

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY

MINUTES OF THE MAY 15, 2014 MEETING

(Open Session)

Attendees: Authority Board Members: Ralph Rosenberg; Dr. Charles Lingle; John Hayes; Lamar Reese; Fred Ghiglieri; Dr. Michael N. Laslie; Ferrell Moultrie; and Dr. Steven Kitchen; Legal Counsel: James E. Reynolds, Jr. Also present were: Joel Wernick; Kerry Loudermilk; Thomas Chambless; Joe Austin; Tom Sullivan and Recorder, Mary Barfield.

Absent: Joel Callins

Call to Order:

The meeting was called to order by Chairman Rosenberg at 7:30 A.M. in the Willson Board Room of Phoebe's Main Campus.

Open Meeting and Establish a Quorum:

Chairman Rosenberg called the meeting to order, thanked all the members for their attendance and participation and he established that a quorum was present.

Approval of the Agenda:

The proposed Agenda had been previously provided to the Authority Members and a motion to adopt the Agenda for the meeting was made by Lamar Reese and seconded by Fred Ghiglieri, which motion was approved by all Authority Members in attendance.

Approval of Minutes:

The proposed minutes of the open session of the February 13, 2014 meeting of the Authority had been provided to Members prior to this meeting and the same was considered for approval. Dr. Lingle made a motion and Dr. Kitchen seconded the motion to approve the Minutes as previously provided. The motion passed unanimously by vote of all Members in attendance.

Financial Reports for Authority and for Phoebe Putney Memorial Hospital, Inc.:

Kerry Loudermilk, CFO of Phoebe Putney Memorial Hospital, pointed out that both the Hospital and the Authority utilize a fiscal year ending July 31 for financial reporting purposes. Mr. Loudermilk next made a presentation and review of the year to date financial reports of Phoebe Putney Memorial Hospital, Inc. A copy of the presentation is attached. Mr. Loudermilk followed with a year to date financial report for the Authority and Mr. Loudermilk also presented a proposed updated Budget for the Hospital Authority for its current fiscal year. After discussions and questions, Lamar Reese made a motion, seconded by Fred Ghiglieri, to adopt the proposed Budget and approve the financial reports as presented. The motion was unanimously passed by vote of all Members in attendance. Copies of the Authority's financial reports and the Budget are attached.

CEO Report:

Mr. Wernick provided further detailed information and background in connection with discussions relative to the Net Investment Loss and the Operating Loss as shown in the Phoebe Putney Memorial Hospital, Inc.'s financial statements. Questions and discussion ensued.

Mr. Wernick next reminded everyone that the week of May 12th is National Hospital Week. A ceremony will be held at the Main Campus of the Hospital where recognition will be given to contributors, employees and the community in the form of paver bricks.

Mr. Wernick next discussed in detail the Primary Care Residency Program and the success it has represented. Among the worthwhile benefits to the operations of the Hospital, a major benefit is that the Program serves as a valuable recruitment tool. Each year there are 18 doctors in the Residency Program (six per year for the three year residency) and the majority of those who train here in the Program will select Albany and surrounding areas for their practice following their residency, which is most beneficial to the Hospital and the quality of medical care in our Community.

Closing of the Meeting:

A motion was made by Dr. Laslie and seconded by Dr. Lingle to close the meeting in order to consult with legal counsel pertaining to pending or potential claims and litigation and to discuss potentially commercially valuable plans or strategies that may be of competitive advantage in the operation of the Hospital or its medical facilities.

Mr. Rosenberg polled each individual Authority Member with respect to his vote on the motion and each of the Members shown below voted to close the meeting, with no Member opposing:

Ralph Rosenberg
Dr. Charles Lingle
Fred Ghiglieri

Ferrell Moultrie
Lamar Reese
John Hayes
Dr. Steven Kitchen
Dr. Michael Laslie

The motion having passed, the meeting closed. Due to conflicts, Mr. Moultrie departed the meeting at 8:55 a.m. and Mr. Hayes departed at 9:00 a.m. (each during Closed Session).

Open Session Reconvened:

Following unanimous vote of all Members in attendance, the meeting reopened at approximately 9:10 A.M.

Consideration of Subordination Agreement:

Jay Reynolds reviewed with the Authority that when the Authority acquired the former Palmyra Park Hospital, it also acquired most of HCA.'s contractual rights pertaining to that Hospital and surrounding campus. Included in those rights was a right of first refusal with respect to certain medical office buildings located adjacent to the HCA property. An OB/GYN, Dr. Payne, is seeking to acquire one such building and accordingly, the Authority has a right of first refusal with respect to the building. Executives of the Authority's Lessee, Phoebe Putney Memorial Hospital, Inc., have advised the Authority they believe that it would be beneficial to its operations as well as for Dr. Payne to acquire the building. Reynolds stated that he believed the best way to permit such a purchase by Dr. Payne while retaining the First Refusal rights with respect to future purchases was to utilize a Subordination Agreement. Following discussion, Lamar Reese made a motion, seconded by Dr. Laslie, to authorize the proper Hospital Authority officials to execute the suggested Subordination Agreement. All Members in attendance approved the motion. A copy of the Subordination Agreement as presented to the Authority is attached.

Additional Business:

Chairman Rosenberg stated that approval was needed for Draffin & Tucker to remain as Certified Public Accountants for the Authority. Dr. Kitchen made a motion, seconded by Lamar Reese, for Draffin & Tucker to continue as the Authority's accountants. All Members in attendance approved and the Chairman was authorized to execute an Engagement Letter.

Adjournment:

The meeting was adjourned at 9:20 A.M.


Mary Barfield, Recorder

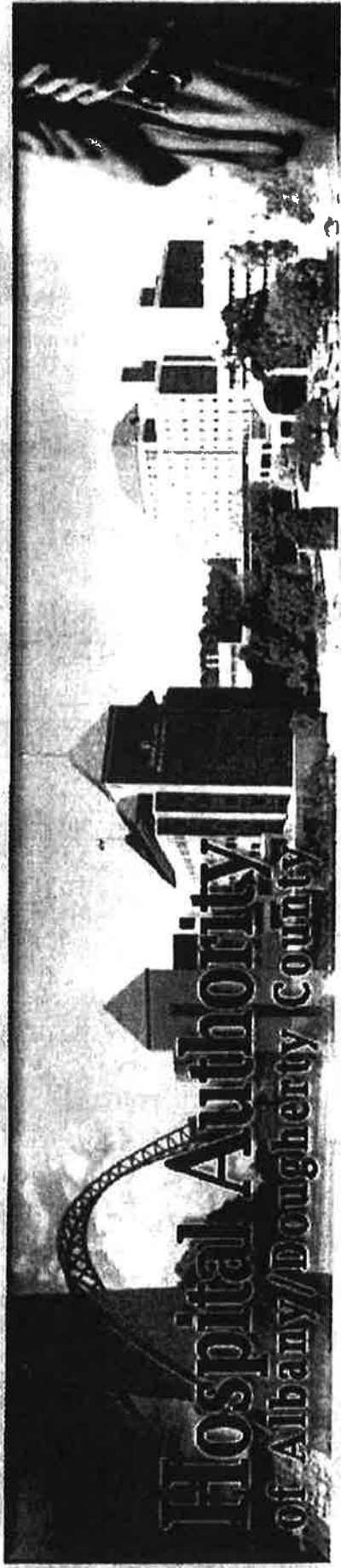
AGENDA

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

(OPEN SESSION)

Meeting of May 15, 2014
(Willson Board Room)

- | | | |
|-------|---|------------------|
| I. | Open meeting and establish quorum | Ralph Rosenberg |
| II. | Consider Approval of Agenda | Ralph Rosenberg |
| III. | Consideration of Open Session Minutes of February 13, 2014 meeting (draft previously provided to Members) | Ralph Rosenberg |
| IV. | Financial Reports for Authority and for Phoebe Putney Memorial Hospital, Inc. Presentation of updated Authority Budget for current year | Kerry Loudermilk |
| V. | Phoebe Putney Memorial Hospital, Inc., CEO Report | Joel Wernick |
| VI. | Consider and vote to close meeting in order to: (i) engage in privileged consultation with legal counsel; (ii) to discuss potentially valuable commercial plans, proposals or strategy that may be of competitive advantage in the operation of Phoebe Putney Memorial Hospital or its medical facilities; and (iii) to discuss confidential matters or information pertaining to peer review or provided by a review organization as defined in O.C.G.A §31-7-131. | Ralph Rosenberg |
| VII. | Consideration of Subordination Agreement for real estate Doctor's office adjacent to Phoebe North campus | Jay Reynolds |
| VIII. | Additional Business, if any | Ralph Rosenberg |
| IX. | Adjournment | Ralph Rosenberg |



May 15, 2014
Open Session Financial
Presentation

FINANCIAL HIGHLIGHTS
HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GA
FISCAL YEAR ENDING JULY 31, 2014

Operating Summary (in thousands)	March 31, 2014 Year-to-Date Actual
Revenues	\$66,664
Net Operating Revenue	\$66,664
Expenses	65,812
Operating Income (Loss)	\$852
Operating Income (Loss)	\$852
Non-Operating Income*	200,090
Investment Income	0
Interest Expense	0
Net Investment Income (Loss)	0
Net Income	\$200,942

*Contributions from PPMH for operations

FINANCIAL HIGHLIGHTS
PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.
MAIN CAMPUS & NORTH CAMPUS COMBINED
FISCAL YEAR ENDING JULY 31, 2014

March-14		Operating Summary (in thousands)			Year-to-Date		Prior Year
Actual	Budget	Variance	Actual	Budget	Variance		
\$120,419	\$125,523	(\$5,104)	\$919,829	\$975,903	(\$56,075)	\$929,463	
83,144	80,856	2,288	604,891	627,070	(22,179)	581,142	
895	1,469	(575)	12,281	11,794	486	11,794	
\$38,170	\$46,136	\$ (7,967)	\$327,218	\$360,627	(\$33,409)	\$360,104	
38,138	40,054	(1,916)	297,572	315,710	(18,137)	313,312	
\$31	\$6,082	(\$6,051)	\$29,645	\$44,918	(\$15,272)	\$46,792	
4,748	4,484	264	37,290	36,171	1,119	42,454	
(\$4,717)	\$1,588	(\$6,315)	(\$7,645)	\$8,747	(\$16,391)	\$4,337	
259	236	24	2,304	1,885	419	1,867	
(771)	12	(783)	(860)	95	(956)	6,732	
584	580	5	4,880	4,639	241	4,826	
(1,355)	(568)	(787)	(5,740)	(4,543)	(1,197)	1,905	
(\$5,812)	\$1,266	\$ (7,078)	(\$11,081)	\$6,088	\$ (17,169)	\$8,110	
(\$2,148)	\$4,745	(\$6,893)	\$18,432	\$33,921	(\$15,489)	\$33,314	
-11.27%	1.91%		-3.28%	0.99%		-0.12%	
-10.03%	3.00%		-2.00%	2.10%		1.03%	
-5.63%	10.28%		5.63%	9.41%		9.25%	
Actual	Budget	Variance	Actual	Budget	Variance	Prior Year	
1,690	1,905	(215)	13,653	15,760	(2,107)	15,438	
9,826	10,237	(411)	77,581	86,488	(8,907)	81,854	
5.81	5.37	0.44	5.68	5.49	0.19	5.30	
12,503	11,734	769	95,237	98,779	(3,542)	93,713	
8,847	8,887	(40)	68,663	69,694	(1,031)	69,840	
3,553	3,676	(123)	26,343	31,326	(4,983)	31,038	
66,086	71,512	(5,426)	556,627	563,264	(6,637)	535,433	
5,263	5,052	211	42,259	38,597	3,662	38,597	
281	277	4	2,144	2,216	(72)	2,049	
4.13	4.32	(0.19)	4.41	4.03	0.38	4.35	
Statistics			Statistics			Prior Year	
	Admissions						
	Patient Days						
	ALOS						
	Equivalent OP Days						
	E.C. Visits						
	Convenient Care Visits						
	Clinic Visits (excludes CCV and Home Care)						
	Phoebe Home Service Visits						
	Phoebe Home Service Admissions						
	FTE's per Adj Occ Bed						

**FINANCIAL HIGHLIGHTS
HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GA
FISCAL YEAR ENDING JULY 31, 2014
Proposed Budget**

Operating Summary

Revenues	Actual
	\$100,000
Net Operating Revenue	\$100,000
Expenses	88,000
Operating Income (Loss)	\$12,000
Non-Operating Income	200,000
Net Investment Income (Loss)	0
Net Income	\$212,000



SUBORDINATION AGREEMENT

AFTER RECORDING RETURN TO:

WILLIS A. DUVALL, JR.
MOORE, CLARKE, DUVALL & RODGERS, PC
2829 OLD DAWSON ROAD
ALBANY, GEORGIA 31707

PLEASE CROSS REFERENCE TO:
DEED BOOK 2533, PAGE 106
DOUGHERTY COUNTY LAND RECORDS

Dougherty

SUBORDINATION AGREEMENT

GEORGIA, DOUGHERTY COUNTY.

THIS SUBORDINATION AGREEMENT (the "Agreement") entered into this ____ day of _____, 2014, between **HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA**, (the "Authority,") and **DR. JONATHAN PAUL PAYNE**, ("Payne"),

RECITALS:

- (a) This Agreement relates to Lot 2A of the Resubdivision of Lots 2, 3, 4, 5 and 6 of Palmyra Park Medical Center Subdivision according to a plat of survey thereof recorded in Plat Cabinet 1, Slide B-88, in the office of the Clerk of Superior Court of Dougherty County, Georgia (the "Property"); and
- (b) The Authority is the successor in interest to the contract rights of Palmyra Park Hospital, Inc. which relate to the former Palmyra Park Hospital campus in Albany, Dougherty County, Georgia, by virtue of that certain Assignment and Assumption Agreement between the Authority as assignee and, as assignors, Palmyra Park Hospital, LLC, successor to Palmyra Park Hospital, Inc. pursuant to a statutory conversion, et al, said agreement dated as of December 15, 2011; and
- (c) Pursuant to a warranty deed from Mariellen J. Bateman to Annette H. Gay, dated February 13, 2003, recorded in Deed Book 2533, page 106, Dougherty County land records, a right of first refusal ("Right of First Refusal") was established in favor of Palmyra Park Hospital Inc. to purchase the Property should the owner thereof desire to sell or convey the Property or any portion thereof to a third party, the terms and provisions of the Right of First Refusal being set forth in said deed; and
- (d) Ruth H. Crouch (Crouch") has succeeded to the ownership of the Property;
- (e) Payne is desirous of entering into an agreement with Crouch covering the Property by which Payne either purchases, leases, or leases with an option to purchase the Property; and
- (f) The parties acknowledge that the Property is subject the Right of First Refusal in favor of the Authority; and

(g) The Authority is willing to accommodate Payne in his acquiring either an ownership interest or a leasehold interest in the Property from Crouch.

NOW, THEREFORE, FOR AND IN CONSIDERATION of One Dollar (\$1.00) and other valuable considerations, receipt of which is hereby acknowledged by all parties to this agreement, it is agreed as follows:

(1) The Authority hereby specifically subordinates its Right of First Refusal covering the Property to: (a) a deed of conveyance of the Property from Crouch to Payne, or to a lease or lease-purchase agreement covering the Property between Crouch as landlord and Payne as tenant; and, (b) provided Payne acquires the Property in fee simple ownership by deed of conveyance from Crouch, to either a first lien purchase money deed to secure debt granted by Payne to a commercial banking lender conveying the Property to said lender as collateral for a purchase money loan on the Property or to a seller-financed first lien purchase money security deed covering the Property granted by Payne back to Crouch.

(2) The subordination granted herein shall apply to Payne and also to a corporation or limited liability company in which Payne is the majority stockholder or member should Payne acquire the Property in such an entity name rather than in his individual name.

(3) This agreement does not subordinate the Authority's Right of First Refusal as to any other conveyance, lease, assignment or agreement regarding the Property, so that the Right of First Refusal remains in full force and effect in favor of the Authority as to any future proposed conveyance, lease, assignment or agreement concerning the Property.

(4) Phoebe Putney Health System, Inc., a Georgia non-profit corporation ("PPHS"), and Phoebe Putney Memorial Hospital, Inc., a Georgia non-profit corporation ("PPMH"), join in the execution of this deed for the express purpose of confirming that neither PPHS nor PPMH received any interest of any kind or nature in the Right of First Refusal, said interest being held solely by the Authority.

[Signatures on next pages]

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed by their respective duly authorized officers on the day and year first above written.

Hospital Authority of Albany-Dougherty County

By: _____
Ralph S. Rosenberg, Chairman

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public
My commission expires: _____
(Notary Seal)

Phoebe Putney Health System, Inc.

By: _____
Joel Wernick, President

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public
My commission expires: _____
(Notary Seal)

Phoebe Putney Memorial Hospital, Inc.

By: _____
Joel Wernick, President

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public
My commission expires: _____
(Notary Seal)
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Imagery Date: 12/21/2012 31°36'22.19" N 84°10'03.25" W elev. 196

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STATE OF GEORGIA
COUNTY OF DOUGHERTY

AFFIDAVIT RELATIVE TO CLOSED MEETING

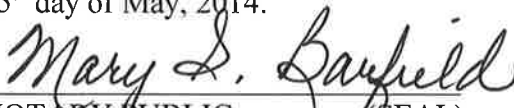
Personally appeared before the undersigned, RALPH S. ROSENBERG, who having been duly sworn, deposes and states as follows:

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 15th day of May, 2014 , 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) engaging in privileged consultation with legal counsel; (ii) to discuss potentially valuable commercial plans, proposals or strategy that may be of competitive advantage in the operation of Phoebe Putney Memorial Hospital or its medical facilities; and (iii) to discuss confidential matters or information pertaining to peer review or provided by a review organization as defined in O.C.G.A §31-7-131.
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 15th day of May, 2014.


Chairperson

Sworn to and subscribed before me this
15th day of May, 2014.


NOTARY PUBLIC (SEAL)

Dougherty County, Georgia

My Commission Expires: _____

