

**FRANKLIN COUNTY BOARD OF COUNTY COMMISSIONERS  
WORKSHOP  
COURTHOUSE ANNEX – COMMISSION MEETING ROOM  
DECEMBER 5, 2017  
1:30 P.M.  
MINUTES**

**Commissioners Present:** Joseph Parrish – Chairman, Noah Lockley-Vice-Chairman, Cheryl Sanders, William Massey, Ricky Jones

**Others Present:** Michael Moron-County Coordinator, Alan Pierce-Restore Coordinator, Michael Shuler – County Attorney, Lori P. Hines-Deputy Clerk to the Board.

**Call to Order**

**Chairman Parrish called the workshop to Order.**

**Jim Coleman Jr. – CHC – Management Agreement Discussion**

Mr. Moron stated this is a workshop so the Board cannot take action by motion but can direct staff. He said they are here to discuss the management agreement for Weems Memorial Hospital. He stated Mr. Jim Coleman, Jr., Community Hospital Consulting (CHC), is present in person and Mr. David Butler, attorney for CHC, is present via telephone. Mr. Moron recommended the Board take public comment at the beginning of the workshop and then the comments will be incorporated into the discussion and this will make for a more productive meeting. Chairman Parrish asked for public comment and reminded everyone there will not be any public comments later in the meeting. Mr. Allan Feifer, Concerned Citizens of Franklin County, questioned how they can make any comments when they do not have any documents to reference. He went on to say they do not know what will transpire. Attorney Shuler stated an initial draft of the contract presented by CHC was provided to Mr. Feifer and that would be the basis for any comments. He reminded everyone this is a workshop so no decisions will be made today. He said Mr. Feifer has been present at the meetings and he also had a discussion with Mr. Feifer. He said the purpose of the meeting is to discuss the contractual expectations of CHC and his expectations after speaking with the Commissioners. He reported he wanted everyone in the same room so they can give some direction and try to work through the issues. He stated now is the time for any public comment. Mr. Feifer protested that they cannot help the county or provide fruitful public comment at the beginning of the meeting. Mr. Feifer explained he provided comments to each Commissioner and the County Attorney of problems with the original draft of the agreement presented by CHC. He thanked the Board for having this workshop and asked them to reconsider having public comment at the end of the workshop. Attorney Shuler asked if the Board has any questions before they proceed. The

Board did not have any questions. Attorney Shuler said he will start with the list of questions he has for the Board. He reported the first question deals with the management fee. He stated the original proposal was \$30,000 per month but he suggested the County may be more amendable to a \$25,000 per month management fee. He explained the response to the counter offer was to take the management fee back to the original offer of \$30,000 per month. He asked for comments from the Board and CHC about the total management fee. He said he has relied on Mr. Mike Cooper, Weems Memorial Hospital, for his input on these items and Mr. Cooper has been generous with his time in helping him work through these issues. He reported Mr. Cooper suggested \$20,000-\$30,000 per month would be a reasonable amount to pay for the management services. Mr. Butler reported their proposal is to provide the services for \$30,000 and they think it is fair and reasonable. Attorney Shuler asked for direction from the Board. He explained normally he would just negotiate the contract but given the level of importance of this issue he felt the need to meet a public setting so he will know where the Board wants to go. Chairman Parrish suggested the monthly fee be set at \$25,000 and cap it at \$30,000 which would allow \$5,000 a month in expenses instead of \$30,000 a month plus expenses. He said this is an issue for him because the expenses cannot be open ended and must be tied to a number. Attorney Shuler reported he made this proposal and CHC did not accept. He explained CHC proposed expenses of \$60,000 per year. He went on to say the Board would then be looking at \$360,000 a year for the management contract fee and an additional \$60,000 for expenses so the annual maximum costs would be \$420,000 a year. Attorney Shuler pointed out there are a couple of other provisions in the contract that cause him concern such as the hiring of additional consultants. He explained the County should have the ability to terminate any consulting relationship that CHC and the county jointly agree to engage in as opposed to the county not having the ability to terminate that consulting relationship. Attorney Shuler stated there should also be some clarification on what additional consulting services they would be looking at. He explained one of these items may be an auditor which is needed every year to conduct the annual audit on the hospital because he has never heard that CHC would provide these consultants. Attorney Shuler stated there is also a Certified Public Accountant (CPA) that prepares the cost report so potentially that would be another consultant providing services outside of the scope that CHC would be providing but he does not know if it is just limited to these consultants or not. He explained this would be an additional expense but these are expenses that the Board is already incurring each year anyway. Attorney Shuler stated under the contract there is also a provision called Contracted Services which are above and beyond the expense for the day to day management of the hospital provided by CHC. He said they need to have a conversation to clarify and define what additional services CHC would be providing above and beyond the day to day management of the hospital. He reported the language was stricken by Mr. Butler so he does not know what additional services CHC is envisioning beyond their consulting services. He questioned how much this could cost. He reported there are potential cost factors built into the contract which could be in addition to the management fee plus the expenses. Chairman Parrish stated the Board has got to know when they are through with this contract what it is costing the county so they know the money is available to pay for the contract. He reported the community voted for this tax and the Board must be prudent in how this money is spent. He said they need to know

what the tax dollars are being spent for and what is being derived from the additional consulting fees. Mr. Coleman explained they are addressing business issues when they need to be talking about liability issues. He stated when they sent the original standard management contract to Attorney Shuler then he did his research and returned a red line copy. He said it was a management contract but it was written where they assumed all liability financially for the hospital. He explained CHC drafted it back to the standard management contract and everything went back to how it was originally proposed. He reported the liability issue must be solved first or they are wasting time talking about the business issues. Attorney Shuler referenced Paragraph 1.4 on Page 2 of the red line copy. He explained there are other portions that also make reference to the responsibilities and liabilities of CHC. Attorney Shuler stated there are details about services CHC is going to provide but not many details on their contractual responsibilities. He said the contract is one sided but it may be the industry standard for hospital consulting agreements. He explained it is general in saying they will provide an administrator and day to day oversight of the hospital but there are no details about non-performance. He said this is not an adversarial position but they need to balance out the needs of CHC and the County. Attorney Shuler read his suggestion for this section. He stated CHC has explained that the Hospital Board will actually be selecting and making the decisions on the medical staff. He said Section 1.4 summarizes the liability issue. Mr. Butler agreed but said in other places it gets more specific about liability to be imposed on CHC. Attorney Shuler explained in speaking with the Commissioners, they expect CHC would be running the daily operations of the hospital including the employees. He reported one of the other items CHC objected to was if their management services through their administration or employees resulted in employee claims being made against the county then based on the management services being provided CHC would be responsible for the claim not the county. He questioned if there are any other issues of liability that CHC objects to. Mr. Butler stated this contract is one that is used in almost all their managed hospital arrangements. He explained CHC has to understand completely what their role is and their responsibility. He said they do not have the financial wherewithal to become the "deep pocket" for all management claims nor do they want to take on this role. He explained they want to define their role and responsibility and if they breach that agreement then they would be accountable but they will not be responsible for everything that happens on a day to day basis. He reported they will only have one person on site that is a CHC employee and that is the CEO. He stated this person will not be making all the decisions and they cannot be responsible for all day to day operations. He reported this person will have limited capacity on what they can do. He said CHC will provide their legal best efforts to manage the hospital like similar hospitals are managed but they cannot be a guarantor for everything that is going on in the hospital. He went on to say if specific things need to be included in the contract then they can do that but they cannot insert broad language in the contract that they are responsible for everything under the Medicare program because they cannot undertake that liability. He pointed out the CEO may not be involved in the hiring of all employees. He explained they need to understand their role and responsibilities for managing and operating the hospital. Mr. Butler said traditionally CHC brings in a management team that works with the Hospital Board and makes recommendations. He stated they provide direction on a daily basis and makes directions to

the Hospital Board that provides the decision, direction and management of the hospital. He reported the management team then carries out the directions of the Hospital Board. Mr. Butler explained if CHC deviates from what is directed by the Hospital Board then they would be responsible for those actions. He said CHC cannot take full responsibility for everything that happens at the Hospital. Chairman Parrish reported the County has always been eligible for the Medicare and Medicaid programs at the Hospital and he is concerned when CHC says they will not guarantee these programs will continue. He stated the majority of the funds coming to the Hospital come from these programs. He said he understands about the liability issue but the County has been operating the hospital for a number of years and has insurance to cover some of these issues. He expressed concern that if CHC was managing the Hospital they would not guarantee that they would comply with the Medicare and Medicaid programs. Mr. Butler explained CHC will do everything in their power to operate the Hospital in a manner to continue to participate in the Medicare program but if something happens out of their control they cannot be a guarantor. He stated CHC will operate the Hospital to be in compliance with Medicare but they cannot guarantee there will never be a violation. Chairman Parrish asked if these assurances can be added in the contract. Mr. Butler answered yes. Attorney Shuler reported the contract was drafted so CHC would be responsible to maintain the Hospital's eligibility to participate in Medicare and Medicaid and they would be responsible, if through their negligent management, the hospital lost their eligibility. He explained specific exemptions were added that CHC is not responsible for the negligence of someone else. He stated the County is not expecting CHC to be the guarantor of a third party's actions. Attorney Shuler reported they would like to see this contract work out and the Board has confidence in CHC. He reminded everyone the Board will not make a decision today but this is a discussion he wanted to have with CHC and the Board. Mr. Butler reported there is some language they can come up with to address the Medicare program but it is not a guarantee and they cannot be held accountable for things that are out of their control. Commissioner Lockley questioned if they will guarantee whatever they work on. Mr. Butler answered they can have the best intention but sometimes things do not work out and they cannot guarantee everything they try will be a success. Commissioner Lockley was concerned these failures could fall back on the county. Mr. Coleman reported one of the reasons they recommended a 24 month contract was because there are things that need to be fixed and worked on. He went on to say as they see what the best actual financial performance is then they can determine what kind of facility will be needed in the future. He said they will take the plan they submitted to the Board and turn it into an action plan and execute it. Mr. Coleman reported at the end of the 24 months they will decide where they want to go. He said they will promise to try but everything they try will probably not be successful. He explained during the process they will probably find some opportunities they did not find before. Commissioner Lockley asked if the Hospital will provide an Administrator for the \$30,000 a month. Mr. Coleman answered yes. He suggested another contract be drafted and then negotiations can begin between Mr. Butler and Attorney Shuler. Commissioner Lockley asked if there will be more money for a CFO and CEO in addition to the \$360,000. Mr. Coleman stated the discussion was about the CFO and CEO positions being on CHC payroll as a pass through. Attorney Shuler said the CEO salary is not included in the \$360,000. He clarified the management fee excludes the CEO salary so the salary will be in

addition to the management fee. Commissioner Lockley stated he is not satisfied with the proposal. Attorney Shuler explained in terms of liability if programs are suggested by CHC, he is not expecting a guarantee of success but he wanted the contract written so if CHC's negligent management decisions of the hospital caused harm then they should be liable. He stated if they are involved in the retention and selection of the employees and negligently hire an employee then the liability and responsibility will be CHC's. He explained CHC would be responsible for their negligent acts but not for anyone else's negligent acts. Commissioner Lockley asked what the other services are going to cost the county. Attorney Shuler reported there may be estimate of the costs embedded in the study CHC completed but these things would be addressed later after they have a contract. Chairman Parrish asked if the additional consultants that may be needed later would be paid out of additional hospital revenues that are generated. Mr. Coleman agreed that may be the situation and said it could be someone that is needed to complete the cost report or audit. He reported if there is anything needed outside of the contract that will cost any money, he will appear before the Board and explain why it is needed and get the Board's approval before CHC engages anyone. Chairman Parrish asked if during that time Mr. Coleman will demonstrate the benefit to the hospital. Mr. Coleman answered yes, and commented if the Board does not agree then CHC will not hire the person. Chairman Parrish said it sounds like some of these issues can be worked out but the parties are going to have to work diligently with their attorneys to resolve these issues. He stated both attorneys are trying to protect their client which is their job. Mr. Coleman said he did not understand what this meeting was for but now he does and thinks this will help move the negotiations along. Chairman Parrish addressed public comment and said anyone can listen to the discussion, take notes and then comment when this agreement comes to the Board for action. Commissioner Sanders stated the liability issue seems to be an issue with both attorneys and she questioned if they felt like they could work it out where everyone felt good and it protects the rights of the client. Attorney Shuler reported he heard Mr. Butler comment that they should be able to come up with some language on remaining eligible through their management services to participate in Medicare and Medicaid. He stated there has not been any response on the issue of whether their management services are negligent and there is damage caused to the hospital, they would be responsible for the negligence because that is not the way the contract is presently written. He offered to have a conversation with Mr. Butler after the meeting if he would prefer to address it that way because he feels this is still an outstanding issue. He expressed his opinion that everyone is working in good faith on both sides to bring a contract forward. Commissioner Sanders instructed Attorney Shuler during this workshop to address every issue so the Board will know and they can work on each one because they need to get something in place at the hospital for the people of the county. Attorney Shuler stated the main issue on the liability side is if the Board agrees that CHC should be responsible if they have a negligent act by their administrator, a CHC employee or agent under their control and it results in a loss to the hospital then should CHC be responsible for the loss. He explained their contractual obligations are set forth and generally and broadly written. He stated this is why he wanted it written in the contract that they are responsible for their own negligence. Mr. Butler responded they will promise to use their reasonable best efforts to operate the hospital according to the way similarly situated hospitals are operated. He

explained instead of approaching it from a negligence point which would open CHC up for liability, he would rather say they are using their best reasonable efforts to operate the hospital. He reported if they performed their best reasonable efforts then they have met their obligation. Mr. Butler stated the negligence standard can be too low in some situations for them to be held accountable to. He said if they provide their reasonable best efforts to do the job and do it right then they have performed under the contract. Commissioner Jones asked if TMH is under this same liability in the current contract. Attorney Shuler answered no, as TMH has more of a consulting role not a management contract with the county. He stated they provide the CEO but are not paid \$360,000 a year to manage the hospital or have an expense account. He said the day to day management is administered through the CEO under the direction of the County Commission. He explained TMH does not have the ability to obligate public funds to run the hospital. He reported the County does this through the administrator at the hospital. He stated there are limitations on the administrator and he cannot enter into any contracts without the Board's prior approval for contracts in excess of \$50,000 in value. He reported the limitation on the ability to expend public funds is an issue he would like to discuss today. Attorney Shuler said he can have some more discussions with Mr. Butler on the negligence issue but he has said they will use their reasonable best efforts to manage Weems Memorial Hospital according to standards that govern similarly situated hospitals so they are much closer to being able to work this out. Chairman Parrish discussed employees making a mistake and personal liability. He explained if CHC did not properly vet the employee then CHC could be liable. Mr. Butler said he does not know if the CEO will be involved in the hiring and firing of every employee. He reported the Human Resources (HR) person will be hiring and making decisions about hiring. Mr. Butler stated CHC will only have one person on the ground during the contract. He explained their person's job is to make sure there is a good HR person at the hospital and reasonable policies are in place for the selection and hiring of employees. He reported their role is to make sure the hospital is operating according to the requirements of similarly situated hospitals. Commissioner Lockley encouraged the attorneys to come to a conclusion so they can move forward. He stated he does not want to see a contract like they have now. He said no one is over the CEO and TMH is paying him. Commissioner Lockley reported the CEO should be paid the same the same way as every other employee and the money should come from the same place. Chairman Parrish stated they need better oversight of the CEO. Commissioner Massey asked how many hospitals they are managing. Mr. Coleman answered they own, manage or lease 28 hospitals. He explained they have been in business for 21 years and this management contract has been used and is standard. He said there are always negotiations and they have made good progress today. Commissioner Massey stated he thinks this contract will work out. Commissioner Jones reported no one is trying to stall but they are negotiating to get what they need and doing the best so Weems Memorial Hospital can go forward. He explained the Board is trying to take one step for the Hospital but that does not have CHC leasing the hospital yet. He stated they feel close to a contract but don't want things that have happened in the past to happen again so there is a certain amount of wariness. Mr. Coleman said they never felt like this was an adversarial situation. Chairman Parrish stated he feels like the liability issues have been covered and the attorneys can work on these items. Mr. Butler agreed they will try to find some common ground. Attorney Shuler brought into

discussion the cap on manager expenses. He explained the difference in his proposal was he suggested a \$5,000 a month cap and \$60,000 annual cap. He said the difference in his suggestion was they either use it or lose it and they would like to preserve the \$60,000. Commissioner Jones said as long as it does not exceed \$60,000 for the year. He explained CHC may initially need to spend more to get started but as long as it is capped at \$60,000 per year. Commissioner Sanders stated she feels the same way. Attorney Shuler asked about the consultant fees. He said there is a condition that CHC would have to obtain the County's permission to hire a consultant but he would like the County to have a right to terminate the engagement of the consultants. Chairman Parrish asked if CHC would come tell the County what the benefits are if they want to hire a consultant. Mr. Coleman answered yes. Chairman Parrish questioned if Mr. Coleman would ask to terminate the consultant if the County is not receiving the expected benefit. Mr. Coleman agreed and said it is part of their responsibility. Attorney Shuler explained it would require a mutual agreement to terminate. He questioned what will happen if the County wants to terminate and CHC does not. He reported the proposal he drafted allowed the County to terminate the consultant not CHC. He went on to say if it is joint then one party cannot terminate the agreement with the consultant. Chairman Parrish reported they will rely on Mr. Coleman to tell them as he is the expert. Mr. Coleman stated this is typically how it would work. He explained they do not know what consultants they would use but when they do they would present a business case for it and set up a process for tracking the metrics to see if it is paying back based on what they thought would happen. He stated he would probably appear quickly if it is not working. Commissioner Massey said if they save money would it stay with CHC or come to the County. Mr. Coleman answered the county. Chairman Parrish stated all revenues stay with the hospital. Mr. Butler said they need to know what they can expect on the contracts. He said they would come to the Hospital Board and if they need a 30 or 10 day out then they could add it. Attorney Shuler asked if the contract would be between Franklin County and the consultant or CHC and the consultant. Mr. Butler said the contracts would not be through CHC but with the consultant and the County. Attorney Shuler explained if the contract is between the County and the consultant then they can address the termination in the contract and it is not an issue. Chairman Parrish stated this matter would be addressed with the Hospital Board and then a recommendation presented to the Commissioners. Attorney Shuler reported the next issue is selection of the administrator. Attorney Shuler said he thought CHC would select an administrator and then inform the Board of their decision but they want to make a recommendation and have the county make the decision. He said CHC should be making decisions on the hospital and if the Board selects the administrator then they assume responsibility for the administrator's actions. Chairman Parrish pointed out earlier in the meeting they stated the CEO would be an employee of CHC so they would be responsible for the employee. Commissioner Sanders agreed. Chairman Parrish reported the Board does not need to vet this employee as that is CHC's employee on the ground. Mr. Butler explained the Hospital Board has a responsibility even in the Medicare Program for the selection of the administrator of the hospital. He reported CHC will find the employee and then present this recommendation to the Hospital Board. He stated if the Hospital Board is not interested in the person then they would not want to bring this person into the hospital because it is a working relationship. He stated once the Hospital Board says

yes to the person then CHC puts them on their payroll and the person works for them. Mr. Coleman agreed they select a candidate and present them to the Hospital Board or Commission, whichever their preference is. Chairman Parrish asked if the Board would like the recommendation of CHC and the Hospital Board brought to the Board. Commissioner Sanders said she does not. Commissioner Massey stated he does not. Chairman Parrish reported the selection will be between CHC and the Hospital Board. Commissioner Sanders stated that is the way it has been in the past. Commissioner Lockley said the person always comes to the Board. Chairman Parrish reported they will bring the individual to the Board and introduce them. Commissioner Sanders stated the responsibility for this matter needs to go to CHC. Chairman Parrish reported CHC are the medical experts and the Board is relying on them to manage the hospital. He explained CHC will vet the CEO candidate as the Board does not know anything about a CEO for a medical facility. Commissioner Lockley said he would like CHC to select the CEO. Commissioner Massey asked if after the CEO is hired that person will make recommendations for who goes in the other positions. Mr. Coleman answered yes, in consultation with CHC. He reported the CEO will have an HR person and make sure that person has policies and procedures in place to address these issues. He went on to say this person will also have support from their Senior Vice President of Human Resources. He explained every specialty area of the hospital will also have this backup support if they have any questions. Chairman Parrish reported the Hospital has good employees that are dedicated to the community and the Hospital. He explained they may need to be mentored to learn how CHC wants things done but they are good people and capable of doing the job. Mr. Coleman agreed and said it is one of the first hospitals they have been to that may need to add a position or two. Attorney Shuler stated the next issue is the administrative salary. He said he is not expecting the Board to make this decision but it may be prudent to have some restriction on their ability to obligate public funds. He suggested the CEO would not be paid in excess of what the industry standard would be for a hospital of this size. He explained the CHC proposal says they will pay the CEO in accordance with CHC policies. Attorney Shuler was not sure how industry standards compare to CHC policies. He stated there needs to be a cap based on the industry standards. Mr. Butler explained the compensation will have to be agreed to but they cannot have different benefit packages for their employees. He reported CHC has a policy as an organization that their initial target for compensation is in the 50<sup>th</sup> percentile. Mr. Butler stated the compensation could go up as much as 10% based on experience or it could go down. He reported this model is used across the board with employees at CHC. Attorney Shuler agreed this will work as long as they have some standard in the contract. Mr. Coleman explained they work with the HR firm Sullivan Cotter & Associates, Inc. to determine what the range is for a hospital of this size and the revenues. He stated they typically start at the 50th percentile. Chairman Parrish said incentives for this person can also be used if the hospital revenues start to increase. Mr. Coleman stated there is an incentive program but it is based on a number of metrics. He reported if there is not a positive bottom line then the person does not receive anything. Chairman Parrish agreed there should be compensation if it is a direct result of the administrator doing their job. Attorney Shuler brought into discussion the hospital charge rates. He said CHC has in the proposal an annual decision on what the charge rates will be. He reported originally he thought it would be determined by the county but

today it sounds like their proposal may be more acceptable to the county. Commissioner Sanders stated this is similar to the health department who sets their rates and then comes to the Board for ratification. Chairman Parrish asked if this is what Mr. Coleman anticipates. Mr. Coleman answered yes. Attorney Shuler said he proposed a deadline of 5 days to respond to reports that are requested by the County Commission but he would like the Board to determine how many days they would like to set. Chairman Parrish stated there are 14 days between meetings so that may be a good time frame. Mr. Coleman agreed this is a reasonable amount of time but some financial information could take longer. Chairman Parrish asked if the Board was in agreement. The Board agreed with 14 days. Chairman Parrish stated the Board can request the information at one meeting and expect it at the next meeting. Attorney Shuler inquired to what extent the Board wants to delegate authority to the Hospital Board regarding management of the hospital. Attorney Shuler reported in terms of the contract the County Commission would need to fix a budget and there should be a proposed budget annually from the Hospital Board because the Hospital Board cannot make decisions on how to expend public funds. He questioned how involved the Board would like the Hospital Board to be in making decisions at the hospital. He explained they will not finish this discussion today but he does need some indication from the Board. He reported their present authority is broad but there are limitations in terms of obligating the County Commission on construction of the new hospital, purchasing land or making big policy decisions. He explained decisions on day to day and medical staffing would be made between the Hospital Board and CHC. He questioned if the Board wants to change the Hospital Board's authority or leave it in place. Commissioner Massey stated he would like to keep his representative on the Hospital Board. Mr. Coleman suggested using the CMS criteria as the joint commission uses the same criteria. He explained these regulations state what the Hospital Board is responsible for such as medical credentialing, quality, strategic planning and budget preparation. Chairman Parrish asked Mr. Coleman to come up with a recommendation on this item and the Board will address it at another meeting. Attorney Shuler stated it does not appear the Board would like any change at this time. Mr. Moron questioned if there is a standard and qualifications for Hospital Boards. Mr. Coleman responded not a written standard but what they look for is people that are involved in the community such as a business person or large employer as they each bring a different skill set. He went on to say they want people that are well respected in the community and that people will listen to and trust with the operation of the hospital. Attorney Shuler explained under the proposal CHC wants the County to obtain various forms of insurance to cover the operations of the hospital such as physical plant insurance, liability insurance and malpractice insurance. He stated CHC wants to be named as an additional insured on the policy which is standard and he does not have an issue with it. He said CHC has an existing \$5 million insurance policy and it would not be unusual for them to name the County as an additional insured but they are not going to due to a corporate policy and he does have a problem with this. He reported it does not cost anything to name the county as an additional insured on their policy. Attorney Shuler questioned if the Board has any direction on this issue. Mr. Butler explained CHC is coming into the County's hospital and operating under their guidance and that is where the potential liability will happen. He said it would be different if the county was coming into their operations and providing services to them. He reported they do not add every hospital that

they consult with or manage as an additional insured on their policies. Attorney Shuler said his understanding was this was professional malpractice insurance being carried by CHC not a general liability policy. Mr. Butler stated CHC does not carry professional liability insurance and probably could not get it for their consulting company as they do not provide professional services. Commissioner Lockley asked if the County has this insurance. Attorney Shuler said the County should have insurance to cover operations of the hospital and the physical plant but he has not seen the policy. Chairman Parrish reported the County will continue what they are doing now in relation to insurance. Attorney Shuler stated CHC may make recommendations about increasing or decreasing insurance policies. Attorney Shuler said he does not know what CHC means in #14 when they reserve the right to charge the county for additional services provided by CHC which are in addition to and different from the day to day management of the hospital. He said he would like to have this clarified and his request for clarification was deleted by Mr. Butler. He reported some of these items were deleted to bring the contract back to the original form. He asked for CHC to clarify what the additional services would be so the County Commission can make a decision if they would like to pay for additional services. Mr. Butler said this is for services that are over and above what is addressed in the contract. He stated CHC provides a community needs assessment service for non-profit corporations and it is outside of the services covered by the management contract. He stated this hospital would not need this service but it is an example of additional services. Mr. Butler explained CHC would not charge for any services out of the management contract unless they come to the Board and get approval to provide these services and agreed to a rate for these services. He reported if they are the provider of the service this could also cause a conflict of interest and they will not provide additional services until they have approval. Chairman Parrish clarified that the additional services will be brought to the Board and they will determine if the services will be funded or not. Mr. Coleman stated it will be handled the same way as the discussion they had earlier about contracts. He explained there are some things they can do at CHC that are outside of the parameters of the management contract but the Board would be notified of the decision upfront. Attorney Shuler stated he is not sure what is meant by additional services and whether they come back to the Board or not. He inquired what happens if what they consider additional services is something the Board expects to be part of the day to day included in the \$30,000 a month. He stated a list should be provided of what they consider to be beyond the normal day to day and they can attach it as Exhibit A. He said he wants to identify the services so he can analyze them and make an informed decision. He stated this discussion can occur between him and Mr. Butler. Mr. Butler reported it will be easier to list what is provided. Attorney Shuler agreed they will go through this process. He reported he does not want to have an unexplained provision in the contract that will cause additional costs to the \$30,000 a month. Mr. Butler agreed they will discuss this matter further. Attorney Shuler reported item #15 Hospital Personnel will be included within the previously discussed scope of CHC responsibilities and liabilities. Mr. Butler stated this would be if they brought in additional employees for items that cannot be done by the CEO or with assistance from CHC. He said bringing in additional employees from Plano, Texas would be an example of additional services. Chairman Parrish said this would also be presented to the Board. Mr. Butler agreed. Attorney Shuler questioned why bringing in additional employees from CHC to assist the administrator

would not be part of the monthly maintenance fee. He reported the county will already be paying the administrator a salary in addition to the monthly maintenance fee to CHC. Mr. Butler explained sometimes if the administrator is trying to solve a problem they will send in additional expertise. Mr. Butler stated they would seek approval from the Board if they need these additional services. Mr. Coleman reported if they wanted to hire a permanent care physician for the county he would go out to find out fair market value from a third party group and pay for that service. He explained these items are small but would still be presented to the Board for approval. Attorney Shuler said he will have a more in-depth discussion with Mr. Butler because he is concerned about additional services being an ill-defined additional expense. Attorney Shuler read a provision he added in the Authorization section and asked why this was stricken from the contract and asked if it was part of a reset back to the base contract. He said the contract has a provision where County represents that they have the authority to enter into the contract and he would like there to be an equally contracted representation by CHC that they also have the right power and authority to enter into the agreement. Mr. Butler said he does not have a problem but the reason it was struck from the contract is because these are representations and warranties by the county. He explained they can have another section that addresses representations and warranties of CHC. Attorney Shuler stated he amended the section to have mutual warranties by CHC and the county but they can work through this item. Attorney Shuler referenced the Termination section of the agreement and requested the Board defer action or discussion on this section. He explained depending on how the contract negotiations go and if they can balance out the obligations more equally to give more protection to the county then his recommendation to have a right to terminate for convenience may go away. Attorney Shuler brought into discussion item #18 CHC Consulting Employees. He explained this is a provision that addresses the amount being paid by CHC for consulting employees that are brought in and they should be able to work this out. He suggested they add language that whatever charges they have do not exceed what is reasonable in the industry for hospitals our size. He said they have already worked out this issue on the CEO and it should not be a problem on this item. Mr. Butler said the expense limitation that they have agreed to with respect to expenses is separate from the administrator's expenses. He explained when they hire an administrator it may require the person to relocate and they may have living expenses for the first three months. He reported CHC and the County will have to have a discussion of what the costs will be for relocating and living expenses. He stated this will be separate from travel expenses for Mr. Coleman to attend meetings. He commented that Mr. Coleman will not charge for his time for attending Board meetings but they will charge for his expenses. Attorney Shuler asked if Mr. Coleman is referring to the Managers Expenses with the \$60,000 cap. Mr. Butler answered yes and for other CHC expenses except those related to the administrator. Attorney Shuler reported he did not bring up this item for the Board's discussion as he would like to discuss this matter with Mr. Butler. Attorney Shuler explained Mr. Butler is referencing item #6 the Cap on Administrator's Expenses. He reported he wanted to discuss with CHC a cap on the administrator's expenses but they deleted the request for this discussion and he thinks it is due to their effort to return the contract to their standard template. He stated they will have this discussion because they cannot allow a non-governmental entity to have unlimited ability to

expend public dollars. He said this is the Board's responsibility and CHC is going to have to understand that there are limitations and restrictions on the ability to incur expenses that will be paid for with public dollars. Attorney Shuler discussed #19 and said there needs to be a cap on CHC's ability to incur debt for services and equipment. He explained there are several provisions in the contract primarily in Article 2 and 3 which grant by contract authority to CHC the right to purchase services, goods, and equipment for the hospital. He said the county's obligation would be to put funds into the account so they can make the purchases. He stated generally it is not a bad thing since they need to run the hospital but there needs to be a reasonable cap on their ability to obligate the Board in the expenditure of public funds. Attorney Shuler agreed to discuss this matter with Mr. Butler and bring it back to the Board for discussion. Attorney Shuler said he has two other items that he did not see in the contract and that is who is going to be running and responsible for the ambulance service and completing the cost report. He stated there is one provision that CHC would be responsible for finding someone or assisting the county with finding someone to prepare the cost report but he did not see any responsibility on the part of CHC. He reported this goes back to liability issues and if CHC makes a mistake in their services in preparation of the cost report then they should be responsible for their mistake. He questioned who will run the ambulance as there is no provision in the contract that deals with the ambulance. He inquired if the ambulance is considered part of the day to day operation of the hospital. Commissioner Sanders asked Mr. Coleman to comment as she specifically asked this question. Mr. Coleman stated they do not typically run the ambulance but they will try it although they do not have any expertise in this area. He reported he has run ambulance services in the past but his experience is they lose money. Commissioner Sanders pointed out the County puts \$550,000 toward the operation of the ambulance service. Mr. Coleman stated they can work out some kind of oversight for the ambulance service. Chairman Parrish reported there is some benefit from operating the ambulance service under the hospital. Chairman Parrish asked how CHC currently does their cost report. Mr. Coleman stated a third party completes their cost report. He explained very few people have the expertise in-house to do their cost report. He stated they have a company they work with and have trust and confidence in and they put them in contact with Mr. Cooper for this year's cost report. Chairman Parrish thanked Mr. Butler and Mr. Coleman for being here today to address some of these issues. He said the attorneys are acting in good faith to protect their client and negotiate the contract. Commissioner Lockley questioned the travel for the CEO and paying him money to relocate. He reported if the person is making \$150,000 then they do not need money to come here. He said there are other people at the hospital that need to be paid. Commissioner Sanders thanked Mr. Coleman and everyone for appearing. She said she felt a confidence in Mr. Coleman and she hopes the two attorneys can get something arranged within the next few weeks. She stated she hopes this will progress on as she is concerned about this matter because they have no confidence in the people there now. Mr. Coleman reported Mr. Butler is committed to working on this and Attorney Shuler has been good to work with so the attorneys will work on this and then he will commit to getting the business decisions discussed at the executive level to help keep it moving along. Commissioner Sanders reported the main objective is to get the Board out of running the hospital. She stated hopefully the management contract will progress to a lease.

**Adjourn**

There being no further business to come before the Board, the meeting was adjourned at 3:28 p.m.

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Joseph A. Parrish - Chairman

Attest:

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Marcia M. Johnson - Clerk of Courts