

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

MINUTES OF AUGUST 18, 2011 MEETING

Attendees: Authority Board Members: Ralph Rosenberg, Dr. Charles Lingle, Rev. Eugene Sherman; Dr. John Inman, Jr., Rev. H. B. Johnson; John Hayes; Lamar Reese; Fred Ghiglieri; Legal Counsel: James E. Reynolds, Jr., J. Huff Croxton, Jr. and E. B. Wilkin, Jr.; Also present were: Joel Wernick; Kerry Loudermilk; Joe Austin; Tommy Chambless; Bob Lagesse; Tim Trottier; and Jennifer Almedia; and Records, Annette Allen and Mary Barfield

Absent Authority Members: Dr. Steven Wolinsky

Call to Order:

The meeting was called to order by Chairman Rosenberg at 7:30 A.M. in the Willson Board Room of Phoebe Putney Memorial Hospital

Open Meeting and Establish a Quorum:

Mr. Rosenberg welcomed the Authority and established that a quorum was present.

Approval of the Agenda:

The Agenda was reviewed and a motion by Dr. Lingle, seconded by Rev. Johnson, to adopt the Agenda as presented was approved by the Authority.

Rev. Sherman Addresses the Board:

Prior to the business set forth in the Agenda and with the approval of the Chairman, Dr. Sherman addressed the Board regarding his recovery at Morningside and thanked everyone for their care and concern for his health. Dr. Sherman also stated that he was so appreciative for the good medical attention and the care and concern of many, that he has placed a thank you in the Albany Herald to all who have helped and cared for him during his time of sickness and recovery.

Approval of the Minutes:

The Minutes of the May 5, 2011 meeting having been provided to the Members prior to the meeting, were presented for approval. A motion was made and seconded to approve the Minutes as provided. The motion passed unanimously.

Closing of the Meeting:

A motion was made by Fred Ghiglieri and seconded by John Hayes to close the meeting to consult with legal counsel as contemplated in O.C.G.A. §50-14-2(1); and, to discuss potentially commercially valuable plans, proposal or strategy that may be of competitive advantage in the operation of the Hospital or its medical facilities, as contemplated in O.C.G.A. §31-7-75.2.

Mr. Rosenberg polled the individual Authority Members whose votes are shown below:

Ralph Rosenberg	Yes
Dr. Charles Lingle	Yes
Dr. John Inman, Jr.	Yes
Rev. H. B. Johnson	Yes
Fred Ghiglieri	Yes
Lamar Reese	Yes
Dr. Eugene Sherman	Yes
John Hayes	Yes
Dr. Steven Wolinsky	Absent

The motion passed unanimously and the meeting was closed.

Open Session Reconvened:

Following a vote to do so, the meeting of the Authority returned to Open Session.

Financial Reports:

Kerry Loudermilk made a presentation of the financial information for Phoebe Putney Memorial Hospital, Inc. for the current year. Certain detail from the presentation is attached hereto.

Mr. Loudermilk also presented a financial report for the Authority and a proposed budget for the Hospital Authority for its fiscal year ending in 2012. A motion made by Dr. Sherman was seconded and the Authority financial report and the Budget (copies attached) were approved by all in attendance.

Website Presentation:

Jennifer Almedia, who has been working on the proposed site, presented a detailed review (copy attached) of the proposed website for the Hospital Authority. After discussion and review, a motion was made by Fred Ghiglieri and seconded by Lamar Reese to approve the concept of the website and also approved of its launching when it is ready, with the understanding that it may be updated from time to time going forward.

Reports from Phoebe Putney Memorial Hospital

Mr. Wernick gave a presentation (attached) which outlined the upcoming financial expectations of Phoebe Putney and future goals. Included were discussions concerning the new gastrointestinal facilities which are being constructed in response to the identified community need for the same, which need increases as the average age of the community increases.

Closing Remarks:

Mr. Rosenberg thanked Mr. Wernick, Mr. Loudermilk and Jennifer Almedia for their respective presentations, and he stated the next quarterly meeting is scheduled to be held on November 17, 2011. Mr. Rosenberg also stated that a called meeting might be necessary prior to the next quarterly scheduled meeting. All Members will be notified in advance if a special meeting becomes necessary.

Adjournment:

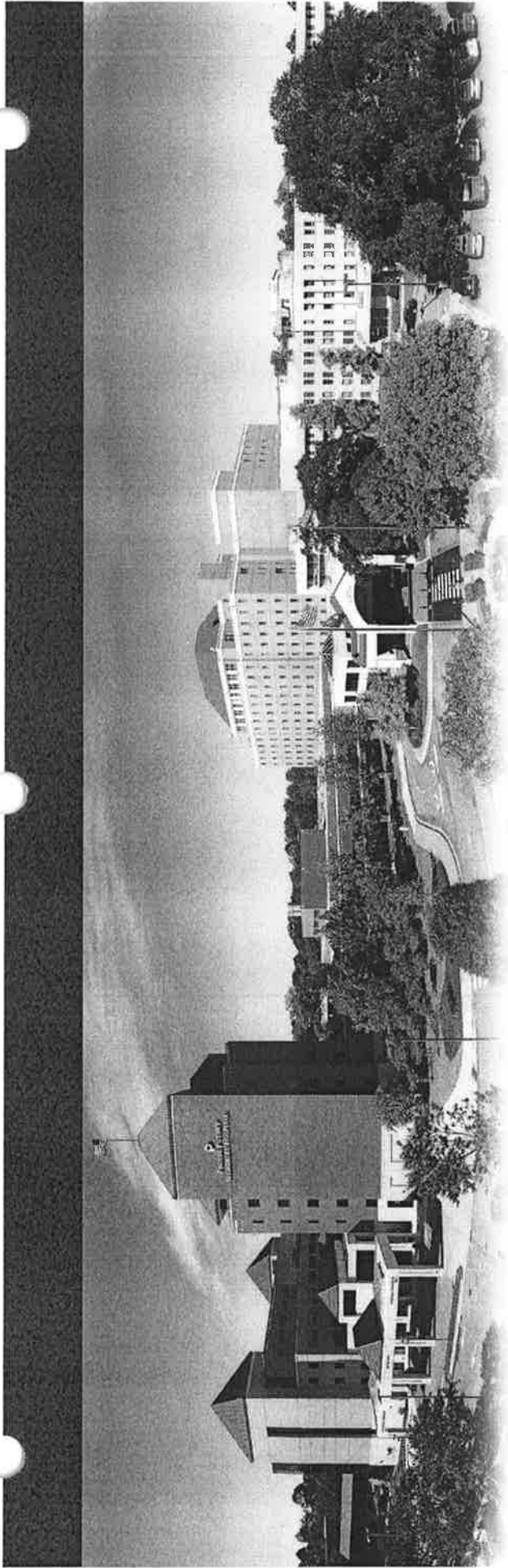
There being no further business, the meeting adjourned at 9:16 A.M.


Mary S. Barfield, Recorder

AGENDA
HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

Meeting of August 18, 2011
7:30 A.M.

- | | | |
|-------|---|--------------------------------------|
| I. | Open meeting and establish Quorum | Ralph Rosenberg |
| II. | Approval of Agenda | Ralph Rosenberg |
| III. | Consideration of Minutes of May 5, 2011 meeting
(Draft previously provided to Members) | Ralph Rosenberg |
| IV. | Consider adoption of motion to go into Closed Session for: (i) purposes of privileged consultation with legal counsel; and, (ii) to discuss potentially commercially valuable plans, proposal or strategy that may be of competitive advantage in the operation of the Hospital or its medical facilities. Upon motion and second, conduct roll call vote and if approved, meeting will close. Following Closed Session, vote to return to Open Session | Ralph Rosenberg/
Jay Reynolds |
| V. | Financial Reports and consideration of 2012 FYE Budget for the Authority | Kerry Loudermilk/
Jay Reynolds |
| VI. | Website presentation and consideration of Resolution approving the concept and launching of an Authority website | Jennifer Almedia/
Ralph Rosenberg |
| VII. | Reports from PPMH | Joel Wernick |
| VIII. | Other business | |
| IX. | Adjournment | |



PHOEBE PUTNEY MEMORIAL HOSPITAL

Quarterly Financial Report

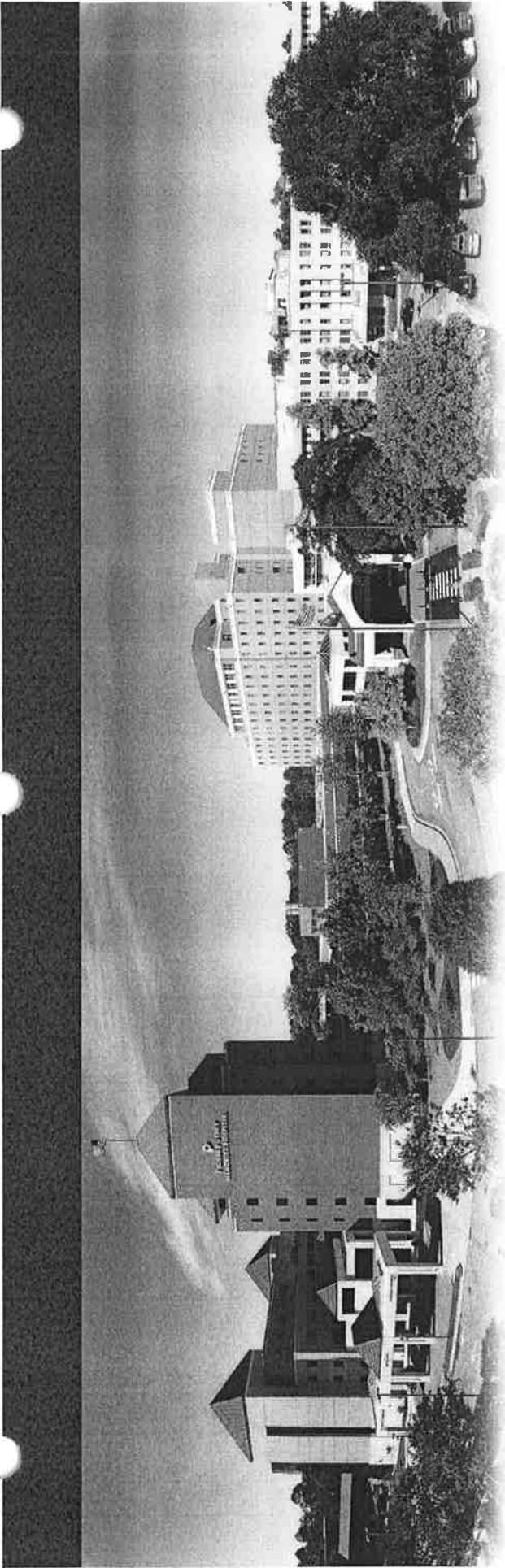
HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY,
GEORGIA

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN UNRESTRICTED NET ASSETS

	Unaudited	Audited
	<u>June-11</u>	<u>2010</u>
REVENUE:		
Lease Revenue	\$ 1	\$ 1
Contribution from PPMH, Inc.	941,356	98,937
Funds received from DCH:		
Indigent Care Trust Fund	11,058,756	12,116,614
Upper payment limit	2,013,371	104,902
Transfers from PPMH, Inc.	5,068,701	4,259,397
Total Revenue	<u>19,082,185</u>	<u>16,579,851</u>

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN UNRESTRICTED NET ASSETS

	Unaudited	Audited
	<u>June-11</u>	<u>2010</u>
EXPENSES:		
Legal Fees	\$ 768,319	\$ 86,404
Funds paid to DCH:		
Indigent Care Trust Fund	3,834,070	4,228,698
Upper payment limit	1,225,719	30,699
Physician Upper Payment Limit	8,912	
Transfers to PPMH, Inc.	13,072,127	12,221,516
Total Expenses	18,909,147	16,567,317
Excess Revenues (expenses)	173,038	12,534



**PHOEBE PUTNEY
MEMORIAL HOSPITAL**

FY2012 Authority Budget

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN UNRESTRICTED NET ASSETS

	Budget	Unaudited	Audited
	<u>FY 2012</u>	<u>July-11</u>	<u>2010</u>
REVENUE:			
Lease Revenue	\$ 1	\$ 1	\$ 1
Contribution from PPMH, Inc.	1,105,000	941,356	98,937
Funds received from DCH:			
Indigent Care Trust Fund	\$ 8,302,982	\$ 11,058,756	\$ 12,116,614
Upper payment limit	\$ 1,993,868	\$ 2,013,371	\$ 104,902
Transfers from PPMH, Inc.	<u>3,467,832</u>	<u>5,068,701</u>	<u>4,259,397</u>
Total Revenue	14,869,683	19,082,185	16,579,851

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN UNRESTRICTED NET ASSETS

	<u>Budget</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>FY 2012</u>	<u>July-11</u>	<u>2010</u>
EXPENSES:			
Legal Fees	1,000,000	768,319	86,404
Audit Fees	5,000	5,000	
Consulting Fees	100,000		
Funds paid to DCH: Indigent Care Trust Fund	2,878,644 \$	3,834,070 \$	4,228,698
Upper payment limit	589,188	1,234,631	30,699
Transfers to PPMH, Inc.	10,296,850	13,072,127	12,221,516
Total Expenses	<u>14,869,682</u>	<u>18,914,147</u>	<u>16,567,317</u>

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY,
GEORGIA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN UNRESTRICTED NET ASSETS

	Budget	Unaudited	Audited
	<u>FY 2012</u>	<u>July-11</u>	<u>2010</u>
Excess Revenues (expenses)	1	168,038	12,534
Unrestricted net assets, beginning of year	201,310	33,272	20,738
Unrestricted net assets, end of year	\$ 201,311	\$ 201,310	\$ 33,272

Hospital Authority Web Site Information

Web Address

www.HAADC.org

Site Pages:

About Us / History of the Authority

Board Members / Meet the Authority Members

- Ralph Rosenberg - Chairman
- Rev. Eugene Sherman - Secretary
- John S. Inman Jr. M.D. - Assistant Secretary
- John Hayes - District 2 County Commissioner
- Charles Lingle, DVM - Vice Chairman
- Lamar Reese - Former School Board and County Commission Chair
- Rev. H.B. Johnson
- Fred Ghiglieri
- Steven Wolinsky, D.O.

Contact Us

Documents and Surveys

Financial Information

- Audited Financial Reports – 2008 and 2007 (PDF)
- Audited Financial Reports – 2009 and 2008 (PDF)
- Audited Financial Reports – 2010 and 2009 (PDF)

Growth & Assets

Home

Hospital Authority Facilities

Minutes

- April 4, 2011 (Draft) Hospital Authority Minutes (PDF)
- Feb. 2, 2011 Hospital Authority Minutes (PDF)

News

Phoebe Breaks Ground for Digestive Disease Center

- FTC Suspends Administrative Proceeding
- FTC to Appeal Decision Allowing Acquisition of Palmyra Medical Center
- Judge Tosses FTC Complaint Against Phoebe, Says They Are 'Immune'
- Phoebe To Build New \$30 Million Digestive Diseases Center
- Hospital Authority of Albany-Dougherty County Votes to Acquire Palmyra Medical Center

Site Map

Ralph Rosenberg, Chairman
Hospital Authority of Albany-Dougherty County

Appointed: December 2005 / Term Ends: December 2015

Ralph Rosenberg was born October 15, 1931, the only child of the late Joseph and Regina Rosenberg. He graduated from Albany High School in 1948 and furthered his education at Vanderbilt University in Nashville, TN. Upon graduation from Vanderbilt University in 1952, he enlisted in the U.S. Army as a private. After three years of military service with the Army Security Agency in Europe, Rosenberg was honorably discharged with the rank of sergeant.

In 1955, after returning from military service, Rosenberg settled in Atlanta and remained there for 12 years during which time he worked in real estate, stock brokerage and retail with Rich's Inc. It was during those years that he met and married Pearl Goldstein Garber. In 1967, when his youngest son Robert was six months old, the family moved to Albany where Rosenberg entered the family retail business, Rosenberg Brothers. He remained with Rosenberg's for 25 years until the firm closed in 1992.

During his years with Rosenberg's, he carried on the family tradition of becoming involved with civic and community affairs. His contributions to Albany include treasurer and board member of the Albany Chamber of Commerce, board member of The Better Business Bureau, member of the Advisory Board of the Salvation Army, member of the Advisory Board, Chehaw Council Boy Scouts of America, Board of Trustees Albany Hebrew Congregation, member of both the downtown Albany and Albany Mall merchants associations. In addition, he serves as a board member of the Credit Bureau of Southwest Georgia, CBV Collections of Valdosta and for several years, Chairman of the Board of the Albany-Dougherty County Hospital Authority.

Rosenberg has three children, Suanne Mallenbaum of Scarsdale, N.Y., Richard Garber of Atlanta, Ga., and Robert Rosenberg who resides in Albany. Additionally, he has three grandchildren.



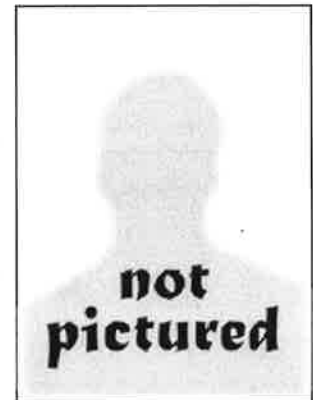
Rev. Eugene Sherman, Secretary
Hospital Authority of Albany-Dougherty County

Appointed: December 2003 / Term Ends: December 2013

Dr. Eugene Sherman has an extensive University career with 35 years as Head Professor of Sociology at Albany State University, where he also held several administrative posts. Professor Sherman retired from the University as Emeritus Professor in 2002. Additionally, he is the founding pastor of Institutional First Baptist Church in Albany. He holds the Doctor of Sacred Theology Degree from Bethany Theological Seminary in Dothan, Ala.

Dr. Sherman earned his bachelor's degree from Fort Valley State College and his master's degree from Southern Illinois, where he studied sociology, particularly family, history, and gerontology. His M.A. thesis was the nation's first gerontological study of the African-American population. He also earned a Doctor of Philosophy from Purdue University.

He was married to the late Dr. Dolores E. Sherman.



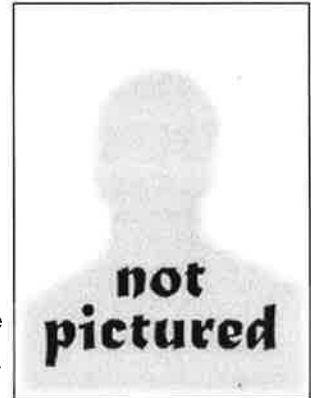
John S. Inman, Jr., M.D., Assistant Secretary
Hospital Authority of Albany-Dougherty County

Appointed: January 2003 / Term Ends: December 2012

Dr. John Inman, Jr. a diplomate of the American Board of Obstetrics, graduated from Emory University School of Medicine, in Atlanta in 1945.

Dr. Inman completed an internship and surgical residency at St. Joseph Hospital, Lexington, Kentucky and a residency in obstetrics and gynecology at Crawford Long Hospital in Atlanta.

Inman returned to his hometown of Albany to establish his own practice in the early 1950s, a time when fathers-to-be were not even permitted in the delivery room. Since then, Inman has been recognized as a Diplomat of the American Board of Obstetrics and Gynecology, is a past chairman of the Georgia Section of the American College of Obstetrics and Gynecology, past president of the Georgia Obstetricians and Gynecologists Society and past vice president of the South Atlantic Association of Obstetrics and Gynecology. He is also a founding member of the National Council of Emory University School of Medicine.



Dr. Inman is a former vice president and director of the Dougherty County Kiwanis club, director of Security Bank & Trust Company in Albany. The father of two and grandfather of four, Inman is also on the Board of Trustees of the YMCA, Albany.

Dr. Inman currently practices at OB-GYN Associates of Albany located on Meredyth Drive.

Southwest Georgia Doctor Receives Emory Lifetime Achievement Award

In 2008, the Emory University School of Medicine presented the Arnall Patz Lifetime Achievement to Dr. John Inman, Jr. Dr. Inman was selected for the honor based on nearly five decades of displaying extraordinary leadership and accomplishments in the field of medicine.

THE ARNALL PATZ LIFETIME ACHIEVEMENT AWARD Presented annually to three outstanding alumni, a committee of the Emory University School of Medicine Alumni Board selects each recipient of this prestigious award based on their accomplishments in the field of medicine. The award is named for Dr. Arnall Patz, a Georgia native and Emory graduate who became one of the leading ophthalmologist in the world.

John Hayes, District 2 County Commissioner
Hospital Authority of Albany-Dougherty County

Appointed: December 2010 / Term Ends: December 2015

John Hayes graduated from Albany State University with a B.S. degree in Business Administration.

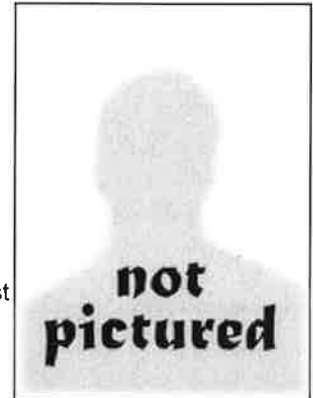
Hayes, who has more than 20 years experience in banking and financial services, joined Capitol City Bank in January, 2009. He is Capitol City's South Region Manager and responsible for the bank's performance in the territory south of Macon, Georgia.

Prior to joining Capitol City Bank, he spent 12 years as a Credit Supervisor with General Motors Acceptance Corporation (GMAC); the succeeding 10 years Hayes served as Assistant Vice President for several banks in Atlanta, including Nations Bank, South Trust Bank, and Citizens Trust Bank.

Professional activities include:

- Being elected to the Dougherty County Board of Commissioners in September 2005 and currently serving a third term representing District 2
- Active member of the Deacon Ministry at Mt. Zion Baptist Church
- Entrepreneur and the owner of Mastercraft Custom Shop in Albany
- Hospital Authority Member from 2010 - present
- Past member of the Albany Chamber of Commerce Small Business Entrepreneur Development Team
- Past member of University of Georgia SBDC's Advisory Council

Hayes served three years active duty and three years as a reservist in the U.S Army. He is married to Sabrina Owens-Hayes and they have one son, Jaelon.



Charles Lingle, DVM, Vice Chairman
Hospital Authority of Albany-Dougherty County

Appointed: December 2010 / Term Ends: December 2015

Charles Lingle graduated from Kansas State University with B.S. and DVM degrees. He entered into private practice of Veterinary Medicine in Troy, Kansas until Commission became available in United States Air Force. In 1964 Lingle was discharged honorably from the United States Air Force with the rank of Captain and entered into private practice in Wichita, Kansas. In 1965, he returned to Kansas State University and entered the College of Veterinary Medicine as an Instructor and Masters Degree Candidate. While there was elected to Phi Kappa Phi scholastic honorary fraternity. In 1968, Lingle received M.S. degree and moved to Albany, Georgia to re-enter private practice and remained there until 1999. In 2009, he was elected to the regional water planning commission of the Lower Flint-Ochlocknee water sheds. Currently remain on this board.



Activities during years in Albany, Georgia include:

- Serving on the Dougherty County School Board from 1982-1994
- County Commission as District 4 representative from 2002-2010
- Board of Managers of ACCG from 2005-2010 (State Association of County Commissioners)
- Hospital Authority Member from 2002-present
- Commission representative of Albany Tomorrow from 2002-until dissolution of the group
- Member of Environmental and Natural Resource Committee of ACCG from 2005-2009
- Porterfield United Methodist Church, administrative board, three terms as member of Pastor Parrish Committee, two terms as chairman.
- Service as president of regional veterinary medical association, and three terms on the board of directors of the association
- Service as president of the Radium Springs Country Club, and as president of the Stone Bridge Golf and Country Club board of advisors
- Service as president of the Dougherty County Rotary Club, District Treasurer of District 6900, and as Lt. Gov. for three district governors
- Service on advisory committee for Albany Community Hospice; was involved in site selection for Willson Hospice House

Lingle has an avid interest in the outdoors, farming, hunting and fishing and the well-being of the environment. Lingle is married to the former Marian Carol Patterson, 52 years, and together they have two daughters and four grandchildren.

Lamar Reese, Former School Board and County Commission Chair
Hospital Authority of Albany-Dougherty County

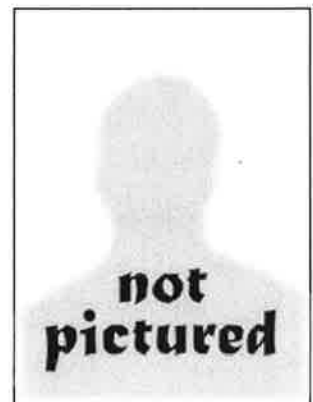
Appointed: Jan. 8, 2008 / Term Ends: Dec. 31, 2012

Lamar Reese is the owner of Reese Construction Company. Reese is past chairman of the Board of Commissioners of Dougherty County. Of the 16 years he served as member of the Dougherty County School Board, thirteen of those years were as chairman of the Board.

Reese is also past chairman of the Board of Trustees and the Administrative Board at Porterfield United Methodist Church. He is a director and past chairman of Sun Trust Bank.

Reese has served in similar roles in several civic and community organizations, including:

- past director and officer of the Albany Chamber of Commerce
- past president of the Albany YMCA
- past trustee of Georgia Institute of Technology, where he graduated in 1955.



Reese and his wife, Sandra, have three sons and six grandchildren.

Rev. H.B. Johnson

Hospital Authority of Albany-Dougherty County

Appointed: January 2003 / Term Ends: December 2013

Religious Work Experience (Past and Present):

- Moderator of the Fowltown Association
- Vice-President of the Albany Baptist Brotherhood
- Vice-Moderator of the Fowltown Association
- Vice-President of the General Missionary Baptist Convention of GA, Inc
- President of Friendship Bus Line, Albany, GA
- Board Member of the National Baptist Housing Development

Professional Memberships (Past and Present):

- Life Member – National Association for the Advancement of Colored People
- Albany Baptist Brotherhood
- National Baptist Congress of Christian Education
- Masonic Lodge #3383 (Prince Hall Free and Accepted Masons)
- Southern Christian Leadership Conference
- Savannah Grove Baptist Church
- President of the Dublin Ministerial Association
- Editor of the Georgia Baptist Paper
- Member of the Classification Committee of the National Congress of Christian Education

Community Activities (Past and Present):

- Member of Albany-Dougherty County Hospital Authority
- President of World Vision of Albany
- Turner Job Corps Community Relations Council
- Albany Planning and Development Board
- Boys and Girls Scouts
- Board Member of the Minority Labor Committee of Georgia
- Member of the Board of Education of Dublin, Georgia
- Executive Director of HH&A, LLC., which includes Friendship Personal Care
- Homes and Assisted Living Villa of Southwest Georgia



Fred Ghiglieri

Hospital Authority of Albany-Dougherty County

Appointed: January 2011 / Term Ends: January 2016

Fred Ghiglieri graduated from Mississippi State University with B.S. in Aerospace Engineering in 1968. Ghiglieri received his M.B.A. in Business and Finance from Alabama A&M University in 1974.

From 1968 to 1974, Ghiglieri worked at Teledyne Brown Engineering in Hunstville, Alabama. He worked on Apollo Moon Launches and SkyLab Design/Launch.

Activities during years in Albany, Georgia include:

Procter & Gamble Paper Products - Operations assignments ranging from managing an operating team on shift to leading the entire plant production of the Charmin Ultra Brand.

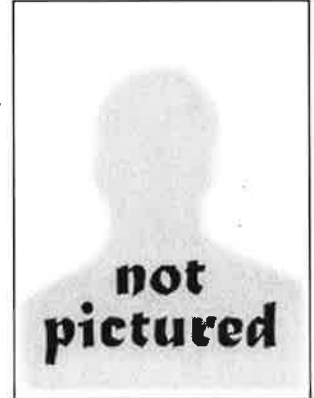
Key operational assignments included:

- Papermaking expansion (design through operating production)
- Managing all materials used in the Albany Plant (transportation-quality-vendor relationships). Member of the team that helped get Cello-Foil to locate a new plant in Albany.
- Responsible for site production of Charmin Ultra
- Contract Manufacturing intervention (Tempo)
- Utilities operation for site

Key staff assignments included:

- Financial cost responsibilities for Bounty Brand
- Plant leader for all raw materials (inbound issues, supply, quality issues, supplier interface and relationships)
- Site leader for conversion to new integrated financial computer system (SAP)
- Site leader for the Albany P&G Child-Care center planning-construction-startup). This was the first center at a P&G manufacturing facility.

Ghiglieri retired from Procter and Gamble in 2005.



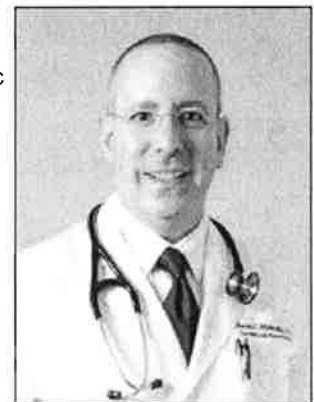
Steven Wolinsky, D.O.

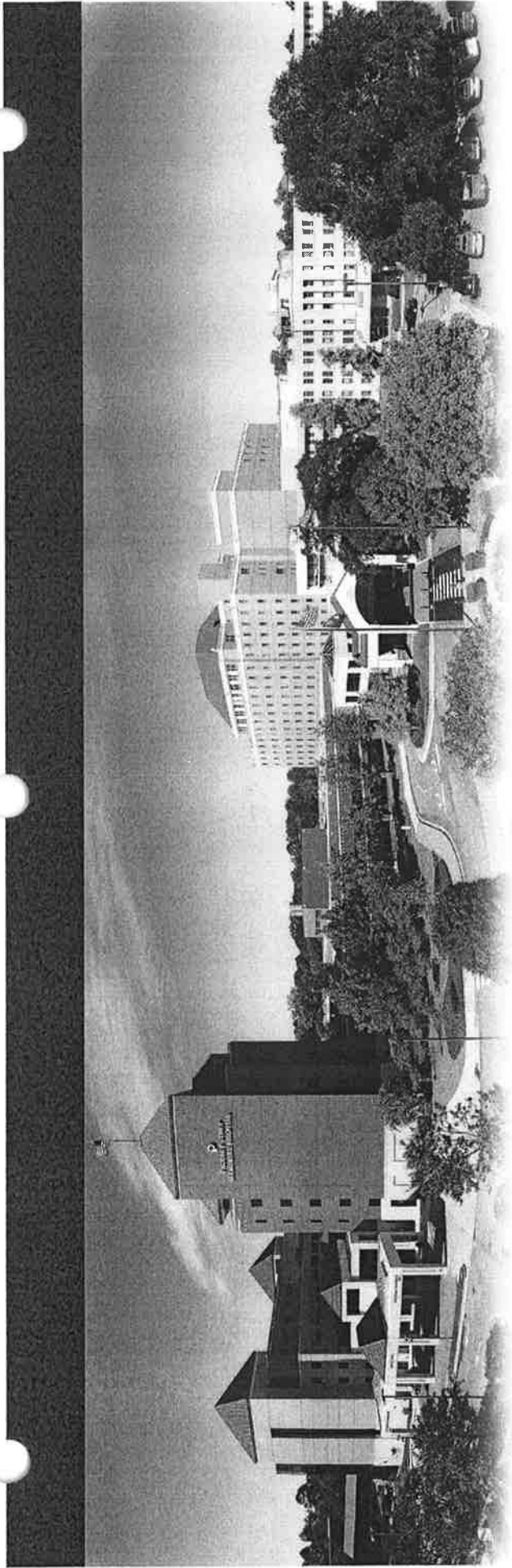
Hospital Authority of Albany-Dougherty County

Dr. Wolinsky is a board-certified cardiologist, who graduated from New York College of Osteopathic Medicine, in Old Westbury, N.Y., with a degree in osteopathy.

Dr. Wolinsky also completed a fellowship in the Division of Cardiology at The George Washington University Medical Center, as well as a fellowship in interventional cardiology. He is a Fellow of the American College of Cardiology. He completed his residency in internal medicine at The George Washington University Medical Center, in Washington, D.C.

Dr. Wolinsky joined Cardiology Associates in 1999 and continues with that group as a member of Phoebe Physician Group. Wolinsky is president of Phoebe's medical staff.

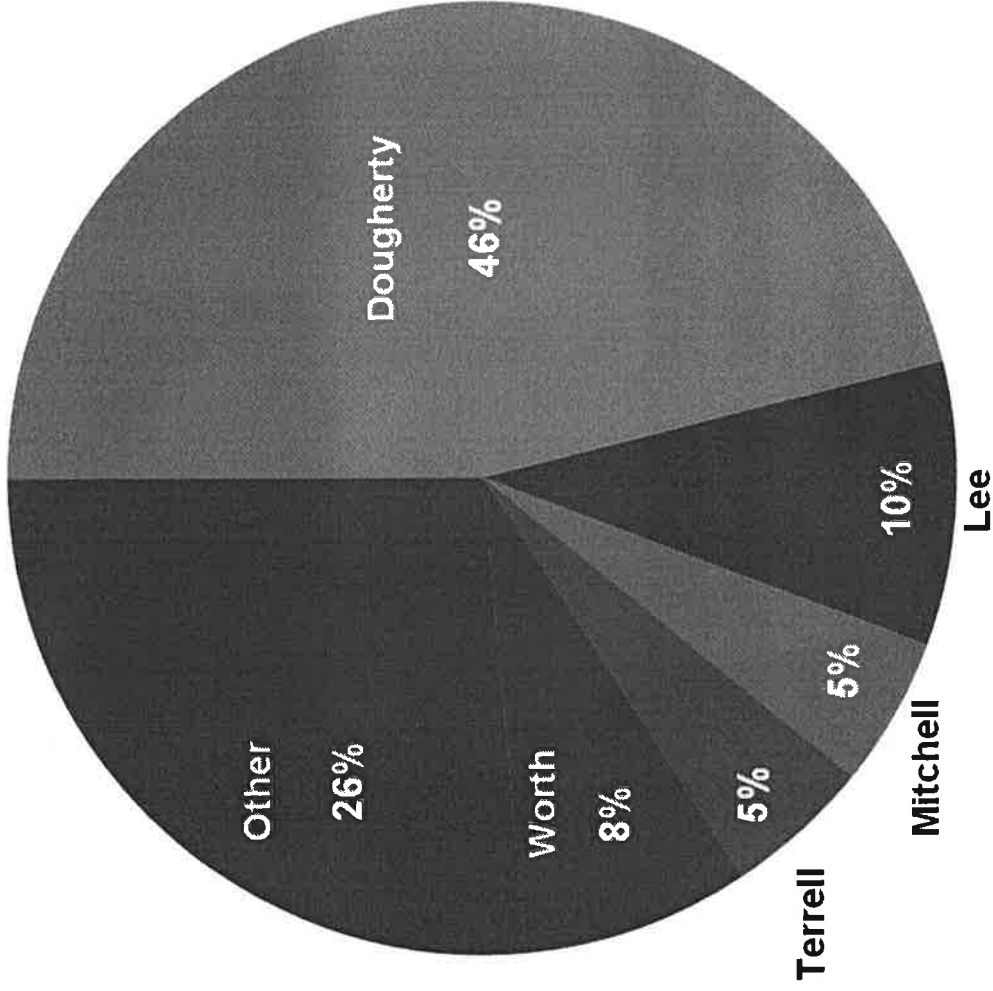




 **PHOEBE PUTNEY
MEMORIAL HOSPITAL**

REPORT TO THE AUTHORITY
August 18, 2011

Caring for a Region Where Patients Live



Source: GA Discharge Data System,
year ending 9/30/2010

Financial Plan Objectives to support Phoebe's Mission:

Execute capital plan through adequate operating results

Ensure exceptional Credit Ratings through improved balance sheet and sufficient operating income performance

Maintain comparable charge levels to provide sufficient community access to healthcare and to ensure adequate operating results

Significantly minimize over time the risk to the community of diminishing access to healthcare

Maintain investment decisions driven by long term strategies, not short term results

Uncertainty in the Healthcare Industry

Healthcare Policy Reform by Federal Government—what will it end up looking like

State FY 2012 budget shortfall and possible impact on Medicaid, ICTF and UPL funding

- ICTF funding beyond FY 2012 is highly uncertain--\$5+ million to PPMH

Minimal volume growth stemming from recession, competitive pressures from specialty providers

Continued growth in high deductible health plans, uninsured/underinsured due to recession

Continued unsettlement of credit markets

RACs and MACs - Georgia

Facility Assumptions

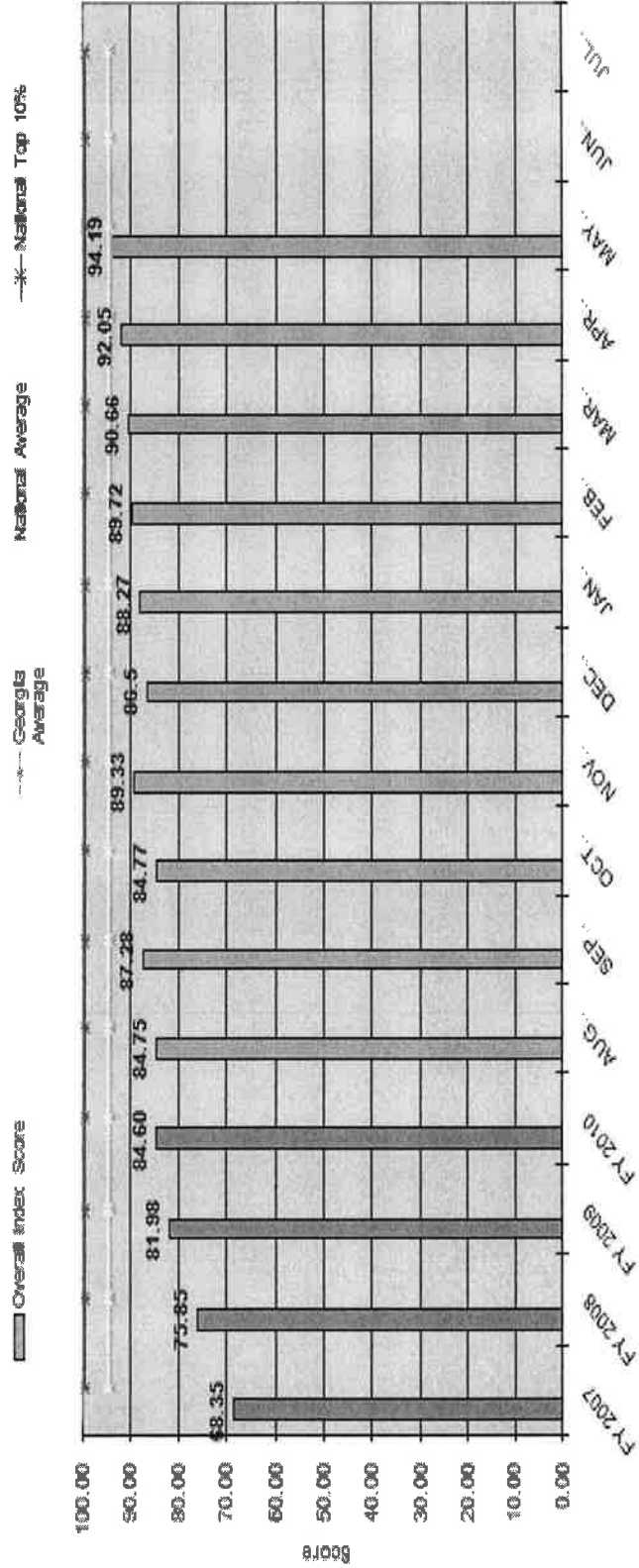
PPMH

- Construction Underway:
 - Digestive Disease Center at Meredyth
 - Nurse Call System Replacement
 - Phoebe Northwest Facility Improvements
 - Physician Dictation Station Upgrades
- Construction to Begin:
 - Emergency Center, UGA Pharmacy Student Office, 2D Respiratory Therapy, 2D Hospitalist Offices
 - Expansion Planning to Begin:
 - Carlton Breast Center at Meredyth, NICU, Pharmacy, MCG Student Housing, Cooling Tower Replacement

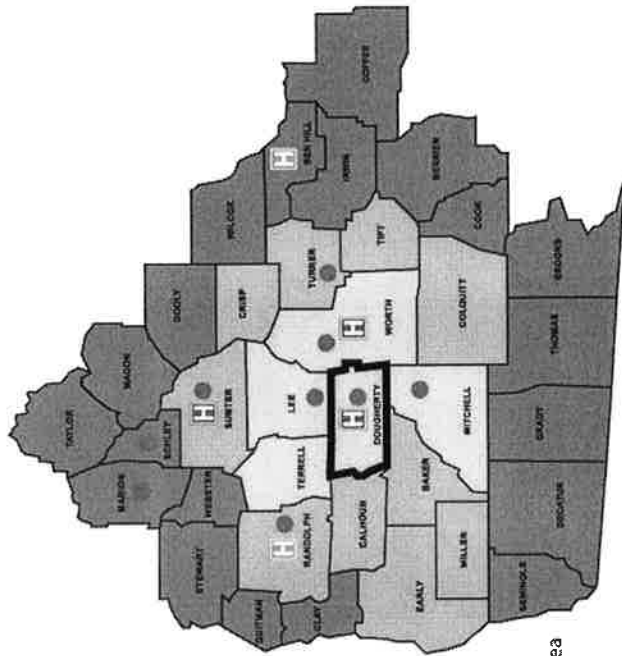
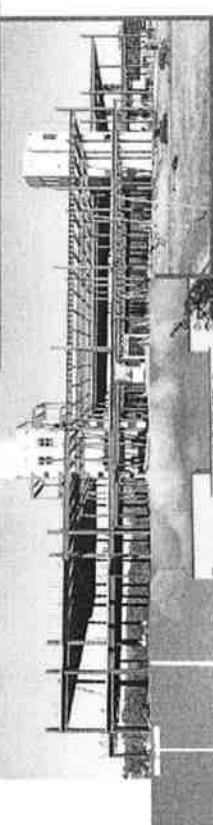
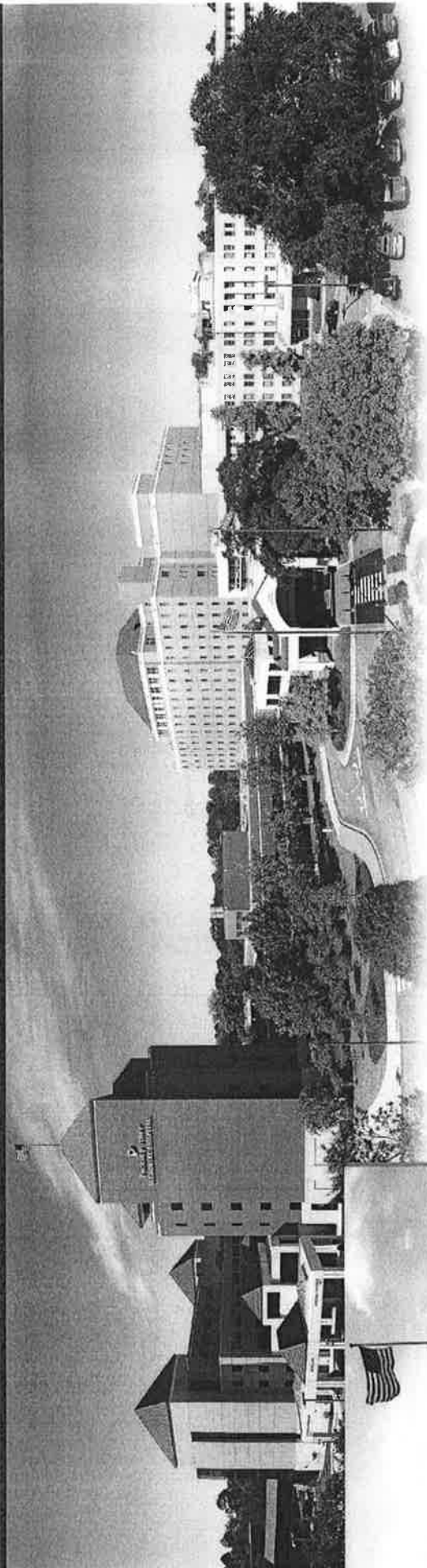
Quality

- Overall Core Measures Index Score
 - Overall performance in Core Measures continues to improve
 - Achieved highest score in May, 2011 (94.2%)
 - Teams remain in place for each Core Measure area to further improve scores
 - Organization Goal - Be in Top 10% by end of fiscal year 2013

Overall Score Graph



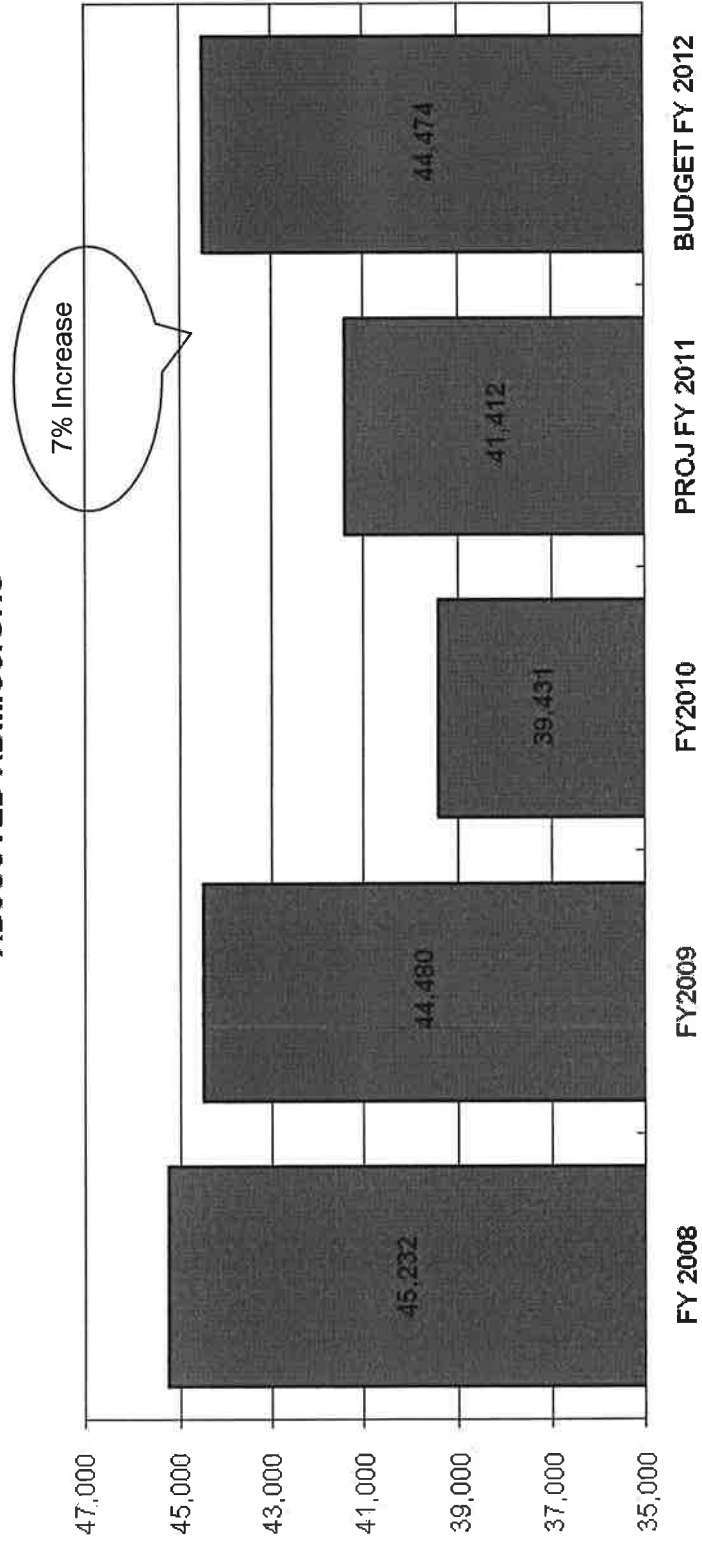
PHOEBE PUTNEY HEALTH SYSTEM



- ☐ Phoebe Primary Service Area
- ☐ Phoebe Secondary Service Area
- ☐ Phoebe Tertiary Service Area
- PPG Physician Practice Locations
- Ⓜ Phoebe Owned/Leased Hospitals
- Ⓜ Phoebe Managed Hospitals

Operating Outlook

ADJUSTED ADMISSIONS



Financial Outlook

Fiscal Year 2012 Budget

	Projected 2011	Budget 2012	Variance %
Gross Patient Revenue	\$ 1,161,519	\$ 1,184,648	2%
Other Operating Revenue	8,565	11,783	38%
Deductions	(668,988)	(678,566)	1%
Net Revenue	\$ 501,097	\$ 517,864	3%
Operating Expenses	(432,519)	(457,825)	6%
Operating Income before Intercompany Expense	\$ 68,578	\$ 60,040	-12%
Intercompany Expense	(57,919)	(46,614)	-20%
Operating Income (Loss)	\$ 10,658	\$ 13,425	26%
Non-Operating Income	2,827	2,472	-13%
Investment Income	6,637	1,920	-71%
Net Income	\$ 20,123	\$ 17,817	-11%

Financial Outlook

The Economy Drives Decisions

PPMH Remains committed to:

- Funding of Defined Pension Plan – \$10M
- Funding of Discretionary Contribution Plan at a level equal to the Defined Pension Plan - \$1.8M
- Continuing Employer 403b Match - \$1.9M
- Continuing Employee Performance Program Incentive - \$2.4M
- Annual merit increases - \$4.8M
- Manage FTE reductions through the use of labor productivity system to ensure no large RIF – reduction in force

Human Resource Issues under consideration:

- Increase productivity standards between 5-10%

Financial Outlook

Community Benefits

	Projected 2011	Budget 2012
Golden Key	\$ 82	\$ 100
Network of Trust	171	209
Community Health	950	1,090
School Nurse Program	796	1,207
Clinic	21,919	22,614
Charity/Indigent Unreimbursed Care	25,918	26,271
Medicare/Medicaid Unreimbursed Care	81,561	83,185
Total	\$ 131,397	\$ 134,676

Capital Expenditure Budget

- Annual Cap Ex will be funded internally and will be directly tied to financial performance

	Total	FY12 Budget	FY13 Budget	FY14 Budget	FY15 Budget
New Buildings					
Digestive Disease Center	35.0	15.0	15.0	5.0	
Regional Warehouse	6.0		4.6	1.4	
Middle School	6.0		2.0	2.0	2.0
MCG Student Housing	2.0	1.0	1.0		
Family Tree West	1.0	1.0			
Total New Building	50.0	17.0	22.6	8.4	2.0

Radiology

3T MRI	1.5	1.5			
MRI	1.2				1.2
64 slice CT	3.0		1.5		1.5
Breast MRI--dedicated	1.5			1.5	
Varian Linear Accelerator	3.2			1.7	1.5
Cyclotron	3.0				3.0
Renovate Cath Lab	2.0				2.0
Total Radiology	15.4	1.5	1.5	3.2	9.2

Investments in Phoebe North

Total	217.5	201.5	6.0	5.0	5.0
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Capital Expenditure Budget continued . . .

▪ Annual Cap Ex will be funded internally and will be directly tied to financial performance

	Total	FY12 Budget	FY13 Budget	FY14 Budget	FY15 Budget
PPMH Core					
7 A/B Nursing Unit Rnovations	5.0	1.0	4.0		
Emergency Center Renovations	4.0		2.5	1.5	
NICU	5.0		2.0	3.0	
Cafeteria	2.0		1.0	1.0	
Pediatrics	2.0	1.0	1.0		
Loading Dock	2.0				2.0
da Vinci Robot	4.0		2.0		2.0
Renovate ORs	5.0	2.5	2.5		
Renovate DDC	1.0		1.0		
Renovate Radiology	3.0				3.0
Financial Buidling	5.0		5.0		
Replace Defibrilators	3.0		3.0		
Extend ICUs	4.5			1.5	3.0
Investments in PPMH Core	45.5	4.5	24.0	7.0	10.0
Office Buildings					
Meredyth Tenant Buildout	2.5	1.0	0.5	0.5	0.5
Meredyth Infrastructure	2.5	1.0	0.5	0.5	0.5
Med Tower 1 & 2 - Tenant Work	1.6	0.5	0.5	0.3	0.3
Med Tower 1 & 2 - Infrastructure	0.6	0.2	0.2	0.1	0.1
Investments in Office Buildings	7.2	2.7	1.7	1.4	1.4

Capital Expenditure Budget continued . . .

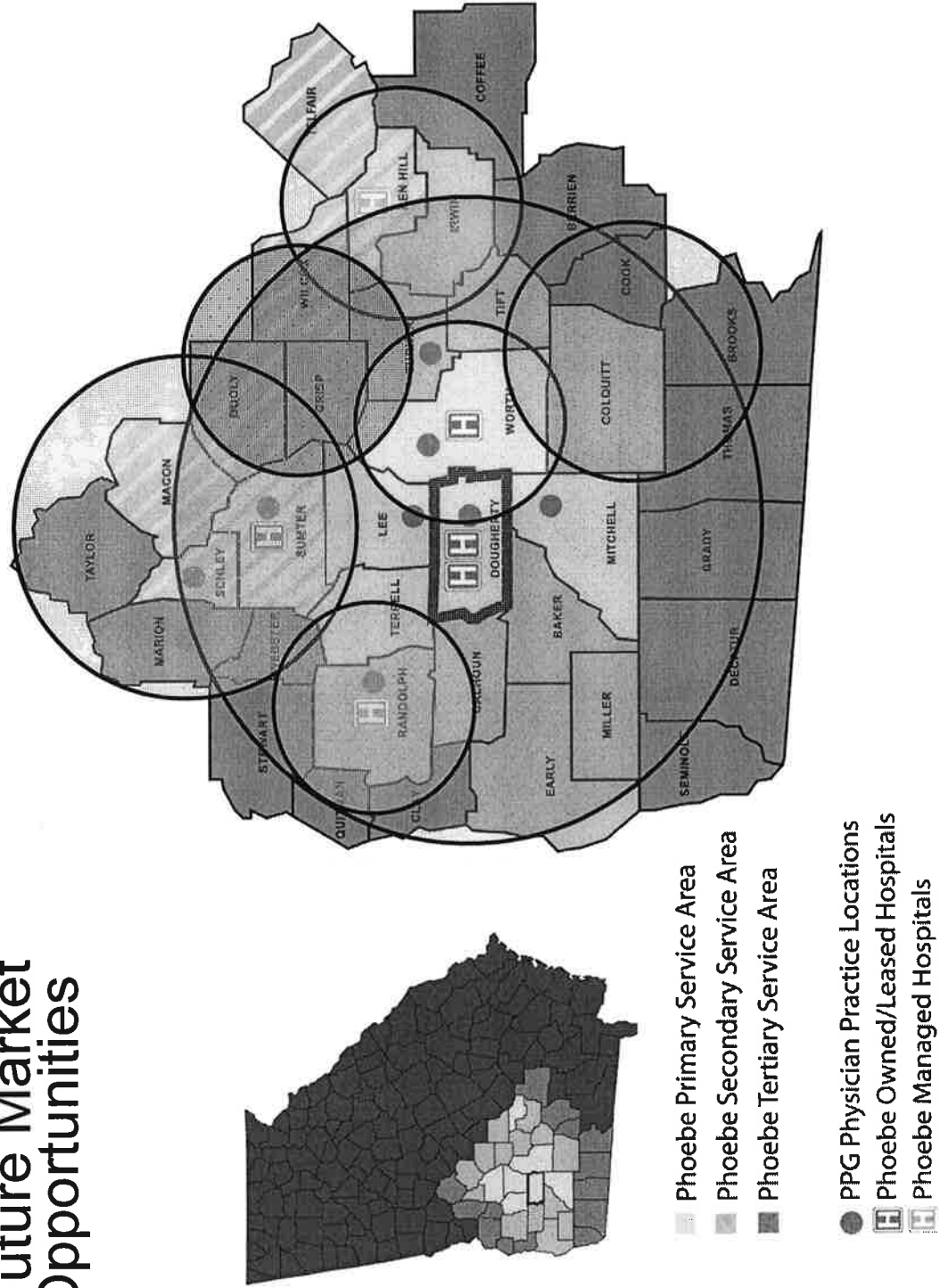
▪ *Annual Cap Ex will be funded internally and will be directly tied to financial performance*

	Total	FY12 Budget	FY13 Budget	FY14 Budget	FY15 Budget
Information Systems					
Information Systems	24.4	5.0	5.4	7.0	7.0
Hermz purchase	2.0	1.0	1.0		
Nurse Call system upgrade/replacement	1.5	1.5			
Investments in Information Systems	27.9	7.5	6.4	7.0	7.0
Plant Initiatives					
Clinic and Other Property Improvements	1.4	0.5	0.2	0.2	0.5
Facility Re-roof	0.5	0.2	0.1	0.1	0.1
Fire Protection & Life Safety	1.2	0.3	0.3	0.3	0.3
Lobbies, Waiting Rooms & Small Jobs	0.4	0.1	0.1	0.1	0.1
Car Park	1.0	0.5			0.5
Parking Lots & Building Exteriors	0.8	0.2	0.2	0.2	0.2
Investments in Plant Initiatives	5.3	1.8	0.9	0.9	1.7
Land Acquisition	4.0	1.0	1.0	1.0	1.0
Routine Capital Replacement	32.0	8.0	8.0	8.0	8.0
Total PPMH Capital Expenditures	\$404.8	\$245.5	\$72.1	\$41.9	\$45.3

Statement of Cash Flows

	<u>Proj FY2011</u>	<u>Budget 2012</u>
Net Income	\$ 20,123	\$ 17,817
Depreciation	25,376	25,865
Foundation Donation	56	-
Bond Issue	10,000	100,000
Sources of Cash	<u>\$ 55,555</u>	<u>\$ 143,682</u>
FY08 Capital Expenditures	\$ 30,000	245,500
Principal Payment	5,200	4,900
Transfer to Investments	-	-
Growth of Working Capital	5,000	5,000
Uses of Cash	<u>\$ 40,200</u>	<u>\$ 255,400</u>
Net Cash Flow	<u>\$ 15,355</u>	<u>\$ (111,718)</u>

Future Market Opportunities



Financial Plan Imperatives

Set Aggressive and Achievable Financial Targets

	Targets	PPMH Projected FY 2011	PPMH FY2012 Budget	AA- Median*
EBITDA Margin	↑ 12%	10.2%	9.6%	9.9%
Operating Margin	↑ 4%	2.1%	2.6%	3.5%
Excess Margin	↑ 7%	4.0%	3.4%	3.7%
Debt to Capital	↓ 40%	25%	33%	34%
Cash to Debt	↑ 150%	257.84%	208%	150%
Days Cash on Hand	↑ 230	265	240	158
Debt Service Coverage	↑ 4.0x	9.65x	7.0x	4.3x

* S&P's 2009 System Medians Published July 2010

Budget Proposal Summary

- Carry on Phoebe's Mission by making healthcare available to all-increase of charity/indigent unreimbursed care to over \$26+ million
- Maintain funding for many community benefits
- Pricing continues to be in lower range for hospitals similar to Phoebe with no price increase projected for FY 2012
- Continued aggressive management of expenses
- Provide in excess of \$400 million for investment in new equipment and facilities during the next four years


STATE OF GEORGIA
COUNTY OF DOUGHERTY

AFFIDAVIT RELATIVE TO CLOSED MEETING

Personally appeared before the undersigned, RALPH S. ROSENBERG, who having been duly sworn, deposes and states as follows:

1. I am over the age of 18 years, I am suffering under no disabilities and I am competent to testify to the matters contained herein.
2. I am the Chairperson of the Board of the Hospital Authority of Albany-Dougherty County, Georgia (the "Authority").
3. On the 18th day of August, 2011, at a meeting of the Authority Board, a motion was duly approved in a roll call vote for the Authority Board to go into closed session for the purposes of: (i) privileged consultation with legal counsel, including consultation pertaining to pending or potential litigation, settlement, claims, administrative proceedings or other judicial actions (permitted under O.C.G.A. § 50-14-2(1)); and, (ii) to discuss potentially commercially valuable plans, proposal or strategy that may be competitive advantage in the operation of the Hospital or its medical facilities (permitted under O.C.G.A. § 31-7-75.2).
4. To the best of my knowledge and belief, the business conducted during the closed portion of the meeting was devoted solely to the above matters for which the meeting was closed.

This the 18th day of August, 2011.



Chairperson

Sworn to and subscribed before me this
18th day of August, 2011.



NOTARY PUBLIC (SEAL)

Dougherty County, Georgia

My Commission expires: _____