

MINUTES OF
THE REGULAR MEETING OF THE
CITRUS COUNTY HOSPITAL BOARD

AUGUST 05, 2011 8:30 A.M.

(1) CALL TO ORDER

The regular monthly meeting of the Citrus County Hospital Board of Trustees was held Friday, **August 05, 2011**, at the Citrus County Hospital Board offices located at 123 N. Apopka Ave., Inverness, Florida. Dr. Rao 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 (Chairman) Deborah L. Ressler, RN, BSN (Vice Chairman) Michael A. Smallridge (Secretary /Treasurer) Edwin H. Lytton (Trustee)

Also in attendance:

Vickie LaMarche, CCHB Chief Operating Officer
William J. Grant, Esquire, CCHB General Counsel
Karla Dozier, CCHB Staff

George Mavros, (CMHF) Director of Professional Services
Katie Mehl, (CMHF) Public Relations
Prestige Court Reporting

Members of the Public: Joe Chrietzberg, and Mike Wright (Citrus County Chronicle).

(4) PUBLIC COMMENT

None.

(5) FOUNDATION GOVERNANCE ISSUES / LEGAL

Mr. Grant stated that the hearing we had on August 02, 2011, case 2010-CA-5399 in which the Foundation sued the Board for \$11M, the Foundation brought a breach of contract claim that had inconsistency documents with the Hospital Care Agreement documents from 1990, 1991, 2006 with the Amended and Restated agreement from 1992 that they presented. The Judge granted the Board's Motion to Dismiss and they have fifteen (15) days to re-file their complaint and the Board will have ten (10) days to answer.

In the case 2011-CA-1653 Mr. Grant stated that the Attorney General's office filed a Motion to dismiss the challenge to the constitutionality of the Law. The State is requesting to be dropped as a party to this lawsuit. Mr. Grant noted that we filed a companion motion to dismiss in which a hearing will be set.

Mr. Grant stated that Mr. Beaty sent out an email to CMHS employees in which Mr. Kennedy, attorney for the Foundation, made a comment that raised some concern *(Copy of file)*

In the cases where the Foundation is suing the CCHB and three Trustees for Sunshine violations and breach of fiduciary duty, Mr. Grant noted that the legal team sent a warning letter and gave them ten (10) days to respond. If nonresponsive we will set hearings in this matter.

In the case 2011-CA-1255 Mr. Grant informed the Board that he filed a motion to drop CCHB as a party because of it being a medical malpractice lawsuit. The CCHB was brought into the lawsuit to challenge sovereign immunity.

Mr. Grant requested authorization from the Trustees to look for legal remedies regarding the severance payment of \$1.4M that the Foundation set aside for CMHS management and two (2) directors. Mr. Grant also made a public records request to Mr. Mavros and Mrs. Katie Mehl (CMHF employees) of any and all executed change of control agreements, a copy of the severance agreement and a copy of correspondence between SunTrust who rejected it and Regions who accepted it. Discussion ensued regarding severance and change of control agreements.

MOTION by Mr. Smallridge, second by Dr. Rao to authorize the Attorneys to seek legal remedies to freeze (recover) the CMHF severance money of \$1.4M. The Motion passed unanimously, 4-0.

Mr. Grant stated that when the Judge issued the temporary injunction, she also said the Foundation needs to post a \$1M bond which usually is 10% of that amount. Mr. Richard contacted them and said that they can save the taxpayer money by just putting a \$1M cash deposit into their firm, but unfortunately the Foundation posted the bond and they will not get their money back.

Mr. Grant noted that some Trustees inquired about the \$1M that the Foundation gave to their lawyers in advance. The Florida Bar regulates that if the Trustees become the majority of the Foundation, it will be easy to return of any and all unused proceeds by writing a letter. This matter will not require litigation.

Mr. Grant requested the Board's advice for the purpose of settlement negotiations and strategy sessions related to litigation expenditures in all pending litigation now filed in Citrus County Florida and Leon County Florida. Mr. Grant stated that he approximated the necessary time to seek the Board's advice and direction to be two and one-half hours in length. The entire session shall be recorded by a certified court reporter. The court reporter will record the times of the commencement and termination of the attorney/client session. All discussions and proceedings as well as the names of all persons present shall be recorded. The names of all persons speaking shall be recorded. No portion of the session shall be off of the record. The court reporter's notes shall be fully transcribed and be filed with the entity's clerk within a reasonable time after the meeting. The chief administrative officer of this agency is Vickie LaMarche, who will also be in attendance with the Trustees, the court reporter and their counsel. Their counsel, William J. Grant and any other counsel deemed appropriate, will be put on the notice. The session shall commence at an open meeting at which the persons chairing the meeting, which will be Chairman Dr. Rao, shall announce the commencement and estimated length of the Attorney-Client Session and the names of the persons attending. At the conclusion of the Attorney-Client Executive Session, the meeting shall be reopened and the person chairing the meeting shall announce the termination of the session.

MOTION by Mrs. Ressler, second by Mr. Lytton to engage in an attorney-client executive session meeting on August 15, 2011 at 12:30pm for the purposes of discussing settlement negotiations or strategy sessions related to litigation and expenditures. Following discussion, the motion passed 4-0.

Mr. Grant informed the Board that in the months of August, September and possibly October they will see a substantial spike in the attorney's fees due to hearings and preparation for litigation.

Mr. Grant also stated that Mr. Miller from Greenberg Traurig sent a letter to the insurance company regarding the Directors D&O insurance and that the reservation of rights by the insurance company will be challenged as to attorney fees and potential charges.

(6) OTHER

Mrs. Ressler asked for an update in the agreement for charity care. Mr. Grant responded that we got the HIPPA Agreement has been complete. Regarding the agreement between the parties for setoff, the language was modified and Mr. Grant would like it to be done for the August 15, 2011 CCHB meeting.

(7) RECOMMENDED NEXT SCHEDULED MEETING DATE: Monday, August 15, 2011 at 12:30 pm

(8) ADJOURNMENT

The meeting was adjourned at 9:57 am.

Respectfully Submitted,



Michael Smallridge
Secretary

08.05.11 Minute Copy on File:

1. Agenda & Public Notice
2. Email from Ryan Beaty to CMHS Employees