

**MINUTES
LOWER FLORIDA KEYS HOSPITAL DISTRICT
BOARD OF COMMISSIONERS
MAY 8, 2024**

PRESENT: Mrs. Ovide, Mr. Levin, Dr. Thompson, Mr. Hammond, Dr. Chambers

ABSENT: Mr. Muir

ALSO PRESENT: Mr. Hill, Mr. Clay, Mr. Fishman, and residents from the community (sign-in sheet attached to official minutes), representatives of 428 Healthcare.

CALL TO ORDER:

Dr. Thompson called the meeting to order at 3:03 p.m.

PLEDGE OF ALLEGIANCE

Dr. Thompson led the attendees in the pledge of allegiance.

MINUTES

The minutes of the Board of Commissioners meeting held on February 12, 2024, were reviewed as presented:

Mr. Hammond motioned to approve the minutes to be accepted as presented, Mr. Levin seconded. The motion carried unanimously.

CHAIRMAN'S REPORT: DR. THOMPSON

Dr. Thompson asked each of the board members to introduce themselves to the public as there were more people than usual in attendance. Dr. Thompson asked Mr. Fishman to give some of the history of the district, including the formation of Lower Florida Keys Health System and subsequent lease of the hospital facilities.

CITIZEN INPUT:

Mrs. Ovide went over the citizen input guidelines as stated below:

Presentations to the Board are limited to three (3) minutes for each individual speaker and five (5) minutes for the representative of a designated group. Transfer of time between individuals and/or groups is not permitted. Letters submitted to each Board Member and/or the district Administrator prior to a Board Meeting will not additionally be read into the record at the meeting. All statements must be directed towards the Board; no person may address or question Board Members individually, and Board Members will not engage in a dialogue with persons making public comment. Furthermore, all speakers agree to abide by the Code of Conduct for

Citizen Input and will begin their presentation by stating the full name and their city or town of residence for the record.

Sam Kaufman spoke on behalf of the task force that he was instrumental in creating to report to him as Vice Mayor of the City, and clarified it was a task force of the City of Key West. It is comprised of residents of Key West and other individuals with healthcare experience. Mr. Kaufman stated the task force was formed as an advisory group and wants to assist the District Board on the process to select the next operator of the hospital when the current lease ends in April 2029. Mr. Kaufman thanked Mr. Fishman for his presentation on the background, which allowed the public to get a better understanding of the composition of who the key players are. indicated the community is most interested in the position the board will be taking for the process. He stated they want the best available services in our community and that the task force isn't averse to the district and they are here to assist them.

Mr. Spencer Krenke spoke on behalf of the organization "Our Hospital Key West." It and the task force are two separate organizations, albeit they have the same interest, and was formed to help the district without any constraints the City may have. The biggest concern is that the current hospital operator will be the presumptive successor hospital operator without an objective comparison to other hospitals, and that the current hospital operator's parent corporation has financial concerns.

Sonya Pollard spoke as an individual, the experience she had at LKMC, and the need for equipment availability 3/65/24/7.

Dr. Al Zigorski spoke as a retired physician and as a resident. He thinks holding public hearings to discuss the future selection of the hospital operator is a good idea, as well as having an objective comparative and comparative analysis done to make sure we are selecting the best hospital.

George Dumagen spoke as a resident. He related an issue he had due to a chronic condition wherein the hospital/ER could not address his needs of a (sub)specialist and therefore had to go to Miami for care. His concern is that he thinks we need better healthcare in Key West.

Todd German spoke as both a resident and as a board member of the local newspaper. He indicated that our hospital is not unique among rural hospitals, and thinks that there should be a realistic set of expectations created of what the successor future rural hospital operator can provide.

AUDITOR'S REPORT: MR. HILL

Mr. Hill presented the FY23 audit report to the Finance Committee, and all Board members were present, such that there was no need to re-present the report and there were no further questions.

Ms. Ovide motioned to approve the audit, subject to receipt of comments by May 24th or else the audit would be finalized and submitted to the State; Mr. Levin seconded, and it was unanimously approved.

A copy of the audit report is attached to the official minutes.

HOSPITAL CEO REPORT: MR. CLAY

Mr. Clay thanked everyone from the community for attending and caring about the hospital. Mr. Clay stated that when he arrived seven years ago the hospital was a 1-star facility that he was going to make the hospital better. Currently they are a 4-star facility, with 5-stars being the maximum you can achieve.

He went over the 2023 annual report and presented some of the highlights listed below:

- 132,000 in patient encounters
- 52.7 million in uncompensated care
- 4.2 million in capital expenditures
- 55 million in payroll expenses
- 3.4 million paid in taxes

Clinical scores ranked at the top of the chart. The hospital is Joint Commission accredited and also has a 4.5 rating on Google. Mr. Clay spoke about physician recruitment and retention challenges the hospital continues to face.

The hospital will be doing several renovations and expansion in the upcoming year for behavioral health, emergency room and patient rooms. There is a PET CT pad being constructed so the scanner can operate 7 days a week as long as qualified staff are available.

The hospital is in the planning stages of putting together a cancer center, but it won't happen overnight. The location has been identified but the vault needs shielding and there is construction that needs to take place. There needs to be a medical oncologist and a radiation specialist and staff to run the facility.

Housing is a huge concern, and the hospital sees a majority of their staff leaving as they simply can't afford to live here.

Mr. Clay's report is attached to the official minutes.

NURSING HOME ADMINISTRATOR REPORT: MRS. ROSADO

Mrs. Rosado was in attendance and stated they are continuing to try and bring in new residents and operating as usual based on the transfer of ownership occurring. Mrs. Ovide praised Mrs. Rosado for her continued dedication she gives to the community and the nursing home.

ATTORNEY'S REPORT: MR. FISHMAN

Mr. Fishman indicated that due to the voluminous nature of documents related to his report, he sent them to the Board in advance of the Board packet.

Nursing Home

Mr. Fishman spoke about the transfer of the nursing home ownership request. The Portopiccolo Group acquired the nursing home from Senior Care out of bankruptcy a few years ago and are now requesting a transfer of ownership and operation to 428 Healthcare. Mr. Fishman provided 428 Healthcare with a list of documents needed for the Board to consider the request. Based upon the majority of response, Mr. Fishman researched all the facilities either owned or managed by 428 Healthcare as to their AHCA licensure status, and prepared a chart which was in his report of his findings. Based upon those reviews, he did not deem 428 Healthcare's AHCA issues out of the ordinary or presented a major concern. The financials of 428 Healthcare requested have not been provided and he is still waiting for those documents. Based upon the documents he reviewed, the transfer is scheduled for July 1, 2024, upon approval of the District. Mr. Fishman stated that there has been little communication from Portopiccolo Group with regard to the transfer agreements.

It was then reported by Jonathan Frankel, one of the representatives of 428 Healthcare in attendance, that in fact 428 Healthcare assumed the management of the nursing home on May 1, 2024, and was unaware that The Portopiccolo Group had not followed through in obtaining the prior District consent. Mr. Frankel further indicated that the transaction was structured such that 428 Healthcare is subleasing and managing the nursing home for up to one year before the actual sale of the nursing home will be consummated.

Based upon this disclosure, and the fact that operational management had already transferred,

Mr. Levin made a motion to accept conditional approval of the transfer of operation retroactive to May 1, 2024 conditioned upon obtaining the financials and deeming them satisfactory, as well as obtaining a 10% increase in based ground rent, as permitted under the Ground Lease. If the financial information raises red flags or concerns, then the approval is put on hold, and a special meeting of the Board will be called. Dr. Thompson seconded the motion and it carried unanimously.

Auditor RFP

Inasmuch as Jim Hill previously apprised that his firm, Oropeza & Parks, will no longer provide audit services to clients upon the presentation of the District's current FY audit, it is necessary for the District to issue a RFP for auditor services. Mr. Fishman prepared a RFP consistent with previous Auditor RFP's issued by the District, and provided it in his report for review and comments, if any. He indicated that it was Mr. Hill's understanding that no local firms presently provide audit services, and as such he would review prior responders to the District's Auditor RFP's. It was also suggested that Mr. Fishman identify the auditors of other Florida district

hospitals and that an appropriate location be identified for the placement of an advertisement. The Board was also encouraged to suggest any firms to whom a RFP should be sent.

Mr. Levin motioned to adopt the RFP as presented and to have Mr. Fishman send out letters to other firms and canvas other districts. Mrs. Ovide seconded; motion carried unanimously.

A copy of Mr. Fishman's Report and Memo are attached to the official minutes.

APPROVAL OF FINANCE COMMITTEE QUARTERLY FINANCIAL REPORTS:

Mr. Levin motioned to approve the financial report from PFM and the quarterly financial report for the quarter ended March 31, 2024, Mrs. Ovide seconded, and motion carried unanimously.

A copy of the quarterly financial reports is attached to the official minutes.

OLD BUSINESS:

As previously reported, Mr. Fishman indicated that the Bylaws had not been updated in quite some time. He prepared a draft of proposed changes to the Bylaws and transmitted them to the Board at least ten days prior to the meeting, so that they could be acted upon at this meeting.

Dr. Thompson motioned to accept the revised bylaws as presented. Mrs. Ovide seconded and the motion carried unanimously.

NEW BUSINESS:

Dr. Thompson stated the Board needed to consider the formation of a committee to address the identification of a successor hospital operator at Lease end, and what type of members will be on it. The District will need to also identify some criteria to see what the operators can provide. Mrs. Ovide suggested that each board member identify a representative to sit on such committee that had specific applicable expertise, and then engage a facilitator and appoint one District board member to serve. Dr. Thompson requested that at the next meeting the Board come prepared with their recommendations and that a committee would be appointed.

ADJOURNMENT:

There being no further business to come before the District Board, the meeting was adjourned by Dr. Thompson at 5:35 pm.


Approved, Secretary


Date