

Highlands County Hospital District Board of Commissioners Regular Meeting – November 21, 2024

The Highlands County Hospital District Board of Commissioners met at 1:30pm on Thursday, November 21, 2024, at the Highlands County Commissioner's Board Room. Notice of the Regular Meeting was published in the Highlands News Sun on November 10, 2024. The notice is filed in the Board's meeting file.

COMMISSIONERS PRESENT: Victor Divietro, Dean Gerber, Dusty Johnson, Jeff Roth, Katie Wilson

COMMISSIONERS ABSENT: none

OTHERS PRESENT: Gail Escobar- Clerk, Bert Harris – Swaine, Harris & Wohl, Mark Cox – Wicks, Brown & Williams, Ingra Gardner – Community Programs Director, Mercedes McNew - Development Services Administrative Assistant, Commissioner Kevin Roberts, Henry Capote – HCA Florida Highlands CFO, Brody Allen – Clerk IT Department, members of the public

I. MEETING CALLED TO ORDER at 1:30 pm by Chairman Gerber.

II. INVOCATON AND PLEDGE OF ALLEGIANCE

Mr. Roth led the pledge and gave the invocation.

III. COMMENTS FROM THE PUBLIC

Bill Stephenson, Executive Director of Samaritans Touch Care Center expressed his appreciation for the continued support of the Hospital District Board. He also expressed appreciation to HCA Florida Highlands Hospital for their participation and support for Samaritan's Touch programs by providing donated services to their patients.

IV. APPROVAL OF MINUTES

MOTION: Mr. Johnson made a motion seconded by Ms. Wilson to approve the minutes of the regular meeting of August 22, 2024. Upon roll call, all Members voted aye. The motion carried.

V. ACCOUNTANT'S REPORT

Mark Cox, accountant with Wicks, Brown, Williams & Co presented the accountant's report which reflected investments updated through October 31, 2024, cashflow through September 30, 2024, check register through fourth quarter ending September 30, 2024, financial statements for fourth quarter July 1, 2024 through September 30, 2024, and summary of brokerage statements through October 31, 2024.

MOTION: Mr. Divietro made a motion seconded by Mr. Johnson to accept the accountant's report as presented. Upon roll call, all Members voted aye. The motion carried.

VI. APPROVAL OF PAYMENT OF INVOICES

MOTION: Mr. Divietro made a motion seconded by Ms. Wilson to approve payment of invoices for Highlands News Sun – 237.60; Swaine, Harris, & Wohl – 6,965.00; Wicks, Brown, Williams & Co. – 1,000.00; CliftonLarsonAllen LLP – 4,866.67; Highlands County BOCC – 624.40; Florida Department of Commerce – 175.00; Annual Expense for District

Board Members – 360 for a total of \$14,228.67 as presented by the Clerk. Upon roll call, all Members voted aye. The motion carried.

VII. HRMC REPORT

Henry Capote, Chief Financial Officer presented. Hospital is currently participating with Healthy Families of Highlands County with a can food drive and will be participating in the Sebring Christmas Parade. Renovations of the CT and RNF x-ray rooms have been completed with continued staff training and have acquired equipment to perform endobronchial ultrasound (EBUS) procedures (allows for view of the lungs) and have been approved for a hyperbaric chamber (provides for accelerated healing of deep wounds) to be placed at their Wound Care Center. Dr. Aurora, general surgeon, joined the staff in October.

VIII. CONSIDER CONTRACT WITH DALE GRUBB AND RAYMOND JAMES

Mr. Grubb introduced himself as having been with Morgan Stanley and all predecessor firms for forty years and has managed the Hospital District portfolio for thirty years. He decided, based on what was best for his son and junior partner careers, to make the move to Raymond James signing a twelve-year contract with them. Raymond James was founded in 1962 and went public in 1983 which represents 164 quarters of quarterly earnings as a public company losing money in only one quarter during the crash of 1987. During the financial crisis during 2007 – 2009 when multiple banks lost money, went under, and many received Troubled Asset Relief Program funds, Raymond James did not but made a profit every quarter during that time. When he made the move at the end of August, the District's portfolio had \$550,000 in cash with another \$900,000 to come due by January 1, 2025. He understands the guidelines for the District funds as being invested in only treasuries at 3-4 years or under. He has the paperwork ready for signature that is needed to transfer the investments from Morgan Stanley and open an account with Raymond James. Rates with Morgan Stanley were at 60 basis points but will go down to 50 basis points with reflects approximately a 15% fee reduction with Raymond James. Mr. Grubb was required to become a municipal advisor which required continuing education which he has completed.

MOTION: Mr. Divietro made a motion seconded by Ms. Wilson to move forward with the transfer of the District's portfolio from Morgan Stanley to Raymond James. Upon roll call, all Members voted aye. The motion carried.

There was a discussion that the paperwork to be signed is simply transfer paperwork (not a contract) that will move the investment funds from Morgan Stanley to Raymond James and paperwork to setup the new account with Raymond James. Mr. Grubb must follow the Investment Policy Statement (IPS) of the District, which he previously received and must have before submitting the paperwork, which dictates how the portfolio must be invested – only in treasuries. The question was raised if the documents should be reviewed by Legal Counsel before signing.

IX. CONSIDER ENGAGEMENT WITH SPECIAL LEGAL COUNSEL REGARDING THE VALUATION AND SALE OF THE HOSPITAL

Myla Reizen, partner, and Jennifer Ungru, Director of Government Relations, with law firm Jones Walker LLP, joined the meeting via TEAMS. Biographies of each were provided to Board Members prior to today's meeting. The firm is headquartered in New Orleans but has offices throughout Florida including Tallahassee and Miami. Ms. Ungru works primarily in Tallahassee with government affairs focusing on healthcare. Prior she was chief of staff at the Agency for Health Care Administration (AHCA)

Ms. Reizen is a healthcare attorney with a focus on state and federal regulatory and compliance, and investigations. She has spent much time in the general counsel's office and the administrative side. Past clients have been health systems and special districts.

Mr. Harris stated that the current issue for the District is getting assistance with AHCA and the sale of the hospital. The hospital began with a lease and the assigning a certificate of need which are no longer in play. There is a license in play which the current lease requires the tenant to return to the District at the conclusion of the lease.

There is the question if AHCA will require the completion of the entire transfer process as though the District holds the license or can the hospital be sold subject to the lease and allow the purchaser to complete the transfer at the expiration of the lease. If the current tenant purchases the hospital, this becomes an invisible issue. The other option would be for the District to let the lease to expire, take over operation of the hospital directly or through a management company and proceed with the sale of the hospital. AHCA must approve all processes and sets forth a strict statutory schedule as to the process for selling or transferring a hospital. Mr. Harris strongly suggested that the District hire this firm to assist with AHAC during this process.

Ms. Ungru stated that the normal time the process will take is about one year. Hourly rate is \$500 and a lesser dollar per hour for other staff that would be involved in the project. They would be diligent as to the time they spend on the project.

Mr. Johnson asked if there is an estimate that could be provided as to the expected expense for this type of project. Ms. Ungru said that likely a schedule will be created for the process with AHCA as to determine the preferred pathway to get to the sale and then another schedule for the evaluation of what will need to be completed afterwards.

Mr. Johnson asked if the engagement of special counsel needed to be done before completing the valuation to which Mr. Harris stated yes because the special counsel needs to determine the methodology to be used in going forward.

Jones Walker did provide a letter of engagement to Mr. Harris and he is completely comfortable with the terms presented.

Mr. Divietro asked if an RFP (Request for Proposal) process was needed to select a law firm to which Mr. Harris stated the Board may do so but it is not required. A Florida law known as the Consultants' Competitive Negotiation Act (CCNA) may come into play when public entities hire professionals who provide engineering, architecture,

surveying, mapping, and landscape architecture, but lawyers are not included. Therefore, an RFP is not required by the law, but the Board can choose to do so. Mr. Roth stated that it would be best if the RFP process is followed due to the nature of the situation and expense it will incur but he has no negative thoughts about James Walker LLP; the concern is about due diligence.

Ms. Ungru and Ms. Reizen each gave a summary of past and current experience with AHCA. They deal with the agency on a nearly daily basis on behalf of clients.

MOTION: Mr. Divietro made a motion seconded by Ms. Wilson to engage Jones Walker LLP. Upon roll call, Mr. Divietro, Ms. Wilson, Mr. Johnson, and Chairman Gerber voted aye and Mr. Roth voted nay. The motion carried.

X. CONSIDER PROPSALS RECEIVED FROM RFP FOR HOSPITAL PARCEL VALUATION

The only RFP submittal received was from BBG Real Estate Services. Their proposal did not include a fee nor did it address the potential conflict of interest with the current hospital tenant for services provided.

NOTE: The Board agreed there needs to be a discussion with a proposal presented from the company. A special meeting was tentatively scheduled for Thursday, December 12, 2024 at 1:30pm with

MOTION: Mr. Johnson made a motion seconded by Mr. Divietro for the Board Chairman along with legal counsel to reach out to BBG to obtain pricing. Upon roll call, all Members voted aye. The motion carried.

XI. LEGAL COUNSEL

Annual Resolution

MOTION: Mr. Johnson made a motion seconded by Ms. Wilson to adopt the Annual Resolution as presented. Upon roll call, all Members voted aye. The motion carried.

Annual Representation of Fees

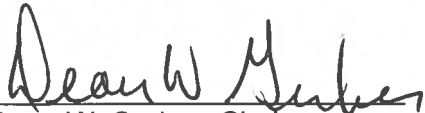
MOTION: Mr. Johnson made a motion seconded by Ms. Wilson to adopt the Agreement of Representation and Fees as presented. Upon roll call, all Members voted aye. The motion carried.

XII. OTHER BUSINESS

A tentative special meeting has been set for Thursday, December 12, 2024 at 1:30pm to potentially engage BBG Real Estate Services to provide a valuation of the hospital properties. The BBG representative will appear via TEAMS.

XIII. ADJOURNMENT

Next regular meeting is set for Thursday, February 27, 2025 . Chairman Gerber adjourned the meeting at 2:24pm.



Dean W. Gerber, Chairman



Gail Escobar, Clerk