discussed as a component of the proposed mediated agreement between the Boards and should be integrated upon implementation of the original mediated agreement.

(16) POLICY REVIEW – REQUEST FOR STAFF PRESENTATION

[Mrs. Frankel, noting her spouse Dr. Frankel, via contract, provides Pathology Services to CMHS recused herself from the room and did not participate in the following discussions.]

Mr. Grant advised the Board had received certain recently preliminarily approved policies from the Foundation for CCHB "review and comment". [Policy P-207 Foundation Executive Management Compensation Administration; Policy B-02 Foundation Conflict of Interest; B-03 Foundation Board Agenda; Policy B-05 Foundation Process For The Management of Construction Projects; and Policy F-15 Procurement, Solicitation of Quotes and Bids *(Copies on File 9)*] Mr. Grant further advised that he had, by letter dated February 9, 2010, requested that the Foundation make a staff presentation regarding the policies to the CCHB during the March meeting and further that the CCHB would then approve or modify the policies as appropriate. *(Copy on File 10)*

Discussion of Pathology Medical Services Contract

Mr. Grant advised that recently the Foundation had notified Dr. Frankel of their intention not to renew Dr. Frankel's contract for medical pathology services and his contract would terminate effective April 01, 2010. Mr. Grant further advised that it was his opinion that the Foundation recently drafted policies regarding Conflict of Interest and Procurement of Services seem to target Dr. Frankel by requiring that any appearance or possibility of conflict must be competitively bid under the new Foundation policies. Mr. Grant noted that contrary to Foundation representations, the Auditor General absolutely did not require the new policies as written, nor made any request that Dr. Frankel's contract be terminated or subject to competitive bidding. Mr. Grant further noted that physician and medical services is a specific exception to the Florida public entity competitive bidding requirements set forth in Florida Statutes 287.

Mr. Grant recommended the new Foundation policies be reformatted to maintain consistency with the specific Florida Statutes. Dr. Rao advised that the Medical Staff is extremely upset and is entirely supportive of Dr. Frankel. Dr. Rao advised the Medical Staff also feels the Foundation has terminated the pathology contract to target Dr. Frankel. Dr. Rao noted Dr. Frankel has provided excellent pathology services to the Hospital for many years. Mr. Grant further indicated perhaps Mr. Beaty's contract, as President of the Foundation, is in violation the proposed policies. Mr. Beaty advised that the Auditor General indicated Mrs. Frankel to be one of the Foundation Directors who had a possible conflict of interest.

(17) INSPECTION AUTHORIZATION TO CONTRACT

(Mrs. Frankel returned to the room and resumed discussion participation as follows)

Ms. Lamarche presented the Lytton Enterprises LLC proposal regarding inspection of CCHB properties. The contract proposed a contract price of \$278,000.00. Mr. Smallridge requested that the service be re-bid as only one response had been received. It was suggested that the RFP be published in the Ocala Star Banner and Gainesville Sun.

(18) FUTURE MEETING DATES

Mr. Grant advised the presently scheduled CCHB meeting date of February 22, 2010 may need to be rescheduled due to the proposed Legislative Delegation hearing on the same date. Mr. Grant further advised that the Foundation has scheduled a meeting with Senator Dean February 22, 2010.

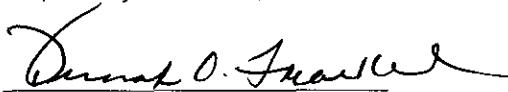
(19) OTHER

(20) NEXT SCHEDULED MEETING TO BE ANNOUNCED

(21) ADJOURNMENT

Motion by Mrs. Ressler. Second by Mr. Wood to adjourn meeting. The Motion was approved unanimously and the meeting ADJOURNED at approximately 12-40PM

Respectfully Submitted,



Deborah Osmond Frankel, Esquire
Secretary/Treasurer

Minute Attachments

Attachment 1: *CCHB Financial Report ending December 30, 2009. Brannen Bank Statement 01.29.2010 and List of Payees/Invoices*

Attachment 2: *CCHB Redrafted Proposed Legislation*

Attachment 3: *Foundation Changes To Mediated Agreement C. Stillwell 02.03.2010 Letter*

Attachment 4: *01.26.2010 Letter From Mrs. Ressler to the CCHB Regarding Foundation*

Copy on File References

Copy on File 1: *02.10.2010 Agenda & 02.10.2010 Corrected Agenda*

Copy on File 2: *12.14.2009 Corrected Minutes*

Copy on File 3: *01.18. 2010 Minutes*

Copy on File 4: *02.10. 2010 Correspondences*

Copy on File 5: *Quality Assurance Report Documents*

Copy on File 6: *AHCA Home Health Referral Pattern Complaint & Findings*

Copy on File 7: *01.25.2010 CMHF, Inc. Transcript Excerpt Regarding Chairman Langer Comments*

Copy on File 8: *Property Appraiser & Tax Collector Refund Review 2003-2009*

Copy on File 9: *Documents Concerning Proposed CEO Contract Extension to 2016*

Copy on File 10: *Foundation Policies Referred 01.26.2010 to CCHB For Comment & Review*

Copy on File 11: *Mr. Grant 02.09.2010 Letter to Foundation Regarding Foundation Policies*

**CITRUS COUNTY HOSPITAL BOARD
ADMINISTRATIVE BOARD ROOM, 2ND FLOOR
ADMINISTRATIVE BUILDING
502 W. HIGHLAND BLVD., INVERNESS, FL 34450**

WEDNESDAY, February 10, 2010 at 9:00 a.m.

AGENDA

- (1) Call to Order
- (2) Pledge of Allegiance
- (3) Attendance: Chairman V. Upender Rao, M.D.
Vice Chairwoman Debbie Ressler, RN
Secretary/Treasurer Deborah Osmond Frankel,
Esquire
Michael Smallridge
James Wood, FCAS, MAAA

Others in attendance:
- (4) Approval of minutes from January 18, 2010 meeting
- (5) Public Comment (3 min per individual/5 min per group)
- (6) Correspondence
 - a. Email from Dr. Eric Hirsch dated January 13, 2010 regarding Citrus County Medical Society.
 - b. Letter from Vickie D. Lamarche to Ryan Beaty dated January 13, 2010 requesting new CFO information.
 - c. Letter from Geraleen A. Losciale to Grant & Samargya, LLC dated January 26, 2010 with new CFO employment agreement.
 - d. Letter to Clark Stillwell, Esquire, dated January 21, 2010 with Citrus County Hospital Board Resolution regarding mediated teams' agreement.
 - e. Letter to Ryan Beaty dated January 26, 2010, public records request.
 - f. Letter from Ryan Beaty dated February 5, 2010 regarding conflict committee.
 - g. Letter to Ritz-Carlton dated February 5, 2010.
- (7) Report of Committees
 - Finance Committee
 - Policy on charity care/request Citrus Memorial Health Foundation, Inc. staff presentation
 - Communications Committee
- (8) CEO Report
 - United Healthcare
 - Quality Assurance
 - AHCA Compliance/Complaint

- (9) Citrus County Hospital Board staff report
- Finance Report
 - FASD, Inc.
 - Record Management

Unfinished Business

- (10) Foundation Governance-status of legislation and litigation
- (11) Review of Mediation Team Agreement- Response by Clark Stillwell, Esquire, dated February 3, 2010
- (12) Auditor General Report Update

New Business

- (13) Request for Funding by Citrus Memorial Health Foundation, Inc.
- (14) Refunds Property Appraisers and Tax Collector
- (15) CEO Contract Renewal
- (16) Policy Review-Request staff presentation
- (17) Inspection Authorization to Contract
- (18) Future Meeting dates
- (19) Other
- (20) Next Scheduled Meeting Date: February 22, 2010 at 12:30 p.m.
- (21) Adjournment

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ADMINISTRATIVE BUILDING
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(19) Other
(20) Next Scheduled Meeting Date: February 22, 2010 at 12:30 p.m.
(21) Adjournment



**Citrus County Hospital Board
Governmental Fund Balance Sheet
December 2009**

	GENERAL FUND
ASSETS	
Cash	\$6,159,605
Pre-paid Tax Revenue to CMHS	
TOTAL ASSETS	<u>\$6,159,605</u>
LIABILITIES	
Amount Due to Citrus Memorial Health Foundation, Inc.	\$1,200,000
FUND BALANCE	
Reserved for Encumbrances	\$4,927,202
Unreserved	\$32,402
Total Fund Balance	<u>\$4,959,605</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$6,159,605</u>

Citrus County Hospital Board
Statement of Activities and Annual Budget
Revenues, Expenditures and Changes in Fund Balance
For the Period Ending December 31, 2009

	<u>DECEMBER 2009</u>	<u>YEAR TO DATE</u>	<u>ANNUAL BUDGET</u>
GENERAL REVENUE			
Property Taxes - Net	\$3,220,415	\$4,563,909	\$10,074,922
Misc Income (copies)	\$53	\$58	\$0
Investment Income	\$10,839	\$19,610	\$71,500
TOTAL GENERAL REVENUE	<u>\$3,231,307</u>	<u>\$4,583,577</u>	<u>\$10,146,422</u>
EXPENDITURES - EXPENSES			
Citrus Memorial Health System		\$0	\$5,250,000
Property Appraiser Fees		\$0	\$262,718
Tax Collector Fees	\$64,402	\$90,413	\$201,498
Administrative and Other Services	\$55,149	\$126,686	\$333,699
TOTAL EXPENSES	<u>\$119,551</u>	<u>\$217,099</u>	<u>\$6,047,915</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$3,111,756	\$4,366,478	\$4,098,507
FUND BALANCE - NET ASSETS, BEGINNING OF PERIOD	<u>\$1,847,849</u>	<u>\$593,127</u>	<u>\$593,127</u>
FUND BALANCE - NET ASSETS, END OF PERIOD	<u>\$4,959,605</u>	<u>\$4,959,605</u>	<u>\$4,691,634</u>

**Citrus County Hospital Board
Statement of Cash Flows
For Period Ending December 31, 2009**

	Current Month	YTD
Cash Flows from Operating Activities		
Tax Distributions	3,220,415	4,563,644
Ad Valorem Tax Fees	0	0
Miscellaneous Income	53	58
Interest Distributions	0	265
Direct Payment to CMHS	0	0
Property Taxes	0	0
Tax Commissions	(64,402)	(90,413)
Administrative and Other Services	(55,149)	(126,686)
Net Cash Provided by (Used In)		
Operating Activities	3,100,917	4,346,868
 Cash Flows from Investing Activities		
Interest Income	10,839	19,610
Net Cash Provided by (Used In)		
Investing Activities	10,839	19,610
 Increase (Decrease) in Cash and Cash Equivalents	3,111,756	4,366,478
 Cash and Cash Equivalents at Beginning of Period	3,047,849	1,793,127
Cash and Cash Equivalents at December 31, 2009	6,159,605	6,159,605



BRANNEN BANK

P.O. BOX 1929
U.S. HWY 41 SOUTH
INVERNESS, FLORIDA 34451-1929
(352)-726-1221



Citrus County Hospital Board
PO Box 1030
Inverness FL 34451-1030

Date 1/29/10
Primary Account
CIF Number

Page 1

DIRECT YOUR INQUIRIES ABOUT ELECTRONIC TRANSFER TO * 352-726-1221

Account Number	Account Type	New Balance	Images
	Super NOW Checking	9,215,113.35	14

CHECKING

Account Title: Citrus County Hospital Board

Super NOW Checking		Images	14
Account Number		Statement Dates	1/01/10 thru 1/31/10
Previous Balance	6,164,132.59	Days In The Statement Period	31
5 Deposits/Credits	3,094,706.18	Average Balance	6,444,243.38
17 Checks/Debits	58,769.70	Average Collected	6,444,243.38
Fees Assessed	7.00		
Interest Paid	15,051.28		
Current Balance	9,215,113.35	2010 Interest Paid	15,051.28

CHECKING

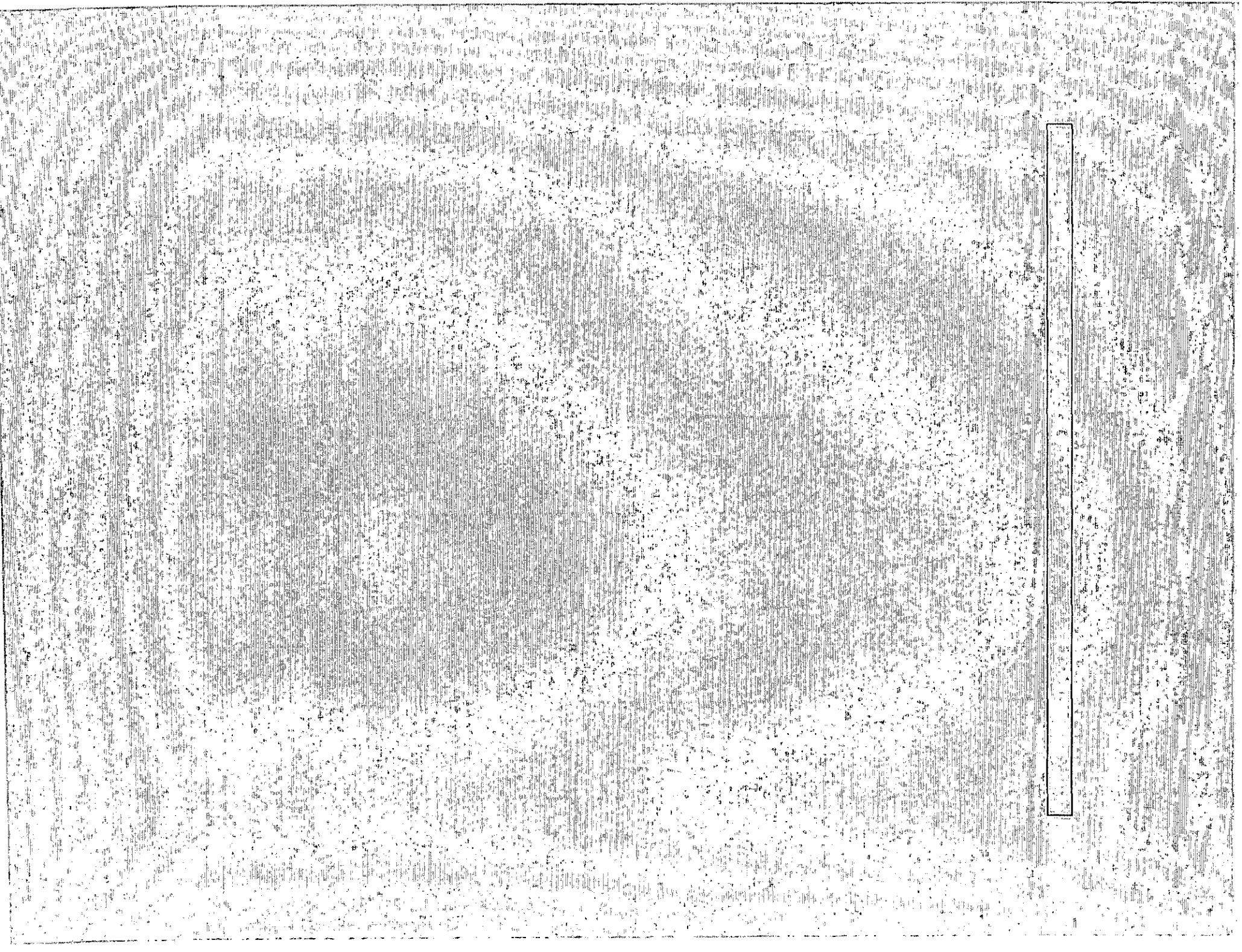
DATE	DEPOSIT SUMMARY	AMOUNT
1/25	Deposit	37.56
1/25	Deposit	11.70
1/25	Deposit	3.20
1/29	DISTRIBUTE CITCNTY TAX CCD	3,093,188.63
1/29	DISTRIBUTE CITCNTY TAX CCD	1,465.09
1/31	Interest Deposit	15,051.28

DATE	WITHDRAWAL SUMMARY	AMOUNT
1/08	ADP - FEES ADP PAYROLL FEES CCD	70.00-
1/14	ADP - TAX ADP TX/FINCL SVC CCD	1,351.37-
1/14	ADP - TAX ADP TX/FINCL SVC CCD	324.76-
1/22	ADP - FEES ADP PAYROLL FEES CCD	151.30-

CITRUS COUNTY HOSPITAL BOARD

INVOICES

ITEM	DATE	INVOICE #	NAME	AMOUNT
1	01/20/10	2286	Liberty Court Reporting	\$ 944.55
2	01/20/10	2288	Liberty Court Reporting	\$ 100.00
3	01/20/10	2289	Liberty Court Reporting	\$ 260.00
4	01/21/10	225946	OfficeMax	\$ 277.59
5	01/21/10	292299	OfficeMax	\$ 598.26
6	01/29/10	229068	OfficeMax	\$ 499.98
7	01/29/10	260248	OfficeMax	\$ 1,287.00
8	01/29/10	260249	OfficeMax	\$ 129.99
9	01/29/10	427187	OfficeMax	\$ 187.00
10	01/29/10		Citrus County Chronicle (RFP Building Inspection)	\$ 42.84
11	01/29/10		Citrus County Chronicle (1st. Notice Legislation)	\$ 42.84
12	01/29/10		Citrus County Property Appraiser (First Quarter)	\$ 65,170.10
13	01/29/10		Citrus County Property Appraiser (Second Quarter)	\$ 65,170.10
14	02/02/10	2319	Liberty Court Reporting	\$ 1,564.50
15	02/03/10		Citrus County Chronicle (2nd. Notice Legislation)	\$ 51.16
16	02/03/10		Citrus County Chronicle (3rd. Notice Legislation)	\$ 34.51
17	02/03/10	544149	OfficeMax	\$ 132.70
18	02/05/10	2328	Liberty Court Reporting	\$ 1,143.75
19	02/09/10	8450676	Akerman Senterfitt (October 2009)	\$ 15,000.00
20	02/09/10	2585249	Greenberg Traurig	\$ 15,000.00
			TOTAL	\$ 167,636.87



Florida Senate - 2010

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A bill to be entitled

An act relating to Citrus County; providing for codification of special laws relating to the Citrus County Hospital Board, an independent special district in Citrus County; providing legislative intent; codifying, amending, and reenacting chapter 99-442, Laws of Florida, as amended, as the "Citrus County Hospital and Medical Nursing and Convalescent Home Act"; deleting obsolete provisions; making technical revisions; repealing prior special acts relating to board; authorizing the board to enter into a lease or contract with a not-for-profit corporation for the purpose of operating and managing the hospital and its facilities; providing requirements for such lease or contract; declaring a need for governance authority to fulfill the hospital board's public responsibilities; providing for approval by the hospital board of the governing documents of the not-for-profit corporation and of the members of its board of directors; providing that the hospital board is the sole member of the not-for-profit corporation; providing for the hospital board's approval for a merger or dissolution of the not-for-profit corporation; providing that all members of the hospital board are voting members of the board of directors of the not-for-profit corporation and will comprise a voting majority of the board; requiring hospital board approval of the Chief Executive Officer of the hospital and his term of

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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office; providing hospital board approval for all substantial operating, capital and debt expenditures; providing for the hospital board's approval of the annual operating and capital budgets of the not-for-profit corporation; requiring an annual independent audit of the fiscal management of the hospital at the discretion of the hospital board; providing that all records of the not-for-profit corporation, unless exempted, are public records; providing proprietary confidential business information shall be disclosed to the hospital board; providing for interpretation and implementation of the act and for court enforcement; providing for severability; providing an effective date.

WHEREAS, the Citrus County Hospital Board was created by the Legislature ~~in 1965~~ as a special taxing district and a public non-profit corporation for the purpose of operating public hospitals, medical nursing homes, and convalescent homes in Citrus County; and

WHEREAS, in 1987 the hospital board incorporated a not-for-profit management corporation, and in 1990 entered into a lease agreement with the not-for-profit corporation pursuant to s. 155.40, Florida Statutes, leasing all public assets, operations, and management of Citrus Memorial Hospital; and

WHEREAS, members of the hospital board constituted a majority of the board of directors of the lessee corporation when the hospital board incorporated the not-for-profit corporation, but the hospital board's majority has been diluted over time through increases in the number of private, at-large corporate directors; and

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WHEREAS, the term of the lease agreement extends for forty-two (42) years with an unconditional right of renewal provided to the lessee corporation for an additional forty-five (45) years, providing an effective ninety-seven (97) year lease term; and

WHEREAS, the lease provisions do not provide for reasonable public accountability regarding operative or financial performance standards other than requiring the not-for-profit corporation to maintain minimal bond covenants, and the lease fails to provide for any corporate performance standards regarding financial or operative compliance with industry standards or for any actionable financial or operative performance monitoring by the hospital board; and

WHEREAS, the Financial Hospital Data 2003-2008 compiled by Florida's Agency for Health Care (AHCA) reports the lessee corporation has incurred cumulative financial operative losses from patient services exceeding fifty (50) million dollars, and 2009 internal corporate financial documents project additional patient service operative losses; and

WHEREAS, the Florida AHCA Financial Hospital Data 2003-2008 reports the lessee corporation consistently underperforms AHCA not-for-profit and similarly-grouped hospital operating margins financial benchmarks; and

WHEREAS, consistent patient service operative losses incurred by the lessee have necessitated substantial increases in the ad valorem tax burden on the citizens of Citrus County; and

WHEREAS, in December 2009 the Auditor General of Florida issued a report of preliminary and tentative findings which is critical of the not-for-profit corporation's fiscal management of the leased

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public hospital facilities, and its accountability for public funds, noting that the lease agreement does not prescribe any specific good business practices to ensure efficient operations of the public hospital; and

WHEREAS, the Attorney General has opined and the Fifth Judicial Circuit Court in and for Citrus County has held that the not-for-profit corporation is an instrumentality of the hospital board for purposes of section 768.28, Fla. Stat., and entitled to sovereign immunity; and

WHEREAS, the hospital board has repeatedly expressed governance and administrative concerns to the not-for-profit corporation with respect to its performance of public responsibilities and its management of public assets on behalf of the hospital board and the taxpayers of Citrus County, and

WHEREAS, the hospital board has endeavored to resolve governance and administrative concerns with the lessee on an amicable basis, but without cooperation on the part of the lessee, and

WHEREAS, meaningful oversight by the hospital board is necessitated in light of the not-for profit corporation's status as an instrumentality of the hospital district; and

WHEREAS, restoration of the hospital board's representation on the board of the lessee corporation, and implementation of appropriate accountability and oversight by the hospital board, are necessitated by the not-for-profit corporation's significant financial losses from patient services, financial underperformance when compared with Florida not-for-profit hospitals or similarly-grouped Florida hospitals, and corporate deficiencies as

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preliminarily found by the Auditor General, and to ensure corporate sovereign immunity status as an instrumentality of the hospital district; and

WHEREAS, the ability of the hospital board to continue to act in the public interest on behalf of the taxpayers of Citrus County requires mechanisms to assure future adherence to the hospital board's public responsibilities, as well as express authority for judicial interpretation and enforcement of this act through declaratory proceedings and other appropriate judicial remedies; and

WHEREAS, this act provides an appropriate and effective means of addressing in a public forum the hospital board's concerns with respect to its oversight of the lessee's performance of its responsibilities to the public and to the taxpayers of Citrus County;

NOW, THEREFORE, Be It Enacted by the Legislature of the State of Florida:

Section 1. This act constitutes the codification of all special acts relating to the Citrus County Hospital Board. It is the intent of the Legislature in enacting this law to provide a single comprehensive special act charter for the district, including all current authority granted to the district by its several legislative enactments.

Section 2. Chapters 99-442 and 2001-308, Laws of Florida, relating to the Citrus County Hospital Board, are codified, reenacted, and amended to read:

Section 1. This act shall be known and may be cited as the "Citrus County Hospital and Medical Nursing and Convalescent Home Act."

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Section 2. As used in this act, the words and terms shall have the following meanings:

(a) The term "Citrus County Hospital Board" or the word "board" shall mean the Citrus County Hospital Board.

(b) The word "county" shall mean the County of Citrus, in the State of Florida.

(c) The word "state" shall mean the State of Florida.

(d) The word "property" as used herein shall mean the real and personal property of every nature whatsoever.

(e) The word "operate" shall include build, construct, maintain, repair, alter, expand, equip, lease, finance, and operate.

(f) The words "county hospital and medical nursing and convalescent homes" shall include hospitals, medical care facilities, clinics, and other allied medical care units.

Section 3. (a) There is hereby created the Citrus County Hospital Board, an independent special district, and by that name the board may sue and be sued, plead and be impleaded, contract and be contracted with, acquire and dispose of property or any interest therein, and have an official seal. The board is created as a public nonprofit corporation without stock and is composed of and governed by the five (5) members herein provided for, to be known as trustees. The hospital board is hereby constituted and declared to be an agency of the county and incorporated for the purpose of operating hospitals, medical nursing homes, and convalescent homes in the county. The hospital board shall consist of five (5) trustees appointed by the Governor and, upon this act becoming a law, the present members will automatically become trustees and shall

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constitute the board. Their respective terms of office shall be the term each member is presently serving. All subsequent appointments, upon the expiration of the present terms, shall be for the term of four (4) years. Upon the expiration of the term of each trustee, the successor shall be appointed by the Governor. Likewise, any vacancy occurring shall be filled by appointment by the Governor for the unexpired term. Each appointment by the Governor is subject to approval and confirmation by the Florida Senate.

(b) The trustees of said board shall elect from its members a chair, a vice chair, and a secretary-treasurer who shall each hold office for a period of one (1) year.

(c) The hospital board shall comply with the applicable requirements of Florida Security for Public Deposits Act, chapter 280, Florida Statutes, and the Investment of Local Government Surplus Funds Act, part IV of chapter 218, Florida Statutes.

(d) Any and all funds so deposited shall be withdrawn by a check or warrant signed by two (2) trustees of the hospital board, of which one (1) shall be the chair, vice chair, or secretary-treasurer. No check or warrant shall be delivered to the payee without approval thereof shown in the minutes of the hospital board.

Section 4. The trustees of the board shall receive no compensation for their services. Three trustees shall constitute a quorum of the hospital board for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the board only upon a vote in the affirmative of three trustees thereof.

Section 5. The Citrus County Hospital Board as hereby created

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shall be for the purpose of operating, in the County of Citrus,
public hospitals, medical nursing homes, and convalescent homes,
primarily and chiefly for the benefit of the citizens and residents
of Citrus County. Authority is hereby given to said board to build,
erect, expand, equip, maintain, operate, alter, change, lease, and
repair public hospitals, medical nursing homes, and convalescent
homes in Citrus County. The corporation is authorized, when rooms and
services are available, without detriment or deprivation to the
citizens and residents of Citrus County, to extend the
hospitalization and medical nursing home and convalescent home
services provided by said hospitals, medical nursing homes, and
convalescent homes to patients from adjoining and other counties of
Florida and from other states, upon the payment of the cost of such
hospitalization, medical nursing home services, and convalescent home
services as may be determined by the trustees of the hospital board.
The board shall have the power and authority to operate an ambulance
system and ambulance services. The board shall have the authority to
charge all patients for all services rendered in any facility owned
or operated by the hospital board, including the ambulance facility.
The board may charge patients interest on the patient's account; may
sell, discount, or assign said account to a bank, finance company,
collection agency, or other type of collection facility; may accept
promissory notes or other types of debt obligations from a patient;
may assign or discount said accounts receivable, notes, or other
obligations; may require a patient to guarantee the payment of an
existing account or note; may require a guarantee of payment before
admitting a patient; and may receive and assign any assignment of all

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types of insurance proceeds.

Section 6. The board may provide for the annual levy of an ad valorem tax upon all taxable property within the district to pay for the principal of and interest on promissory notes, mortgages, or ad valorem bonds; and may pay for the erecting, building, equipping, maintaining, changing, altering, repairing, leasing, and operating the public hospital. However, the millage rate may not exceed 3 mills per year. The board shall comply with the applicable provisions of chapter 200, Florida Statutes.

Section 7. The hospital board is hereby authorized and empowered to own and acquire property by purchase, lease, gift, grant, or transfer from the county, the state, or the Federal Government, or any subdivision or agency thereof, any municipality, person, partnership, or corporation, and to acquire, construct, maintain, operate, expand, alter, repair, change, lease, finance, and equip hospitals, medical nursing homes, convalescent homes, medical care facilities, and clinics in the county.

Section 8. The hospital board is authorized and empowered to enter into contracts with individuals, partnerships, corporations, municipalities, the county, the state or any subdivision or agency thereof, and the United States of America or any subdivision or agency thereof to carry out the purposes of this act.

Section 9. The hospital board is empowered to and shall adopt all necessary rules and regulations and bylaws for the operation of hospitals, medical nursing homes, and convalescent homes; to provide for the admission thereto and treatment of such charity patients who are citizens of Florida and residents of Citrus County for the last 2

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preceding years; to set the fees and charges to be made for the admission and treatment therein of all patients; and to establish the qualifications for members of the medical profession to be entitled to practice therein.

Section 10. The hospital board shall have the power to purchase any and all equipment that may be needed for the operation of hospitals, medical nursing homes, and convalescent homes, and shall have the power to appoint and hire such agent or agents, technical experts, attorneys, and all other employees as are necessary for carrying out the purposes of this act, and to prescribe their salaries and duties. The board shall have the power to discharge all employees or agents when it shall be deemed by the board necessary for the carrying out of the purposes of this act.

Section 11. At the end of each fiscal year thereafter, the Citrus County Hospital Board shall within thirty (30) days file with the Clerk of the Circuit Court of Citrus County a full, complete, and detailed accounting of the preceding year and at the same time shall file a certified copy of said financial report with the Board of County Commissioners of Citrus County, which report shall be recorded in the minutes of the board of county commissioners. The board of county commissioners at its discretion and at the expense of the county may publish and report an accounting in a newspaper of general circulation in Citrus County.

Section 12. In addition to all other implied and express powers contained herein, the board shall have the express authority to negotiate loans to borrow money from any state or federal agency for the purpose or purposes of constructing, maintaining, repairing,

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altering, expanding, equipping, leasing, and operating county hospitals, medical nursing homes, convalescent homes, medical care facilities, clinics, and all other types of allied medical care units.

Section 13. In addition to all other implied and express powers contained herein, the board shall have the express authority to borrow money, with or without issuing notes therefor, for the purpose or purposes of constructing, maintaining, repairing, altering, expanding, equipping, leasing, and operating county hospitals, medical nursing homes, convalescent homes, medical care facilities, clinics, and all other types of allied medical care units. The board's authority to borrow money, with or without issuing notes, shall be subject to the conditions of this act, applying to the board's right to issue revenue bonds.

Section 14. Said board shall have express authority to issue bonds, subject to approval by a referendum of the voters of said county, and to issue revenue bonds, without a referendum of the voters of said county, the proceeds of which shall be used for erecting, equipping, building, expanding, altering, changing, maintaining, operating, leasing, and repairing said hospitals, medical nursing homes, and convalescent homes.

Section 15. (a) Said bonds, federal or state hospital loans, notes, or revenue bonds shall mature within thirty (30) years from the year in which they are issued or made, and shall be payable in such years and amounts as shall be approved by the board.

(b) The board shall determine the form of the loans, notes, bonds, and revenue bonds, including any interest coupons to be

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attached thereto, and the manner of executing it, shall fix the denomination or denominations thereof and the place or places of payment of principal and interest which may be at any bank or trust company within or without the state. In case an officer whose signature or a facsimile of whose signature shall appear on any loan, note, bond, or revenue certificate or coupon shall cease to be such officer before the delivery thereof, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until such delivery. All loan agreements, notes, bonds, and revenue bonds issued hereunder shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the state.

(c) Whenever the board shall pass a resolution approving the issuance of said bonds, the board shall call for an election and, subject to said election, permit the repayment of the bonds out of an annual levy not to exceed one and one-half (1 1/2) mills per year. Said millage is included in the maximum millage of three (3) mills per year. Subject to such limitations, said bonds shall be payable from the full faith and credit of the board.

(d) The loans, notes, and revenue bonds, together with the interest, shall be payable from gross or net receipts of the hospital board or any portion thereof.

(e) Said loans, notes, bonds, or revenue bonds shall not bear interest in excess of the maximum rate permitted by the laws of the State of Florida.

(f) The board may sell bonds, loans, notes, or revenue bonds in

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such manner, either at public or private sale, and for such price as it may determine to be for the best interest of the hospital board.

(g) The board of county commissioners during any period that bonds payable from ad valorem taxation are outstanding, in addition to the maximum of one and one-half (1 1/2) mills levy above authorized for the repayment of the bonds and interest, levy annually the remainder of the hospital tax in the amount up to one and one-half (1 1/2) mills on the dollar for the purpose of maintaining and operating the county hospitals, medical nursing homes, and convalescent homes.

Section 16. The total amount of outstanding bonds of said hospital payable from ad valorem taxation at any one time shall not exceed an amount equal to six (6) times the annual hospital tax, assuming said tax is based upon the yearly millage of three (3) mills.

Section 17. The hospital board shall have the authority to enter into leases or contracts with a not-for-profit Florida corporation for the purpose of operating and managing a public hospital and any or all of its facilities of whatsoever kind and nature. To ensure public oversight, accountability, and public benefit, in addition to the requirements for any such lease or contract which are set out in s. 155.40, Florida Statutes:

(1) The Articles of Incorporation, all amendments or Restatements of the Articles of Incorporation, all corporate Bylaws, all amendments or Restatements of the corporate Bylaws, and all other governing documents of such not-for-profit corporation shall be subject to the approval of the hospital board; and any such documents

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which have not heretofore been approved by the hospital board shall be submitted to the hospital board for approval forthwith.

(2) The hospital board shall be the sole member of the not-for-profit corporation.

(3) The hospital board shall independently approve any plan of merger or dissolution of the not-for-profit corporation pursuant to sections 617.1103 and 617.1402, Florida Statutes.

(4) All members of the hospital board shall be voting directors of the not-for-profit board of directors.

(5) The number of members of the hospital board shall at all times constitute a majority of the voting directors of the not-for-profit corporation, and to the extent that any governance documents of the not-for-profit corporation do not so presently provide the not-for-profit corporation shall forthwith take all steps necessary to bring them into conformity with this majority membership requirement.

(6) All members of the not-for-profit board of directors shall be subject to approval by the hospital board, and any board members presently serving who have not heretofore been approved by the hospital board shall be submitted to the hospital board for approval forthwith.

(7) The Chief Executive Officer of the hospital, and his or her term of office and any extensions thereof, shall be approved by the hospital board.

(8) The borrowing of money in any form and for any reason in an amount exceeding \$100,000 shall be approved by the hospital board.

(9) No annual operating and capital budget of the not-for-

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profit corporation shall become effective until approved by the
Citrus County Hospital Board.

(10) Any capital project having a value in excess of \$250,000
per project, and any non-budgeted operative expenditure in excess of
\$125,000 in the per annum aggregate, shall be approved by the
hospital board.

(11) At the discretion of the hospital board, each and every
year the not-for-profit corporation shall complete an independent
audit of the fiscal management of the hospital by an auditor chosen
by the hospital board, with the audit to be paid for by the not-for-
profit corporation.

(12) All records of the not-for-profit corporation shall be
public records unless exempt by law; provided however, the hospital
board, pursuant to their oversight and auditing functions, must be
given full and complete access to all proprietary confidential
business information upon request and without subpoena, and must
maintain the confidentiality of information so received. As used in
this paragraph, the term "proprietary confidential business
information" means information, regardless of its form or
characteristics, which is owned or controlled by the not-for-profit
corporation or its subsidiaries, including, but not limited to, all
matters encompassed in privileged attorney-client communications and
strategic planning.

Section 18. In order to ensure public oversight, accountability,
and public benefit, the provisions in this act and the hospital
board's lease with the not-for-profit corporation:

(1) shall be construed and interpreted as furthering the public

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health and welfare, and the open-government requirements of s. 24, Article I of the State Constitution and ss. 119.01 and 286.011, Florida Statutes; and

(2) may be enforced by a court of competent jurisdiction in declaratory proceedings under chapter 86, Florida Statutes, by injunction, or by any other appropriate form of judicial relief.

Section 3. If any part, section, paragraph, or provision of this act or its application to any person or circumstance shall be held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Section 4. Chapter 99-442, Laws of Florida, and chapter 2001-308, Laws of Florida, are repealed.

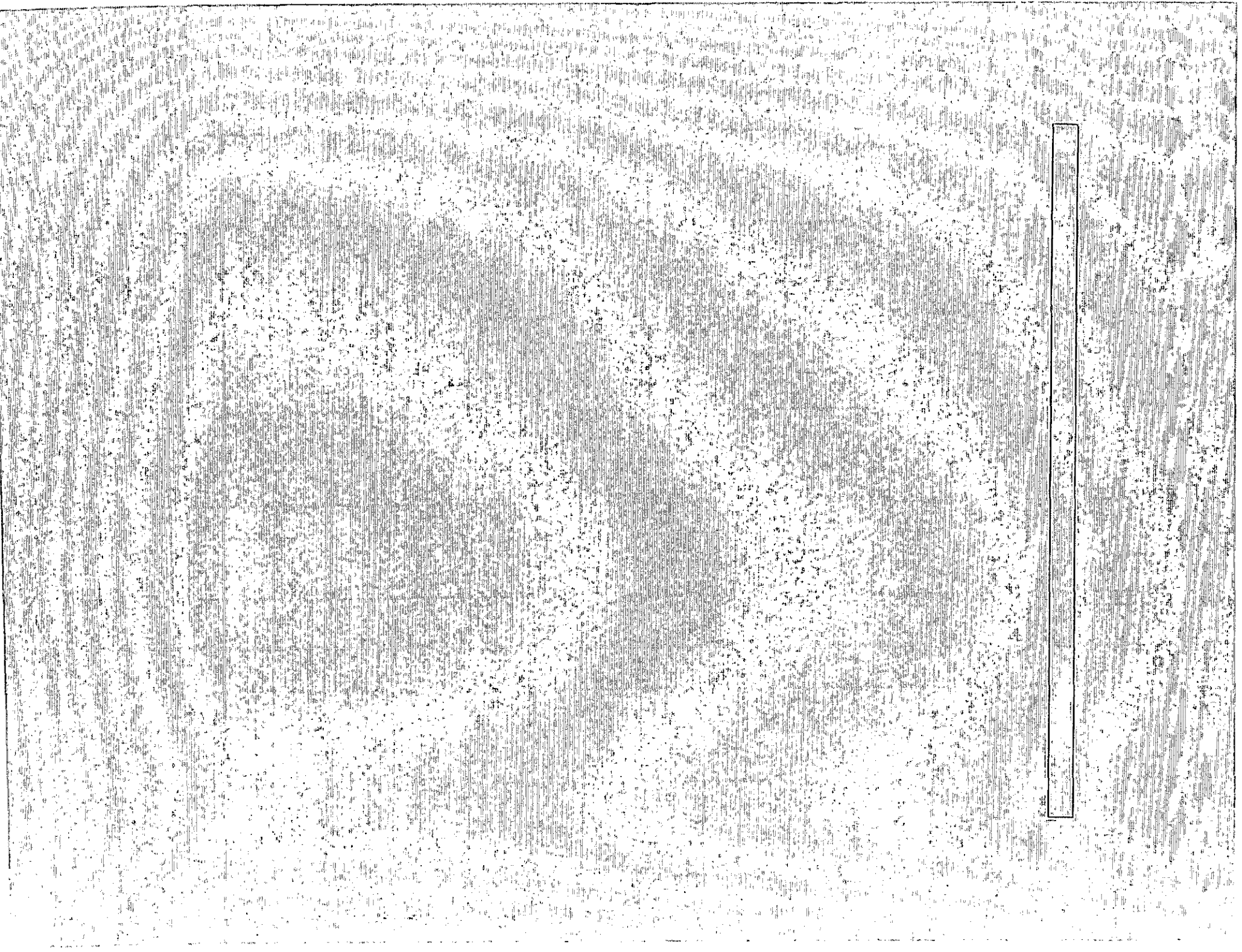
Section 5. If any provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Section 6. This act shall take effect upon becoming law and shall apply to existing and future leases and amendments, revisions, and restatements thereto, and to existing and future agreements for hospital care and amendments, revisions, and restatements thereto; provided however, that this act shall not apply to the term of any existing contract entered into by the non-for-profit corporation with a third-party, or to any existing contract for the borrowing of money in excess of \$100,000 for which the hospital board has not previously

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given its approval, or to any existing contract for a capital project
in excess of \$250,000 for which the hospital board has not previously
given its approval.

MIA TORRESC 181,065,134v.2 123851.010100 2-9-10



CLARK A. STILLWELL, LLC
ATTORNEY AT LAW

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INVERNESS, FL 34451-0250

February 3, 2010

VIA HAND DELIVERY
William J. Grant, Esquire
Grant & Samargya, LLC
123 N. Apopka Avenue
Inverness, Florida 34450

Re: Governance Issues – Citrus Memorial Hospital

Dear Mr. Grant:

I apologize for delay in providing to your office the response of the Foundation Board to your letter of January 12, 2010 and January 21, 2010 and Hospital Board's Resolution on the referenced matter. The position of Foundation in a similar format is attached. Please note some issues remain open and have been highlighted by comment. These are legal issues which after conceptual approval we can further define.

As to many issues the text is identical or near identical. The big issue with Foundation Board members was medical recruitment policies. Historically, the Foundation has taken the lead on such to assist community needs. There is a strong belief that an independent board is best to provide such.

Please submit to Hospital Board for review and comment. Tentatively, the Foundation Board representatives are to meet with Senator Dean on February 22nd to directly receive his input and position on the issues.

Very truly yours,

LAW OFFICE of CLARK A. STILLWELL, LLC


Clark A. Stillwell

CAS:tp

Calendar 5
Filed _____

1. Citrus Memorial Health Foundation, Inc. (the "Foundation") shall have an eleven (11) member Board of Directors, which shall consist of the five (5) Citrus County Hospital Board ("CCHB") trustees, five (5) independent directors selected by the sitting Directors of the Foundation (excluding the CCHB trustees), and the Chief of the Hospital's Medical Staff (1). All Directors shall have voting rights. If the Chief of the Medical Staff receives financial payments from the Foundation, whether as salary or otherwise, the highest ranking Medical Staff Officer not paid by the Foundation shall break any tie vote deadlocks of the Foundation Board. {NEED FURTHER DEFINITION OF WHAT SORTS OF PAYMENTS ARE DISQUALIFYING}.
2. As conditions precedent to the effectiveness of this agreement, CCHB shall: withdraw the proposed amendment to its enabling act; and if requested in writing, adopt a resolution in a form satisfactory to Foundation providing that the Foundation is acting as the agent and instrumentality of CCHB. {Need to meet with Senator Dean on his position}
3. The Hospital Board shall ratify any new CEO contract or extension thereof. To ensure a continued stable management environment for the Hospital, the Foundation and Hospital Board shall provide a five (5) year term extension to existing CEO contract within sixty (60) days.
4. CCHB shall be entitled to affirm the proposed operating and capital budgets of the Foundation. However, there shall be no line item veto right and each budget must be affirmed or rejected in totality. To reject either budget, at

least four (4) of the CCHB Trustees must vote for rejection of the same. In the event any proposed budget is rejected by CCHB, the most recently approved budget shall be extended until a new budget is adopted by the Foundation and approved by CCHB. [Note, this likely requires an amendment to Local Act which could not be achieved until 2011 legislative session.]

5. With the exception of the Foundation's Conflict and Audit Committees, all Foundation committees shall consist of two (2) CCHB members and two (2) independent directors. Each class (i.e., CCHB and independent) shall select its representatives for each committee. The Executive Committee shall retain authority to resolve medical liability issues. All other matters shall be approved by the Foundation Board.¹
6. Subject to bond and loan covenants and to the extent economically prudent, the Foundation and CCHB shall plan and prepare to reduce and/or eliminate the 2006 and 2008 bond/loan indebtedness.
7. The Foundation shall comply with all state statutes applicable to Florida not for profit corporations. The Foundation shall have sixty (60) days to implement corporate policies governing on travel, construction projects and bidding procedures. Such policies shall strive to meet intent of Chapters 112 and 287 of the Florida Statutes, where applicable.
8. CCHB, and its members collectively and independently, in accordance with their positions as the sole member and as directors of the Foundation, agree to take no actions, directly or indirectly, which would in any manner

¹ Noted committees have outside members per Bylaws or good governance practices.

abrogate or diminish the Foundation's position that it is entitled to the benefits of sovereign immunity or the above resolution. Further, due to the inherent conflict of interest between CCHB Trustees and the Foundation on all matters involving the Citrus Memorial Lease and the Agreement for Hospital Care, only the independent directors and the chief of the medical staff will be allowed to negotiate and/or vote, on behalf of the Foundation, as to any changes to said documents.

9. Failure of CCHB to affirm an act of the Foundation within 45 days of its presentment to CCHB shall cause the proposed action to be deemed affirmed. CCHB shall have the right to affirm or reject the following:

- A. Adoption, amendment, modification or restatement of the Foundation's Articles of Incorporation or Bylaws, in whole or in part;
- B. Selection of a new Chief Executive Officer or renewal of the CEO's employment contract after the date of this agreement; (See Item 3 above)
- C. The annual operating and capital budgets of the Foundation, considering each budget separately and without line item review authority. Physician recruitment expenditures shall not be included as a line item in the operating budget but shall be part of the physician development program. Expenditures made in connection with the physician development program shall be made at the discretion of Foundation Board;

D. All non-budgeted capital expenditures in excess of \$250,000 per item per annum; and

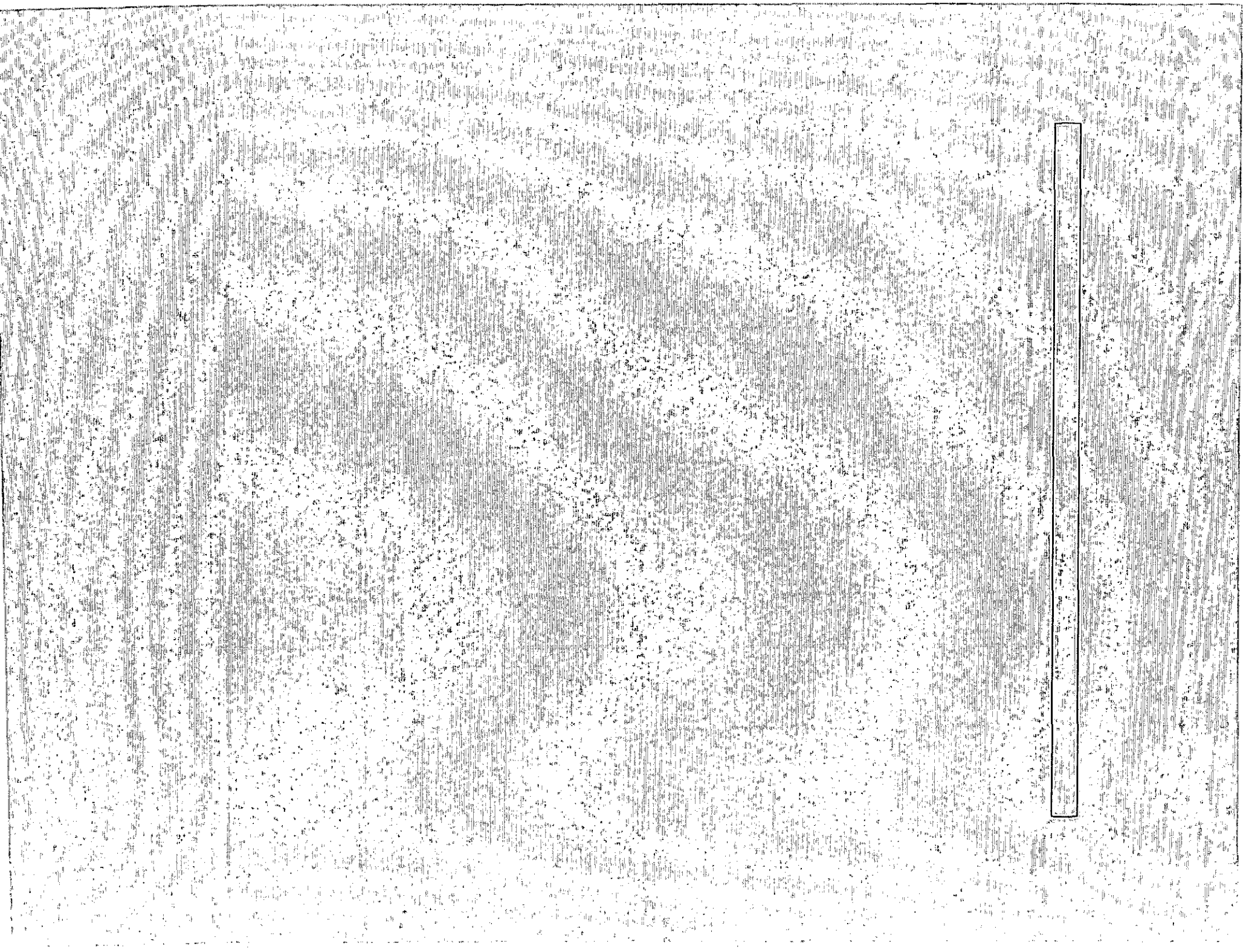
E. Additional loan indebtedness or leases in excess of \$1,250,000 per instrument/contract.

Notwithstanding the foregoing, as to subsections 9.B, 9.D and 9.E only, in the event of an emergency or if necessary to comply with applicable federal, state and local rules, laws and regulations (including those applicable to Florida hospitals with Joint Commission accreditation) the above-referenced 45 day approval period shall be reduced to ten (10) days if upon presentment to CCHB, the Foundation indicates the basis upon which the shortened approval period is mandated.

10. Within 5 years of the effective date hereof, should the Florida Legislature or CCHB, take any action without the consent of a majority of the independent Directors of the Foundation that would alter, amend or modify the terms of this agreement or the terms of the Foundation's Lease Agreement, Agreement for Hospital Care with CCHB, or this Agreement then this Agreement shall be null and void and the parties' relationship, including the structure of the Foundation Board, will revert to the status quo existing immediately prior to the effective date of this Agreement as if this Agreement had never been entered into.

11. Pending implementation of any amendments to Local Citrus County Hospital Board Act necessitated by settlement the parties shall be governed by existing governance documents.

12. That the respective Board of Directors of the Foundation and Hospital Board shall jointly petition the Citrus County Legislative Delegation to amend the Local Hospital Board Act to provide for elected trustees of eight (8) members who ultimately shall replace the two (2) current Boards. Said elected board shall be elected in 2012 – four (4) seats and 2014 – four (4) seats. In 2012, two Foundation Directors seats and two Hospital Board trustee seats shall be filled by elected directors. In 2014, the full elected Board of eight (8) shall serve as both Board of Directors of the Hospital Board and Foundation. In the event that the necessary amendment to Local Hospital Board Act is not passed in year 2011, the terms of this paragraph shall become null and void. The Chief of the Medical staff shall act as a ninth, voting director.



January 26, 2010

Dear Board of Trustees (Dr. Rao, Ms Osmond-Frankel, Mr. Smallridge, Mr Wood)
and William J Grant, Esq

Please accept this communication as documentation of a profound misjudgement and mischaracterization of myself by Mr David Langer, Chairman of CMHF during the CMHF Board Meeting held on Monday, January 25, 2010.

Mr. Langer's introductory statement to discuss the Mediation Meetings included nonfactual information with some direct quotes attributed to myself which were and are categorically false.

The status of his comments was shared by myself with Mr. Langer, Mr. Beaty, and Mr. Stillwell. This time of discussion took place during the break and / or at the end of the meeting. During these discussions, I emphatically shared with Mr. Langer after his insistence that his statements were correct, that they were indeed not true and were actually lies.

Also, wanted to document that more than once during the meeting I raised my hand to speak and was denied by Mr. Langer, by way of head gesturing in a movement indicating the negative. Although, Mr. Langer as Chairman has this privilege of recognizing individuals to speak; it was my hope that the same courtesy which is extended to Foundation members at our Board meetings would have been duplicated at the Foundation meeting by their Chairman. Apparently, reciprocal courtesy is not their intent.

I am disheartened by the negativity and demonstrated attitudes toward the CCHB by several members of the CMHF, primarily their chairman, Mr. David Langer.

It will be most difficult to continue to have a cooperative and open minded attitude of openness and trust. Although, it was my recollection that the Mediation Teams had demonstrated and agreed to have such attitudes of "good faith and attempts at trusting one another," but it appears their Chairman does not agree with this position.

Sincerely,

Debbie Ressler

(this is being sent as a document, due to my out of town status)