

**PASQUOTANK COUNTY, NORTH CAROLINA
NOVEMBER 24, 2014**

The Pasquotank County Board of Commissioners met today in a joint meeting with the Albemarle Hospital Authority Board of Commissioners on Monday, November 24, 2014 in the Education Center at Sentara Albemarle Medical Center.

MEMBERS PRESENT:

Jeff Dixon, Chairman
Joseph S. Winslow, Jr., Vice-Chairman
Lloyd E. Griffin, III
Cecil Perry
Dr. William R. Sterritt
Frankie Meads

MEMBERS ABSENT:

Gary G. White

OTHERS PRESENT:

Bettie J. Parker, Commissioner-elect
Rodney Bunch, County Manager
R. Michael Cox, County Attorney
Karen Jennings, Clerk to the Board

Also present were members of the Albemarle Hospital Authority Board of Commissioners. The joint meeting was called to order at 5:35 PM by Chairman Jeff Dixon and Hospital Authority Chair Mary Anne Keyes. Those present recited the Pledge of Allegiance to the flag and Commissioner Lloyd Griffin gave the invocation.

Mrs. Keyes recognized Mr. Rob Broermann, Chief Financial Officer with Sentara Healthcare, to give an update on the status of Sentara Albemarle Medical Center.

Mr. Broermann stated that Sentara is about eight months out from when the lease was commenced on February 28, 2014. He said there were provisions that were included in the various lease documents that said if things came out of the woodwork to negatively impact the organization which would result in higher liabilities or lower assets than they were reported to be that there would be a settlement later down the road. He noted that many issues including Medicare and Medicaid issues and legal proceedings take a long time to settle out. He said a three year timeframe had been agreed upon to look back and decide whether or not there had been an impairment in the overall value of the balance sheet as of the time of closing. Mr. Broermann said Sentara had agreed to keep the two boards posted on an informal basis which is what he is doing tonight. He stated that eight months of history is a fair amount of history and his progress report should in no way be counted as any sort of assurance that something won't come out of the woodwork. He reported that the accounts are beginning to settle out about as expected and are fairly close in line with what the recorded values were. He said other than the fact that there are a couple of invoices from the hospital's former manager they are trying to settle out, there have been no other issues that have come up that would indicate to them that there was some big unknown liability or that the assets and liabilities are not settling out fairly close to where their recorded value was. He said absent that one potential issue, there isn't anything else that he knows about as of this time that would indicate there would ultimately be an issue. Mr. Broermann said he takes this as good news so far and a lot of the substantial issues that tend to settle out pretty quickly have indeed done so.

Commissioner Griffin asked if Sentara is growing its account base. Mr. Broermann responded that the integration plan has been going as well as planned and the Strategic Plan is in the final phase and he has seen a draft of that plan. He noted that the local community has been highly involved in getting the plan drafted. He said he would sum it up to say "so far, so good" and he thinks Sentara is on schedule with what it thought it would be able to do, if not maybe a little ahead. He added that they are delighted with the way things have gone so far and he hopes the community is equally delighted. He noted that there is still a lot of work left to be done.

Chairman Dixon asked if the asset valuation came in close to what had been expected. Mr. Broermann stated that eight months of history have shown that those balances were generally about where they needed to be. Chairman Dixon asked if inpatient and outpatient volume numbers are on target. Mr. Broermann said it is too early to tell at this time as most of their estimates were long-term oriented. He explained that they are currently in a period where they

would not have expected great growth or great decline. He said more time will be needed to answer that question with much clarity.

Chairman Dixon asked Mrs. Keyes to share with the Board of Commissioners the Hospital Authority's financial situation and he asked if the Authority will be able to fund any unknowns. Jeff Aldridge, Vice-Chairman of the Hospital Authority said the only unknown they are aware of right now is the \$350,000 set aside for the pension issue to roll over from the state retirement system to Sentara's retirement plan. He stated that the Hospital Authority has not received an invoice and it may be possible that Sentara has dealt with the issue. He said the other liability with the previous manager that has been mentioned had already been booked and any change in that settlement with Vidant would be to the Hospital Authority's benefit at the end of the three year period. He said so far the Authority has only had to pay legal fees and directors insurance. He explained that the attorney is not on a retainer and is called on an as-needed basis.

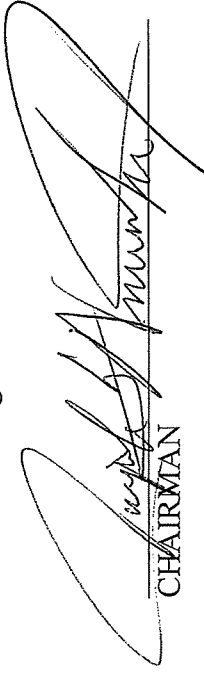
Commissioner Frankie Meads asked what the Authority's fund balance is. Mr. Aldridge advised that the opening wire transfer at closing was \$1,078,000, and at the end of October it was \$1,031,215.

Chairman Dixon asked the status of the Hospital Foundation. Mr. Aldridge responded that Albemarle Hospital Foundation is on its own and is free and clear of the Hospital Authority, as is Gateway Community Care Clinic. Mrs. Keyes added that Gateway receives a federal grant in order to continue to function and the Hospital Authority has nothing to do with it.

Commissioner Lloyd Griffin asked when the Strategic Planning Committee will have a report on the Strategic Plan. Vice-Chairman Joe Winslow said he serves on this subcommittee and the plan has been completed and approved by the local board, but will now move to the full Sentara Board for consideration.

At the absence of further business;

Motion was made by Joe Winslow, seconded by Cecil Perry to adjourn the joint meeting. The motion carried and the joint meeting was adjourned at 5:50 PM.
Albemarle Hospital Authority continued its business meeting.



CHAIRMAN


CLERK TO THE BOARD