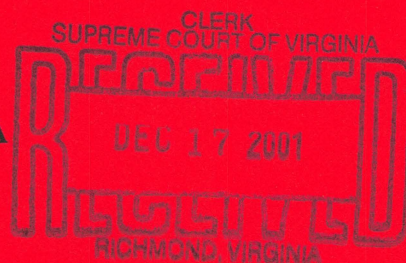


263Va520

IN THE
SUPREME COURT OF VIRGINIA
AT RICHMOND



RECORD NO. 011150

LASZLO N. TAUBER, LESLIE L. PETERS, IRWIN S. FREEDMAN, ESTATE OF SAMUEL BURTOFF, MICHAEL A. CORRADO, DAN J. FERIOZI, LESLIE P. GONDOR, REGINALD P. MCMANUS, MAGDOLNA A. IRANYI, ESTATE OF JAMES H. SCULLY, JEFFERSON MEMORIAL HOSPITAL JOINT VENTURE, JEFFERSON MEMORIAL HOSPITAL, INC., JEFFERSON MEMORIAL HOSPITAL ASSOCIATES, JEFFERSON MEMORIAL HOSPITAL CORPORATION, JEFFERSON CORPORATION OF ALEXANDRIA, THE TAUBER FOUNDATION, and THE CHARITABLE REMAINDER UNITRUST,

Appellants-Respondents,

v.

COMMONWEALTH OF VIRGINIA, *ex.rel.*, RANDOLPH A. BEALES, ACTING ATTORNEY GENERAL OF THE COMMONWEALTH OF VIRGINIA; RANDOLPH A. BEALES, ACTING ATTORNEY GENERAL OF THE COMMONWEALTH OF VIRGINIA; and THE COMMONWEALTH'S ATTORNEY FOR THE CITY OF ALEXANDRIA,

Appellees-Complainants.

JOINT APPENDIX

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The President then asked if any stockholder had a different slate or wished to nominate any other person to be a Director. A motion was made, seconded and passed to close the nomination. A motion was then made by Dr. Burtoff and seconded by Dr. Vlahos that the slate of Directors as presented by the management be elected by acclamation. The motion carried unanimously. Dr. Peters thanked the stockholders for his election as Chairman and stated that the Board of Directors was scheduled to meet immediately following the adjournment of this meeting for the purpose of electing officers of the Corporation. Dr. Tauber suggested that the Board of Directors meeting be combined with the stockholders meeting and all present signified their approval. Dr. Peters then stated that the list of officers for the past year was before them. Dr. Tauber made a motion that the same officers be nominated to serve another year. It was stated that Dr. Luccioli would be absent for a period of time and that another person should replace him so that all of the officers would be immediately available. Dr. Tauber then amended his motion to delete Dr. Luccioli from the nomination and to replace him with Tony Butera, DPM. Dr. Burtoff seconded the motion and the vote was unanimous to elect the following as officers:

Leslie L. Peters, M.D.	President
Samuel Burtoff, M.D.	Vice President
Laszlo N. Tauber, M.D.	Secretary
R.F. Sappington, Jr., M.D.	Vice President for Medical Affairs
Tony Butera, D.P.M.	Treasurer

VII. OTHER BUSINESS:

Dr. Peters said that he would give the floor to Dr. Tauber to discuss some items of interest. Dr. Tauber said he was combining his remarks concerning business of the stockholders and the Board of Directors. He stated that the operation of the hospital under the lease arrangement with Health Group, Inc., was continuing to be a satisfactory arrangement. He stated that Mr. Levy was a well qualified Administrator and managed the affairs of the hospital in a highly professional manner. Dr. Tauber said that he wanted to cooperate with Health Group to make some improvements that would help to attract more primary physicians to use the hospital. One thing that he said he was exploring was the possibility of getting the rent lowered in the Medical Office Building or somehow subsidizing them to make it more attractive. He said that Health Group could no longer subsidize the cost of utilities and that this will result in substantial increase in cost for the physicians occupying suites in the building.

Dr. Tauber said that he was especially happy to report that the mortgage on the hospital building and medical building had been paid off in January. He said that this not only means that these buildings were 100% owned by the Joint Venture but that the Annex on Beauregard Street and the additional floor being constructed over the nursing wing were also owned free and clear of any mortgage and that Jefferson Corporation no longer had any liability connected with the mortgage and that the improvements served to strengthen the lease and make it more attractive and profitable.

Dr. Tauber asked for a discussion of a proposed change in the hospital by-laws which now require admissions by a Podiatrist to have a History and Physical (H&P) by a hospital consultant. Some thought that any physician licensed in Virginia should be sufficient for this purpose. Some thought there were some advantages in having the physicians on the staff. Dr. Tauber said that it would be simple to grant temporary privileges for this purpose. He said the Board could not unilaterally prescribe the change since Health Group was the operator of the facility, but if the Board gave him a mandate to bring the proposed change before the Executive Committee that it would be discussed and presented. There was unanimous approval to support Dr. Tauber in bringing the proposed change before the Executive Committee.

TAUBER 03881

There being no further business, the meeting was adjourned at 2:00 P.M.

Respectfully submitted,

Laszlo N. Tauber, M. D.
Secretary

TAUBER 03882

J.APP. 4590

JEFFERSON CORPORATION OF ALEXANDRIA

4800 KING STREET 2C

ALEXANDRIA, VIRGINIA 22302

703-998-4811

JEFFERSON CORPORATION OF ALEXANDRIA

STOCKHOLDERS MEETING - February 15, 1984

- | | |
|---|-----|
| 1. <i>James A. Peters</i> | 31. |
| 2. <i>Arthur B. Bostoff</i> | 32. |
| 3. <i>W. D. Dora (W & D. Bostoff)</i> | 33. |
| 4. <i>W. D. Dora</i> | 34. |
| 5. <i>W. D. Dora</i> | 35. |
| 6. <i>W. D. Dora</i> | 36. |
| 7. <i>W. D. Dora</i> | 37. |
| 8. <i>W. D. Dora</i> | 38. |
| 9. <i>W. D. Dora</i> | 39. |
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TAUBER 03883

J.APP. 4591

JEFFERSON CORPORATION OF ALEXANDRIA
4600 KING STREET 2C
ALEXANDRIA, VIRGINIA 22302
703-998-4811

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of the stockholders of the Jefferson Corporation of Alexandria will be held at the Registered Office of Business, 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m. for the following purposes:

1. To elect a Board of Directors:
 - a. Nominations from Management
 - b. Nominations from the floor
2. To transact such other business as may properly come before the meeting.

Laszlo N. Tauber

LASZLO N. TAUBER, M.D.
Secretary

Leslie L. Peters, M.D.

LESLIE L. PETERS, M.D.
President

Alexandria, Virginia
January 26, 1984

PROXY STATEMENT

The attached proxy is furnished in connection with the solicitation of proxies by Management for use at the Annual Meeting of Stockholders to be held on February 15, 1984. You can insure that your shares are voted at that meeting by signing and returning the attached proxy in the envelope provided. Sending in the signed proxy will not effect your right to attend this meeting and vote in person. A Stockholder who gives a proxy may revoke it at anytime before it is exercised.

TAUBER 03884

J.APP. 4592

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints _____ with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

STOCKHOLDER'S SIGNATURE

DATE

SPECIAL INSTRUCTIONS:

TAUBER 03885

J.APP. 4593

BOARD OF DIRECTORS MEETING
JEFFERSON CORPORATION OF ALEXANDRIA
FEBRUARY 15, 1984

AGENDA

- I. OLD BUSINESS:
 1. None
- II. NEW BUSINESS:
 1. Election of Corporation officers Dr. Peters
- III. OTHER BUSINESS:
- IV. ADJOURNMENT:

TAUBER 03886

J.APP. 4594

JEFFERSON CORPORATION OF ALEXANDRIA

**ANNUAL STOCKHOLDERS MEETING
FEBRUARY 15, 1984**

AGENDA

- I. CALL TO ORDER
- II. DETERMINATION OF STOCKHOLDERS PRESENT IN PERSON AND BY PROXY
- III. ANNOUNCEMENT OF QUORUM
- IV. READING OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS MEETING
- V. ELECTION OF BOARD OF DIRECTORS
- VI. OTHER BUSINESS
- VII. ADJOURNMENT

TAUBER 03887

J.APP. 4595

**JEFFERSON CORPORATION OF ALEXANDRIA
BOARD OF DIRECTORS
1984**

Leslie L. Peters, M.D., Chairman
Samuel Burtoff, M.D.
Laszlo N. Tauber, M.D.
R. F. Sappington, Jr., M.D.
Michael Davidov, M.D.
Reginald P. McManus, M.D.
Leslie L. Gondor, M.D.
Magdolna A. Iranyi, M.D.
A. A. Coster, DPM
Tony Butera, DPM
Bruce Burtoff, M.D.
Lucio Luccioli, M.D.
Harold J. Goald, M.D.
Michael M. Vlahos, M.D.

1700 North Moore Street, Arlington, VA 22209
916 19th Street, N.W., Washington, D.C. 20006
4600 King Street, Alexandria, Virginia 22302
101 South Whiting Street, Alexandria, VA 22302
200 Little Falls Street, Falls Church, VA 22046
2525 North Tenth Street, Arlington, VA 22201
3541 W. Braddock Road, Alexandria, Virginia 22302
3541 W. Braddock Road, Alexandria, VA 22302
3541 W. Braddock Road, Alexandria, VA 22302
5249 Duke Street, Alexandria, VA 22304
4600 King Street, Alexandria, Virginia 22302
4600 King Street, Alexandria, VA 22302
4600 King Street, Alexandria, VA 22302
P.O. Box 236, Sterling, Virginia 22170

**JEFFERSON CORPORATION OF ALEXANDRIA
CORPORATE OFFICERS
1984 TERM**

Leslie L. Peters, M.D.
Samuel Burtoff, M.D.
Laszlo N. Tauber, M.D.
R. F. Sappington, Jr., M.D.
Lucio Luccioli, M.D.

President
Vice President
Secretary
Vice President for
Medical Affairs
Treasurer

See above address
See above address
See above address
See above address
See above address
See above address

TAUBER 03888

J.APP. 4596

	<u>SHARES</u>	<u>PERCENT OF STOCK</u>
DR TAUBER	18,991	21.856
TAUBER FOUNDATION	<u>10,484</u>	<u>12.566</u>
	29,475	33.922
PROXIES REC'D	<u>40,021</u>	<u>46.059</u>
	69,496	79.981
IN PERSON	<u> </u>	<u> </u>

TAUBER 03889

J.APP. 4597

<u>Proxies</u>	<u># Shares</u>	<u>%</u>
BURTOFF	4054	4.666 %
Coster (to Gordon)	1743	2.006
Gordon	19104	21.986
DAVIDOV	4200	4.834
NICHOLSON	4252	4.893
PULIZZI	10	.012
LUCIO LUCIO	204	.235
PETERS	155	.178
Sappington	6299	7.249
	<u>40,021</u>	<u>46.059</u>

<u>In Person</u>		
Butera	281	.323
Desai	400	.460
Dickinson	974	1.121
McWilliams	3.5	.004
Murphy	2.	.002
TAUBER (includes Tauber Foundation)	<u>9,475</u>	<u>33.922</u>
	<u>31,135¹⁰</u>	<u>35.832</u>

TOTAL in Person + By Proxy 71,156.50 81.891

TAUBER 03890

J.APP. 4598

	<u>SHARES</u>	<u>PER CENT OF STOCK</u>
DR TAUBER	18,991	21.856
TAUBER FOUNDATION	<u>10,484</u>	<u>12.066</u>
	29,475	33.922
PROXIES REC'D	_____	_____
IN PERSON	_____	_____

TAUBER 03891

J.APP. 4599

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints Dr. Laszlo N. Tauer with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.


STOCKHOLDER'S SIGNATURE

2-15-84
DATE

SPECIAL INSTRUCTIONS:

TAUBER 03892

SAMUEL BORTOFF, M.D. TRUST

4,054 SHARES

J.APP. 4600

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints Laszlo N. Tauber with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

M. Roy Nicholson M.D.
STOCKHOLDER'S SIGNATURE

1/30/84
DATE

SPECIAL INSTRUCTIONS:

TAUBER 03893

M. ROY NICHOLSON, M.D. 4,252 SHARES

J.APP. 4601

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints L. P. Zuber, Jr. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

A.A. Coster
STOCKHOLDER'S SIGNATURE

DATE 1/25/84

SPECIAL INSTRUCTIONS:

TAUBER 03894

A.A. COSTER, D.P.M. LTD. RET TRUST : 1743 SHARES

J.APP. 4602

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints L. Tauber with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.



STOCKHOLDER'S SIGNATURE

2/15/84

DATE

SPECIAL INSTRUCTIONS:

TAUBER 03895

John J. Pulizzi, M.D.

10 SHARES

J.APP. 4603

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints Franklin D. Tauber, Jr. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

Franklin D. Tauber, Jr.
STOCKHOLDER'S SIGNATURE

2/15/84
DATE

SPECIAL INSTRUCTIONS:

TAUBER 03896

R.F. SAPPINGTON JR. M.D. INC. PENSION TRUST

6,299 SHARES
J.APP. 4604

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints Dr. Leslie N. Tauber with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.



STOCKHOLDER'S SIGNATURE

2-13-83

DATE

SPECIAL INSTRUCTIONS:

TAUBER 03897

Lucio Luccidi, M.D. 264 SHARES

J.APP. 4605

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints DR TAUBER with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.



STOCKHOLDER'S SIGNATURE

DATE

SPECIAL INSTRUCTIONS:

TAUBER 03898

MICHAEL DAVIDOV, M.D., FASCC, LTD : 4,200 SHARES

J.APP. 4606

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints DR LESLIE TAUBER with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

Leslie L. Tauber
STOCKHOLDER'S SIGNATURE

1 30.14
DATE

SPECIAL INSTRUCTIONS:

TAUBER 03899

LESLIE L. PETERS, M.D.

155 SHARES

J.APP. 4607

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints MR. L.N. TAUBER with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual meeting of stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, February 15, 1984 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

Leslie Gender, M.D.
STOCKHOLDER'S SIGNATURE

FEB 15 1984
DATE

SPECIAL INSTRUCTIONS:

TAUBER 03900

LESLIE GENDER, M.D. 19,104 SHARES

J.APP. 4608

JEFFERSON MEMORIAL HOSPITAL CORPORATION
BOARD OF DIRECTORS MEETING

I. DATE: MARCH 10, 1982

II. TIME AND PLACE: 6:00 PM.M Suite 2-C
4600 King Street
Alexandria, Virginia

III. ATTENDANCE:

Present:

Leslie L. Peters, M.D.	Chairman
Samuel Burtoff, M.D.	Vice Chairman
Laszlo N. Tauber, M.D.	Secretary
Bruce Burtoff, M.D.	
Tony Butera, DPM	
A. A. Coster, DPM	
Michael Davidov, M.D.	
Harold J. Goald, M.D.	
Leslie Gondor, M.D.	
Magdolna Iranyi, M.D.	
Reginald McManus, M.D.	
R. F. Sappington, M.D.	
Michael Vlahos, M.D.	
Dallas P. Wright, Acting Administrator	

Absent:

Lucio Luccioli, M.D.

IV. CALL TO ORDER. Dr. Peters announced that thirteen members were present which constitutes a quorum and that the meeting would proceed with business.

V. READING OF THE MINUTES: Dr. Peters stated that the minutes of the previous meeting would be read unless there was a motion to waive the reading. A motion was made, duly seconded and passed to waive the reading of the minutes.

VI. OLD BUSINESS. Dr. Peters asked Dr. Tauber to give the Board an update on the negotiations for the lease of the hospital. Dr. Tauber said that the final lease document had been signed on February 11, 1982 with an effective date of April 1, 1982. He said the lease is for a period of 10 years and called for lease payments of one million dollars per year for the first five years paid monthly in advance, and an increase for the second five years in an amount equal to one half of the increase in the Consumer Price Index during the first five years, but the increase would be minimum of \$240,000. per year. He said that we had already received \$1,923,521 for the accounts receivable and certain other items included in the formula. He said that this figure would be adjusted at the April based on the March 31st Balance Sheet of the Corporation. Dr. Tauber said that the Corporation had redeemed stock from several shareholders who wanted their share of the mortgage obligation by putting the money into a high paying (interest) CD which matures at the time the mortgage balloons. This CD will provide enough at maturity to pay most of the mortgage. This will release the Corporation for any liability for collateral on the mortgage. He said that the balance of money received from Health Group had been invested in short term interest bearing instruments until all arrangements are completed for the lease in the event some technicality or other unforeseen problem arises which would necessitate taking the hospital back. He said that there were some procedural transactions necessary such as clearing the transfer with the ~~State~~ State Health Department, but he was optimistic that everything would be resolved in due course.

TAUBER 01865

Ex. 865

JAPP. 4609

VII. NEW BUSINESS.

A. Dr. Peters stated that the first item of new business was entitled "Litigation" and he would give Dr. Tauber the floor to present it. Dr. Tauber stated that all the members had been informed previously of the suit brought against the Corporation, the Emergency Room Physicians and himself by Dr. Scheetz in regard to interfering with his contract for operating the Emergency Service of the hospital. He said that the Corporation's insurance did not cover this specific type of suit and it would be necessary to defend the suit with our own attorney rather than one provided by the insurance company. There was some discussion about the specific allegations and their merit or lack of merit. A motion was made, seconded and passed to pursue an active defense of the lawsuit utilizing the hospital attorney for all defendants, if they desire, and to pay the attorney's fee with Corporation funds.

B. The Chairman stated that Dr. Alfonso had been serving as Acting Director of the Emergency Department since September 1, 1981 and that he was supposed to be considered for permanent appointment after ^{six} months. The end of February marked the end of this six-month period. Dr. Tauber said that he had been pleased with the performance and cooperation of Dr. Alfonso and had made it a point to inquire around about his performance and had found nothing derogatory. Dr. Tauber made a motion that Dr. Raymundo Alfonso be appointed Director of Emergency Services on a permanent basis effective March 1, 1982. Dr. Iranyi seconded the motion. The motion passed unanimously.

C. Dr. Peters ^{stated} that Dr. Fox had written a letter proposing a termination of the lease for the laser equipment wherein Dr. Fox would take the laser to his private office and leave some of the adjunctive equipment with the hospital. He said that he thought the letter untimely as we were in a transition period of getting ready to turn over the operation of the hospital to Health Group, and if the Board agreed, we could give Health Group the courtesy of making the decision. A motion was made, duly seconded and passed to reject Dr. Fox's proposal and to inform him that he should take the matter up with Health Group after April 1.

D. Dr. Peters said that the next item of business was a letter from the Radiology Department to consider having a Nuclear Medicine Technologist on call at nights for performing emergency scans. A recent incident had occurred where it took six hours to get a scan at night. Dr. Caldwell had said that Nuclear Medicine scans are not usually necessary on an emergency basis and they are usually deferred to the next morning. He said that this was the first time that a stat scan had been requested in the past two years. However, if the hospital desires to set up a night on-call arrangement, Dr. Caldwell had presented the budget of \$11,153 per year as the estimated cost. In the discussion that followed, it was suggested that this was not of such urgency that we should set up a system with that much cost just before turning the hospital over to Health Group next month. Dr. Peters then declared the item deferred for future consideration by the Executive Committee.

VII. DR. Peters Called for committee reports. The Executive Committee Report, the Quarterly Assurance Committee Report and the Safety Committee Report were not finalized in time and Dr. Peters directed that they be finalized as quickly as possible so that they can be considered and implemented, if appropriate. Mr. Wright presented the Administrator's Report which was accepted as presented and is attached hereto.

There being no further business, the meeting was adjourned at 6:50 p.m.

Respectfully submitted,

TAUBER 01866

Laszlo N. Tauber, M.D., Secretary

J.APP. 4610

February 25, 1982

MEMORANDUM:

TO: BOARD OF DIRECTORS

RE: MARCH BOARD MEETING

This is to advise you that the next Board Meeting will be held on Wednesday, March 10, 1982 at 6:00 P.M. in Suite 2C. The Quarterly Medical Staff Meeting will immediately follow the Board Meeting at 7:00 P.M. Dinner will be served at the Medical Staff Meeting. If you are unable to attend the Board Meeting, please contact Administration at 998-4870.

Thank You,

Laszlo N. Tauber, M.D.
LASZLO N. TAUBER, M.D.
Secretary

LNT:pc

TAUBER 01867

J.APP.4611

BOARD OF DIRECTORS MEETING
JEFFERSON MEMORIAL HOSPITAL
MARCH 10, 1982

AGENDA

- I. OLD BUSINESS
 - A. Lease Update Dr. Tauber
- II. NEW BUSINESS
 - A. Litagation Dr. Tauber
 - B. Directorship of Emergency Room Dr. Peters
 - C. Dr. Fox's Letter Regarding Termination of Lease for Laser Dr. Peters
 - D. Radiology Recommendation for Night Call for Nuclear Medicine Tech. Dr. Peters
- III. COMMITTEE REPORTS
 - A. Executive Committee Report Dr. Davidov
 - B. Administrator's Report Mr. Wright
 - C. Quality Assurance Committee Mr. Wright
 - D. Safety Committee Report Mr. Wright
- IV. ADJOURNMENT

TAUBER 01868

TO: BOARD OF DIRECTORS

RE: ADMINISTRATOR'S OPERATION SUMMARY REPORT FOR
PERIOD ENDING January 1982

DESCRIPTION

	REPORT MONTH	PRIOR MONTH	PRIOR FY TO DATE	PRIOR FY TO DATE
I. <u>PATIENT CENSUS DATA:</u>				
A. Percent Occupancy	98.3%	78.2%	92.4%	86.3
B. Average Daily Census	118	94	111	104
C. Number of Admissions	444	410	3177	294
D. Average Length of Stay	7.1	7.5	7.4	7.4
II. <u>REVENUE AND EXPENSES:</u>				
A. Total Patient Charges	1,420,434	1,158,286	9,413,305	8,106,415
B. Deductions from Pt. Charges	77,770	85,351	1,281,607	1,302,161
C. Net Patient Charges	1,342,664	1,072,935	8,131,698	6,804,254
D. Total Hospital Operat. Expenses	1,188,695	1,071,076	7,635,356	6,506,995
E. Net Income Before Adjustments	153,969	1,859	496,342	297,259
III. <u>RECEIVABLES, PAYABLES, COLLECTIBLES:</u>				
A. Total Pt. Accts. Receivable	2,745,627	2,415,931	---	2,796,162
B. Discharged Pt. Accts. Receivable	1,718,353	1,967,531	---	2,196,807
C. Accounts Payable	885,023	717,588	---	743,000
D. Cash Collections	1,153,714	1,108,565	7,908,820	6,390,897
E. Last 60 Day Average Collections	37,705	37,276	---	30,417
IV. <u>CASH ACCOUNTS ON DEPOSIT</u>				
A. Cash in Checking Account	18,377	21,534	---	(369,255)
B. Cash on Deposit-Reserve	---	---	---	---
C. Cash on Deposit, Bond Redempt.	139,494	138,819	----	88,619

TAUBER 01869

J.APP. 4613

TO: BOARD OF DIRECTORS

RE: ADMINISTRATOR'S OPERATION SUMMARY REPORT FOR
PERIOD ENDING February 1982

DESCRIPTION

	REPORT MONTH	PRIOR MONTH	FY TO DATE	PRIOR FY TO DA
I. <u>PATIENT CENSUS DATA:</u>				
A. Percent Occupancy	96.0%	98.3%	92.8%	87.3%
B. Average Daily Census	115	118	111	105
C. Number of Admissions	410	444	3587	3363
D. Average Length of Stay	8.6	7.1	7.5	7.5
II. <u>REVENUE AND EXPENSES:</u>				
A. Total Patient Charges	1,318,957	1,420,434	10,488,943	9,211,298
B. Deductions from Pt. Charges				
C. Net Patient Charges				
D. Total Hospital Operat. Expenses				
E. Net Income Before Adjustments				
III. <u>RECEIVABLES, PAYABLES, COLLECTIBLES:</u>				
A. Total Pt. Accts. Receivable				
B. Discharged Pt. Accts. Receivable				
C. Accounts Payable				
D. Cash Collections				
E. Last 60 Day Average Collections				
IV. <u>CASH ACCOUNTS ON DEPOSIT</u>				
A. Cash in Checking Account				
B. Cash on Deposit-Reserve				
C. Cash on Deposit, Bond Redempt.				

TAUBER 01870

J.APP. 4614

EMERGENCY ROOM VISITS

September 1981	1003
October 1981	1004
November 1981	917
December 1981	853
January 1982	874
February 1982	784

TAUBER 01871

J.APP. 4615

BOARD OF DIRECTORS MEETING
JEFFERSON MEMORIAL HOSPITAL
MARCH 10, 1982

A T T E N D A N C E

(Please sign in)

Harold W. ...
James A. Peters

W. J. ...

R. Butera

Michael W. ...

Walter E. ...

William ...

T. O. Easter

Paul ...

James ...

...

R. ...

Chapelle ...

TAUBER 01872

J.APP. 4616

M I N U T E S
ANNUAL STOCKHOLDERS MEETING
AND
BOARD OF DIRECTORS MEETING
JEFFERSON CORPORATION OF ALEXANDRIA
4600 KING STREET 2C
ALEXANDRIA, VIRGINIA 22302
703-998-4811

I. DATE: MARCH 14, 1985

II. TIME & PLACE: 1:00 P.M.
Suite 2-C
4600 King Street
Alexandria, Va. 22302

III. ATTENDANCE:

Stockholders and Board Members

Leslie L. Peters, M.D. Chairman/President
Laszlo N. Tauber, M.D.
Samuel Burtoff, M.D.
Tony Butera, D.P.M.
Michael Corrado, M.D.
Michael Davidov, M.D.
W. Morgan Delaney, M.D.
Narendra Desai, M.D.
Harold Goald, M.D.
Leslie P. Gondor, M.D.
Magdolna Iranyi, M.D.
Reginald McManus, M.D.
R. F. Sappington, Jr. M.D.
Judith Small
Nils Antezana, M.D.
Michael Vlahos, M.D.

Others Present

Dallas P. Wright

IV. ANNOUNCEMENT OF QUORUM. Dr. Peters called the meeting to order at 1:00 P.M. He welcomed the attendees to the Annual Stockholders Meeting and stated that the agenda on the table before everyone would be followed. He asked for a determination of a quorum. The Secretary determined from the attendance list and proxies on hand that 88.7% of the shares outstanding were represented and that therefore a quorum was present. The number of shares to be voted by each shareholder present, in person and by proxy, was verified and is shown on the attached list. The proxies held by Dr. Tauber are attached hereto.

V. READING OF THE MINUTES. Dr. Peters called for a reading of the minutes. A motion was made, seconded and passed to accept the minutes as read.

VI. ELECTION OF THE BOARD OF DIRECTORS AND OFFICERS OF THE CORPORATION. Dr. Peters stated that the next item on the agenda was the election of Directors to serve during the forthcoming year. He presented the names of nominees

TAUBER 03861

Ex. 866

J.APP. 4617

of management as follows:

Leslie L. Peters, M.D., Chairman
Laszlo N. Tauber, M.D.
Samuel Burtoff, M.D.
R. F. Sappington, Jr., M.D.
Leslie P. Gondor, M.D.
Michael Davidov, M.D.
Magdolna Iranyi, M.D.
Abraham A. Coster, D.P.M.
Tony Butera, D.P.M.
Bruce Burtoff, M.D.
Harold Goad M.D.
Reginald McManus, M.D.
Michael Vlahos, M.D.

The Chairman then opened the floor to other nominations. A motion, seconded and passed to close the nomination. A motion was then made, seconded and passed that the slate of Directors as presented be elected by acclamation. Dr. Peters thanked the stockholders for electing him Chairman and stated that the Board of Directors was Scheduled to meet immediately following the adjournment of this meeting for the purpose of electing Officers of the Corporation, but since that was the only item on the agenda for the Board that he would combine the Board Meeting with the stockholders meeting and that it would essentially be an open Board Meeting with the stockholders in attendance. Dr. Peters then stated that the names of the Officers for the past year were on a list before everyone on the table, and read them as follows:

Leslie L. Peters, M.D. President
Samuel Burtoff, M.D. Vice President
Laszlo N. Tauber, M.D. Secretary
R. F. Sappington, Jr., M.D. Vice President for Medical Affairs
Tony Butera, D.P.M. Treasurer

A motion was made, seconded and passed to elect the same officers to serve for the forthcoming year.

VI. OTHER BUSINESS. Dr. Tauber reported that an article in the Wall Street Journal had announced that Health Group, Inc., the lessee of the hospital, had sold out to Owens-Illinois Corporation and Charter Medical. He said that he had not as yet been approached by Health Group as to exactly what they wish to do with the lease, which has seven years remaining. He said that he had the hospital records checked and found a substantial amount of Accounts Payable were more than sixty days old, which is a violation of provisions in the lease. He said that he had the Attorney send a letter to Health Group informing them that they were in violation of the lease in this regard.

Dr. Tauber also reported that he had been approached by representatives of a group that is interested in using the fourth floor addition for a Health Maintenance Organization (HMO). He said that an organization is in negotiation to buy George Washington University Hospital and the Laurel, Maryland Hospital. He said that they appear to be attempting to set up a large organization with an HMO arrangement. He said that it is too soon to know just what will happen, but as the word gets around about Health Group, it is generating interest in others wanting to take over the Jefferson lease, which has been a profitable arrangement for the lessee. Dr. Tauber stated that there were various options

TAUBER 03862

J.APP. 4618

that might be possible for Jefferson and he would like to know what the majority of stockholders wanted. Some options to consider would be (1) Sell out completely, (2) Continue leasing with someone yet to be known, (3) Take back the hospital and run it as before, or (4) Take back the hospital and try to negotiate with some other organization for the best possible arrangement. Dr. Tauber said that he had talked informally with the owners of the land, and that 75% are against selling. He asked each of the stockholders present for their opinions and/or desires. Dr. Burtoff wanted to sell if a suitable price could be obtained. All others preferred to not sell, but instead preferred to continue leasing if a suitable lessee could be found and a suitable arrangement could be worked out. It was then agreed that we continue to lease with a goal of linking up with a larger, well-financed organization.

There being no further business, the meeting was adjourned at 2:45 P.M.

Respectfully submitted,

Laszlo N. Tauber, M.D.
Secretary

TAUBER 03863

JAPP. 4619

JEFFERSON CORPORATION OF ALEXANDRIA

4600 KING STREET 2C
ALEXANDRIA, VIRGINIA 22302

703-998-4811

ANNUAL STOCKHOLDERS MEETING
MARCH 14, 1985

ATTENDANCE LIST

La gache Group

W. J. J. J.

J. J. J. J.

Michael Corcoran

Butler

Mr. M. M. M.

W. Morgan Stanley

W. J. J. J.

W. J. J. J.

W. J. J. J.

W. J. J. J.

W. J. J. J.

TAUBER 03864

J. APP. 4620

JEFFERSON CORPORATION OF ALEXANDRIA
STOCKHOLDERS OF RECORD
MARCH 14, 1985

NAME	NUMBER OF SHARES OWNED	PERCENT OF STOCK
Nils Antezana, M.D.	507	0.583
Samuel Burtoff, M.D. Trust	4,054	4.666
Tony C. Butera, DPM	281	0.323
Michael Corrado, M.D.	3,607	4.151
A. A. Coster, DPM, LTD., Ret. Trust	1,743	2.006
Michael Davidov, M.D. & Assoc., LTD., EMP BEN TR	4,200	4.834
W. Morgan Delaney, M.D.	974	1.121
Narendra Desai, M.D.	400	0.460
Harold J. Goald, M.D.	1,010	1.162
Harold J. Goald, M.D., LTD., Emp Ben Trust	1,015	1.169
Leslie Gondor, M.D.	19,104	21.986
Fumel and Tzu-Min Kao, M.D.	750	0.863
Cesare Luccioli, M.D.	8,340	9.598
Lucio Luccioli, M.D.	204	0.235
K.E. and R. McManus, M.D.	3.5	0.004
M. Roy Nicholson, M.D.	2	0.001
Leslie L. Peters, M.D.	155	0.178
John J. Pulizzi, M.D.	10	0.012
R. F. Sappington, Jr., M.D. Inc., Pen Tr	6,299	7.249
Walter and Jane Scheetz, M.D.	507	0.583
Michael Small Trust	1	0.001
Michele Small Trust	1	0.001
Laszlo N. Tauber, M.D.	18,991	21.856
Tauber Foundation	14,734	16.958
	<hr/> 86,892	<hr/> 100.000

TAUBER 03865

J.APP. 4621

<u>PROXIES TO DR. TAUBER</u>	<u>NUMBER OF SHARES</u>	<u>PERCENT OWNERSHIP</u>
Samuel Burtoff, M.D.	4,054	4.666
Michael Corrado, M.D.	3,607	4.151
A. A. Coster, D.P.M.	1,743	2.006
Michael Davidov, M.D.	4,200	4.834
Narendra Desai, M.D.	400	0.460
Leslie P. Gondor, M.D.	19,104	21.986
M.		
M. Roy Nicholson, M.D.	2	0.001
R. F. Sappington, Jr. M.D.	6,299	7.249
	<u>34,409</u>	<u>45.353</u>
<u>OTHER PRESENT</u>		
Nils Antezana, M.D.	507	0.583
Tony Butera, D.P.M.	281	0.323
W. Morgan Delaney, M.D.	974	1.121
Harold Goald, M.D.	2,025	2.331
Reginald McManus, M.D.	3.5	0.004
Leslie L. Peters, M.D.	155	0.178
Judith Small	2	0.002
Laszlo N. Tauber, M.D.	<u>33,725</u>	<u>38.814</u>
Total shares represented	77,081	88.709

TAUBER 03866

J.APP. 4622

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints Lazlo Tauber with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual Meeting of Stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Thursday, March 14, 1985 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

Michael Corrado

STOCKHOLDER'S SIGNATURE

3/9/85

DATE

SPECIAL INSTRUCTIONS:

TAUBER 03867

J.APP. 4623

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints Edgar A. Miller with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual Meeting of Stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Thursday, March 14, 1985 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.


STOCKHOLDER'S SIGNATURE

3/7/85
DATE

SPECIAL INSTRUCTIONS:

TAUBER 03868

J.APP. 4624

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints L. P. Lander, M.D. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual Meeting of Stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Thursday, March 14, 1985 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

Al P. Costello

STOCKHOLDER'S SIGNATURE

3/6 85

DATE

SPECIAL INSTRUCTIONS:

TAUBER 03869

J.APP. 4625

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints LAZLO N. TAUBER M.D. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual Meeting of Stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Thursday, March 14, 1985 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

N.G. Desai 3/6/85

STOCKHOLDER'S SIGNATURE

N.G. DESAI, M.D.,
3450 N. BEAUREGARD ST.
SUITE 3
ALEXANDRIA, VA 22302

3/6/85

DATE

SPECIAL INSTRUCTIONS:

TAUBER 03870

J.APP. 4626

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints Carlo Tauber, Jr. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual Meeting of Stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Thursday, March 14, 1985 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

Carlo Tauber, Jr.

STOCKHOLDER'S SIGNATURE

3/2/85

DATE

SPECIAL INSTRUCTIONS:

TAUBER 03871

J.APP. 4627

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints DR L. N. TAUBER with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual Meeting of Stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Thursday, March 14, 1985 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

Philip L. N. Tauber

STOCKHOLDER'S SIGNATURE

MAR 14 1985

DATE

SPECIAL INSTRUCTIONS:

TAUBER 03872

J.APP. 4628

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints James N. Tauber with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual Meeting of Stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Thursday, March 14, 1985 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.

James N. Tauber
STOCKHOLDER'S SIGNATURE

2/16/85
DATE

SPECIAL INSTRUCTIONS:

TAUBER 03873

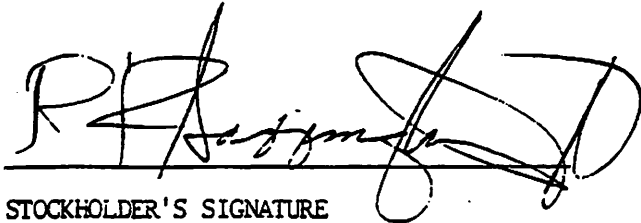
J.APP. 4629

JEFFERSON CORPORATION OF ALEXANDRIA

PROXY SOLICITED BY MANAGEMENT

The undersigned stockholder of Jefferson Corporation of Alexandria hereby appoints L. V. Tauber, M.D. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned Stockholder is entitled to vote at the Annual Meeting of Stockholders of Jefferson Corporation of Alexandria, to be held at 4600 King Street, Alexandria, Virginia on Thursday, March 14, 1985 at 1:00 p.m.

The proxy shall vote as specified below, or if no instructions are specified, he shall vote at his discretion upon the matters that may properly come before the meeting.


STOCKHOLDER'S SIGNATURE

3/6/85
DATE

SPECIAL INSTRUCTIONS:

TAUBER 03874

J.APP. 4630

JEFFERSON CORPORATION OF ALEXANDRIA

ANNUAL STOCKHOLDERS MEETING
MARCH 14, 1985

AGENDA

- I. CALL TO ORDER
- II. DETERMINATION OF STOCKHOLDERS PRESENT IN PERSON AND BY PROXY
- III. ANNOUNCEMENT OF QUORUM
- IV. READING OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS MEETING
- V. ELECTION OF BOARD OF DIRECTORS
- VI. OTHER BUSINESS
- VII. ADJOURNMENT

TAUBER 03875

J.APP. 4631

JEFFERSON MEMORIAL HOSPITAL CORPORATION
MINUTES OF
ACTION BY DIRECTORS CONSTITUTING SPECIAL MEETING

Effective: March 26, 1982

In accordance with §§141 and 229 of the Delaware Corporation Law, the undersigned, being all of the Directors of the Corporation, do hereby execute, effective at 12:00 noon, this consent in writing to the following action taken by them and serving as a Special Meeting of the Directors.

Laszlo N. Tauber, M.D. has advised the Directors and Stockholders at previous meetings and at those held on January 15, 1982 and again herein that he or a successor appointed by him will serve as Medical Director of the Hospital pursuant to an Agreement to be entered into with the Health Group of Virginia, Inc. It is decided that the foregoing will be in the best interests of the Corporation and accordingly it is unanimously

RESOLVED that Laszlo N. Tauber, M.D. has made timely and adequate disclosure of his intent to serve as Medical Director of the Hospital as stated above while the Health Group of Virginia, Inc. operates the Hospital and until Dr. Tauber appoints his successor and that it is in the best interests of the Corporation for Dr. Tauber to continue as Medical Director as aforesaid and at no time has the foregoing been considered to be adverse to the Corporation's interests.

On behalf of the Corporation, the Secretary, Laszlo N. Tauber, executed the Hospital Lease Agreement and letters (copies of which are attached hereto and made a part hereof) on February 11, 1982 with the Health Group of Virginia, Inc. Deciding the Lease and letters to be advisable and in the best interests of the Corporation, it is unanimously

TAUBER 01859
Ex. 807

J.APP. 4632

RESOLVED that the execution of the Hospital Lease Agreement and attached letters by the Secretary, Laszlo N. Tauber, are hereby approved, confirmed and ratified.

On behalf of the Corporation, the Secretary, Laszlo N. Tauber, executed the Agreement and First Amendment to Hospital Lease Agreement (copies of which are attached hereto and made a part hereof). Deciding the Agreement and First Amendment to be advisable and in the best interests of the Corporation it is unanimously

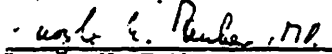
RESOLVED that the execution of the Agreement and First Amendment to Hospital Lease Agreement by the Secretary, Laszlo N. Tauber, are hereby approved, confirmed and ratified.

Acknowledging that the Corporation must enter into Agreements, assign and/or amend contracts to carry out its responsibilities under the Lease with the Health Group of Virginia, Inc. and deciding that to do so will be in the best interests of the Corporation it is therefore unanimously

RESOLVED that the officers of the Corporation be and the same hereby are authorized to execute on behalf of the Corporation all contracts, contract assignments and contract amendments to carry out the terms and provisions of the Hospital Lease Agreement and letters with the Health Group of Virginia, Inc.


Leslie L. Peters, M.D.


Samuel Burtoff, M.D.


Laszlo N. Tauber, M.D.


R.F. Sappington, M.D.


Michael Davidov, M.D.


Leslie Condor, M.D.


Magdolna Iranyi, M.D.


A.A. Coster, D.P.M.

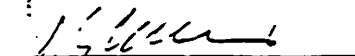

Lucio Luccioli, M.D.

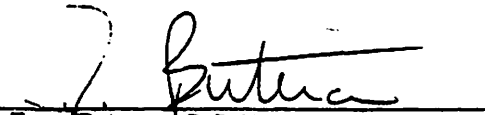

Harold J. Goald, M.D.

TAUBER 01860

J.APP. 4633


Michael Vlahos, M.D.


Reginald P. McManus, M.D.


Tony Butera, D.P.M.


Bruce Burtoff, M.D.

Being all of the Directors of Jefferson Memorial
Hospital Corporation.

TAUBER 01861

J.APP. 4634

SPECIAL MEETING
MINUTES
JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS

- I. DATE: April 14, 1982
- II. TIME AND PLACE: 1:00 P.M., Suite 2C
- III. ATTENDANCE:
- Present:
- | | |
|---------------------------|----------------------|
| Leslie L. Peters, M.D. | Chairman |
| Samuel Burtoff, M.D. | Vice Chairman |
| Laszlo N. Tauber, M.D. | Secretary |
| Michael Davidov, M.D. | Member |
| Magdolna Iranyi, M.D. | Member |
| Tony Butera, D.P.M. | Member |
| A.A. Coster, D.P.M. | Member |
| Reginald P. McManus, M.D. | Member |
| Harold J. Goald, M.D. | Member |
| Dallas P. Wright | Acting Administrator |
- Absent:
- | | |
|-----------------------------|--------|
| Bruce Burtoff, M.D. | Member |
| Leslie Gondor, M.D. | Member |
| Lucio Luccioli, M.D. | Member |
| Richard F. Sappington, M.D. | Member |
| Michael Vlahos, M.D. | Member |
- Guest:
- | | |
|-------------------|-------------------------------------|
| Richard L. Martin | Vice President
Health Group Inc. |
|-------------------|-------------------------------------|
- IV. CALL TO ORDER: Dr. Peters announced that there are 9 members present which constitutes a quorum and the meeting would proceed with business.
- V. READING OF THE MINUTES: Dr. Peters asked Dr. Tauber to read the minutes from the previous meeting. A motion was made, duly seconded and unanimously carried to waive the reading of the minutes.
- VI. OLD BUSINESS: None to come before the meeting at this time.

TAUBER 01845

Ex. 868

J.APP.4635

MINUTES
SPECIAL MEETING
BOARD OF DIRECTORS
APRIL 14, 1982
PAGE TWO

VII. NEW BUSINESS:

1. Dr. Peters presented the proposed Plan of Recapitalization of the Corporation for the Board's review and approval. Following a detailed discussion concerning the proposed plan, a motion was made by Dr. Coster and seconded by Dr. Davidov to adopt the proposed Plan of Recapitalization for submission to the Stockholders at the special meeting scheduled for April 16, 1982. Motion carried unanimously.

2. Next, Dr. Peters presented the proposed Amendment to the Certificate of Incorporation for the Board's review. A discussion was held concerning the proposed Amendment. Following a discussion, Dr. Davidov made a motion and seconded by Dr. Butera to adopt the resolution to amend the Certificate of Incorporation as presented for submission to the Stockholders at their special meeting on April 16, 1982. Motion carried unanimously. (Attachment B)

VIII. OTHER BUSINESS:

1. Dr. Peters introduced Mr. Richard L. Martin, Vice President for Operations, Health Group Inc. Mr. Martin spoke briefly giving the background of Health Group Inc. and principle officers. A general discussion followed of the physician contracts and price increases with the Board assuring Mr. Martin of support in negotiating one-time charges without benefiting the contracting physicians in the case of Anesthesia and Radiology in the same manner as agreed to by the Pharmacy.

2. Dr. Peters advised the Board that Miss Biser, R.N., Head Nurse of the ICU/CCU has written a letter requesting the ICU be named in memory of Carl E. Linton, former Administrator. Dr. Tauber advised the Board that he plans to establish a "Carl E. Linton Memorial Fund" in lieu of the request from Miss Biser. The Board expressed approval of this action as being more appropriate. (Attachment C)

IX. ADJOURNMENT: There being no further business, the meeting was adjourned at 2:30 P.M.

Respectfully submitted:

Laszlo N. Tauber, M.D.
LASZLO N. TAUBER, M.D.
Secretary

TAUBER 01846

J.APP. 4636

RESOLUTIONS FOR SUBMISSION TO STOCKHOLDERS

RESOLVED, that the Plan of Recapitalization of the Corporation as adopted by the Board of Directors on April 14, 1982, is hereby authorized and approved.

FURTHER RESOLVED, that the Board of Directors and the proper officers of the Corporation are hereby authorized and directed to do or cause to be done all acts and things necessary or appropriate to carry such Plan into effect:

FURTHER RESOLVED, that it is advisable and in the best interests of the Corporation to reclassify the Capitol Stock of the Corporation by amending Article IV of the Certificate of Incorporation so that as amended said Article shall be and read as follows:

Section 1. The total number of shares of Capitol Stock which the Corporation shall have the authority to issue is Two Million (2,000,000) shares of Common Stock. One Million (1,000,000) shares of Common Stock, Class A of par value of one-half cent (\$.005) per share having full voting powers and not entitled to dividends; and One Million (1,000,000) shares of Common Stock, Class B, of par value of one-half cent (\$.005) per share having no voting powers and entitled to dividends. (Such Common Stock being sometimes hereinafter called Capitol Stock).

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to subscribe and file a certificate in proper form of the adoption of the foregoing Amendment to the Certificate of Incorporation.

JEFFERSON CORPORATION OF ALEXANDRIA
April 14, 1982

TAUBER 01847

J.APP. 4637

JEFFERSON CORPORATION OF ALEXANDRIA

PROPOSED RESOLUTION OF THE BOARD OF DIRECTORS

RESOLVED, that the Board of Directors of the Jefferson Corporation of Alexandria, a corporation of the State of Delaware, deems the following recapitalization advisable and hereby declares it to be advisable that:

1. There be authorized One Million (1,000,000) shares of a new class of common stock of the par value of one-half cent (\$.005), herein called common Stock, Class A, not entitled to dividends, having full voting power, preferences, rights, qualifications, limitations, and restrictions thereof hereinafter set forth: and

There be authorized One Million (1,000,000) shares of a new class of common stock of the par value of one-half cent (\$.005), herein called Common Stock, Class B, entitled to dividends, and having no voting powers.

Said Class A and Class B Common Shares to be issuable only upon the exchange of the Common Shares of the Corporation of the par value of one cent (\$.01) each herein called the old common shares, as provided in paragraph 2 hereof.

2. The authorized shares of the Corporation be increased on the retirement date, hereinafter defined, by the retirement of all of the authorized old common shares, shares thereof to be exchanged for new Common Shares, Class A and Class B, on the basis of one new Common Share, Class A, and one new Common Share, Class B, for each old common share.

3. The Certificate of Incorporation of the Corporation, as heretofore amended, be further amended to give effect to the increase provided in Paragraph 1, and

TAUBER 01848

J.APP. 4638

to make provision for the exchange provided in Paragraph 2 hereof by amending Article IV thereof to read as follows:

Section 1. The total number of shares of Capitol Stock which the Corporation shall have the authority to issue is Two Million (2,000,000) shares of Common Stock. One Million (1,000,000) shares of Common Stock, Class A, of par value of one-half cent (\$.005) per share having full voting powers and not entitled as to dividends; and One Million (1,000,000) shares of Common Stock, Class B, of par value of one-half cent (\$.005) per share having no voting powers and entitled to dividends. (Such Common Stock being sometimes hereinafter called Capitol Stock).

4. As used herein, "Retirement Date" shall mean the close of business on May , 1982, provided that not less than thirty (30) days prior thereto the Certificate referred to in Paragraph 7 hereof shall have been filed in the Office of the Secretary of State of Delaware, and written notice shall have been mailed to each holder of old common shares at his address as the name appears on the records of the Corporation at the close of business on April 19 , 1982, advising him of his rights and the manner of effecting the surrender of his old common share certificate(s). In the event, however, that such Certificate is not so filed or such notice is not so mailed on or before April 30 , 1982, "Retirement Date" shall mean the close of business on a date thirty (30) days after such Certificate shall have been so filed and such notice shall have been made.

5. Upon retirement of the old common shares:

- (a) The capitol represented by such shares thereof as are exchanged for the new Common Shares, Class A and Class B, shall continue to be represented by the new common shares, Class A and Class B exchanged thereof;
- (b) The authorized shares of the Corporation shall be increased to Two Million (2,000,000) shares, One Million (1,000,000) of which shall be new Common Shares, Class A, and

TAUBER 01849

J.APP. 4639

One Million (1,000,000) of which shall be New Common Shares, Class B;

- (c) The stated Capital of the Corporation shall remain the same; and
- (d) The Board of Directors shall have the power to take such action as it shall deem necessary, proper, or advisable with respect to the foregoing statement.

6. This proposed Plan of Recapitalization and the foregoing Amendment to the Certificate of Incorporation of the Corporation as heretofore amended shall be submitted for action thereon by the stockholders of the Corporation at a special meeting called for that purpose on April 16 , 1982, at 1 PM , and the notice of the time, place, and purpose of such meeting, including the taking of action upon the foregoing matters, shall be given in accordance with the requirements of the Bylaws of the Corporation and in accordance with Section 222 of the General Corporation Law of the State of Delaware.

7. Upon the affirmative vote of the necessary number of shares as required by statute in favor of the matters hereinabove declared advisable, the President and the Secretary of the Corporation are directed to execute, acknowledge, and file in the Office of the Secretary of State of Delaware and in the Office of the State Corporation Commission of the Commonwealth of Virginia certificates of the action taken by the directors and shareholders of the Corporation with respect to such matters, all in the form and in the manner prescribed by law.

TAUBER 01850

J.APP. 4640

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET ALEXANDRIA VIRGINIA 22302-9988
TELEPHONE 703 / 531-9700

ATTACHMENT "C"

April 2, 1982

Dr. Leslie Peters
Chairman-Board of Directors
Jefferson Memorial Hospital

Dear Dr. Peters,

On behalf of the staff of ICU/CCU, we would like to request that the Unit of JMH be named the Carl Linton Intensive Care Unit and an appropriate plaque (which we would purchase) to be placed on the outside double doors in the entry way of the unit indicating the name of the unit.

We feel that Mr. Linton was instrumental in the planning, construction and furnishing of the unit and was a great help to all of us.

He was very interested and supportive during conception to completion of the unit and it was one of the highlights of his career while here at JMH.

We feel that by naming the unit after Mr. Linton that it would be a living memorial to his outstanding work and accomplishments during his lifetime.

Very Truly yours,

Mary Jane Biser

Mary Jane Biser RN BSN
Head Nurse ICU/CCU

cc Mrs. Cox, Dr. Tauber
Mr. Wright

TAUBER 01851

J.APP.4641

PROPOSED PLAN OF RECAPITALIZATION

The basic purpose of the Plan of Recapitalization is to amend Article IV of the Certificate of Incorporation to provide for the creation of two new classes of common shares and to retire the old common stock. The affirmative votes of two-thirds of the outstanding shares of the old common stock, in person or by proxy, are necessary to effect the proposal to increase and reclassify the authorized shares of the Corporation by creating the two new classes of common shares, Class A and Class B, of the par value of one-half cent (\$.005) each, to retire the old common stock of par value of one cent (\$.01) each, and to amend the Certificate of Incorporation accordingly.

Subject to Approval by the Shareholders, the Board of Directors has declared advisable and adopted a Plan of Recapitalization under which:

(a) The number of common shares which the Corporation is authorized to issue shall be increased from One Million (1,000,000) shares to Two Million (2,000,000) shares; of which One Million (1,000,000) shares shall be Class A and One Million (1,000,000) shares shall be Class B.

(b) Each common share of par value of one cent (\$.01) per share which the Corporation had authority to issue immediately prior to the taking effect of the Plan (whether issued or unissued) shall be changed into and become two common shares, one common share, Class A, and one common share, Class B, each of the par value of one-half cent (\$.005) per share.

(c) Each Certificate representing one or more common shares of par value of one cent (\$.01) which shall be issued and outstanding immediately prior to the taking effect of the Plan shall thereafter represent the same

TAUBER 01852

JAPP. 4642

number of common shares of Common Shares, Class A, and Common Shares, Class B, each of the par value of one-half (\$.005) cent per share; and the Corporation shall issue to or upon the order of each holder of record, as soon as practicable after approval of the foregoing proposal and as is more fully set forth in the Resolution of the Board of Directors attached hereto, and made a part hereof, certificates representing one Common Share, Class A, and one Common Share, Class B, each of the par value of one-half (\$.005) cent per share for each common share of par value of one cent (\$.01) per share theretofore represented by such outstanding share certificate.

(d) The old common shares are entitled to dividends in accordance with the bylaws and to full voting powers. New Common Shares, Class A, are entitled to full voting rights, but are not entitled to dividends. New common shares, Class B, are entitled to dividends in accordance with the bylaws, but have no voting power. There are no conversion rights with respect to either the old or new common shares. The rights of holders of either old or new common shares cannot be modified by less than a two-thirds majority vote.

(e) The aggregate amount of the stated capital of the Corporation which shall be represented by the Common Shares, Class A and Class B, each class of the par value of one-half cent (\$.005) per share, that shall be issued and outstanding upon the taking effect of the Plan, shall be the same as the aggregate amount of the stated capital of the Corporation which shall be represented by the Common Shares of the Par Value of one cent (\$.01) per share that shall be issued and outstanding immediately prior to the taking effect of the Plan.

(f) The Corporation has been advised by Counsel that the proposed Plan of Recapitalization, if consummated, will constitute a recapitalization and,

TAUBER 01853

J.APP. 4643

therefore, a reorganization within the meaning of Section 368 (a) (1) (E) of the Tax Code of 1954. No gain or loss will be recognized to the holder of old common shares as a result of the exchange of such shares for new common shares, Class A, and new common shares, Class B, pursuant to the Plan. The Corporation will not recognize a gain or loss upon exchange pursuant to the Plan and neither the new common shares, Class A, nor the new common shares, Class B, received by the holders of the old common shares in the exchange will be taxable to such shareholders as a share dividend under the provisions of Section 305(b) of the Tax Code.

(g) The holders of old common shares, within three days after approval of the foregoing proposal, but in no event more than five days following said approval, will be mailed a notice containing detailed instructions as to the manner in which it is to be effective.

(h) A resolution of the Board of Directors declaring the foregoing proposal advisable, said resolution if adopted at a meeting of the Board of Directors held April 14 , 1982, is attached hereto and made a part hereof. This resolution sets forth in detail the proposed action with respect to the Plan of Recapitalization and the proposed amendment of Article IV of the Certificate of Incorporation, all of which is to be submitted to the shareholder for approval as hereinafter provided.

(i) Recapitalization is to be effected as hereinabove outlined. All old common shares will be exchanged for new common shares, Class A, and Class B, and old common shares will be retired and shall not thereafter be reissued. All old common shares not exchanged will be automatically converted into the new common shares, Class A, and new common shares, Class B, as hereinabove explained. New certificates for such new common shares

TAUBER 01854

J.APP. 4644

Class A and Class B, replacing certificates for outstanding old common shares, will be issued and held until presentation of the certificate(s) representing the old common shares.

(j) The Board of Directors having adopted the foregoing Plan of Recapitalization of the Corporation, recommends its adoption by the shareholders and urges a vote in favor of the proposal. The Plan is to become effective upon (1) the approval (to be obtained at the special meeting of the shareholders of the Corporation called for said purpose) by a two-thirds majority of the outstanding old common stock of this Plan of Recapitalization; (2) the issuance by the Secretary of State of Delaware of a Certificate of Amendment with respect to the proposed amendment to the Certificate of Incorporation of the Corporation; and (3) compliance with all applicable Federal and State laws.

JEFFERSON CORPORATION OF ALEXANDRIA

TAUBER 01855

J.APP. 4645

April 5, 1982

MEMORANDUM:

TO: BOARD OF DIRECTORS
RE: SPECIAL BOARD MEETING

A special meeting of the Board of Directors will be held on Wednesday, April 14, 1982 at 1:00 P.M. in Suite 2C. This will be a luncheon meeting.

If you are unable to attend this meeting, please contact Administration, 998-4870.

Thank You,

L. N. Tauber, M.D.
LASZLO N. TAUBER, M.D.
Secretary

LNT:pc

TAUBER 01856

J.APP. 4646

SPECIAL MEETING
BOARD OF DIRECTORS
JEFFERSON MEMORIAL HOSPITAL CORPORATION
APRIL 14, 1982

A G E N D A

- I. CALL TO ORDER
- II. PROPOSED PLAN OF RECAPITALIZATION OF THE CORPORATION
- III. AMENDMENT TO THE CERTIFICATE OF INCORPORATION
- IV. OTHER BUSINESS
- V. ADJOURNMENT

TAUBER 01857

J.APP.4647

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE 703 / 931-9700

April 21, 1982

Miss Mary Jane Biser, R.N.
Head Nurse
Intensive Care Unit
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Miss Biser:

The Board of Directors at their April 14, 1982 meeting, reviewed and considered your recommendation of naming the Intensive Care Unit in memory of Mr. Linton.

The Board agreed at that time to appoint a committee to determine an appropriate memorial for Mr. Linton in lieu of naming the wing. The Committee will be meeting in the very near future and will advise you of their decision.

Thank you for your interest and concern.

Sincerely,



DALLAS P. WRIGHT
Acting Administrator

DPW:pc

TAUBER 01858

J.APP. 4648

SPECIAL NOTICE

JEFFERSON CORPORATION OF ALEXANDRIA

AROUND THE CORNER

ALEXANDRIA, VIRGINIA 22302

703 998 4811

- I. DATE: July 12, 1985
- II. TIME AND PLACE: 4:15 P.M.
4600 King Street-Suite 2-C
Alexandria, Virginia 22302

III. ATTENDANCE:

Stockholders

Leslie L. Peters, M.D.
Laszlo N. Tauber, M.D.
Samuel Burtoff, M.D.
Michael Corrado, M.D.
Michael Davidov, M.D.
R. F. Sappington, Jr., M.D.
Nils Antezana, M.D.
Narendra Desai, M.D.
W. Morgan Delaney, M.D.
Tzu-Min Kao, M.D.

Others

Magdolna Iranyi, M.D. (Representing Leslie Gondor, M.D.)
Marilyn Simpson (Representing Harold Goald, M.D.)
John Thorpe Richards, Esquire
Malcolm M. Mitchell, Esquire
Dallas P. Wright

- IV. CALL TO ORDER AND DETERMINATION OF QUORUM. Dr. Peters called the meeting to order at 4:15 P.M. and asked for a determination of a quorum. The number of shares to be voted by each shareholder present, in person and by proxy, was verified. It was determined that 84% of the shares outstanding were represented, including those by proxy, and a quorum was announced. Additional attendees arriving within five minutes after the call to order brought the total representation to 86.926% which included proxies of 24.007 % from those not present in person. Proxies held by John Thorpe Richards are attached hereto.

V. BUSINESS. Dr. Peters announced that the business on the agenda was consideration and vote by the stockholders on a resolution approving a new lease agreement covering the Jefferson Memorial Hospital and property and authorizing the Board of Directors to adopt a resolution to take all such actions as is necessary to enter into said new lease. He asked Dr. Tauber to report on the status of the negotiations and details of the proposed lease. Dr. Tauber reviewed details of the changes in the proposed new lease from the terms of the previous lease. Subjects covered by Dr. Tauber:

1. Length of the lease. The original lease has six years and nine months remaining. The proposed new lease is for twenty years commencing July 1, 1985.

2. Fourth floor addition. Included in the proposed new lease is the fourth floor constructed over the East-West Nursing wing in addition

TAUBER 06640

Ex. 873

J.APP. 4649

1. The premises previously leased.

2. Financial. The new lease calls for at least \$37 million in rent over the twenty years. The present lease payment of \$1 million per year will be increased for the Fourth floor addition by \$375,000.00 per year, except that the first three months of rent will be waived and the lessee will have the right to finish the construction and make improvements at its own expense. Therefore the gross rent will be as follows:

1st year:	\$1,281,255.00
2nd year:	\$1,375,000.00
3rd thru 7th years:	\$1,625,000.00 per year
8th thru 17th years:	\$2,125,000.00 per year
18th, 19th	

& 20th years \$2,125,000.00 per year plus a formula for the cost of living to be added.

4. New beds. If the number of acute care beds are increased, the rent will be increased by \$8,000.00 per year per bed for each acute care bed in excess of 166.

5. Name change. There is a prohibition against changing the name of Jefferson Memorial except under specific criteria outlined. And in any event, Jefferson would retain its identity.

6. Protection of staff and personnel. There are specific agreements to continue certain of the medical staff and certain employees of the hospital. These names and positions were read to the stockholders.

7. Garage. There are provisions for the lessee to build a parking garage on the premises. The lessee would provide the capital for construction and the lessor would provide the land. The income from the parking garage would accrue to the lessee until the cost of construction is recouped. After that; the net profit would be divided 50-50 between the lessee and the lessor.

8. The lease cannot be assigned to a third party without the permission of the lessor. Permission may be withheld without cause.

Dr. Tauber said that his preference had been for a joint arrangement between Georgetown University Medical Center and Fairfax Hospital Association with Georgetown being the lead, or managing, partner as he felt this arrangement would be more likely to build up Jefferson over the years. However, if Georgetown is not prepared to put that much money into it at this stage, then his second preference was for a joint arrangement with FHA the lead organization. Dr. Tauber said that FHA had written a letter to Georgetown offering a joint arrangement but with conditions that Georgetown had flatly rejected. He said that several other organizations had wanted to take over the lease, but his preference had been for these two organizations as they appeared to offer the prospect for continuing to build up Jefferson, and both are financially sound organizations. He said that Arlington Hospital had been interested and also Alexandria Hospital, as well as others. He said he was strongly opposed to signing anything with Alexandria Hospital and asked the stockholders if they would back him on this. All agreed except Dr. Delaney, who abstained.

A resolution was presented to authorize the Board of Directors to take such actions as are necessary for the Corporation to enter into a new lease and to appoint Dr. Tauber, Dr. Peters and Dr. Davidov members of a committee

TAUBER 06641

J.APP. 4650

to determine to when the hospital should be leased, and to make their recommendations by 4:00 P.M. on July 16, 1985, and to adjourn the meeting and reconvene at the same location on Tuesday, July 16, 1985 at 4:00 P.M. A motion was made, seconded and passed unanimously to adopt the resolution. A copy of this resolution is made a part of these minutes and is attached hereto. Dr. Peters adjourned the meeting at 6:05 P.M. to reconvene at 4:00 P.M. on July 16, 1985.

VI. The Special Stockholders meeting was reconvened on Tuesday, July 16, 1985, and called to order at 4:10 P.M. by Dr. Peters. All stockholders who were present on Friday July 12, 1985 were again present except for Dr. Burtoff (who gave his proxy to John Thorpe Richards) and Dr. Kao and Dr. Desai. In addition, Dr. Harold Gould who was not present in person on Friday the 12th but had given his proxy to John Thorpe Richards, was present in person upon reconvening. In addition, Mr. Richard Levy, Administrator of Jefferson Memorial Hospital, was present at this meeting. Shares represented by stockholders present, in person was 59.261 % and present by proxy was 28.673 % for a total of 87.934% representation.

The recommendation from the committee was read to the stockholders by Dr. Tauber, and a discussion followed. After several questions and discussion, all stockholders agreed that they understood the recommendation and the proposed lease arrangement. A motion was made, seconded and passed to adopt a resolution to approve the committee's recommendation. A copy of this committee report as approved is made a part of these minutes and is attached hereto.

There being no further business, the meeting was adjourned at 4:30 P.M.

Respectfully submitted,

Laszlo N. Tauber, M.D.
Secretary

TAUBER 06642

J.APP. 4651

M I N U T E S
SPECIAL STOCKHOLDERS MEETING

JEFFERSON CORPORATION OF ALEXANDRIA
4600 KING STREET 2C
ALEXANDRIA, VIRGINIA 22302
703-998-4811

- I. DATE: July 12, 1985
- II. TIME AND PLACE: 4:15 P.M.
4600 King Street-Suite 2-C
Alexandria, Virginia 22302

III. ATTENDANCE:

Stockholders

Leslie L. Peters, M.D.
Laszlo N. Tauber, M.D.
Samuel Burtoff, M.D.
Michael Corrado, M.D.
Michael Davidov, M.D.
R. F. Sappington, Jr., M.D.
Nils Antezana, M.D.
Narendra Desai, M.D.
W. Morgan Delaney, M.D.
Tzu-Min Kao, M.D.

Others

Magdolna Iranyi, M.D. (Representing Leslie Gondor, M.D.)
Marilyn Simpson (Representing Harold Goald, M.D.)
John Thorpe Richards, Esquire
Malcolm M. Mitchell, Esquire
Dallas P. Wright

IV. CALL TO ORDER AND DETERMINATION OF QUORUM. Dr. Peters called the meeting to order at 4:15 P.M. and asked for a determination of a quorum. The number of shares to be voted by each shareholder present, in person and by proxy, was verified. It was determined that 84% of the shares outstanding were represented, including those by proxy, and a quorum was announced. Additional attendees arriving within five minutes after the call to order brought the total representation to 86.926% which included proxies of 24.007 % from those not present in person. Proxies held by John Thorpe Richards are attached hereto.

V. BUSINESS. Dr. Peters announced that the business on the agenda was consideration and vote by the stockholders on a resolution approving a new lease agreement covering the Jefferson Memorial Hospital and property and authorizing the Board of Directors to adopt a resolution to take all such actions as is necessary to enter into said new lease. He asked Dr. Tauber to report on the status of the negotiations and details of the proposed lease. Dr. Tauber reviewed details of the changes in the proposed new lease from the terms of the previous lease. Subjects covered by Dr. Tauber:

1. Length of the lease. The original lease has six years and nine months remaining. The proposed new lease is for twenty years commencing July 1, 1985.

2. Fourth floor addition. Included in the proposed new lease is the fourth floor constructed over the East-West Nursing wing in addition

TAUBER 06643

to the premises previously leased.

3. Financial. The new lease calls for at least \$37 million gross rent over the twenty years. The present lease payment of \$1 million per year will be increased for the Fourth floor addition by \$375,000.00 per year, except that the first three months of rent will be waived and the lessee will have the right to finish the construction and make improvements at its own expense. Therefore the gross rent will be as follows:

1st year:	\$1,281,255.00
2nd year:	\$1,375,000.00
3rd thru 7th years:	\$1,625,000.00 per year
8th thru 17th years:	\$2,125,000.00 per year
18th, 19th & 20th years	\$2,125,000.00 per year plus a formula for the cost of living to be added.

4. New beds. If the number of acute care beds are increased, the rent will be increased by \$8,000.00 per year per bed for each acute care bed in excess of 166.

5. Name change. There is a prohibition against changing the name of Jefferson Memorial except under specific criteria outlined. And in any event, Jefferson would retain its identity.

6. Protection of staff and personnel. There are specific agreements to continue certain of the medical staff and certain employees of the hospital. These names and positions were read to the stockholders.

7. Garage. There are provisions for the lessee to build a parking garage on the premises. The lessee would provide the capital for construction and the lessor would provide the land. The income from the parking garage would accrue to the lessee until the cost of construction is recouped. After that, the net profit would be divided 50-50 between the lessee and the lessor.

8. The lease cannot be assigned to a third party without the permission of the lessor. Permission may be withheld without cause.

Dr. Tauber said that his preference had been for a joint arrangement between Georgetown University Medical Center and Fairfax Hospital Association with Georgetown being the lead, or managing, partner as he felt this arrangement would be more likely to build up Jefferson over the years. However, if Georgetown is not prepared to put that much money into it at this stage, then his second preference was for a joint arrangement with FHA the lead organization. Dr. Tauber said that FHA had written a letter to Georgetown offering a joint arrangement but with conditions that Georgetown had flatly rejected. He said that several other organizations had wanted to take over the lease, but his preference had been for these two organizations as they appeared to offer the prospect for continuing to build up Jefferson, and both are financially sound organizations. He said that Arlington Hospital had been interested and also Alexandria Hospital, as well as others. He said he was strongly opposed to signing anything with Alexandria Hospital and asked the stockholders if they would back him on this. All agreed except Dr. Delaney, who abstained.

A resolution was presented to authorize the Board of Directors to take such actions as are necessary for the Corporation to enter into a new lease and to appoint Dr. Tauber, Dr. Peters and Dr. Davidov members of a committee

TAUBER 06644

J.APP. 4653

to determine to whom the hospital should be leased, and to make their recommendations by 4:00 P.M. on July 16, 1985, and to adjourn the meeting and reconvene at the same location on Tuesday, July 16, 1985 at 4:00 P.M. A motion was made, seconded and passed unanimously to adopt the resolution. A copy of this resolution is made a part of these minutes and is attached hereto. Dr. Peters adjourned the meeting at 6:05 P.M. to reconvene at 4:00 P.M. on July 16, 1985.

VI. The Special Stockholders meeting was reconvened on Tuesday, July 16, 1985, and called to order at 4:10 P.M. by Dr. Peters. All stockholders who were present on Friday July 12, 1985 were again present except for Dr. Burtoff (who gave his proxy to John Thorpe Richards) and Dr. Kao and Dr. Desai. In addition, Dr. Harold Goald who was not present in person on Friday the 12th but had given his proxy to John Thorpe Richards, was present in person upon reconvening. In addition, Mr. Richard Levy, Administrator of Jefferson Memorial Hospital, was present at this meeting. Shares represented by stockholders present, in person was 59.261 % and present by proxy was 28.673 % for a total of 87.934% representation.

The recommendation from the committee was read to the stockholders by Dr. Tauber, and a discussion followed. After several questions and discussion, all stockholders agreed that they understood the recommendation and the proposed lease arrangement. A motion was made, seconded and passed to adopt a resolution to approve the committee's recommendation. A copy of this committee report as approved is made a part of these minutes and is attached hereto.

There being no further business, the meeting was adjourned at 4:30 P.M.

Respectfully submitted,

Laszlo N. Tauber, M.D.
Secretary

TAUBER 06645

J.APP. 4654

M I N U T E S
BOARD OF DIRECTORS MEETING
JEFFERSON CORPORATION OF ALEXANDRIA
4600 KING STREET 2C
ALEXANDRIA VIRGINIA 22302
703 998 4811

- I. DATE: July 12, 1985
- II. TIME AND PLACE: 6:05 P. M.
4600 King Street- Suite 2-C
Alexandria, Virginia 22302

III. ATTENDANCE:

Board members present:

Leslie L. Peters, M.D.
Laszlo N. Tauber, M.D.
Samuel Burtoff, M.D.
R. F. Sappington, Jr. M.D.
Michael Davidov, M.D.
Magdolna Iranyi, M.D.
Michael Vlahos, M.D.

Others present:

Michael Corrado, M.D.
W. Morgan Delaney, M.D.
Narendra Desai, M.D.
Tzu-Min Kao, M.D.
Marilyn Simpson
John Thorpe Richards, Esquire
Malcolm M. Mitchell, Jr., Esquire
Dallas P. Wright

IV. CALL TO ORDER. Dr. Peters called the meeting to order at 6:05 P.M., and stated that seven board members were present which constitutes a quorum. He said it would be an open meeting with all stockholders welcome.

V. BUSINESS. Dr. Peters said that inasmuch as the stockholders meeting had adjourned until next Tuesday, the only business today would adopt a resolution to adjourn and reconvene on July 16 immediately following the stockholders meeting. Dr. Peters read the resolution, and a motion was made, seconded, and passed to adopt the resolution as read. The resolution is made a part of these minutes and is attached hereto. Dr. Peters then declared the meeting adjourned at 6:10 P.M. to reconvene on Tuesday, 16 July 1985 immediately following the stockholders meeting.

VI. The meeting of the Board of Directors re-convened at 4:30 P.M. July 16, 1985. All members of the Board who were present on July 12 were again present except Dr. Burtoff. In addition, Dr. Harold Goald was present. Dr. Peters declared a quorum.

A resolution was presented to authorize and direct the President and Secretary to take all actions necessary to finalize the new lease agreement in accordance with the recommendations of the three-member committee of the stockholders. A motion was made, seconded and passed unanimously to adopt the resolution as read. A copy of the resolution is made a part of these minutes and is attached hereto.

TAUBER 06646

J.APP. 4655

M I N U T E S
BOARD OF DIRECTORS MEETING
JEFFERSON CORPORATION OF ALEXANDRIA
4600 KING STREET, N.C.
ALEXANDRIA, VIRGINIA 22302
703 998 4811

- I. DATE: July 12, 1985
- II. TIME AND PLACE: 6:05 P. M.
4600 King Street- Suite 2-C
Alexandria, Virginia 22302

III. ATTENDANCE:

Board members present:

Leslie L. Peters, M.D.
Laszlo N. Tauber, M.D.
Samuel Burtoff, M.D.
R. F. Sappington, Jr. M.D.
Michael Davidov, M.D.
Magdolna Iranyi, M.D.
Michael Vlahos, M.D.

Others present:

Michael Corrado, M.D.
W. Morgan Delaney, M.D.
Narendra Desai, M.D.
Tzu-Min Kao, M.D.
Marilyn Simpson
John Thorpe Richards, Esquire
Malcolm M. Mitchell, Jr., Esquire
Dallas P. Wright

IV. CALL TO ORDER. Dr. Peters called the meeting to order at 6:05 P.M., and stated that seven board members were present which constitutes a quorum. He said it would be an open meeting with all stockholders welcome.

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A resolution was presented to authorize and direct the President and Secretary to take all actions necessary to finalize the new lease agreement in accordance with the recommendations of the three-member committee of the stockholders. A motion was made, seconded and passed unanimously to adopt the resolution as read. A copy of the resolution is made a part of these minutes and is attached hereto.

TAUBER 06647

J.APP.4656

STOCKHOLDERS PRESENT WHO HAD NOT SENT PROXIES:

	Number of Stocks Counted	Percent of Stock
NILS ANTEZANA, M.D.	507	0.583
W. MURGHAN DELANEY, M.D.	974	1.121
HAROLD W. GOULD, M.D.	2025	2.331
LASZLO N. TAUBER, M.D.	38,814 33,725	38.814
	<u>37,231</u>	<u>42.849</u>

STOCKHOLDERS WHO HAD SENT PROXIES, BUT WERE
PRESENT AND VOTED IN PERSON:

MICHAEL CORRADO, M.D.	3,607	4.151
MICHAEL DAVIDOV, M.D.	4,200	4.834
LESLIE L. PETERS, M.D.	155	0.178
R.F. SAPPINGTON, Jr. M.D.	6,299	7.249
	<u>14,261</u>	<u>16.412</u>

TOTAL PRESENT IN PERSON

59.2619

STOCKHOLDERS PRESENT BY PROXY:

SAMUEL BURTOFF, M.D.	4,054	4.666
LESLIE P. GONDOR, M.D.	19,104	21.986
M. ROY NICHOLSON, M.D.	2	.001
JOHN PULIZZI, M.D.	10	.012
JUDITH SMALL, TRUSTEE	2	.002
A.A. COSTER, D.P.M.	1,743	2.006
	<u>24,915</u>	<u>28.673</u>

TOTAL PRESENT BY PROXY

28.6739

TOTAL PRESENT IN PERSON AND BY PROXY

87.9349

TAUBER 06648

J.APP. 4657

STOCKHOLDERS PRESENT WHO HAD NOT SENT PROXIES:

	<u>Number of Stocks owned</u>	<u>Percent of Stock</u>
NILS ANTEZANA, M.D.	507	0.583
W. MORGAN DELANEY, M.D.	974	1.121
NARENDRA DESAI, M.D.	400	0.460
TZU-MIN KAO, M.D.	750	0.863
LASZLO N. TAUBER, M.D.	33,725	38.814
	<u>36,356</u>	<u>41.841</u>

STOCKHOLDERS WHO HAD SENT PROXIES, BUT WERE
PRESENT AND VOTED IN PERSON:

SAMUEL BUCKOFF, M.D.	4,054	4.666
MICHAEL CORRADO, M.D.	3,607	4.151
MICHAEL DAVIDOR, M.D.	4,200	4.834
Leslie L. Peters, M.D.	155	0.178
R.F. Sappington, Jr., M.D.	6,299	7.249
	<u>18,315</u>	<u>21.078</u>

TOTAL PRESENT, IN PERSON 62,919⁶

STOCKHOLDERS PRESENT BY PROXY:

A.A. Coster, D.P.M.	1,743	2.006
M. Roy Nicholson, M.D.	2	0.001
PULIZZI, John, M.D.	10	0.012
Judith Small, Trustee	2	0.002
Leslie L. Gonder, M.D.	19,104	21.986
	<u>20,861</u>	<u>24.007</u>

TOTAL PRESENT BY PROXY 24,007

TOTAL PRESENT IN PERSON + BY PROXY 86,926

TAUBER 06649

July 15, 1985

TO: Stockholders of Jefferson Corporation of Alexandria
 Members of the Board of Directors - Jefferson Corporation
 of Alexandria
 Members of Jefferson Memorial Hospital Joint Venture

Pursuant to the Stockholder's meeting of July 12, 1985, a three member committee was appointed to give recommendation as to what steps should be taken in reference to the long term lease of the Hospital facilities.

-After careful consideration and review of all of the facts available to this committee, I would like to make the following recommendation.

The Lease should be awarded to a newly formed partnership between the two corporations, that is Fairfax Hospital Association and Georgetown University Medical Center. The two corporations will have a total of ten members on the newly formed Board of Directors of the new corporation; that is, five for Fairfax Hospital Association and five for Georgetown University Medical Center. Lessor has the right to designate one member to this eleven member board. Fairfax Hospital Association is anxious to take over the Lease as soon as possible and is ready to pay the price for the stock of Health Group, Inc. In contrast to this attitude, Georgetown is not in the position to do the same. There is no doubt in my mind that the progressive excellent organization of FHA will be a great asset to Jefferson Memorial Hospital. However, I have to consider also the great advantage for the future to be associated with Georgetown. Furthermore, the sooner we discontinue our relationship with HGI, the better off we will be. They are in constant violation of the Lease. Their only objective is to get money out from the corporation, and disregard the vital interest of the hospital and its employees. Naturally, this doesn't mean that we should pay any price to discontinue this unhealthy relationship, but it would mean a continuous supervision, unpleasant confrontation and eventual court action to protect our rights. Therefore, the following is my recommendation.

Fairfax Hospital Association, according to the reports, is willing to take over all the stock of HGI. Therefore,

TAUBER 06650

J.APP. 4659

MICHAEL A. CORRADO M.D.

MICHAEL A. CORRADO M.D.
RICHARD J. HART, JR. M.D.

INTERNAL MEDICINE
CARDIOLOGY

SEVEN CORNERS
MEDICAL ARTS BUILDING
2946 SLEEPY HOLLOW ROAD
FAIRFAX COUNTY, VIRGINIA 22031
533 2212

March 24, 1975

Dr. Lazlo Tauber
Jefferson Memorial Hospital
Alexandria, Virginia

Dear Dr. Tauber:

In reference to the approved sale of the Jefferson Memorial Hospital Building and Land to stockholders, it has come to my attention that plans for the sale have been changed. I hereby wish to serve you with notice that according to our agreement the Jefferson Memorial Hospital Building and Land was to be distributed proportionately according to stock ownership. Furthermore, it was decided by the stockholders and reaffirmed by the new Board members that the subscribers in the secondary offering of \$240,000. will be able to convert the bonds which this represents to purchase their share of the hospital building and land. If a larger percentage would become available due to some members not exercising their option, then the unsold portion would again be purchased by stockholders, again according to the percentage of stocks held in the Corporation.

Any alteration from this arrangement I will find unacceptable and will oppose in every available legal means.

Sincerely,

M. A. Corrado

Michael A. Corrado, M.D.

Ex. 883
TAUBER 24297

J.APP. 4660

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET ALEXANDRIA VIRGINIA 22302
TELEPHONE 703/831-2800

CONFIDENTIAL

September 19, 1975

Massio N. Tauber, M. D.
Trustee
Jefferson Memorial Hospital Joint Venture Partnership
4600 King Street
Alexandria, Virginia 22302

Dear Doctor Tauber:

As you know the lease agreement between your Joint Venture Partnership and the Hospital requires a rental payment annually of \$112,000.00 plus such real estate taxes and other expenses required to maintain the building and grounds. This means the Hospital should be making a direct payment of \$9,333.00 monthly to you as trustee. As you know, the Hospital has only made payments to you of \$2,500.00 for the first three months of our lease. The Hospital has continued to pay the mortgage payments of \$6,745.00 each month. This amount would be short on an annual basis by \$1,060.00. Therefore, the Hospital payments should have been \$88.33 a month more or \$2,588.33 per month. A special check for ~~\$1,060.00~~ will be forthcoming with the October payment. During the course of the Hospital annual audit, the auditor has properly raised the question of the Hospital's accounting treatment in paying the rent to the Joint Venture Partnership. It is his recommendation that the Hospital must pay the entire rental sum quoted in the lease agreement, to you as trustee. This is necessary in order for the Hospital to properly claim the rental expense which will be acceptable to the Internal Revenue Service and to the third party carrier Blue Cross and possibly Medicare.

rec'd 10/20/75

Therefore, in line with this finding the Hospital will, beginning with the October payment make one payment to you as trustee of the Joint Venture Partnership of \$9,333.00. This will then require the Joint Venture Partnership to make the monthly payments directly on its mortgage.

Sincerely yours,


CARL E. LINTON
Administrator

CEL/cas

EX. 886
TAUBER 37120

J.APP. 4661

cc Mr. Linton
Conf. File (jy)
Joint Venture

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/931-2800

September 19, 1975

Laszlo N. Tauber, M. D.
Trustee
Jefferson Memorial Hospital Joint Venture Partnership
4600 King Street
Alexandria, Virginia 22302

Dear Doctor Tauber:

As you know the lease agreement between your Joint Venture Partnership and the Hospital requires a rental payment annually of \$112,000.00 plus such real estate taxes and other expenses required to maintain the building and grounds. This means the Hospital should be making a direct payment of \$9,333.00 monthly to you as trustee. As you know, the Hospital has only made payments to you of \$2,500.00 for the first three months of our lease. The Hospital has continued to pay the mortgage payments of \$6,745.00 each month. This amount would be short on an annual basis by \$1,060.00. Therefore the Hospital payments should have been \$88.33 a month more or \$2,588.33 per month. A special check for \$1,060.00 will be forthcoming with the October payment. During the course of the Hospital annual audit, the auditor has properly raised the question of the Hospital's accounting treatment in paying the rent to the Joint Venture Partnership. It is his recommendation that the Hospital must pay the entire rental sum quoted in the lease agreement, to you as trustee. This is necessary in order for the Hospital to properly claim the rental expense which will be acceptable to the Internal Revenue Service and to the third party carrier Blue Cross and possibly Medicare.

Therefore, in line with this finding the Hospital will, beginning with the October payment make one payment to you as trustee of the Joint Venture Partnership of \$9,333.00 monthly. This will then require the Joint Venture Partnership to make the monthly payments directly on its mortgage.

Sincerely yours,



CARL E. LINTON
Administrator

CEL/cas

TAUBER 19075

J.APP. 4662

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE 703/931-2800

September 25, 1975

At a Special Meeting of the Stockholders of Jefferson Memorial Hospital Corporation on September 10, 1975, a motion was carried to permit the Stockholders to exchange 20% of their shares to newly issued bonds with a maturity date of twenty (20) years from the date of issue, paying 8% interest with a ratio of \$6.00 per share. This right to convert stock to bonds would be transferable.

We are sending you this letter and giving you 30 days from the date of the letter to express your desire to exercise this option or assign it.

Please send your response not later than October 25, 1975 to Mr. Linton, Administrator, Jefferson Memorial Hospital, 4600 King Street, Alexandria, Virginia, 22302.

Sincerely,

IRWIN S. FREEDMAN, M.D.
President

ISF:kb

"Please return the attached letter in the enclosed envelope."

Thank you.

Ex. 887
TAUBER 24358

J.APP. 4663

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/931-2800

October 20, 1975

Dear Mr. Linton:

This is to inform you that I wish to exercise my right to convert 20%
of my Jefferson Memorial Hospital stock to the 20 year bonds.

Sincerely,

James H. Sully, M.D.

TAUBER 24359

J.APP. 4664

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/931-2600

October 20, 1975

Dear Mr. Linton: *PLT*

This is to inform you that I wish to exercise my right to convert 20% 3000
of my Jefferson Memorial Hospital stock to the 20 year bonds.

Sincerely,

Leslie L. Peters M.D.
Leslie L. Peters

TAUBER 24355

J.APP. 4665

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/931-2800

October 20, 1975

Dear Mr. Linton:

This is to inform you that I wish to exercise my right to convert 20%
of my Jefferson Memorial Hospital stock to the 20 year bonds.

Sincerely,

 M.D.

TAUBER 24356

JAPP. 4666

Lucio Luccioli, M.D.

ANNANDALE PROFESSIONAL BUILDING
7023 LITTLE RIVER TURNPIKE
SUITE 308
ANNANDALE, VIRGINIA 22003
TELEPHONE 256-4441

October 20, 1975

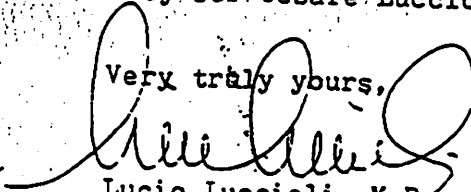
Mr. Linton, Administrator
Jefferson Memorial Hospital
4600 King Street
Alexandria, Va. 22302

Dear Mr. Linton:

Pursuant to receipt of your letter of September 25, 1975, please be advised that I am desirous of exchanging 20% of my ^{brothers} shares of stock to newly issued bonds with a maturity date of twenty (20) years from the date of issue.

Having full power of attorney for Cesare Luccioli, M.D., I am,

Very truly yours,


Lucio Luccioli, M.D.
Power of Attorney for
Cesare Luccioli, M.D.

TAUBER 24357

J.APP. 4667

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET ALEXANDRIA VIRGINIA 22302
TELEPHONE 703/931-2800

June 24, 1976

Dr. Michael Corrado
RFD #1
P.O. Box 197
Sterling, Va. 22170

Record of Stock and Bond Transactions with Jefferson Memorial Hospital

In July 1971, Dr. Michael Corrado was issued 18,375 shares of Jefferson Memorial Hospital Corporation stock in the name of Michael Corrado, M.D. and 1,915 shares of Jefferson Memorial Hospital Corporation stock in the name of Michael Corrado, M.D. Trustee for Pension Fund Trust. These shares at that time had a value of \$2.88 per share.

In December 1972, Dr. Michael Corrado was issued 9,370 shares of Jefferson Memorial Hospital Corporation stock in the name of Michael Corrado, M.D. These shares had a value of \$4.00 per share.

In July 1974, the 9,370 shares of Jefferson Memorial Hospital Corporation stock purchased in December 1972 were transferred to the name of Michael Corrado, M.D. Child Trust #3. Later in July 1974, the 9,370 shares in the Child Trust #3 were transferred equally: 4,685 shares to Leslie Corrado and 4,685 shares to Christopher Corrado.

In July, 1975, both Christopher and Leslie Corrado exchanged their 4,685 shares of stock to Jefferson Memorial Hospital for \$28,000 worth of Jefferson Memorial Hospital Corporation bonds each and the balance in cash. The value of the stock being exchanged at this time was \$6.00 per share.

Later in July 1975, Christopher and Leslie Corrado exchanged \$11,750 worth of bonds each and the balance in cash for their participation in the Jefferson Memorial Hospital Joint Venture, leaving Christopher and Leslie each with a balance of \$16,250 worth of Jefferson Memorial Hospital Corporation Bonds.

Ex. 890
TAUBER 24743

J.APP. 4668

page 2

In January 1976, Dr. Michael Corrado participated in a 20% conversion plan with his remaining stock, exchanging 2,143 shares of stock in the name of Michael Corrado, M.D. and 1,915 shares of stock in the name of Michael Corrado, M.D. Trustee for Pension Fund Trust for \$11,450 worth of Jefferson Memorial Hospital Corporation bonds issued to Michael Corrado, M.D. Trustee for Pension Fund Trust and \$12,850 worth of Jefferson Memorial Hospital Corporation bonds issued to Michael Corrado, M.D. and the balance in cash. These shares were exchanged at a value of \$6.00 per share.

This leaves in Dr. Michael Corrado's possession as of June 23, 1976: 16,232 shares of stock issued to Michael Corrado, M.D., \$12,850 of Jefferson Memorial Hospital Corporation bonds issued to Michael Corrado, M.D., \$11,450 of Jefferson Memorial Hospital Corporation bonds issued to Michael Corrado, M.D. Trustee for Pension Fund Trust, \$16,250 of Jefferson Memorial Hospital Corporation bonds issued to Leslie Corrado and \$16,250 of Jefferson Memorial Hospital Corporation bonds issued to Christopher Corrado.

Micki Slingerland
Accountant

MS/ap

TAUBER 24744

J.APP. 4669

December 9, 1976

Leslie L. Peters, M.D.
President
Jefferson Memorial Hospital
1701 North Ft. Myer Drive
Arlington, Virginia

Dear Doctor Peters:

This is in reply to your recent request concerning the estimated construction cost for the proposed 2nd story addition and the parking area to be made available for that addition. The estimated construction cost for the parking spaces and the addition including the 10,100 square feet which we have agreed to lease the Hospital as a single patient room nursing unit, will be a construction cost of \$300,000. The architectural fees and consultant fees will total \$6,000. The space specified for physician offices (11,728 square feet) will not be completed, but only shelled in. Each physician will finish in a custom design way, their own office space, so this overall cost of construction to the owners for this building is the stated \$300,000 plus architectural and consultant fees quoted above. As I explained to you and the Administrator, there is adequate funds for the building and there would be no financial problem to owners in providing the capital.

The allocation of \$98,000 to the Hospital distributed over a 20 year lease arrangement of \$11,760 per year is the total sum which we will expect Jefferson Memorial Hospital to be obligated for. The lease as you know, does require the hospital to be responsible for maintenance, utilities and other upkeep of the space during the life of the lease.

I trust this information will be adequate for you to submit any information to Planning Agencies, both locally and at the State level.

Sincerely yours,

Laszlo N. Tauber, M.D.

Laszlo N. Tauber, M.D.

Trustee

Jefferson Memorial Hospital Joint Venture

Ex 893
TAUBER 38895

JAPP. 4670

Copy

Summary of the Minutes
of the
PROJECT REVIEW COMMITTEE
at the
Woodrow Wilson Library
Falls Church, Virginia
January 3, 1977

Members Present

Robert Bullock, M.D.
John Cain
Richard Fields, M.D.
Pierre Palmer
Joseph E. Royster, Jr.
Irene Till, Ph.D.

Members Absent

Gerald Fill
Dorothy Meller
Helen Tobey

Staff Present

George Barker
Donella Brockington
Gail Feaster
Rena Lacey
Dean Montgomery
David Reed

Guests Present

Betty Adelman
Dorothy Davies
Peggy Forbes
Thomas Young
Jeannette Fitzwilliams, Alexandria Citizen
Albert C. Baker, Deputy Director, Federation of American Hospitals
Gail Thompson, Group Hospitalization, Inc.

} Members, HSA Board of Directors

Jefferson Memorial Hospital personnel:

Carl E. Linton, Administrator
Laszlo N. Tauber, M.D., Director, Department of Surgery; Trustee, Jefferson
Memorial Hospital Joint Venture
John Thorpe Richards, Legal Counsel

1. CALL TO ORDER

Pierre Palmer, chairing the meeting in the absence of Project Review Committee Chairman Gerald Fill, called the meeting to order at 8:05 p.m. Committee members were introduced. Palmer explained that the purpose of the public hearing was to review a Certificate of Public Need application from the Jefferson Memorial Hospital (JMH) Corporation to lease additional space for 28 private patient rooms.

Palmer asked Committee members to declare any possible conflicts of interest. Robert Bullock stated that because he is a stockholder of Northern Virginia Doctors Hospital he would not vote on the application. Richard Fields stated that he is a practicing physician, but does not own stock in a health care facility or serve in a fiduciary capacity for a facility or program. Consequently, he felt that he did not have a potential conflict of interest. No one else indicated a potential conflict.

2. STAFF SUMMARY

Ex. 894
TAUBER 38691

George Barker summarized staff's analysis of the hospital's application. He stated that the Jefferson Memorial Hospital Joint Venture, owners of the land

and building the hospital occupies, proposes to construct an additional story, consisting of approximately 21,828 square feet of floor space, on the patient care wing of the hospital. Jefferson Memorial Hospital, the operators of the hospital, plans to lease 10,100 square feet of this space from JMH Joint Venture. Barker pointed out that only the 10,100 sq. ft. of space to be leased by the hospital was subject to review. He explained that the additional space would allow JMH to: 1) redistribute the number of beds within the hospital by replacing undesirable multi-patient wards and some semi-private rooms with private rooms, 2) provide additional space for personnel training facilities, 3) eliminate the pediatric ward, 4) provide two additional examination rooms, and 5) create patient and physician lounges. He stated that the application would not require increasing the number of beds beyond the 120 existing.

Barker stated that the total construction cost allocated for the space to be leased by the hospital was \$98,000. The hospital would lease the space for 20 years at \$11,760 annually. An estimated one-time cost of \$30,650 would be incurred for new equipment and renovation. He said that although an increase of \$3.39 per patient day will likely result from the proposed construction and renovation (because of increased operating costs), staff feel that there is justification for the expenditure because the elimination of multi-patient wards should enhance patient satisfaction with hospital care at JMH. The addition of expanded training facilities, examination rooms, patient and physician lounges, and physician offices (the latter are not subject to Certificate of Need review) will allow increased efficiency and should promote quality and continuity of care. Barker stated that the applicant feels that the \$3.39 increase in operating costs will be offset by an increase in patient days due to the availability of private rooms.

3. APPLICANT'S PRESENTATION

Carl E. Linton, Administrator of Jefferson Memorial Hospital, introduced Laszlo N. Tauber, M.D., Director of the Department of Surgery and a trustee of JMH Joint Venture, and John Thorpe Richards, legal counsel to the Hospital. Linton stated that Hospital personnel had carefully reviewed the HSA staff study and found it to be accurate. Because he felt that the staff summary of the application was comprehensive, Linton described the services currently provided by the hospital and outlined only the main points of the application for the Committee. Linton noted that: 10,100 sq. ft. of space would be leased for 28 private patient rooms, the outdated multi-bed wards and the pediatric ward would be eliminated, the respiratory department and pharmacy would be relocated to provide greater accessibility to inpatients, lounges for both patients and physicians would be provided, two examination rooms would be added, and the hospital's training facilities would be expanded to allow more employees to receive in-house training. He emphasized that the application requested only a redistribution of, not an increase in, the number of beds and that the hospital has no private rooms. Linton reiterated that the hospital will lease the additional space for \$11,760 per year, under the terms of a 20-year lease with JMH Joint Venture, which will guarantee that price for 20 years despite actual costs incurred. The hospital has the option to extend the lease after 20 years.

Fields inquired how the Hospital justified medically the need for private rooms. Linton explained that in addition to several factors for which private rooms are required (e.g., isolation, detention, separation of male and female

TAUBER 38692

J.APP. 4672

patients, separation due to offensive physical conditions, etc.) there seems to be a preference by patients for private rooms. He explained further that during peak days (usually weekdays) the hospital experiences a 90-95 percent occupancy rate, resulting in a shortage of private rooms requiring the hospital to place patients on a waiting list or encourage them to be admitted to another hospital. Fields asked how the hospital proposed to use the training areas. Linton explained that expansion of the training facilities would allow hospital nurses and technicians to be trained within the hospital and would reduce the expense of providing most training outside of the hospital. He cited also that better training facilities would provide a more adequate setting for departmental meetings of staff, which currently can be held only in the hospital cafeteria. In response to an inquiry from Fields regarding ownership and profits of the hospital, Linton stated that the stockholders of JMH Joint Venture and JMH are essentially the same and consist of approximately 23 physicians. (Membership lists of both organizations are included in Attachment 1.) Linton explained that the stockholders of the hospital have never been paid a dividend and that it is the general feeling of the stockholders that profits should be returned to the patients in the form of improvements to the facility. Linton indicated that he has never received direction to raise rates or charges to provide a dividend for the stockholders, and that no dividend has been declared since the hospital became a for-profit institution in 1971. Irene Till asked if it is a philanthropic organization and Linton stated that he believed it is to a certain degree.

John Cain and Till both expressed concern about the increased patient costs as a result of the hospital's expansion. Linton explained that JMH's operating expenses would be increased by \$3.39 per patient day if the assumptions about the number of staff needed and utility costs contained in the application proved correct. He added that he hoped increased expenses would not be that great and explained further that hospital officials anticipate that an increased use of only three additional beds per day over a 12 month period would be needed to offset the increased costs projected. Cain questioned the likelihood of an increase in bed days when current utilization levels are declining and will probably continue to decline. Linton explained that the statistics supplied in the staff study represented figures for the Northern Virginia area as a whole, and that JMH has not experienced a decrease in utilization. He explained further that during peak loads (Monday-Friday), JMH has experienced a shortage of beds, necessitating a waiting list. Staffing would be reduced, he added, during the lower periods of utilization (weekdays and holidays) and increased during the peak periods.

Palmer asked what basis the hospital used for establishing charges and setting rates. Linton stated that the basis for setting rates involves determination of the actual costs of operating the institution, plus the estimated costs necessary to update and maintain the facility. Overhead costs are distributed evenly to each cost center (e.g., patient care, surgery, therapy services, etc.), he explained. In answer to a question by Palmer, Linton explained that the basis for estimating any increase in hospital profits would have to be based on an increase in utilization.

Tauber spoke to the Committee regarding the role of JMH Joint Venture in relation to JMH Corporation. He explained that JMH Joint Venture was formed in 1971 by a group of physicians, who practiced at the hospital, to save the institution from insolvency. He said that JMH Joint Venture will allocate \$98,000 to the portion of the new floor that will be leased by JMH, and that JMH Joint

TAUBER 38693

Venture will lease the space to the hospital for \$11,760 annually for 20 years. He pointed out it would be impossible for the hospital to borrow money and construct same amount of space for \$98,000. He suggested that because the stockholders have received no dividends, that JMH Joint Venture could in that sense be viewed as a philanthropic organization. Fields questioned the stockholders' lack of interest in some form of return for their investment and inquired whether the investments were used to generate tax benefits for the investors.

Responding to a request from Till for staff comment, Montgomery stated that staff did not view the hospital as philanthropic and that the expansion proposed by JMH is unusual because of the lease agreement arrangement; most hospitals in Northern Virginia construct their own facilities. He stated that the stockholders can expect an approximate 12 percent return on their original investment, and he pointed out that anticipated increased revenues from the ancillary and outpatient services (which will be used by the physician's acquiring office space in the section of the building that will be operated by JMH Joint Venture) provided at the hospital will accrue to the hospital. Montgomery stated that although there would be an increase in operating costs, the rates would still be lower than nearly all other hospitals in Northern Virginia. Linton added that hospital officials anticipate an increase in patient days, which would offset the increased costs.

Palmer inquired why the hospital proposed to increase staffing when no additional beds were to be added. Linton explained that two additional staff will be needed for the training program, and that an increase in private rooms will require additional maintenance and nursing staff. Palmer questioned the proposed staffing patterns when compared to the staffing patterns presently used. → Linton stated that because he was not sure about the staffing figures provided in the hospital's application, he would reexamine them and notify HSA staff if ← changes could be made.

Assuming that the patient load does not increase and the proposed \$3.39 per patient day cost increase is imposed, Palmer asked how the hospital would distribute the cost increase. Linton said that it is likely that private room rates would be substantially higher than semi-private room rates to ensure that semi-private room rates would remain the same, but he added that the hospital may also try to distribute increases evenly over all room and board charges. Palmer inquired if the private patient rooms could be sized to accommodate two beds, if necessary. Linton indicated that conversion of private rooms to semi-private rooms would be possible, if needed, but that the hospital would first have to obtain the authority to make the conversion.

Palmer inquired if hospital officials had investigated, as an alternative to additional construction, a reduction of the number of beds in operation by closing the multi-bed wards and using that space for ancillary services, patient and physician lounges, etc. Linton explained that a reduction in the number of beds from 120 to 102 would likely decrease the number of patient days at the hospital which would result in an increase in the cost per patient day. In response to a question, Montgomery stated that staff had examined this option and found that during the five-day peak period the daily patient census at the hospital frequently exceeds 94 (the maximum number of non ICU/CCU medical-surgical beds available). He added that staff found no reliable evidence that suggested that a decrease in beds would reduce unit costs, and that there is a distinct possibility that a decrease to 102 beds would actually increase unit costs.

TAUBER 38674

J.APP. 4674

Palmer asked if any member of the audience wished to offer public testimony on the application. No requests to speak were made.

The applicant made a brief summary statement and informed the Committee that the proposed staffing would be reviewed for accuracy and revised if necessary.

4. STAFF RECOMMENDATION

Upon request by the Chairman, Montgomery presented the staff recommendation. He stated that staff believe that the aspects of the application that would enhance the quality and continuity of care provided at the hospital would outweigh the increase in operating costs that would result from the proposed construction and renovation. He emphasized that the hospital does not now have adequate space for examination rooms, meeting rooms and lounges, and that several ancillary services are in very crowded spaces. He said that the alternatives considered by staff -- reduction of the number of beds in operation by 18, and continued operation of the multi-bed wards -- were deemed undesirable. A decrease in the number of beds operated from 120 to 102 probably would not decrease costs and could, given the size and historical utilization levels of the hospital, increase costs. Continued operation of the multi-bed wards would be both inefficient and undesirable. Montgomery emphasized that although staff feel that there should be a reduction in the number of hospital beds operated in Northern Virginia, it would not be sound planning to attempt to make a modest reduction of 18 beds at Jefferson Memorial Hospital. He repeated that even with the proposed increase in costs, the hospital's rates would be lower than rates in other Northern Virginia institutions. For these reasons, he concluded, staff recommend that the application be approved.

Palmer adjourned the public hearing portion of the meeting, and asked for a Committee recommendation.

5. COMMITTEE VOTE

Fields moved that the application be disapproved, stating that he felt that the number of private beds could not be justified. Fields stated that he felt there was no medical justification for operating such a high proportion of private beds and that to approve the proposal would provide inappropriate incentives for physicians who have a financial interest in the hospital and could benefit from high utilization of private rooms. Joseph Royster seconded the motion. Till and Cain both stated that they supported the motion because they could not justify additional expenditures for beds when a substantial surplus of beds exists in Northern Virginia. They both viewed this as an opportunity to urge that the number of beds be reduced. Palmer indicated that he would vote against the motion because he felt that the flexibility offered for possible future conversion of private rooms to semi-private rooms, and the elimination of the pediatric and multi-bed medical-surgical wards, is desirable. He also stated he felt there were questions of cost and efficiency associated with operating a hospital of substantially less than 120 beds in a metropolitan area because substantial fixed costs would result in high unit costs. Royster said that he shared Fields' concern regarding the possible benefits to be gained by the physicians with a financial interest in the hospital. He felt the number of private rooms proposed was

TAUBER 38695

excessive, but that some private rooms could be justified. Bullock, although abstaining from voting, indicated he felt the application should be approved because elimination of the multi-bed wards and provision of private rooms would improve the acceptability of care and increase efficiency of operation with a minimal increase in costs.

The Committee voted four to one, with one abstention, to recommend to the Board of Directors that the application be disapproved.

6. OTHER BUSINESS

Montgomery informed Committee members that Blue Cross/Blue Shield of Virginia (BC/BS) has asked the HSA Board of Directors to submit to BC/BS a recommendation concerning the need for Centreville Hospital. He stated that BC/BS indicated that the opinion of the HSA would weigh heavily in their consideration of the matter. Background materials on the proposed Centreville Hospital were distributed to Committee members. Montgomery informed the Committee that a special joint meeting of the Project Review and Executive Committees has been scheduled for January 10, 1977 at 7:30 p.m., just prior to the Board of Directors meeting to discuss an appropriate response to the BC/BS request. He said a representative from Blue Cross/Blue Shield will be available to speak with the Board on January 10.

The meeting was adjourned at 9:57 p.m.

TAUBER 36696

J.APP. 4676

BUILDING AND LAND OWNERS
JMH JOINT VENTURE MEMBERSHIP

NAME

Samuel Burtoff, M.D.

A.A. Coster, D.P.M.

Rose Crenca (Guardian for Christopher Corrado)

Rose Crenca (Guardian for Leslie Corrado)

Laszlo Csatory, M.D.

Dan Feriozi, M.D.

Leslie Gondor, M.D.

Charles Hufnagel, M.D.

Reginald P. McManus, M.D.

Roy Nicholson, M.D.

Leslie Peters, M.D.

Werner Prinz, M.D.

Richard F. Sappington, M.D.

James Scully, M.D.

Melvin Small, M.D.

Laszlo N. Tauber, M.D.

Michael Vlahos, M.D.

(over)

TAUBER 38697

J.APP.4677

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE 703/931-2800

August 2, 1976

Listed below are the list of names and addresses of all directors and owners or persons having a financial interest of five percent (5%) or more in the medical care facility:

Samuel Burtoff, M.D.

916 19th Street NW
Washington, D.C. 20006

Michael Corrado, M.D.

2946 Sleepy Hollow Road
Falls Church, Virginia 22044

Leslie P. Gondor, M.D.

3541 W. Braddock Road
Alexandria, Virginia 22302

Laszlo N. Tauber, M.D.

4600 King Street
Alexandria, Virginia 22302

TAUBER 38698

J.APP. 4678

JEFFERSON MEMORIAL HOSPITAL.

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE 703/631-2800

February 22, 1977

Dear Doctor Tauber:

file (P)
From what I can learn from Mr. Perry, Assistant to the Commissioner of Health, their only reservation about our project is the low construction cost figure of \$300,000 for the addition.

I explained to Mr. Perry that the Hospital has a signed agreement with the Joint Venture that the space would cost the Hospital only \$11,760 per year over a 20 year period. He said he understood that but since the owners with controlling interest of the hospital and Joint Venture were the same people, that he and the Commissioner were concerned that the additional cost would be passed to the Hospital or that by mutual consent the hospital and the Venture might change the lease so that a larger payment or expense would be placed on the hospital. I have advised Thorpe of this situation and asked him to move as fast as possible on the matter.

If indeed this is the Commissioner's concern, then it seems to me that you must have Thorpe do whatever is necessary to quiet their fears and concern.


CARL E. LINTON
Administrator

CEL:pc

EX. 896
TAUBER 38901

J.APP. 4679

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HEALTH
MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED**

THIS CERTIFIES THAT JEFFERSON MEMORIAL HOSPITAL CORPORATION

is authorized to initiate the proposal as described below _____

NAME OF FACILITY JEFFERSON MEMORIAL HOSPITAL

LOCATION 4600 KING STREET, ALEXANDRIA, VIRGINIA 22302

OWNERSHIP AND CONTROL JEFFERSON MEMORIAL HOSPITAL CORPORATION - A PROPRIETARY DELAWARE CORPORATION

SCOPE OF PROJECT CONSTRUCTION OF A 10,100 SQUARE FOOT (GROSS) ADDITION TO HOUSE 28 SINGLE-BED ROOMS AND NURSING
SUPPORT AREAS WITH A 11,728 SQUARE FOOT (GROSS) SHELL AREA FOR PHYSICIANS' OFFICES. ELIMINATION OF ORGANIZED
PEDIATRIC UNIT AND CONSTRUCTION OF ADDITIONAL PARKING AREAS. TOTAL LICENSED BED CAPACITY UPON COMPLETION NOT TO
EXCEED 120 BEDS. TOTAL REIMBURSABLE COST TO THIRD PARTY PAYORS NOT TO EXCEED \$11,760 PER YEAR.



Pursuant to Title 32, Chapter 12.1, Sections 32.211.3 through 32.211.16, Code of Virginia (1950) as amended, and the policies and procedures promulgated thereunder, this Medical Care Facilities Certificate of Public Need is issued contingent upon substantial and continuing progress towards implementation of the proposal within (6) six months from the date of issuance. A progress report shall be submitted to the State Health Commissioner within six months from the date of issuance along with adequate assurance of completion within a reasonable time period. The Commissioner reserves the right not to renew this Certificate in the event the applicant fails to fulfill these conditions. This Certificate is non-transferable and is limited to the location, ownership, control and scope of project shown herein.

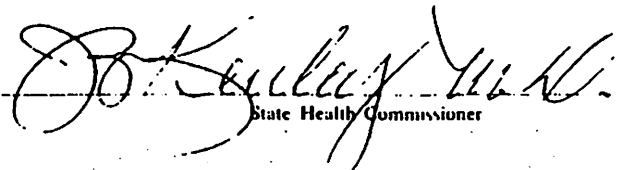
CERTIFICATE NUMBER VA-0339

MARCH 3, 1977

Date of Issuance

SEPTEMBER 3, 1977

Expiration Date


State Health Commissioner

EX 898
TAUBER 38684
JAPP.4680

July 18, 1977

CONFIDENTIAL

Dear Doctor Tauber:

Mr. Mermelstein, Mr. Wright and I met this morning with Mr. Dunn of Arlington Federal Savings and Loan, to answer his questions concerning the following:

1) The Hospital income and expenses for the last 12 months. We gave him the Balance Sheet and the Hospital Summary Operating Statement for the last 11 months. We advised him that the June statement would be out by the end of this week. Mr. Mermelstein also advised him that the net income would be adjusted downward because of annual year-end closing entries. He understood this and seemed satisfied.

2) He wanted to know the terms of the Hospital's lease with the Joint Venture. He asked for a copy and we provided a copy of the lease. His only question after reviewing the lease was how much the hospital's payment would be when the new mortgage became effective. We told him we would have to get this information from you. He seemed satisfied.

3) He asked whether the leases to the Hospital from Doctors' Gondor, Burtoff and the Tauber Foundation, plus the Hopkins Lease, have been transferred to the Joint Venture. If not, would the Land Leases be subordinated. He would want an answer to this question before meeting with his Board. Their next meeting is August 11, 1977

EX. 899
TAUBER 22309

JAPP. 4681

Dr. Tauber
July 18, 1977
Page Two

4) He wants to know if the Hospital chatel (equipment) will be a part of the guarantee for the mortgage?

5) He wants to have a copy of the Bond Indembtire Agreement from the Hospital. This is needed to help determine subordination of hospital assets.

6) He wants a written "Pro-Forma Statement" or projection of next year's income and expenses for the Joint Venture.

Mr. Dunn would need answers to Questions 3,4, and 5 before going to his Board with your application. If I understood correctly, thier next meeting is August 12th.

Please advise me of what action you wish taken.

Thank You,


Carl E. Linton
Administrator

TAUBER 22310

J.APP. 4682

JEFFERSON MEMORIAL HOSPITAL JOINT VENTURE
4600 KING STREET
ALEXANDRIA, VIRGINIA 22302

See file
CONFIDENTIAL

1978
PRO FORMA

INCOME:

Lease Income-Jefferson Memorial Hospital	\$123,760	
Lease Income- Doctor's Offices	108,000	
Interest & Miscellaneous Income	<u>6,388</u>	
Total Income		\$238,148

EXPENSES:

Audit & Miscellaneous Expense	\$ 1,000	
Debt Service	<u>151,200</u>	
Total Expense		<u>\$152,200</u>
Net Income		\$ 85,948

Note: All leases are net to the Joint Venture Landlords; only obligation is the Debt Service. Taxes, Insurance, Utilities, Maintenance, and Repairs are of Doctors and Hospital.

TAUBER 22311

J.APP. 4683

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/931-2800

CONFIDENTIAL

July 19, 1977

Dear Doctor Tauber:

As per our conversation of yesterday, please review the attached which is my interpretation of our conversation, and make the necessary changes where they apply.

Thank You.

Carl Linton
Administrator

Ex. 900
TAUBER 22307

J.APP. 4684

CONFIDENTIAL

1. Joint Venture owns land and building.
2. The Joint Venture will receive a new loan of \$1,400,000 which balloons in 10 years.

3. When the mortgage becomes due in 10 years, the Joint Venture assigns clear of mortgage the office space to the individual Doctor. For example: Dr. Sappington will own his office ~~with the land~~, and if the hospital receives a new loan, that new loan will not cover that office space.

4. We establish \$30.00 per square foot ^{FOR} ~~each~~ each office. The Doctor signs an obligation for 2,000 square feet at \$30.00 per square foot which equals \$60,000. This is payable by the Doctor; \$6,000 the first year plus interest at 1% above prime. If the building costs more, for example: \$34.00 per square foot, the Doctor pays the difference in cash. This is \$4.00 times 2,000 square feet, equals \$8,000 in cash. If the building costs less, then adjustment is made in the original obligation.

5. Doctor pays his proportionate share: real estate tax, utilities and so forth. For example: if the total building is ^{100,000} ~~100,000~~ square feet and the Dr's office is 2,000 square feet, he owns ^{2%} ~~2%~~ of the building. If the utility cost is \$100,000, his share is \$2,000.

6. Each Doctor signs a document with the Joint Venture which will be subordinated to the mortgage.

7. Have Mr. Thorpe Richards draw-up necessary documents for Doctors to sign which encompasses above desires.

TAUBER 22308

J.APP. 4685

JEFFERSON MEMORIAL HOSPITAL

4000 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/931-2800

July 20, 1977

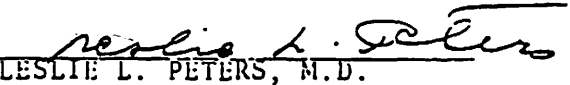
George W. Ware, M.D.
9801 Georgia Avenue
Silver Spring, Maryland 20902

Dear Doctor Ware:

I am pleased to announce that the Board of Directors at their July 6, 1977 meeting, declared a special stock dividend for Stockholders of the Corporation. The amount of dividend declared was 3001 shares of Common Stock to be distributed by percent of ownership as of July 6, 1977.

The enclosed Stock Certificate of 134 shares is your portion of the said dividend.

Sincerely yours,


LESLIE L. PETERS, M.D.
President
Jefferson Memorial Hospital Corp.

LLP:pc

Ex. 901
TAUBER 24200

J.APP. 4686

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/931-2800

July 20, 1977

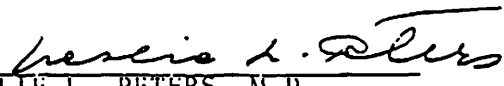
Laszlo N. Tauber, M.D.
Jefferson Memorial Hospital
4600-King Street
Alexandria, Virginia 22302

Dear Doctor Tauber:

I am pleased to announce that the Board of Directors at their July 6, 1977 meeting, declared a special stock dividend for Stockholders of the Corporation. The amount of dividend declared was 3001 shares of Common Stock to be distributed by percent of ownership as of July 6, 1977.

The enclosed Stock Certificate of 741 shares is your portion of the said dividend.

Sincerely yours,


LESLIE L. PETERS, M.D.
President
Jefferson Memorial Hospital Corp.

LLP:pc

TAUBER 24202

J.APP. 4687

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE 703/931-2800

July 20, 1977

Laszlo N. Tauber Foundation, Inc.
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Doctor Tauber:

I am pleased to announce that the Board of Directors at their July 6, 1977 meeting, declared a special stock dividend for Stockholders of the Corporation. The amount of dividend declared was 3001 shares of Common Stock to be distributed by percent of ownership as of July 6, 1977.

The enclosed Stock Certificate of 260 shares is your portion of the said dividend.

Sincerely yours,



LESLIE L. PETERS, M.D.
President
Jefferson Memorial Hospital Corp.

LLP:pc

TAUBER 24203

J.APP.4688

Stock dividend of 3001 shares July 1977

<u>NAME:</u>	<u>NUMBER OF SHARES</u>	<u>PERCENT OF OWNERSHIP</u>	<u>AMOUNT OF SHARES TO BE REDISTRIBUTED BASED ON PERCENT OF OWNERSHIP</u>
N. Antezana, M.D.	500	00.240853	7
A. Bashir, M.D.	2705	01.303018	39
S. Bialek	1667	00.803006	24
T. Bialek	1666	00.802524	24
S. Burtoff, M.D.	414	00.199427	6
S. Burtoff, M.D. Trust	17876	08.610997	258
T.C. Butera, D.P.M.	277	00.133433	4
M. Corrado, M.D.	16232	07.819071	235
A.A. Coster, D.P.M., LTD. Retirement Trust	3000	01.445122	43
L. Csatory	5584.5	02.690094	81
M. Davidov, M.D. & Associates, LTD.	2916	01.404658	42
M. Davidov, M.D. & Associates, LTD., Emp. Benefit Trust	1000	00.481707	15
W. Mo Delaney, M.D.	960	00.462439	14
I. Freedman, M.D.	4575	02.203810	66
H. Goald, M.D.	10	00.004817	
H. Goald, M.D., LTD. Emp. Benefit Trust Fund	1000	00.481707	15
L. Gondor, M.D.	33125	15.956550	479
S. Kauffman, M.D.	255.5	00.123076	4
L. Luccioli, M.D.	8422	04.056938	122
K.F. & P.R. McManus, M.D.	3897.5	01.877454	56
R. Nicholson, M.D.	8494	04.091621	123
L. Peters, M.D.	7155	03.446615	103
J. Pulizzi, M.D.	10	00.004817	

TAUBER 28174

J.APP. 4689

STOCKHOLDERS

Page Two

<u>NAME:</u>	<u>NUMBER OF SHARES</u>	<u>PERCENT OF OWNERSHIP</u>	<u>TO BE REDISTRIBUTED BASED ON PERCENT OF OWNERSHIP</u>
R. F. Sappington, M.D., Inc. Pension Trust	6863	03.305956	99
W. & J. Scheetz, M.D.	500	00.240853	7
Michael Small & Trust	1	00.000482	
Michele Small & Trust	1	00.000482	
Tauber Foundation, Inc.	18000	08.670729	260
L. Tauber, M.D.	51250	24.687492	741
G.W. Ware, M.D.	<u>9238.5</u>	<u>04.450252</u>	<u>134</u>
TOTAL	207595	100.000000	3001

TAUBER 28175

J.APP. 4690

APPLICANT'S PROJECTS SUBJECT
VIRGINIA MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED LAW
REQUEST FOR EXTENSION

Applicant Information

1. Name of Facility: Jefferson Memorial Hospital
2. Location: 4600 King Street, Alexandria, Virginia, 22302
3. Name of Owner: Laszlo N. Tauber, Trustee for Jefferson Memorial Joint Venture
4. Name of Operating Organization: Jefferson Memorial Hospital Corporation
5. Have there been any changes in the ownership or operating organization since the initial certificate was issued? Yes () No (X)
a. If yes, please attach a narrative explanation.
6. Estimated Total Cost of Construction: \$320,000
7. Estimated Completion Date: June 30, 1978
8. Current Certificate Number: VA-0339 Expiration Date: September 3, 1977

Construction Projects

1. Is the Project under construction: Yes () No (X)
a. Date construction contract was awarded: See Note #1
b. Attach a copy of the construction contract.
2. Have bids for construction been advertised? Yes () No (X)
a. Date of bid opening: See Note #2
3. Architectural plans and specifications:
a. Working drawings have been completed and submitted to a State agency
State Health Department expect to submit during August
State Department of Mental Health & Mental Retardation na
State Fire Marshall expect to submit during August
Date of submission: na
b. Preliminary drawings have been completed and submitted to a State agency
State Health Department Yes
State Department of Mental Health & Mental Retardation na
State Fire Marshall Yes
Date of submission: July 21, 1977
4. Has architect-owner agreement been signed? Yes (X) No ()
a. Attach copy of agreement See Attachment "A"
5. Has financing for construction been completed? Yes () No (X)
a. Attach copy of loan agreement and/or other legal documentation for financial obligation. See Note #3 - See Attachment "B"
6. Has site been purchased? Yes (X) No ()
a. Attach copy of proof of ownership. "See Attachment "C"

Equipment Projects

1. Attach copy of purchase order or lease agreement. na

I certify that the above information is true and correct to the best of my knowledge.

Date August 2, 1977

Signature Leslie L. Peters
Name Leslie L. Peters, M.D.
Title President
Representing Jefferson Memorial Hospital Corporation

Commissioner's Action

Certificate number is extended to cover the period
through .

Extension request denied. Date

Signature
Raymond O. Perry, Director
Bureau of Resources Development.

Return one (1) copy to:

Raymond O. Perry, Director
Bureau of Resources Development
James Madison Building
109 Governor Street
Richmond, Virginia 23219

For: James B. Kenley, M.D.
State Health Commissioner

Ex. 902
TAUBER 38605

APPLICANT'S PROGRESS REPORT
VIRGINIA MEDICAL CARE FACILITIES
CERTIFICATE OF PUBLIC NEED
REQUEST FOR EXTENSION

Note #1: A Construction Contract has not been as of this date, awarded. Based on the present progress of the Architect, we expect the Construction Contract to be awarded during September 1977.

Note #2: Bids for construction have not been advertised but depending on plans review by the State Health Department and State Fire Marshall, advertising is planned for August 1977.

Note #3: The Owner of the Building and Land has signed an Agreement with the Hospital that the Hospital will pay an annual rent of \$11,760 for one Nursing Unit in the new building addition. Therefore, the Hospital has no financial obligation for construction cost; only an annual lease cost of \$11,760 for the space to be occupied. However, the owner of the Land and Building indicates he is obtaining the capital needed for the construction project from Arlington Federal Savings and Loan.

TAUBER 38606

J.APP. 4692

FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION OF ARLINGTON

August 19, 1977

EUGENE F. DUNN
EXECUTIVE VICE PRESIDENT

Dr. Lazlo N. Tauber, Trustee
Jefferson Memorial Hospital Joint Venture
460 King Street
Alexandria, Virginia 22304

Re: Loan No.'s: 11-7630
11-6921

Dear Dr. Tauber:

I am pleased to advise that our Board of Directors approved your loan request to finance the addition to Jefferson Memorial Hospital. The loan is approved based upon the following terms and conditions.

1. Mortgagors: Jefferson Memorial Hospital Joint Venture
Dr. Lazlo N. Tauber, Trustee
2. Loan Amount: \$1,400,000.00
3. Interest Rate: Nine percent (9%) per annum
4. Amortization:
 - (a) In the event FFA makes the construction loan, interest only shall be paid monthly for the first 18 months. Thereafter, the loan shall be payable \$12,597.00 (20 year amortization) per month to include principal and interest with any unpaid balance due and payable January 1, 1984.

Ex. 904
TAUBER 23068

Dr. Lazlo N. Tauber
August 19, 1977
Page 2

- (b) In the event FFA does not make the construction loan, principal and interest payments of \$12,597.00 per month shall start not later than the 1st day of the second month following settlement with any unpaid balance due and payable January 1, 1984.

We will not require payment of real estate taxes and insurance monthly but reserve the right to impose this requirement if a default occurs on the loan.

5. Prepayment Privilege: The loan may be paid in full at any time with a 1% penalty on the unpaid balance.
6. Endorsement Required: This loan is to be personally endorsed by Dr. Lazlo N. Tauber.
7. Security: The first Deed of Trust, subject only to such exceptions to which we may agree, is to be secured by the land and improvements existing and to be built known as Jefferson Memorial Hospital, 4600 King Street, Alexandria, Virginia, further described as follows and as shown on the Plat of Survey furnished by John A. I'Epagnier, A.I.A., dated 4/1/77.

- (A) Parcel #1 - Dr. Leslie T. Condor: This site contains 34,110 sq. ft.
- (B) Parcel #2 - Dr. Samuel Burtoff: This site contains 6,833 sq. ft.
- (C) Parcel #3 - Jefferson Memorial Hospital: This site contains 27,284 sq. ft.
- (D) Parcel #4 - Tauber Foundation: This site contains 68,277 sq. ft.
- (E) Parcel #5 - Jefferson Memorial Hospital: This site contains 53,221 sq. ft.

The total area owned by the Joint Venturers is 189,725 sq. ft.

The above five (5) parcels are reported to be leased to the Jefferson Memorial Hospital Joint Venture. The landowners are to join in the Deed of Trust in order to subject their fee simple title to our 1st trust position.

TAUBER 23069

J.APP. 4694

Dr. Lazlo N. Tauber
August 19, 1977
Page 3

We agree to a leasehold mortgage on Parcel #6 containing .6327 acres, reported leased from Gerardt and Helen Hopkins at \$2,200 per annum, net.

It is our understanding these parcels cover the entire hospital property including the parking lot at the rear of the hospital off Beauregard Street.

All hospital chattels and hospital equipment owned and after acquired by the hospital are to be included in our security.

8. Method of Disbursement:

- (a) If FFA does not make the construction loan we will disburse the full proceeds upon satisfactory completion of all improvements in accordance with approved plans and specifications and evidence that the City of Alexandria has issued an occupancy permit; or,
- (b) If FFA makes the construction loan we will disburse the balance of Loan No. 11-7630 and No. 11-6921 at settlement and the remaining funds at the rate of 90% of the proportion that the remaining funds represent to the total cost of the project. The final 10% will be disbursed by the title company when the project is totally complete and a satisfactory release of liens is furnished to the title company.

9. Appraisal: The loan is subject to a satisfactory appraisal, from an appraiser of our choice, indicating an estimate of value of at least \$2,000,000. The cost of the appraisal is to be at the expense of the borrowers.

10. Documentation and Legal Matters: The loan is to be closed on our forms. Full coverage title insurance is required in a company acceptable to this Association. If FFA makes the construction loan, we will require affirmative mechanic's lien coverage on disbursements during construction.

Settlement can be performed by an attorney of your choice acceptable to this Association. The Note and Deed of Trust are to be prepared by our counsel and all papers are subject to review and approval by our counsel.

TAUBER 23070

J.APP. 4695

Dr. Lazlo N. Tauber
August 19, 1977
Page 4

The following documents are to be reviewed and approved by our counsel:

- (a) The Joint Venture Agreement.
- (b) All leases. This includes both land leases and building space leases.
- (c) Land lease subordination forms.
- (d) Any lease assignment forms.
- (e) All other matters that are a part of this loan transaction that may be pertinent to a loan settlement.

All legal expenses, including fees of our counsel, are to be at borrower's expense.

If settlement is performed by an attorney other than Hugh C. Cregger, Jr., General Counsel for FFA, please furnish the name of your attorney and upon acceptance we will issue closing instructions with a copy to Mr. Cregger.

11. Fees:

- (a) Construction loan: A fee equal to 1% of the new funds to be advanced calculated from the date of this commitment as the difference between \$1,400,000 and the present loan balances of \$391,789.13 = $\$1,008,211 \times 1\%$ rounded to \$10,000 payable at settlement.
- (b) A permanent loan commitment fee of 1% as calculated in (a) above of \$10,000 payable upon acceptance of this commitment. The fee paid upon acceptance is considered earned and non-refundable except in the case the property would not appraise for \$2,000,000 or more.
- (c) Inspection fee: First Federal will hire a fee inspector to make periodic construction inspections prior to each advance. The fee for this is estimated at \$150 per inspection and is payable by borrower and will be deducted from construction advances.
- (d) The appraisal fee estimated at \$3,000 to \$4,000 is to be paid by borrower prior to settlement.

TAUBER 23071

J.APP. 4696

Dr. L. N. Tauber
August 19, 1977
Page 5

12. Other Conditions:

- (a) Subject to a satisfactory lease from Jefferson Memorial Hospital to the Joint Venture for an annual rental of at least \$123,760, net to the Joint Venture.
- (b) Executed leases to satisfactory tenants of at least 19,600 sq. ft. of office space to be built at not less than \$2.70 per sq. ft., net to the Joint Venture.
- (c) All leases are to be assigned as additional collateral.
- (d) We will require written evidence that the landowners on the Hopkins property agree to notify FFA or the mortgagee of any default on the land lease and to allow the note holder thirty (30) days to cure said default.
- (e) Signed application by Jefferson Memorial Hospital Joint Venture.
- (f) Execution of Loans To One Borrower Statement. This must be executed by all members of the Joint Venture and list all loans in existence at First Federal.
- (g) Execution of a Construction Loan Agreement if FFA is to make the construction loan.
- (h) Executed contract from a contractor financially acceptable to FFA, or, if you are to be your own general contractor a complete cost estimate by sub-contractor.
- (i) Receipt of copy of the Certificate of Approval from the Hospital Board granting approval to proceed with construction of the addition.

As this commitment is approved as applied for, we assume it will be acceptable. Please indicate your acceptance by signing

TAUBER 23072

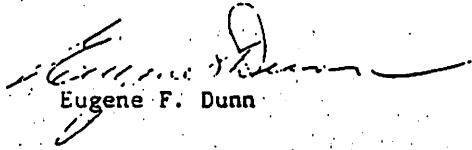
J.APP. 4697

Dr. Lazlo N. Tauber
August 19, 1977
Page 6

and returning the enclosed copy of this commitment along with your check in the amount of \$10,000, the signed application form and executed Loan to One Borrower Statements.

This commitment shall remain open for a period of ten (10) days and if not accepted by that date shall be considered null and void.

Very truly yours,


Eugene F. Dunn

EFD:js

Encls.: Letter of Application (original + 1 copy)
11 Loan To One Borrower Statements
Copy of FFA commitment letter

 We will accept your construction loan.

✓ We will not accept your construction loan.

\$10,000⁰⁰ Fee enclosed.

ACCEPTED THIS 23rd DAY OF

August, 1977.

By: Lazlo N. Tauber, 112

TAUBER 23073

J.APP. 4698

First Federal Savings and Loan
Association of Arlington
2050 Wilson Boulevard
Arlington, Virginia 22201

Re: Refinance Mortgage Loan
No. 11-7630 and No. 11-6921

Gentlemen:

We hereby apply for a mortgage loan in the amount of \$1,400,000.00 for the purpose of adding an addition to Jefferson Memorial Hospital as set forth on the attached preliminary plans. The loan is applied for on the basis of a twenty (20) year amortization with interest at the rate of nine percent (9%) per annum, with the understanding that any outstanding balance would balloon at the end of the existing term of the present mortgages which is January 1, 1984.

We apply for a prepayment privilege allowing the loan to be paid in full at any time prior to maturity in consideration for a penalty of one percent (1%) on the then outstanding balance.

The loan will be endorsed by Dr. Lazlo N. Tauber on behalf of the Joint Venture.

In connection with this loan, we submit preliminary plans, including a site plan, financial statements on Dr. Lazlo N. Tauber and three-year statements on the Jefferson Memorial Hospital Corporation.

If the loan is granted on a construction permanent loan basis, we apply for an interest only period of eighteen (18) months starting from the date of settlement with the understanding that amortization would start on the first of the next month following that period.

We certify that the information submitted in connection with this loan is true to the best of our knowledge

TAUBER 23074

J.APP. 4699

First Federal Savings and Loan
Association of Arlington
Page 2

and belief and we further understand that it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1014.

JEFFERSON MEMORIAL HOSPITAL
JOINT VENTURE

By:

Lazlo N. Tauber, MD

Lazlo N. Tauber

Aug. 23rd 1977

DATE

TAUBER 23075

J.APP. 4700

LOANS TO ONE BORROWER STATEMENT

To: First Federal Savings and Loan
Association of Arlington

Federal Regulations require that on larger loans we maintain a record of loans to one borrower. Accordingly, this statement must be executed before the loan described can be made. The undersigned applicant(s) has/have applied for a loan and will become the obligor(s) on a loan to be made by you in the amount of \$_____ to be secured by the real estate described as follows:

I/we hereby certify that the obligor(s), nominees of the obligor(s) and persons, trusts, partnerships, syndicates, joint venturers and corporations of which the obligor(s) is/are a nominee or a beneficiary, partner, member of record or beneficial stockholder owning 10% or more of the capital stock, owe the balances on outstanding loans to First Federal of Arlington as set forth below: (If none, so state)

<u>Loan Number</u>	<u>Property Description</u>	<u>Amount</u>
--------------------	-----------------------------	---------------

Executed this _____ day of _____, 19____

All borrowers and endorsers must sign

Earl E. Parker, Jr.

TAUBER 23076

J.APP. 4701

First Federal Savings and Loan Association
of Arlington

EXECUTIVE OFFICES: 4020 UNIVERSITY DRIVE • FAIRFAX, VIRGINIA 22030 • (703) 891-4400

May 25, 1979

Dr. Lazlo N. Tauber, Trustee
Jefferson Memorial Hospital Joint Venture
460 King Street
Alexandria, Virginia 22304

RT: 12-17881-6

Dear Customer:

Enclosed are your payment cards covering the first trust mortgage number 12-17881-6 which we hold on your property. Please return one payment card with each payment.

Your payments are due on the first of each month beginning June 1, 1979 in the amount of \$12,597.00. A late charge of 4% of the principal and interest portion of your payment will be assessed if any payment is not received in our office within fifteen days after the first of the month.

We look forward to having you as a loan customer and hope that you will take full advantage of the many services offered by our Association.

Very truly yours,

FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION OF ARLINGTON

Lunette Taylor
Lunette Taylor
Loan Administration Department

Enclosures

12,597.00 -
10,313
2,284.00
711.75
12,597.00

1444
113
111

TAUBER 23077

J.APP. 4702

Ex. 906
J. APP. 4703
7-11-79

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE 703/931-2800

June 11, 1979

Leslie L. Peters, M.D.
Hospital President
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Doctor Peters:

The matter of arriving at a reasonable division of cost between the hospital and the Joint Venture is one that will be questionable at best. However, I can now estimate conservatively that the 4 floors of doctor offices area which occupies 80% of the building will generate cost of between \$160,000-\$200,000 a year. These cost are as follows:

	<u>ANNUAL AMOUNT</u>
Housekeeping & Cleaning	\$55,000
Maintenance & Engineering	12,000*
Electric Energy	48,000
Water	3,000
Property Taxes (after year 1)	40,000*
Insurance	5,000
Total	<u>\$163,000</u>

*Does not include cost of major equipment, repair or replacement.

The proposal of charging the doctors or Joint Venture \$.50 per square foot (they have 53,812 square feet of gross area and 42,068 square feet of net area) would be an annual bill for the doctor's area of \$26,906 if the gross square feet are used, or \$21,034 if the net square feet is used. This means the hospital will be paying \$136,094 at least of the minimum cost for operating those 4 floors. This will add \$3.98 to the hospital cost per patient day (based on our current year census). I would seriously doubt that Medicare, Medicaid, and Blue Cross would allow this kind of cost breakout.

The next issue is hospital payments to the Joint Venture. The State Certificate of Need issued by the Commissioner of Health for the building, stated that the Hospital's "total reimbursable cost to 3rd party payers not to exceed \$11,760 per year." This I believe meant only construction cost, plus equipment for the nursing unit of the new building.

Ex. 906
TAUBER 00290

J.APP. 4703

June 11, 1979

According to the attached letter from Mr. Mermelstein, Hospital Auditor, the cost of the 3rd floor nursing unit plus its share of parking, was \$772,875. Under the Joint Venture lease the hospital lease is 12% of the cost of improvements made by the Joint Venture. According to Mr. Mermelstein the Hospital annual rent would be increased by \$92,745 a year. This would mean that \$80,985 of the annual rent should not be charged to 3rd party payer cost and we can be certain they will be watching this very carefully. What this means is that at the worst, the Hospital will be denied 3rd party cost of approximately \$217,079 which is made up of \$80,985 of denied rental cost and \$136,094 for operating cost of the 4 floors.

I have made my assumptions on 3rd party denial based on what these rulings have been in recent years. Last year's 3rd party audit allowed the hospital only the depreciation on the old building and the mortgage interest which existed prior to the Joint Venture purchase of the Hospital land and building. Actual expenses for last year were as follows:

Rent to Joint Venture for Building & Land	\$112,000	
Rent to Doctors Burtoff, Gondor & Tauber	15,600	
Total Rent		\$127,600
Related Party Bond Interest		9,584
Total Expenses		<u>\$137,184</u>

Allowed 3rd Party Hospital Cost:		
Building Depreciation	\$ 39,561	
Mortgage Interest Exp. on old Bldg.	\$ 22,487	
Total Allowed Expense		\$ 62,048
Expenses Disallowed as cost		<u>\$ 75,136</u>

Basically what they have done is to say we will accept expenses which would have occurred if the Hospital had not sold its land and building to the Joint Venture. The old mortgage interest and the declining depreciation on the building. They have never allowed related party expense such as land rent to Doctors Burtoff, Gondor and Tauber, and the same applies to bond interest to related parties. Related party generally applies to anyone who owns 5% or more of the Hospital stock. They have also I believe, hinted that related party includes not only Stockholders, but Directors and Officers of the Corporation. What they will allow in the future cannot be forecast only assumed, based on their past adjudication. My experience suggest they will pay the least possible cost in every area.

I bring the above issues to your attention so that you and the Board of Directors can be aware of these issues when you make your decision on these matters.

Sincerely,



 CARL E. LINTON
 Administrator

TAUBER 00291

J.APP. 4704

DAVID E. MERMELSTEIN
CERTIFIED PUBLIC ACCOUNTANT

Suite 102
4850 Connecticut Avenue, N.W.
Washington, D.C. 20008
Telephone 244-1942

June 6, 1979

Carl E. Linton
Administrator
Jefferson Memorial Hospital Corp.
4600 King Street
Alexandria, Virginia 22302

Dear Mr. Linton:

Since the Hospital will occupy the third floor of the newly constructed office building and, as previously discussed with you, we have agreed that a policy should be adopted to allocate expenses proportionately to the Hospital and to the other tenants occupying the building.

UTILITIES:

ELECTRICITY- Since there is only one meter for both the old and new building, it is recommended that a study should be made of the amount of K.W. per hour used before the new building was erected in order to establish a ratio as to current usage when the building is fully occupied and allocate 75% of the increase to Hospital and 25% to other tenants. (Hospital usage 24 hours daily, 7 days a week to 8 hours by tenant doctors 5 days a week).

GAS- 100% used by hospital--other tenants usage insignificant.

WATER- Since there is a separate water meter for the new building, the allocation is the same as in the case of the electricity. 75% of the water bill will be charged to the Hospital and 25% of the water bill will be charged to tenant doctors.

TELEPHONE- A flat monthly rate per instrument will be charged each tenant using hospital telephone equipment. The charge will be arrived at as follows: Cost of instrument divided over 10 years, added to the cost of the system installation, trunk line etc.

INSURANCE- General liability and fire insurance will be allocated based upon square footage occupied by hospital and other tenants.

TAUBER 00292

Mr. Linton

-2-

June 6, 1979

JANITORIAL SERVICE- Hospital has its own contract for space occuppies.

REPAIR AND MAINTENANCE- Hospital responsible for the third floor its occupying. Proportionately to share expenses when repairs are made which effects the entire building. When hospital employees are performing services to other parts of the building which are not occupied by the hospital, the tenants should be charged an hourly rate plus any materials used. Outside help should be charged entirely to Tenant when hospital is not involved.

REAL ESTATE TAXES- Prorated proportionately per square footage occupied. Separate old building from new one pay 100% of old building and portion occupied of new building.

LAND RENT- Same formula as real estate taxes.

LEASE PAYMENTS- Based upon the old lease dated July 31, 1977, Hospital had a commitment of 10,100 square feet at a rental of \$11,760 per year. Construction cost was estimated \$98,000 x 12%.

The space occupied by the hospital is 13,944 square feet at an annual rental of \$92,745. Actual construction cost \$772,875 x 12%. (See schedule of construction cost per Mr. Strachan).

I hope that this will give you a guide as to the allocation of the basic expenses. However, should any other ones come up from time to time, I am certain that any above formulas could be utilized. Please review the above and should you disagree with any, please let me know so we may come to a compromise.

Very truly yours,


DAVID MERMELSTEIN

DM:pc

TAUBER 00293

J.APP. 4706

JEFFERSON MEMORIAL HOSPITAL CORPORATION

SCHEDULE OF ALLOCATION OF COSTS
NEW BUILDING TO HOSPITAL

SQUARE FOOTAGE

2nd Floor	13,453
3rd Floor	13,944
4th Floor	13,453
5th Floor	13,453
6th Floor	13,453
<u>Total Footage</u>	<u>67,756</u>

COMMON AREA COST: \$1,473,605 divided by 67,756 = \$21.7487

SITE WORK - PARKING LOT (65 spaces): \$166,495 divided by 67,756 = 2.4573

HOSPITAL FLOOR EXCLUSIVE COST	\$472,150
Common area cost allocation	
13,944 x \$21.7487	303,264
Site Work-Parking Lot Allocation	
13,944 x 2.4573	<u>34,265</u>
Total Costs	\$809,679

Less: Cost advances by Hospital (Schedule 1)
Blue Printing, legal, engineering etc. (18,446)
Electricity usage during construction (Schedule 2) (18,358)

Net cost allocated to third level of new building 772,875

\$772,875 x 12% = \$92,745 annual rental or \$7,728.75 monthly rental

TAUBER 00294

JEFFERSON MEMORIAL HOSPITAL CORP. SCHEDULE OF THIRD LEVEL C.O. ADVANCES

SILVER SPRING BLUE PRINTING	\$	578 07
T. THORPE RICHARDS		273 00
T. THORPE RICHARDS		753 16
SILVER SPRING BLUE PRINTING		227 63
ADAMS, POTTER, RADLEIGH & MAYS - ATTORNEYS - HOPKINS		8000 00
ROSS MARSH & FOSTER		1207 50
CITY OF ALEXANDRIA, VIRGINIA - PUBLIC RIGHTS	KEEP CLEAR COST	1000 00
HOLLAND ENGINEERING		417 50
ROSS MARSH & FOSTER		2257 50
SILVER SPRING BLUE PRINTING		343 68
LAND ENGINEERING		2290 00
HOLLAND ENGINEERING		400 00
STUDIO DESIGN OF ARCHITECTURE		698 00
		* 18446 04

WESTWOOD CONSTRUCTION, INC.	I.C.U. - REBUILDING	\$ 2465 04
WESTWOOD CONSTRUCTION, INC.	" "	1050 00

TAUBER 00295

JEFFERSON MEMORIAL HOSPITAL CORP SCHEDULE OF ELECTRICITY USAGE DURING CONST.

	1977	1977	1978	CHARGEABLE EXCESS
OCTOBER		142367 KW [#] 4863	141176 KW [#] 5137	\$ 274
NOVEMBER		124767 4642	117152 4346	(296)
DECEMBER		136367 4935	133152 4224	(101)
JANUARY		1978 131967 KW [#] 4749	1979 301078 KW [#] 11128	\$ 6379
FEBRUARY		148767 5438	353554 10761	5323
MARCH		123967 5076	261702 9348	4272
APRIL		121967 4760	229656 8594	3834
MAY		124367 4720	221410 8405	3685
JUNE	150760 KW	148368 4944	277775 10544	5600
		\$ 29687	\$ 58780	29093

CHARGES TO JOINT VENTURE	JAN. 79	\$ 6379
	FEB. 79	5323
		\$ 11702 x 90% = \$ 10532
	MAR	\$ 4272
	APR	3834
	MAY	3685
	JUNE	5600
		\$ 17391 x 90% x 50% 7826
TOTAL CHARGE		\$ 18358

AVERAGE PROJECTED USAGE $261.67 \div 3 = 87.22\%$ INCREASE

1978 USAGE $148,368 \text{ KW} \times 1.8722 = 277,775 \times 37.96 = 10,544$

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HEALTH
MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

TABBER 00297

JAPP. 4710

THIS CERTIFIES THAT JEFFERSON MEMORIAL HOSPITAL CORPORATION
is authorized to initiate the proposal as described below _____
NAME OF FACILITY JEFFERSON MEMORIAL HOSPITAL
LOCATION 4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
OWNERSHIP AND CONTROL JEFFERSON MEMORIAL HOSPITAL CORPORATION - A PROPRIETARY DELAWARE CORPORATION
SCOPE OF PROJECT CONSTRUCTION OF A 10,100 SQUARE FOOT (GROSS) ADDITION TO HOUSE 28 SINGLE-BED ROOMS AND NURSING
SUPPORT AREAS WITH A 11,728 SQUARE FOOT (GROSS) SHELL AREA FOR PHYSICIANS' OFFICES. ELIMINATION OF ORGANIZED
PEDIATRIC UNIT AND CONSTRUCTION OF ADDITIONAL PARKING AREAS. TOTAL LICENSED BED CAPACITY UPON COMPLETION NOT TO
EXCEED 120 BEDS. TOTAL REIMBURSABLE COST TO THIRD PARTY PAYORS NOT TO EXCEED \$11,760 PER YEAR.



Pursuant to Title 32, Chapter 12.1, Sections 32.211.3 through 32.211.16, Code of Virginia (1950) as amended, and the policies and procedures promulgated thereunder, this Medical Care Facilities Certificate of Public Need is issued contingent upon substantial and continuing progress towards implementation of the proposal within (6) six months from the date of issuance. A progress report shall be submitted to the State Health Commissioner within six months from the date of issuance along with adequate assurance of completion within a reasonable time period. The Commissioner reserves the right not to renew this Certificate in the event the applicant fails to fulfill these conditions. This Certificate is non-transferable and is limited to the location, ownership, control and scope of project shown herein.

CERTIFICATE NUMBER VA-0339
MARCH 3, 1977
Date of Issuance
SEPTEMBER 3, 1977
Expiration Date


State Health Commissioner

Dr. Peters - File - As 1724
President
June 25, 1979

MEMORANDUM:

TO: DR. PETERS
MR. MERMELSTEIN
✓MR. WRIGHT

RE: DISCUSSIONS ON HOSPITAL PAYMENTS FOR RENT AND EXPENSE SHARING ON
NEW BUILDING

I. The purpose of this writing is to clarify my understanding of the hospital agreement with the Joint Venture regarding payment of rent and the allocation of expenses for the doctor's offices wherein all expenses are presently billed to Jefferson Memorial Hospital. The following has been proposed by the Joint Venture Trustee and accepted by the Hospital President, subject to approval by the Hospital Board of Directors.

A. The Hospital will:

1). Continue to pay the land rent and taxes to Drs. Burtoff, Gond and Tauber.

2). Continue to pay the Joint Venture a net-net rent for the hospital existing land and buildings as of December 31, 1978, of \$9,333.33 monthly (\$112,000 annually).

3). The hospital will pay monthly \$980.00 (\$11,760 annually) for the 3rd floor of the building addition.

4). The Hospital will rent additional storage and warehouse space from the Joint Venture, effective July 1, 1979, amounting to 1060 square feet at \$3.95 per square foot for \$348.92 monthly. (\$4,187 annually).

5). Effective July 1, 1979, the payment of rent on the new ICU renovation will be \$1,150 monthly (\$13,800 annually). This is based on 12% return of Joint Venture expenditure of \$115,000 for the renovation of the ICU.

6). The Hospital will revise its contract agreement with Bialeks Pharmacy to provide an identical agreement except that the Hospital will not provide any space for the Hospital Pharmacy Service and that Mr. Bialek will provide such space for the main pharmacy and drug closets used by the Pharmacy through direct lease with the Joint Venture.

a. Thus the pharmacy will sign an agreement with the Joint Venture for their 627 square feet of space at \$22.00 a square foot. The Joint Venture will lease the said space from Dr. Peters and the hospital's lease with Dr. Peters will be void.

b. Mr. Bialek will also lease the 64 square feet of drug closet space as of July 1, 1979 from the Joint Venture at \$22.00 per square foot.

EX. 907
TAUBER 00298

J.APP.4711

7). The result of the above will provide the Joint Venture with:

	<u>MONTHLY</u>	<u>YEARLY</u>
Original Hospital Lease	\$9,333.33	\$112,000
New 3rd floor lease	980.00	11,760
New Hospital storage space lease	348.92	4,187
New ICU under old lease	1,150.00	\$ 13,800
Total July 1, Hospital Lease Payment	<u>\$11,812.25</u>	<u>\$141,747</u>
Bialek Joint Venture Lease of Pharm.	1,149.50	\$ 13,794
Less Joint Venture Rent to Dr. Peters	(470.25)	(5,643)
Plus Bialek J.V. Lease of drug room	117.33	1,408
Total Rent to Joint Venture	<u>\$12,608.83</u>	<u>\$151,306</u>

II. Though not related to the above, the hospital will lease as of June 1, approximately 1,146 square feet of space for its physical therapy department from Dr. Tauber at a lease price of \$9 per square foot or a lesser amount to be arrived at with Dr. Tauber.

III. The Hospital will arrange an agreement with the Doctors of the 2nd, 4th, 5th and 6th floors of the building housing the doctors, to require each doctor to provide on a scheduled basis, house physician coverage for a said fee of \$1.00 per square foot for their service.

IV. The Hospital will agree to furnish all utilities, housekeeping, maintenance and pay all taxes and insurance on the said 2nd, 4th, 5th and 6th floors of the building for \$1.50 per square foot.

V. Signed agreements to all of the above will have to be executed on or about July 1, 1979. I prefer all agreements with the Hospital Joint Venture rather than individual doctors.

VI. Subject to approval by the Board of Directors, the Hospital Administrator Comptroller and the independent hospital CPA, would discuss these proposals with GHI, specifically Blue Cross in mid-July or early August, so as to be in accordance with the Hospital's contract with Blue Cross. All of these changes will certainly have a bearing on the hospital's allowed cost with Blue Cross, Medicare and Medicaid which represents about 70% of the hospital patient charges and our expected payment which will amount to around 6+ million dollars in cash.

Thank You,


 CARL E. LINTON
 Administrator

CEL:pc

cc: Dr. Tauber

TAUBER 00299

J.APP.4712

*file -
communication w/ Hosp
President*
August 22, 1979

MEMORANDUM:

TO: LESLIE L. PETERS, M.D.
HOSPITAL PRESIDENT

RE: ALLOCATION AND ACCOUNTING OF EXPENSES BETWEEN THE HOSPITAL AND JOINT VENTURE TENANTS

As you know, the Hospital Auditor, Mr. David Mermelstein, C.P.A., is now conducting the annual audit of the Hospital. He has raised a couple of questions which we must resolve. These are the questions:

1. How does the Hospital intend to treat taxes paid on new building?
Expense to hospital?

2. How does the Hospital intend to treat utilities, insurance and other building support service for the new building?

3. Did the Board of Directors have full knowledge of the total cost of the taxes, utilities, insurance and other support services when it approved a fee of \$.50 per square foot to the Hospital as payment for all expenses other than housekeeping, for the 2nd, 4th, 5th and 6th floors? I have explained to Mr. Mermelstein that the Board had agreed to provide all of these services and expenses to the Joint Venture owners of the new building for \$.50 a square foot. His audit reveals that the expenses will be much more than the agreed to \$.50 a square foot. If we charge these expenses in our accounting records as directed, he will have to make mention in his Financial Report. These reports are required documents for audit by Medicare, Medicaid and Blue Cross. Further, they will be reviewed by Internal Revenue when they come for spot checks or full audits. He feels that as soon as IRS discovers this treatment of expenses by the Hospital, they will perform a full audit and go much deeper into everything than they normally would. Further, he is concerned that the Stockholders who are not members of the Joint Venture will have a right to cause investigation or even litigation because Hospital funds are being paid or used to pay

TAUBER 00286
Ex. 908

J.APP.4713

expenses of the Hospital Joint Venture.

To avoid all of this as well as any disclosure in the audited statement, the following is recommended:

1. Set up an acceptable procedure for allocating expenses common to the Hospital and the Joint Venture Owners of the non-Hospital portion of the new building.
2. Draw up an agreement between the Hospital and the Joint Venture which provides for the \$.50 per square foot annually and provides for setting up an Accounts Receivable to Joint Venture which will eventually be paid by the Joint Venture. This account receivable could be applied against the sum which has been mentioned as the actual cost incurred by the Joint Venture for the Hospital 3rd floor.

I have worked up the detail on the essential elements which could be used as a basic formula for distributing cost or expense between the Hospital and Joint Venture as discussed above. The essential elements are:

1. Based on City of Alexandria Tax Assessment Survey data which I feel would be reasonable to use, Attachment "A" shows detail of land use. Attachment "B" shows the gross square footage in the old hospital building and the new building. Attachment "C" shows the hours of operation for the Hospital and for the offices in the new building. In summary, the detail recommends:

1. Property Taxes: The Hospital is allocated 87.85% of taxes on the land and the Joint Venture 12.15%. Taxes on the buildings is allocated 100% to hospital on old building and 22% on new building. This is based on percentage of occupancy.

2. Building Insurance. The Hospital pays 100 percent on old building and 22% for insurance on the new building. This is also based on percentage of occupancy.

Leslie L. Peters, M.D.

-3-

August 22, 1979

3. Utilities. Hospital is allocated 76.26% and Joint Venture owners are allocated 23.74% of the expense. This is based on percentage of operating hours. Wherein Hospital operates 24 hours a day, 7 days a week and the offices operate 8 hours a day, 5 days a week. Realizing the doctor's offices may operate and use electricity more than 8 hours a day, I feel the higher demand usage by certain hospital departments plus the fact the Hospital occupies 57.34% of total buildings floor space as compared to 42.66% used by the offices of the Joint Venture, serves to offset the assumption that the Hospital is paying more than its share of the cost.

I trust the above information will be helpful for you to make a decision on the appropriate action.

Thank You,

CARL E. LINTON
Administrator

TAUBER 00288

J.APP.4715

Westwood Management Corporation

5401 WESTBARD AVENUE
BETHESDA, MARYLAND 20016
654-2822

November 14, 1979

Mr. Carl E. Linton
Hospital Administrator
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Mr. Linton:

This is to notify you of interest due under a note Dr. Tauber has with National Bank of Washington, Note 50047. The hospital has assumed \$80,000.00 of this note from its inception on January 16, 1979.

The amount of the interest due for their share is as follows:

On \$70,000.00 - \$6,248.22
On \$10,000.00 - 534.71

This covers the period ending Oct. 18, 1979 for which Dr. Tauber has been billed. Please make your check payable to Laszlo N. Tauber, M.D. and mail to our office above.

Yours truly,

Alice F. Carmichael

Alice F. Carmichael
Accounting Manager

*This amount is owed by the Hospital please make out
a note, and let it be paid by it. - I talked to him
yesterday. - Plumber*

W.D.T.

Ex. Peter - What is it for? in 3rd floor -

EX. 909
TAUBER 39544

J.APP. 4716

October 15, 1980

MEMORANDUM:

TO: DR. PETERS, HOSPITAL PRESIDENT
DR. TAUBER, JOINT VENTURE TRUSTEE

RE: PRORATING HOSPITAL EXPENSE FOR MEDICAL OFFICES

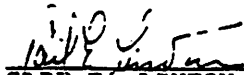
This is a follow-up to my discussion with you regarding the actual expenses which the Hospital is paying in support of the Medical Offices and the agreed to assessment of each office owner of .50¢ per square foot, to pay the Hospital for the property taxes, insurance and utilities. The .50¢ per square foot is only about 33% of the actual cost.

The method used to prorate the cost was developed by the Hospital Auditor and in his judgement, goes as far as can be justified in allocating the office building expenses to the Hospital. The formula sets the Hospital percent of expenses for property taxes and insurance on the office building at 22%. This 22% is based on the fact that the Hospital occupies one floor out of five, plus the auditorium. The utilities (electricity and water) is on a common meter for the Hospital and the offices with the doctor's offices occupying 44% of the total space. However, the formula for prorating the utility expenses is set at 78% to the Hospital and 22% to the doctor's offices because the hospital uses electricity in the nursing areas on a 24 hour a day basis and the office's primary use is limited to about 10 hours a day. In addition, the Hospital Operating Room and Radiology use more electricity due to the high voltage equipment in these areas.

The attached expense statement shows the breakout in detail. Thus the doctor's offices fair share of expenses for their offices was \$75,436, but the doctors paid the Hospital only \$24,002. This is \$51,434 less than the hospital paid out for the expenses. So if we are to break even, especially with a known increase in property taxes and possibly an increase in electric rates, we need to increase the fee to \$1.50 per gross square foot. I therefore propose that the fee be increased to \$1.50 per square foot immediately.

I must point out that none of the \$75,000 cost prorated as doctor office cost can be claimed for reimbursement from Medicare, Medicaid or Blue Cross.

Thank You,



CARL E. LINTON
Administrator

Ex. 910

J.APP. 4717

ITEM DESCRIPTION	TOTAL EXPENSES BILLED & PAID BY HOSP.		EXPENSES ALLOCATED DOCTORS OFFICES		EXPENSES ALLOCATED TO HOSPITAL	
	%	Amount	%	Amount	%	Amount
For Fiscal Year 1980:						
Real Estate Taxes (Office Bldg. Only)	100%	\$49,334.16	78%	\$38,480.64	22%	\$10,853.52
Insurance, Fire & Liab. (Office Bldg. only)	100%	2,720.75	78%	2,122.18	22%	598.57
Sub Total		\$52,054.91		\$41,602.82		\$11,452.09
Utilities: (Elect & Water) (Hosp. and Office Bldg.)	100%	\$158,332.63	22%	\$34,833.18	78%	\$123,499.45
Total Expenses Owed		\$210,387.54		\$75,436.00		\$134,951.54
Am't Collected at .50¢ per sq. foot from Doctors				\$24,002.50		
Am't Remaining owed by Doctors				\$51,434.50		

TAUBER 00273

J.APP. 4718

NOTES:

- (1) Real Estate Taxes and insurance cost or expense for the Office Building is allocated on gross square footage occupied by doctors and occupied by Hospital.
- (2) Utility Cost or expenses for both the Hospital and the office building are allocated on a formula weighted 3 to 1 for patient rooms square footage and 2 to 1 for surgery and radiology area square footage. All other areas are weighted on a 1 to 1 ratio.
- (3) Gross square footage in the Hospital and the Office Building equals approximately 122,00 square feet. The Doctor's offices accounts for 54,000 square feet and the Hospital 68,00 square feet, or the offices occupancy 44.26% of the total square feet and the hospital has 55.74% of the total square feet.

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/931-2800

November 25, 1980

File E
BOL
Correspondence

Mr. Clair Schwobe
Administrator
904 Circle Terrace Drive
Alexandria, Virginia 22302

Dear Clair:

I enjoyed having lunch with you and your Comptroller last week and discussing H.C.A.'s interest in Jefferson Memorial Hospital. I have discussed your questions regarding a possible offer by H.C.A. for the Hospital and their interest to build a hospital downtown Alexandria. As I told you previously and again last week, no one has expressed any excitement over the general idea but they would be receptive to receiving H.C.A.'s offer if you care to make one. In other words they will not set forth an "ask for price".

I am as I promised, herewith, providing you with information which would permit you to make an offer if you wish to do so, and I can assure you that any proposal submitted will be presented to the Hospital Board of Directors for their consideration. Attached are essential elements of information for your use.

Sincerely yours,



CARL E. LINTON
Administrator

CEL:pc

Ex. 911
TAUBER 00274

J.APP. 4719

HOSPITAL:

1. Licensed Beds 120
Private Rooms (Beds) 28
Semi-Private 84
ICU-CCU 8
2. Total Doctors on Staff: 254 (Active 112)
3. Operating Room Suites (4).
O.R. - Special Rooms: 1 Endo and 1 Cysto
Recovery Room with 8 stretcher beds
Doctor's Lounge, Nurse's Lounge and holding area, administrative
and storage areas.
4. Radiology: 4 x-ray rooms and support space. Includes 2 new GE
Units, 1 Gama Camera, 1 older Picker Floro Unit, 2 portable G.E.
Units, plus 2 developers and other support services.
5. Cardiology-Neurology, E.E.G., E.K.G., Holter Monitors with scan
machine, stress testing and monitors. Telemetry and 8 monitors in
ICU, 8 life pack defibrillators.
6. Emergency Room: 3 treatment rooms and 3 exam rooms
7. Clinical Lab, Blood Bank, Microbiology, Pathology, Morgue,
SMS 18 and Colter 5 and other automated equipment.
8. Physical Therapy Department: 4 treatment rooms, whirlpool,
ultrasound, etc., and E.M.G.
9. Pharmacy: Unit Dose, Laminer Flo System
10. Floor space: 54,200 square feet built in 1965 and added to in
1968, 1974 and 1978
11. Building and land assessed at \$2,711,900
12. Census last FY: 84% This FY: 89%
13. Financial Data:
 - a. Total Revenue this FY (4 months) \$4,755,611
 - b. Total Accounts Receivable: \$2,119,159 (55 days)
 - c. Inventories: \$104,923
 - d. Fixed and major moveable equipment: \$819,737 (book value)
 - e. Common Stock - Shares Outstanding: 217,017
 - f. Bad Debt factor: 4.8% (averages 4-5%)

TAUBER 00275

J.APP. 4720

OFFICE BUILDING:

1. Built 1978 with 67,667 square feet of floor space.
2. Partnership owns building. 14,000 square feet leased to Hospital for nursing floor. 26 private doctor's offices
3. Building assessed at \$3,917.600

TAUBER 00276

J.APP.4721

Notes for the Hospital Administrator

According to information I gathered from the December 12th Board meeting, the cost for the building are:

A. Financial Accounting of Building:

1. Total cost of new building and parking lot		\$2,700,00
2. Doctors paid shell cost of \$25 Per Sq. Ft.	\$1,345,000	
3. Dr. Tauber secured mortgage of	\$1,100,000	
4. Total amount of income to J.V.		\$2,445,00
5. Amount remaining to be paid		\$ 255,00

B. Other facts or assumptions:

1. The amount of \$255,000 does not include interest accrued during loan period.

2. Dr. Tuaber is holding notes of about \$123,000 which he wants hospital to assume, plus a note of \$100,000 from Westwood.

3. According to Mr. Ridenour of bank, these notes are at primes plus 1% with a pay off in 5 years from date of inception. The \$100,000 note from Westwood is at 1% above prime and principle due at end of 5 years.

C. Dr. Tauber says he has no funds to pay for the \$223,000 notes and either the Joint Venture or Hospital has to assume the payments. The Joint Venture has refused and thus the Hospital is now obligated by Board action to pay the \$223,000.

D. Hospital had obligation to pay \$11,760 rent to Joint Venture over 20 year period for 3rd Floor. This it has been doing since March 1, 1979. I assume this is intended to pay part of hospital cost for the 3rd floor. Since we have a net-net lease on 3rd floor.

E. Hospital under its lease agreement with the Joint Venture must pay 12% return for any capital improvements paid for by Joint Venture. The ICU was contracted for with Westwood to cost no more than \$115,000. Thus hospital increased its rent payments to Joint Venture on July 1, 1979 by \$13,800 yearly to cover this improvement.

F. Hospital also leased storage space from Joint Venture for \$4,187 on July 1, 1980. This amount was intended to satisfy mortgage payments but also could be easily justified as offset cost for storage space which we would have rented anyway from the Hospital in Dr. Gondor's building.

G. Is there any accounting in \$ collected for the building of the \$60,000 from Dr. Hecker? This question is for the Auditor.

Ex. 915
TAUBER 39529

J.APP. 4722

QUESTIONS TO AUDITOR

For the Hospital to have a fairly accurate picture of what its obligations are to the Joint Venture, the following needs to be known:

- A. How much did the building cost in total?
- B. How much was collected for the building shell at \$25.00 per square foot?
- C. How much has the hospital paid in funds designated "New Building Cost"?
- D. Has the amount in "C" above been included in the total cost of the building.
- E. Does Dr. Tauber claim the interest on all loans involved with the construction as part of the total cost of the building? If so, has this interest been added to the total cost of the building?
- F. There is a Joint Venture mortgage on the old and new buildings of \$1,100,000 as I understand it. Is this true?
- G. What is terms and conditions of the mortgage? Is it a 5, 10, 20 year or what mortgage? At what percentage interest?
- H. What amount of \$ does the hospital owe? (1) for the new building, (2) for the mortgage, (3) is the mortgage really for the new building?
- I. What was the mortgage amount owed, at time it was paid off and included in the \$1.1 million mortgage?

TAUBER 39530

J.APP. 4723

1/24/80

1	A) COST AS REFLECTED ON JOINT VENTURE BOOKS.	269929.01
2		
3		
4	B) THE AMOUNT TO BE COLLECTED \$2,812.25	1345300
5		
6		
7	C) THE COST DESIGNATED BY JEFF. HOSP. INC.	20421.84
8		
9	Bldg	20,421.84
10	IGH	5,670.04
11		26,091.88
12		
13	D) YES:	
14		
15		
16	E) NO: CONSTRUCTION INTEREST WAS CAPITALIZED	
17		
18		
19	F) MORTGAGE IN TOTAL EQUALS	
20		1,400,000
21		
22	G) LIFE OF ORIGINAL MORTGAGE IS 5YRS	
23	20YRS AMORTIZATION PAYABLE IN FULL JAN. 1, 1984	
24		
25	RATE 9% (12,597.00) @ MONTH.	
26		
27	H) LEGALLY NONE	
28		
29		
30	I) THE BALANCE OF MORTGAGE AT TIME OF REFUNDING	
31	\$ 280,480.46 PRINCIPAL	
32	10,198.01 "	
33	1,245.66 INTEREST	
34	\$ 291,924.13	
35		
36		
37		
38		
39		
40		
41		
42		
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MEMORANDUM FOR RECORD

January 28, 1980

SUBJECT: Hospital and Joint Venture Cost of New Building

1. It is now evident that cost to the Hospital for the new building will be much greater than previously reported to the Hospital by the Joint Venture. While all the figures are not yet available from the Joint Venture, I have asked Mr. Mermelstein for an accounting as soon as possible.

2. He reports the building cost:	\$2,699,290
The hospital has identified direct cost	20,421
Total Cost	<u>\$2,719,611</u>

3. Doctors have paid their cost,	\$1,345,300	
Joint Venture paid off mortgage on old building	\$291,924	
Joint Venture took out new mortgage of \$1,400		
Net mortgage remaining		

4. Buildig cost approximately	\$2,719,611
Doctors paid	1,345,300
Balance owed on building	<u>\$1,474,311</u>
New mortgage by Joint Venture	<u>\$1,108,076</u>
Balance remaining	376,235
Amount already direct payments by hospital	20,421
	<u>\$ 355,814</u>

5. It appears that the Hospital is to assume the \$1,400,000 mortgage. Hospital has paid in direct construction cost \$20,421. The Joint Venture has now asked the Hospital to assume \$250,000 in unpaid notes. This amounts to assuming \$1,374,311 of the new building cost. This also amounts to 50.53% of the entire cost of the new building.

6. The Hospital is paying monthly payment of \$12,597 to Joint Venture which covers entire mortgage; hospital is to pick-up notes of \$250,000.

7. Hospital payment to Joint Venture for new and old building amounts to \$1,666,235.

TAUBER 39531

J.APP. 4725

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET ALEXANDRIA, VIRGINIA 22302
TELEPHONE 703/931-2800

September 26 1979

Dr. Tauber:

In reference to the Hospital purchase from the Joint Venture, Suite 6L and then selling it to Dr. Hecker. I want to point out that the Hospital will lose about 66% of the amount in 3rd party reimbursement equity. Medicare and Blue Cross will not allow donations to be passed as expense or for equity as a patient cost. Thus we would really not be very much ahead for using the funds to complete Georgetown Lab.

I think the best way to handle this would be for the Tauber Foundation to buy the office and sell it to the Doctor and use the profit toward the Georgetown Lab. This would avoid any loss to 3rd party agencies as well as, being tax free.

Thank You,


CARL E. LINTON
Administrator

CEL:pc

Ex. 927
TAUBER 39557

J.APP. 4726

VALUATION OF REAL ESTATE LEASED TO
HEALTH GROUP OF VIRGINIA, INC.

by
JEFFERSON MEMORIAL HOSPITAL
February 11, 1982

Real Estate described in Exhibit A of Lease includes all or part of tax parcels 003.000201, 003.000203, 003.000204, 003.0002040, 003.000205, 003.0002050, 003.000206, and 003.000207. Lease does not give interest in tax parcel 003.000202.

TOTAL VALUE OF PARCELS:

<u>Tax Parcel</u>	<u>Value of Land</u>	<u>Value of Improvement</u>	<u>Total Value</u>
201	463,200	15,400	478,600
203	222,600	2,225,900	2,448,500
204	614,500	—	614,500
2040	—	3,526,200	3,526,200
205	245,600	—	245,600
2050	—	1,756,000	1,756,000
206	61,500	2,000	63,500
207	<u>307,000</u>	<u>25,000</u>	<u>332,000</u>
			9,464,900

LESS - Parcels B and C as shown on plat Lease Parcel "A,"
Health Group of Virginia, Inc., by Holland Engineering,
February 22, 1982

Parcel B

1. 17,569 square feet of tax parcels
003.000203, 003.000204 and 003.000205, all of
which are assessed at \$9.00 per square foot.

$$17,569 \times \$9.00 = (158,121)$$

2. Improvements on tax parcel 003.000203. (2,225,900)

Parcel C - 11,200 square feet of tax parcels
003.000201, 003.000203 and 003.000204, all of
which are assessed at \$9.00 per square foot.

$$11,200 \times \$9.00 = (100,800)$$

VALUE OF LEASEHOLD ESTATE

7,296,321

Ex. 942
JTR 003123

J.APP. 4727 —

MICHAEL DAVIDOV, M.D.
200 LITTLE FALLS STREET
SUITE 403
FALLS CHURCH, VIRGINIA 22046
TELEPHONE 536-2626

February 24, 1992

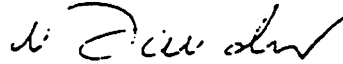
Laszlo N. Tauber, M.D., F.A.C.S., F.I.C.S.
Secretary, Jefferson Memorial Hospital
Corporation
4600 King Street
Alexandria, Virginia 22302

Dear Doctor Tauber:

I would like to redeem 3,857 shares of
the Jefferson Memorial Hospital Corporation now.

Thank you very much.

Sincerely,



Michael Davidov, M.D.

MD:pm

Ex. 943
TAUBER 24879

J.APP. 4728

SHORT-KUT NOTE

FROM:

DR A A COSTER
PODIATRIST - FOOT SPECIALIST
BRADLEE MEDICAL BUILDING
3541 WEST BRADDOCK ROAD
SUITE 104
ALEXANDRIA VIRGINIA 22302
TELEPHONE 379-0700

DATE: 2/27/32.

ATTENTION:

L. N. Tauber, M.D.

TO:

L. N. Tauber, M.D.

SUBJECT:

Jefferson mem Hosp.
4600 King Str, Alex, Va.

Redemption of STOCK

MESSAGE

Dr Tauber;

I respectfully request
the redemption of the required
shares of Jefferson mem. Hosp.
stock at \$10.00 per share
(1285 shares)?

SIGNED: *[Signature]*

REPLY

DATE:

SIGNED:

- STACOUNT CORP. MELVILLE N. Y. 11746 FORM NO. SK-1

THIS COPY FOR PERSON ADDRESSED

SENDER DETACH THIS COPY FOR YOUR RECORDS

TAUBER 24880

J.APP. 4729

REGINALD P. MCMANUS M. D.
2525 NORTH TENTH STREET
ARLINGTON VIRGINIA 22201

PHONE 525-7040

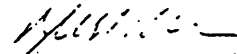
February 25, 1962

Laszlo A. Tauber M.D.
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Dr. Tauber

This is to confirm our wish to redeem a total
of 3953.5 shares in the Jefferson Memorial Hospital
Corporation.

Sincerely,


Kathleen J. McManus
Reginald P. McManus M.D.

TAUBER 24661

J.APP. 4730

Selwyn Bottinick, D.P.M., P.C.

5100 WISCONSIN AVENUE, N.W.
SUITE 522
WASHINGTON, D.C. 20016
TELEPHONE 966-0900

February 25, 1982

Dr. L. Tauber
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Dr. Tauber;

I would like to redeem my 333 shares of stock
in Jefferson Memorial Hospital. I accept your
offer of \$7.00 a share. Thank you very much.

Sincerely yours,

Selwyn Bottinick
Selwyn Bottinick, D.P.M.

TAUBER 24682

JAPP. 4731

Dr. Joel Miller
PODIATRIST
HAMLET NORTH APARTMENTS
5789 WINSTON COURT, SUITE 160
ALEXANDRIA, VIRGINIA 22311
TELEPHONE (703) 620-1007

February 25, 1982

Lasslo Tauber, M. D.
Jefferson Memorial Hospital
4600 King St.
Alexandria, Va. 22302

Dear Dr. Tauber;

This is to inform you that I wish to redeem my
Jefferson Memorial Hospital stock shares.
Thank you for your attention to this matter.

Sincerely yours,


Joel Miller, D.P.M.

JM/dm

TAUBER 24883

J.APP. 4732

DRS. KUHN AND KOGAN. CHARTERED
PRACTICE LIMITED TO OBSTETRICS & GYNECOLOGY

JOHN J. KUHN MD FACOG FACS
ISRAEL KOGAN MD FACOG FACS
JULIAN E. SAFFAN MD
STEPHEN L. HORNSTEIN MD

February 26, 1982

Dr. Lazlo Tauber
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia

Dear Dr. Tauber:

Our Kuhn & Kogan Venture have decided to purchase 1 share of the new building and clinic, for the price of \$25,000.

We understand that our shares of Jefferson Memorial Hospital stock, will be redeemed at \$7.00 per share, and that these funds will be applied to the above purchase. We also understand that we can expect an ~~approximate~~ ^{approximate} return on this purchase. *According to our presentation in the Kuhn & Kogan Venture.*

Please issue the share of stock in the name of KUHN & KOGAN VENTURE.

Thank you.

Sincerely,

[Signature]
Israel Kogan, M.D. Partner
Kuhn & Kogan Venture

TAUBER 24664

2405 EYE STREET NW
WASHINGTON DC 20037
TELEPHONE (202) 659-2201

6117 EXECUTIVE BOULEVARD
ROCKVILLE MARYLAND 20852
TELEPHONE (301) 984-1777

4600 KING STREET
ALEXANDRIA VIRGINIA 22301
TELEPHONE 703 379-9400

JAPP.4733

DR STANLEY R SPUND, PC
SPRING VALLEY PROFESSIONAL BUILDING
4325 49TH STREET N.W.
WASHINGTON, D.C. 20016

PODIATRIC MEDICINE AND SURGERY

202 362-2883

Isaiah N. Tauber M.D.
Secretary
Board of Directors
Jefferson Memorial Hospital

February 25, 1972

Dear Dr. Tauber,

This is to request a redemption
of my stock of Jefferson Memorial
Hospital of Three Hundred Thirty Three
(333) Shares at seven (7) dollars per share

Thank you,

Stanley Spund

TAUBER 24885

J.APP. 4734

LESLIE P GONDOR, M D
3541 W BRADDOCK RD
P O BOX 3389
ALEXANDRIA VIRGINIA 22302-0389
TELEPHONE 379-6020

February 27, 1980


Dr. Leslie M. Tauber, Secretary
Jefferson Memorial Hospital Corp.
4600 King St.
Alex. Va. 22302

Dear Dr. Tauber:

As discussed on the phone, please re-
deem 16.500 out of our 33.604 Jefferson
Memorial Stocks, (\$7.00 each) to cover our
portion of mortgage obligations which will
be due on January 1st of 1984. - Thank you
very much.

Sincerely yours,


DR. LESLIE P. GONDOR


DR. MAGDOLNA A. IRANYI

TAUBER 24886

JAPP.4735

FROM THE DESK OF

LASZLO N. TAUBER, M.D., F.A.C.S., F.I.C.S.
JEFFERSON MEMORIAL HOSPITAL
4600 KING ST.
ALEXANDRIA, VA. 22302

TELEPHONE 703 931-9700
OR 998-4801

Dear Mr. Peters:

This is to inform you, that
I would like, that the corp.
would redeem 33,000 of my
Jefferson Memorial Hosp shares.
at \$7.21/share.

Sincerely yours
Laszlo N. Tauber, MD

2.25.82.

FROM THE DESK OF

LASZLO N. TAUBER, M.D., F.A.C.S., F.I.C.S.
JEFFERSON MEMORIAL HOSPITAL
4600 KING ST.
ALEXANDRIA, VA. 22302

TELEPHONE 703 931-9700
OR 998-4801

Dear Mr. Peters

This is to inform you that the
Tauber Foundation Inc is looking
to accept 67.1 shares for the 17.280
shares.

Sincerely yours
Laszlo N. Tauber, MD
President of
Tauber Foundation Inc

2.25.82

TAUBER 24667

J.APP.4736

February 25, 1982.

Laszlo N. Tauber, M.D.
Secretary, Board of Directors
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Doctor Tauber:

This is to advise you that I wish to redeem 14,570 shares of
Jefferson Memorial Hospital Corporation Stock at \$7.00 per share.

Thank you for your consideration of my request.

Sincerely yours,


SAMUEL BURTOFF, M.D.

TAUBER 24668

J.APP. 4737

GEORGE WILLIAM WARE, M.D., F.A.C.S., P.A.

BOWIE OFFICE PARK, SUITE 107

14300 GALLANT FOX LANE

BOWIE, MARYLAND 20715

TELEPHONE 262-0030

Laszlo Tauber, M.D.
Jefferson Memorial Hospital
4600 King Street
Alexandria, VA. 22302

February 25, 1981

Dear Laszlo:

I wish to participate in the construction of the new hospital building. I would like to be included for the sum of \$25,000.00. I intend to sell stock in the hospital to participate in this venture.

Sincerely,

George William Ware
George William Ware, M.D.

GWW/dw

TAUBER 24889

J.APP. 4738

IRWIN S. FREEDMAN, M.D., JOHN S. PULIZZI, M.D., STEPHEN C. KAUFFMAN, M.D., RODRIGO C. HURTADO, M.D., LTD.

DR IRWIN S. FREEDMAN, M.D.
DR JOHN S. PULIZZI, M.D.
DR STEPHEN C. KAUFFMAN, M.D.
DR RODRIGO C. HURTADO, M.D.

SKYLINE TOWERS
5597 SEMINARY ROAD—SUITE 1
BAILEY'S CROSSROADS, VIRGINIA 22041
TELEPHONE (703) 820-7000

February 25, 1982

Laszlo Tauber, M.D.
Jefferson Memorial Hospital
Alexandria, Virginia 22302

Dear Doctor Tauber:

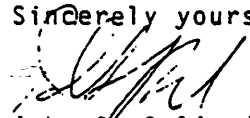
I, John S. Pulizzi, M.D., wish to redeem my ten shares in Jefferson Memorial Hospital, worth \$7.00 per share.

Please send the check to my home address:

700 Kingston Place
Alexandria, Virginia 22302

Thanking you in advance, I remain,

Sincerely yours,


John S. Pulizzi, M.D.

JSP:jr

TAUBER 24890

J.APP. 4739

IRWIN S. FREEDMAN, M.D., JOHN S. PULIZZI, M.D., STEPHEN C. KAUFFMAN, M.D., RODRIGO C. HURTADO, M.D., LTD.

DR. IRWIN S. FREEDMAN, M.D.
DR. JOHN S. PULIZZI, M.D.
DR. STEPHEN C. KAUFFMAN, M.D.
DR. RODRIGO C. HURTADO, M.D.

SKYLINE TOWERS
5597 SEMINARY ROAD—SUITE 1
BAILEY'S CROSSROADS, VIRGINIA 22041
TELEPHONE (703) 820-7000

February 26, 1981

Laszlo N. Tauber
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Dr. Tauber:

Please redeem my 4,641 shares of Jefferson
Memorial Hospital Corporation stock at the rate
of \$7.00 per share.

Sincerely,


Irwin S. Freedman M.D.

TAUBER 24891

JAPP. 4740

February 25, 1982

Laszlo N. Tauber, M.D.
Secretary
Board of Directors
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Doctor Tauber:

This is to advise you that I wish to redeem 5,946 shares of
Jefferson Memorial Hospital Corporation stock at \$7.00 per
share.

Thank you for your consideration of this request.

Sincerely yours,


RICHARD F. SAPPINGTON, M.D.

TAUBER 24692

J.APP.4741

February 25, 1982

Laszlo N. Tauber, M.D.
Secretary, Board of Directors
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Doctor Tauber:

This is to advise you that I wish to redeem 4,365 shares of stock at \$7.00 per share.

Thank you for your consideration of my request.

Sincerely yours,


ROY NICHOLSON, M.D.

TAUBER 24893

J.APP.4742

February 25, 1982

Laszlo N. Tauber, M.D.
Secretary
Board of Directors
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia

Dear Doctor Tauber:

This is to advise you that I wish to redeem 5,665.5 shares
of stock at \$7.00 per share.

Sincerely yours,

Laszlo N. Tauber
Laszlo N. Tauber M.D. by
Laszlo Csatory, M.D.
Laszlo Csatory

TAUBER 24894

JAPP. 4743

IRWIN S. FREEDMAN, M.D., JOHN S. PULIZZI, M.D., STEPHEN C. KAUFFMAN, M.D., RODRIGO C. HURTADO, M.D., LTD.

DR. IRWIN S. FREEDMAN, M.D.
DR. JOHN S. PULIZZI, M.D.
DR. STEPHEN C. KAUFFMAN, M.D.
DR. RODRIGO C. HURTADO, M.D.

SKYLINE TOWERS
5597 SEMINARY ROAD—SUITE 1
BAILEY'S CROSSROADS, VIRGINIA 22041
TELEPHONE (703) 820-7000

I can

I would like to turn my stock over

at \$7.00/share

(including in that stock to be taken

from

the

OK

J. Hurtado

TAUBER 24895

J.APP. 4744

AGREEMENT BETWEEN

LESLIE P. GONDOR, M.D., AND MAGDOLNA A. IRANYI, M.D.
and
JEFFERSON MEMORIAL HOSPITAL CORPORATION

It is agreed that Dr. Gondor and Dr. Iranyi reduces their partnership interest in Jefferson Memorial Hospital Joint Venture as shown in Schedule "B" from the present 12.5% interest to 11.25% interest.

In consideration of this reduction, they will receive \$35,000 of which \$18,866.82 is allocated to certain mortgage obligations, and \$16,133.18 cash to be paid to them immediately by Jefferson Memorial Hospital Corporation for its 1.25% interest in Jefferson Memorial Hospital Joint Venture Schedule "B".

3-2-82.

William P. Wright
Witness

Leslie P. Gondor (Seal)
Leslie P. Gondor, M.D.

Robert R. Rossi
Witness

Magdolna A. Iranyi (Seal)
Magdolna A. Iranyi, M.D.

Robert R. Rossi
Witness

Lazlo N. Tauber, M.D. Secretary (Seal)
Jefferson Memorial Hospital Corporation
Lazlo N. Tauber, M.D., Secretary

J.APP. 4745

Ex. 944

TAUBER 19227

AGREEMENT BETWEEN HAROLD J. GOALD, M.D., AND JEFFERSON MEMORIAL
HOSPITAL CORPORATION

It is agreed that Dr. Goald is purchasing 0.25% interest
in the Jefferson Memorial Hospital Joint Venture as reflected
in Schedule "B" for \$12,500.00 of which \$2,312.50 to be
allocated for mortgage obligations and the difference \$10,187.50
in cash to be paid immediately.

3-5-82

Margaret L. Simpson
WITNESS

Harold J. Goald (SEAL)
HAROLD J. GOALD, M.D.

Margaret L. Cross
WITNESS

Laszlo N. Tauber, M.D. (SEAL)
Jefferson Memorial Hospital
Corporation
Laszlo N. Tauber, M.D.
Secretary

J.APP. 4746

TAUBER 19228

AGREEMENT BETWEEN GEORGE W. WARE, M.D., AND JEFFERSON MEMORIAL HOSPITAL CORP.

It is agreed that Dr. Ware is purchasing 0.5% interest in the Jefferson Memorial Hospital Joint Venture as reflected in Schedule "B" for \$25,000.00 of which \$6,288.94 to be allocated for mortgage obligations and the difference \$18,711.06 in cash to be paid immediately.

3-8-82

Alfred P. Wright
Witness

George W. Ware M.D. (Seal)
George W. Ware, M.D.

Margaret L. Cross
Witness

Laszlo N. Tauber, M.D. Secretary (Seal)
Jefferson Memorial Hospital Corporation
Laszlo N. Tauber, M.D., Secretary

J.APP. 4747

TAUBER 19229

AGREEMENT BETWEEN KUHN AND KOGAN VENTURE AND JEFFERSON MEMORIAL HOSPITAL CORP.

It is agreed that the Kuhn and Kogan Venture is purchasing 0.5% interest in the Jefferson Memorial Hospital Joint Venture as reflected in Schedule "B" for \$25,000.00 of which \$6,288.94 to be allocated for mortgage obligations and the difference \$18,711.06 in cash to be paid immediately.

John K. Kohn

WITNESS

J. Kohn

KUHN AND KOGAN VENTURE

3/2/82

(SEAL

Margaret L. Cross

WITNESS

Laszlo N. Tauber, M.D. Secretary

JEFFERSON MEMORIAL HOSPITAL CORPORATION

Laszlo N. Tauber, M.D., Secretary

March 2, 1982

J.APP. 4748

TAUBER 19230

April 15, 1982

MEMORANDUM:

TO: MR. WRIGHT

RE: INTEREST IN THE JEFFERSON MEMORIAL HOSPITAL JOINT VENTURE

In the transaction with Dr. Gondor and Dr. Iranyi for purchase of 1.25% interest in the Jefferson Memorial Hospital Joint Venture, please apply the \$18,866.62 to the A/R due Jefferson Memorial Hospital from the Jefferson Memorial Hospital Joint Venture.

Thank You,

Laszlo N. Tauber, M.D.
LASZLO N. TAUBER, M.D.
Trustee

LNT:pc

TAUBER 19231

J.APP. 4749

JEFFERSON MEMORIAL HOSPITAL - TENN. & VA.
SCHEDULE OF RECEIVABLES OF OWNERSHIP

	GROUP A	GROUP B	GROUP C	GROUP D
+ 3.370 - 1.070 LASZLO N. TAUBER, M.D.	15.000	11.2846		17.3711
TAUBER FOUNDATION	8.3	8.5705		11.5808
ALFRED I TAUBER TRUST	2.000			
INGRID D. TAUBER TRUST	2.000			
+ 6.5 + 1.0 LESLIE P. GONDOR, M.D.	7.15			13.0281
SAMUEL H. ROLLINS, TRUSTEE FOR GONDOR CHILDREN	5.000			5.7757
SAMUEL BURTOFF TRUST	8.500	3.1876		9.8437
BURTOFF FAMILY ASSOCIATES	2.500	.9375		2.8952
LESLIE L. PETERS, M.D. LTD PENSILVANIA	10.000	4.2845		
LESLIE L. PETERS, M.D.				11.4368
MICHAEL CORRADO, M.D.				11.2623
CHRISTOPHER CORRADO TRUST	4.862			
MICHAEL CORRADO TRUST	4.863			
MICHAEL ULANOS, M.D. PENSILVANIA	5.000			
MICHAEL ULANOS, M.D.				5.7704
JAMES H. SCULLY, M.D.	4.500			5.2114
REGINALD MCMAHON, M.D. + KATHERINE	3.700			
RICHARD F. SAMPSON, JR., M.D.	3.625	19.4935		4.1980
TO TAUBER FOUNDATION CHILDREN M. ROY, M.D.	3.300			
ME. DAVIDOV, N.D. + ASSOC, LTD	3.000	3.7753		3.4742
LASZLO K. CSATARY, M.D.	2.000			2.3162
DAN J. FERIOZI, M.D.	2.000			
ABRAHAM COOPER, D.P.M. LTD RET. TR.	1.000			
WERNER PRINZ, M.D.	1.000			
MICHAEL SMALL TRUST	.500	1.3881		
MICHELE SMALL TRUST	.500	1.3880		
WILFRIDO BUHAIN, M.D.	.875			
CHARLES HUENAGEL, M.D.	.775			
KUHN + KOGAN VENTURE	.500			5.790
TO GONDOR M.D. + ASSOC GEORGE WARE, M.D.	.500			5.790
HAROLD J. GOULD, M.D.	.250	2.2537		2.2892
JOHN JOINT VENTURE, GROUP A		20.5797	78.676	
ROBERT WARE, M.D.		3.3827		
LUCIO LUCCIOLI, M.D.		3.3207		
NICHOLAS ELLYN, M.D.		2.2404		
SAVA NEDOLCORYCH, M.D.		2.2256		
GEORGE VOUGALIS, M.D.		2.1769		
MICHAEL REDLICH, M.D.		2.0751		
CARLOS M. HECKER, M.D., P.C. PEN. PLUTER		1.3573		
CARLOS M. HECKER, M.D., P.C. P.K. SH. PLUTER		.6869		
WILLIAM E. SPENCE, M.D.		1.9290		
NILS ANTEZANA, M.D.		1.8877		
KAMIL O'KAIL, M.D.		1.5807		
DRS. WON RO AND KYUNG LEE			14.250	
NARENDRA DESAI, M.D.			7.074	
TOTAL	100.000	100.000	100.000	100.000

ccy sum
NARENDRA G. DESAI, M. D.
5622 COLUMBIA PIKE, SUITE 207
FALLS CHURCH, VA. 22041
TELEPHONE 931-1313

Lazlo N, Tauber M.D., Trustee
4600 King St.
Alexandria, Va.
22302

February 19, 1982

Dear Dr. Tauber,

This is in reply to your letter dated February 12, 1982, to inform you of my desire to participate in the Joint Venture you have outlined.

I would like to occupy 1000 square feet of office space in the new building.

Hoping for a favorable reply from you.

With best personal regards,

Sincerely yours,

N. G. Desai
N. G. Desai M.D.

NGD/vlw

TAUBER 19233

J.APP. 4751



COMMONWEALTH of VIRGINIA

JAMES B. KENLEY, M.D.
COMMISSIONER

Department of Health
Richmond, Va. 23219

April 1, 1982

Mr. Richard L. Martin
Acting Administrator
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Dear Mr. Martin:

This office is in receipt of the Certificate of Public Need clearance letter from Mrs. Marilyn H. West and the Licensure Application forms indicating the change in operations and in chief executive officer.

Since it has been determined that under the current lease agreement there has not been a change in ownership under licensure regulations Hospital License Number 167 issued to Jefferson Memorial Hospital Corporation remains in effect. I am enclosing check number 721 in the amount of \$180. A service charge is not required except when there is a change in owner or for annual renewal of the license.

We have also received the necessary documents to reflect the change in operations required under the Medicare/Medicaid programs. Since federal regulations require that contractual agreements for providers are with the operator of the facility these documents are being processed. The effective date for certification purposes is April 1, 1982. If you have questions or need assistance regarding certification, you may contact Mr. Esten H. Shomo or Mr. William R. Wakefield in this office at (804) 786-2081.

Sincerely,

Mary J. Francis
Director
Division of Medical and
Nursing Facilities Services

cc: Mrs. Marilyn H. West - Certificate of Need
cc: Mr. Esten H. Shomo - Certification

Ex. 945
TAUBER 24108

Department of the Treasury
Internal Revenue Service

P.O. BOX 30177
MEMPHIS, TN 38130

5798 220

Date of This Notice

JULY 12, 1982

Taxpayer Identifying Number

54-0784092

Document Locator Number

28347-154-70200-2

Form Number

1120

JUNE 30, 1979

CONFIDENTIAL

TO 54374092 02 7906 670 8226

220

JEFFERSON MEMORIAL HOSPITAL INC

4600 KING ST

ALEXANDRIA, VA 22302

STATEMENT OF ADJUSTMENT TO YOUR ACCOUNT

BALANCE DUE ON ACCOUNT BEFORE ADJUSTMENT

\$.00

ADJUSTMENT COMPUTATION

TAX INCREASE

\$23,793.92

INTEREST CHARGED

7,133.76

NET ADJUSTMENT CHARGE

30,927.68

BALANCE DUE

\$30,927.68

EX. 946
TAUBER 43147

J.APP. 4753

16-19

← The numbers at the left identify the codes on the back of
this notice that provide further explanations and instructions.

Form 4188 (Part 1) Rev. 1-82

Explanation of Penalty or Interest Charges

CONFIDENTIAL

Code

- 01 A combined penalty has been added because your return was filed late and the tax was not paid when due. The penalty is figured at 5 percent of the unpaid tax for each month or part of a month the return was late. It cannot be more than 25 percent of the tax paid late. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 02 A penalty has been added because your estimated tax was underpaid. Generally this penalty is charged when the total estimated tax payments made on time are less than 80 percent of the tax shown on the return. The penalty is figured daily for the time the tax remains unpaid. However, all or part of this penalty can be removed if you meet any of the exceptions listed in the instructions on Form 2220 (Underpayment of Estimated Tax by Corporations). Those are the only exceptions that can be accepted.
- 03 A penalty has been added because your tax deposit requirements were not met. The penalty is 5 percent of the underpayment, and is figured by comparing the amount of your deposits with the amount of tax deposit liabilities shown on your return. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 04 A penalty has been added because your check to us was not honored by your bank. For checks of \$5 or more, the penalty is \$5 or 1 percent of the total, whichever is greater. For checks of less than \$5, the penalty is the amount of the check. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 05 A penalty of 50 percent of the underpaid tax has been added for fraud.
- 06 A penalty has been added for negligence. It is figured at 5 percent of the underpaid tax, plus 50 percent of the interest charge. This 50 percent of the interest charge is a penalty and cannot be deducted from Federal taxes.
- 07 A penalty has been added because your tax was not paid when due. The penalty is 1/2 of 1 percent of the tax not paid on time. It is figured for each month or part of a month the payment was late and cannot be more than 25 percent of the tax paid late. However, any period used in figuring a penalty explained in Code 01 has not been included in figuring this penalty. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 09 Interest is figured on unpaid tax from the due date of the return to the date of full payment or to the date of this notice. The enclosed notice gives information on the interest rates.
- 10 A penalty has been added because your explanation for filing your return late was not acceptable as reasonable cause. The penalty is \$10 a day for each day the return was late, but it cannot be more than \$5,000.
- 11 A penalty has been added because your tax deposit requirements were not met. The penalty is 5 percent of the underpayment. Since your return did not show a complete record of tax deposit liabilities, we figured this penalty by comparing the amount of your deposits with the amount of those that should have been made if the liability had been incurred evenly throughout the tax period. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 12 We removed the penalty we previously charged you. Your account is being reviewed and we will let you know the results.
- 13 An adjustment has been made to your withholding tax credits.
- 14 An adjustment has been made to your estimated tax credits.

Code

- 15 An adjustment has been made to your credits.
- 16 Please make your check or money order payable to the Internal Revenue Service. Show your social security or employer identification number on your payment and mail it with this notice in the enclosed envelope or to the address on the front of this notice.
- 18 The amount you owe includes interest on your previous balance figured to the date of this notice.
- 19 Please pay the amount you owe within 10 days of the date of this notice. Otherwise, there will be an additional interest charge figured from this date to the date the balance is paid. There may also be a penalty charge added for late payment figured at 1/2 of 1 percent a month or part of a month from the due date of the return to the date the tax was paid. The penalty cannot be more than 25 percent of the tax paid late. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 20 Please send your payment within 10 days of the date of this notice. Otherwise, there will be an additional interest charge figured from this date to the date the adjusted balance is paid. There may also be a penalty charge added for late payment, figured at 1/2 of 1 percent a month or part of a month from the due date of the return to the date the tax was paid. The penalty cannot be more than 25 percent of the tax paid late. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 21 Your payment on this account is past due. There will be an additional interest charge figured to the date the adjusted balance is paid. There may also be a penalty charge added for late payments, figured at 1/2 of 1 percent a month or part of a month from the due date of the return to the date the tax was paid. The penalty cannot be more than 25 percent of the tax paid late. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 22 This is an information notice only. When the amount you owe is less than \$1, as it is here, it is our policy to disregard it.
- 23 This is an information notice only. When the amount of refund is less than \$1, a check will be sent to you only if you ask for it. Please enclose this notice if you request the refund.
- 24 Your overpayment will be refunded if you owe no other taxes, and it will include any allowable interest.
- 25 This notice is not the result of an examination of your return. We notify the taxpayer when we select a return for examination.
- 26 A penalty has been added because your return did not include the required social security or employer identification number. The penalty is \$5 for each time a required number was not included. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 27 A penalty has been added because your tips were not reported to your employer. The penalty is 50 percent of the social security (or railroad retirement) tax on the unreported tips. (See "Elimination of Penalty -- Reasonable Cause," on this page.)
- 28 The reason for this penalty was explained to you in our Revenue Agent's report.
- 29 We found a credit erroneously applied to your account. This notice shows the correct amount due.
- 30 We removed the late payment penalty we previously charged you.

Any Questions About This Notice?

If you have any questions about this matter, please call our office at the telephone number shown on the enclosed notice. Or you may write to the Chief, Taxpayer Assistance Section, at the address on the front of this notice. If you write, please return this notice to help us identify your account. The copy is for your records.

Elimination of Penalty -- Reasonable Cause.

Except for the Codes 02, 05, and 06 penalties, the law provides that the penalties explained above can be removed if you have an acceptable reason. If you believe you have a good reason but have not yet sent us an explanation, please send it to us. We will review it and let you know what our decision is.

TAUBER 43148

FORM 4188 (Rev. 82)

J.APP. 4754

Health Group

Health Group Inc.
Suite 801
One Commerce Place
Nashville, TN 37219
Telephone (615) 248-2820

October 6, 1982

Laszlo N. Tauber, M.D.
Jefferson Memorial Hospital
4600 King St.
Alexandria, Virginia 22302

Dear Dr. Tauber:

Based on our mutual interest in the project to construct additional space above the East and West nursing units of Jefferson Memorial Hospital, the following points are our understanding of the items discussed during our recent meeting:

- Health Group of Virginia, Inc. (HGV) is to loan Jefferson Memorial Joint Venture Inc. (JMJOVI) \$500,000 to assist in financing this project. Loan will be repaid by JMJOVI by monthly checks to HGV to reimburse for interest expense incurred during the first 2 years and interest plus all principal to be repaid over no more than an additional 2½ years. This loan will be formalized by separate note between HGV and JMJOVI and repayment will be guaranteed in writing by yourself. This transaction shall be subject to approval of CitiBank and compliance with their requirements for collateral. They may wish to establish contact with your bank to satisfy themselves concerning your personal guarantee.
- Space in the new construction utilized by lessors in excess of the amount of space rented in the medical office building shall be added to the lease payment at the rate of \$12.00/square foot.
- Separate utility systems, plumbing, electrical, etc. shall be incorporated where possible to minimize the need for tie-in interruptions and to provide separate metering for cost reporting purposes since we must be able to identify operating costs not relating to allowable patient care services.
- As lessee, business interruption is obviously of great concern to us. As with the previous point, we wish to work with you to develop a design solution which precludes the need to have significant areas of the East and West nursing units out of service. For example, use of small panels for the outside walls of the second story would preclude the need to evacuate patients for safety reasons. It is hard for us to quantify the potential for business interruption at this stage in developing the design solution. Also, we assume that any adjustment to the lease payment would require bringing Jefferson Memorial Hospital Corporation

EX. 947
TAUBER 22312
J.APP. 4755

Laszlo N. Tauber, M.D.
October 6, 1982
Page 2 (Continued)

(JMHC) in as a party to the agreement. Therefore, we would like to proceed to the next step with an understanding that we would negotiate an equitable arrangement for relief in the lease payments should census be restricted due to a reduction in the physical availability of beds or due to medical staff defection during construction.

As we discussed, I believe that we should simultaneously be working to increase the demand for admissions. We concur with your analysis of the need to expand radiology, including provision for CT scanning. In our service area with its large and highly transient population, we believe that we should place emphasis on upgrading the quality of emergency services, both clinically and physically. We would like to develop a game plan for both these areas concurrently with the adding of the second story.

If this letter meets with your approval, I will ask our legal department to prepare a Letter of Intent and then, a formal agreement and notes.

Sincerely,

HEALTH GROUP OF VIRGINIA, INC.

Richard L. Martin /rlm

Richard L. Martin
Vice President

RLM/rlm

cc: A. Ronald Turner.
Jack R. Salberg
Richard A. Levy, Jr.



Fairfax Hospital Association

8001 Braddock Road, Springfield, Virginia 22154

(703) 321-4200

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April 17, 1985

Laszlo N. Tauber, M.D.
Jefferson Corporation of Alexandria
4600 King Street
Alexandria, Virginia 22302

Dear Dr. Tauber:

This letter is in follow-up to our previous letter of April 2, 1985, based on more recent information. We reiterate our desire to work with you in developing a relationship between Jefferson Memorial Hospital and Fairfax Hospital Association.

In that regard we would like to propose the following:

1. We would agree to annual lease payments as follows:

First two years -	\$1,250,000
Next five years -	\$1,500,000
Thereafter, each year -	\$2,000,000

It is my understanding that this annual payment includes the leasing of approximately 12,000 square feet of the shelled capacity. The finishing of that space would be our responsibility and the expenses borne by the Association.

2. We continue to believe that with the present volume of services and the expectations of additional volume, particularly with completion of the shelled space, there is a critical need for structured parking on the site. While our original proposal suggested a shared investment by both of our organizations to construct this structure, we are willing to discuss alternative arrangements agreeable to you. Our goal would be to insure in the future good access to the site and convenient parking to the hospital and medical office building.
3. We would propose the establishment by the Association Board of Trustees of a separate board to manage the affairs of Jefferson Memorial. This appointed board would be responsible for medical staff credentialing and

EX. 949
TAUBER 16425

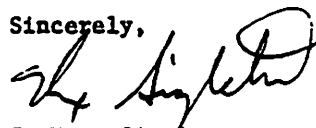
Laszlo N. Tauber, M.D.
April 17, 1985
Page Two

- related activities, overseeing quality of care being provided, and general policy matters unique to the hospital.

4. We reiterate our longstanding commitment to graduate and undergraduate medical education and our desire to ensure that Jefferson Memorial will play an important role in fulfilling that commitment in the future. Hopefully, this would be through exposure of your present medical students throughout the other Association hospitals and health services as well as possible extension of our residency affiliations with the medical schools of Georgetown University, George Washington University, Medical College of Virginia, and the University of Virginia.

In closing, we want to assure you that we stand by this offer and at the appropriate time we will be ready to discuss it with you fully.

Sincerely,



J. Knox Singleton
President

JKS/jcs

TAUBER 16426

J.APP. 4758

PROFESSOR OF SURGERY
JEFFERSON MEMORIAL HOSPITAL
L. SZLO N. TAUBER M.D., F.A.C.S., F.I.C.S.
4500 KING STREET SUITE 2C
ALEXANDRIA, VIRGINIA 22302
703.931.0700

May 22, 1985

Mr. R. J. Messenger, President
Paracelsus Healthcare Corporation
155 North Lake Avenue, Suite 1100
Pasadena, California 91109

Dear Mr. Messenger:

This is to summarize the conditions under the which the lease assignment of Jefferson Memorial Hospital to Paracelsus Healthcare Corporation would take place.

1. We would be willing to assign the lease to Paracelsus provided the following conditions are met:

- A. That the Lessee is willing to lease 12,000 square feet of the fourth floor for an additional \$250,000 per year for the term of the lease, on a net-net basis. This \$250,000 rent will remain in effect until such time that this area will not be used for additional beds to the hospital. In case it will be utilized as additional beds then the charge will be according to the original lease, that is, \$8,000 per year per bed, naturally the \$250,000 rent is a part of that consideration.
- B. Paracelsus Healthcare Corporation is willing to negotiate with one or two established medical facilities designated by the Lessor. Lessor has suggested the following formulae:

The projected yearly net income for the two years of the contract to be \$2,500,000 minus administrative expenses outside of the hospital which will be distributed as follows: \$600,000 to the other major health care facilities located in the Washington Metropolitan area and \$200,000 to Paracelsus. The remaining \$1,450,000 (after deducting the \$250,000 yearly rent to be paid for 12,000 square feet of the fourth floor) to be credited to Paracelsus Healthcare Corporation. This will be in effect for years 4 and 5 of the original lease term and years 6-10, that amount will be reduced by \$250,000 or any other amount by which the original lease payment will be increased to Jefferson Corporation of Alexandria. After the tenth year of the lease, all the profits will be shared equally, one-third to Paracelsus Healthcare Corporation, 1/3 to each of the other major health care facilities. After the ten years, the lease amount is two million dollars, however, the Lessor is agreeable to enter into a future sales agreement at a price to be negotiated on a call or put basis. This means that Paracelsus Healthcare Corporation will be able to purchase the building along with its partners and if they fail to do so, Lessor has the right to put the building to Paracelsus.

TAUBER 23663
Ex. 950

J.APP. 4759

Page Two
Mr. R. J. Messenger, President
May 23, 1985

This letter does not represent any legal document, it is only reduction in writing the understanding of our conversations on the 23rd of May, 1985.

Sincerely yours,

Laszlo N. Tauber M.D.
LASZLO N. TAUBER, M.D., Trustee
Jefferson Memorial Hospital Joint Venture

LNT/rcc

TAUBER 23664

J.APP.4760

LASZLO N. TAUBER, M.D., F.A.C.S., F.I.C.S.

4600 KING STREET, SUITE 2C

ALEXANDRIA, VIRGINIA 22302

703.931.9700

May 28, 1985

John Rose, M.D., Vice Chancellor
Georgetown University School of Medicine
110 Kober-Cogan Building
3800 Reservoir Road
Washington, D.C. 20007

Dear John:

In accordance with our discussion please be advised that Jefferson Memorial Hospital Joint Venture, owner of the hospital is willing to enter into contract agreement with Georgetown University School of Medicine under the following conditions:

First of July, 1985, Georgetown will lease 12,000 square feet of shelled capacity on the fourth floor at a rate of \$250,000 per year net net lease to Jefferson. Georgetown will assume responsibility for the expense of finishing this space and in consideration of the above Jefferson will grant three months free rent to Georgetown. The payment of the lease will be in twelve equal installments, payable in advance and due on the first of each month. Georgetown will be obligated to take over the present lease between Jefferson and Health Group, Inc., whenever it is available but not later than the date of the expiration of the present lease, that is, first of May, 1992. The lease will be increased depending on the time when Georgetown will take over the contract from Health Group. The third and fourth year of the original lease term, will require an additional \$1,000,000 per year and years six through ten, the yearly rent will be increased by \$1,250,000 or the cost of living index applied to the \$1,000,000 rent as it is outlined in more detail in the original contract agreement. Presently Health Group, Inc. has no option to renew the lease beyond the original term, however, Jefferson will grant to Georgetown an extension beyond May 1, 1992. At this time the rent will increase to \$2,000,000 per year. All the lease payments are net-net and payable in advance on the first of each month. Furthermore, if Georgetown desires to purchase the facility, we can enter into a separate agreement which will give Georgetown the right to purchase the building after the first of May, 1992 at a stated price on a call and put basis. That is, if Georgetown has the right to purchase the building, Jefferson wants to have the same right to put the building to Georgetown at the same price.

If Georgetown desires to erect a parking structure, we would participate on a 50-50 percent ownership by giving the land and Georgetown erects the building at their sole cost (Incidentally, this is accepted practice in the building business, where one party provides the land and the other takes the responsibility for erecting the structure.) In order to ease the burden on Georgetown, we agree that any income generated by the parking structure, will be distributed to Georgetown until such time that the sum of the cost of the structure is recovered (interest on the cost of the building will not be taken into consideration) by the revenue collected from parking. After this time, the profit is to be divided equally.

TAUBER 23676

Ex. 952

J.APP. 4761

Page Two
Dr. John Rose
May 28, 1985

In the medical aspect, I would like to clarify that we want to maintain a separate board to manage the affairs of Jefferson Memorial to include all medical staff credentialing and the related activities and general policy matters unique to the hospital. The affairs of the medical staff at Jefferson Memorial Hospital will be strictly the responsibility of the medical staff at Jefferson in conjunction with the duly constituted board at Jefferson. There would be no formal relationship between the Jefferson Memorial medical staff and board and the medical staffs of any other hospitals managed by Georgetown. The relationship between Georgetown and Jefferson will be worked out to the satisfaction of both parties. If and when Georgetown desires a closer relationship it will be achieved by mutual agreement.

I would like to emphasize a few points which are not an integral part of our agreement but would rather clarify our relationship with our present lessee and other major medical facilities with whom we discussed our plan. Health Group, Inc. certainly has legitimate right which we have to recognize, namely, they have a valid contract and naturally they are entitled to the net assets of the corporation which can never be lower than \$1,250,000 which is the amount which we required under our lease agreement as liquidating damage to be paid to us in case they violate their contract. Any amount which they require now should be based on the following formula: \$800,000 per year to be retained by Georgetown (incidentally that was the amount which they assigned to the parent organization to oversee the activity of Jefferson). Any amount above this should be reimbursed on a percentage basis as the profit is realized. But this is a negotiation which you have to conduct with them independently from us. The other suggestion which I would like to make is that you enter in certain form of agreement with Fairfax Hospital Association which organization is fully acceptable to us. Naturally, we do not want to dictate to you what to do, but we only express our desire that a mutually advantageous arrangement can be made. If the above meets with your approval, please signify it by signing the enclosed copy.

With warmest personal regards,

Sincerely yours,



LASZLO N. TAUBER, M.D., Trustee
Jefferson Memorial Hospital Joint Venture

LNT/rrc

Accepted by:

John Rose, M.D., Vice Chancellor

TAUBER 23677

J.APP. 4762

June 9, 1985

Laszlo N. Tauber, M.D.
4600 King Street
Suite 2C
Alexandria, VA 22302

Dear Dr. Tauber:

In accordance with our discussions, this letter will confirm that Georgetown University will cause a non-profit corporation to be formed ("Newco") and will cause Newco to enter into a contract agreement with Jefferson Memorial Hospital Corporation and the fee owners of the land and hospital building (the "Joint Venture") which, among other things, would provide for a transaction containing the following terms:

1. On July 1, 1985, Newco will lease from Jefferson 12,000 square feet of shelled-in space on the fourth floor of the Jefferson Memorial Hospital at a rent of \$250,000 per year (net of utilities and net of taxes) for a period of seven years (except as modified by terms in paragraph 2 below). Newco will assume responsibility for the expense of finishing the fourth floor space to its specifications and in consideration of the above, Jefferson will grant three months of free rent for the fourth floor to Newco. One twelfth of such rent shall be payable on the first of each month. In addition, Newco shall be granted access to 25 parking spaces on the premises at a mutually agreed upon additional rent.
2. Newco will be obligated to take over the existing lease between Jefferson and HGI (with such modifications as shall be mutually agreeable) and Jefferson will consent to such assignment as soon as the lease can be assigned to Newco and in no case later than the expiration of that lease on May 1, 1992. Newco will not be required to make any payment to anyone for the assignment of the lease. On or before May 1, 1992 Newco will have the option to extend the fourth floor lease and to lease the space now covered by the HGI lease (if it has not previously been assigned to Newco) for an additional term of years (for example ten or more years) past 1992 under the terms of the current lease, except for an increase in rent. The rents applicable for the leases between Newco and Jefferson will be net net and will be payable on the first of each month of Newco's operation in an amount equalling one-twelfth of the amounts specified below:

TAUBER 23672
EX. 953

J.APP. 4763

Laszlo N. Tauber, M.D.
 June 9, 1985
 Page 2

	<u>Fourth Floor</u>	<u>Hospital (if lease is assigned)</u>	<u>Total</u>
1985	250,000	1,000,000	1,250,000
1986	250,000	1,000,000	1,250,000
1987	250,000	1,000,000	1,250,000
1988	250,000	1,250,000	1,500,000
1989	250,000	1,250,000	1,500,000
1990	250,000	1,250,000	1,500,000
1991	250,000	1,250,000	1,500,000
Jan-May 1992	250,000	1,250,000	1,500,000

(if extension option is exercised)

May 1992 and thereafter	250,000	1,750,000	2,000,000
----------------------------	---------	-----------	-----------

3. In association with the fourth floor lease, Newco, Jefferson and the Joint Venture will enter into an agreement which provides that Newco will have a call option and Jefferson and the Joint Venture will have a put option (both exercisable on the earlier of May 1, 1992 or five years after Newco assumes the hospital lease) upon the exercise of either of which Newco will purchase the land and the hospital building and the parking structure (if rights under paragraph 4 below are exercised) under a purchase price formula determined in the agreement and mutually agreeable to the parties. The Joint Venture would be an indispensable party to this put and call agreement.
4. Should Newco (after assumption or post-1992 extension of the Jefferson-HGI lease) decide to erect a parking structure, Jefferson and Newco would enter into an agreement providing for a mutually agreed division of responsibility for the cost of the land and construction and division of the revenues from the operation of the parking structure.
5. The management of Jefferson Memorial Hospital will be in the hands of Newco and its separate Board of Directors, which

TAUBER 23673

J.APP. 4764

Lassie N. Tauber, M.D.
June 9, 1985
Page 3

will manage the internal medical affairs of the hospital and staff, credentials and other related policy matters at the hospital. The medical staff will also be separate and independent from the medical staff of Georgetown University Hospital. Future relationships between Georgetown University and Jefferson on issues of staff governance and medical education will be achieved by mutual agreement.

It is expressly represented by you that you are authorized and empowered to act for the Joint Venture and that you have the power to bind the Joint Venture with respect to the entire subject matter hereof. This letter of intent will not be binding on Georgetown University or Newco if it is not fully binding and enforceable against each and every one of the fee owners of the hospital building and land.

Upon execution of this letter of intent, we will work jointly to have a formal lease for the fourth floor of Jefferson Memorial Hospital and a put and call agreement prepared containing provisions in accordance with the above terms and with such additional terms and conditions as we may mutually determine, including customary and usual terms for such a transaction. Pending execution of the formal lease and put and call agreement you and the Joint Venture will allow us and our representatives complete access to Jefferson Memorial Hospital and the books and records of Jefferson and the Joint Venture during normal business hours. The execution of a formal lease and the put and call agreement is also conditional upon satisfactory completion of a due diligence examination and review by Georgetown's representatives and approval of the formal lease and the put and call agreement by the Board of Directors of Georgetown University and of Newco.

If the foregoing meets with your approval and that of the Joint Venture, kindly so signify by signing and returning the enclosed duplicate copy of this letter on

TAUBER 23674

J.APP. 4765

Laszlo N. Tauber, M.D.
June 9, 1985
Page 4

behalf of Jefferson and the Joint Venture, whereupon this letter will constitute a Letter of Intent between the parties in accordance with the terms and provisions set forth above.

Very truly yours,

GEORGETOWN UNIVERSITY

By Lorraine Gallagher
Lorraine Gallagher
Assistant Treasurer

By Matthew F. McNulty, Jr.
Matthew F. McNulty, Jr., Esq.
Chancellor
Georgetown University
Medical Center

AGREED TO AND ACCEPTED for Jefferson
Memorial Hospital Corporation and the
fee owners of the land and buildings
of Jefferson Memorial Hospital, *as per*

VEHIC *which is reported to be a*
vehicle used by Jefferson and its
employees (as per the records of the
University of Medicine and Dentistry of New Jersey)
as per the records of the
University of Medicine and Dentistry of New Jersey
Laszlo N. Tauber, M.D. *signed monthly in 1985*

TAUBER 23675

JAPP. 4766

Northeast Health Management, Inc.

5602 Baltimore National Pike, Baltimore, Maryland 21224
(301) 744-2247 • TELEX: 908248

May 16, 1985

Laszlo N. Tauber, M.D.
Jefferson Memorial Hospital
4600 King Street, Suite 2 C
Alexandria, Virginia 22302

Dear Dr. Tauber:

As you know, I met with Mr. Dallas Wright earlier this week to indicate our interest in leasing the Hospital.

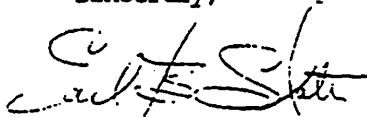
I fully understand that you have already been negotiating with other firms, and I can also understand any reluctance on your part to enter discussions with a firm that is not a giant in the industry. Please reconsider.

Since I have worked at Jefferson Memorial in the past for Mr. Wright as a third party reimbursement consultant, I am aware from hospital personnel how important loyalty is to you. Despite your financial success, I have read that you know first hand that money can not buy everything. I believe that your concerns for the "special" people at the Hospital, the dreams and expectations that you still hold for the Hospital, and the continued, integral role that you must play in its present and its future will be more fulfilled with a smaller more personalized firm such as ours than an insensitive conglomerate. You and Jefferson Memorial Hospital should not be considered just another client on a client list. Your plans and the Hospital's future should not be compromised by conflicts with corporate policies or objectives which are drafted to satisfy stockholders.

In the past, you have championed the cause of the "little guy". In fact, you have epitomized it throughout your life. Please do not abandon those same principles which meant so much to you and mean so much to us as entrepreneurs.

It is my hope that you will provide us an opportunity to discuss our commitment to you and how we have honored our commitments in the past. Please reconsider. I am available at your request.

Sincerely,



Earl B. Slater
President

EBS/jo

TAUBER 23670

Trial Exhibit
No. 954(A)
J.APP. 4767

Earl B. Slater, President
Northeast Health Management Inc.
5602 Baltimore National Pike
Baltimore, Md. 21228

Dear Mr. Slater:

I appreciate your letter of May 18 and your interest in Jefferson Memorial Hospital.

Discussions with prospective ~~successors~~ operators for Jefferson Memorial Hospital have been in progress for several months. The existing lease on the Hospital must be purchased from Health Group Incorporated (HGI). ~~Health Group has pre-qualified potential bidders. Potential bidders must be pre-qualified financially before negotiation begins.~~ At this late date, it does not seem possible for a new party to begin negotiating; however, I suggest that you call Mr. Alan Markowitz of Charter Medical to inform him of your company's interest in Jefferson Memorial Hospital. Charter Medical is the agent for Owens-Illinois, the purchaser of HGI's assets.

Since I have a valid contract with Health Group I am unable to negotiate independently. I would be most happy to talk with you ~~after~~ if your company's proposal is acceptable to Charter Medical and Health Group.

Again, thank you for your interest. I wish you success in your business endeavors.

Sincerely,



GEORGETOWN UNIVERSITY HOSPITAL

3800 RESERVOIR ROAD, N.W.
WASHINGTON, D.C. 20007

ADMINISTRATOR

July 11, 1985

Laszlo N. Tauber, M.D.
4600 King Street, Suite 2C
Alexandria, Virginia 22302

Dear Dr. Tauber:

The purpose of this letter is to reaffirm (and clarify certain minor points regarding) the offer described in our letter to you of June 19, 1985 (signed by the Assistant Treasurer and the Chancellor) to lease space on the fourth floor of Jefferson Memorial Hospital, to take over the existing lease for the operation of the Hospital and to acquire the Hospital at the expiration of that lease. (A copy of the June 19, 1985 letter is attached.)

In response to your questions, we offer the following clarifications:

1. On Page 1, paragraph numbered two, reference is made to Newco having the "option" to extend the fourth floor lease and to lease the Hospital. In the event that the put/call option which appears in paragraph numbered 3, page two, is not exercised, it is understood that Newco will be obligated to extend the fourth floor lease and to lease the space now covered by the BGI lease.
2. On Page 1, paragraph numbered two, a statement is made that Newco will not be required to make any payment to anyone for the assignment of the lease. This does not mean to imply that Newco will not have an obligation to purchase property in accordance with the terms of paragraph 10 of the existing BGI lease.
3. On Page 3, the third paragraph, reference is made to satisfactory completion of a due diligence examination. This reference has been included because of customary practice and usual business procedures. We assume this need will be addressed by your assurance to provide us with all information necessary to complete the transactions.

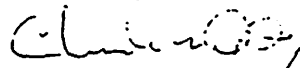
TAUBER 23848

Ex. 955

Dr. Tauber
Page 2

We are hopeful that the information contained in this letter satisfactorily resolves the issues you raised with regard to our offer. With these clarifications, we are hopeful you now can sign both our letter of June 19, 1985 and this letter.

Sincerely,



Charles M. O'Brien, Jr.
Hospital Administrator

AGREED TO AND ACCEPTED
for Jefferson Memorial
Hospital Corporation and
the fee owners of the
land and buildings of
Jefferson Memorial
Hospital.

Laszlo N. Tauber, M.D.

TAUBER 23647

J.APP. 4770

June 19, 1985

Laszlo N. Tauber, M.D.
4600 King Street
Suite 2C
Alexandria, VA 22302

Dear Dr. Tauber:

In accordance with our discussions, this letter will confirm that Georgetown University will cause a non-profit corporation to be formed ("Newco") and will cause Newco to enter into a contract agreement with Jefferson Memorial Hospital Corporation and the fee owners of the land and hospital building (the "Joint Venture") which, among other things, would provide for a transaction containing the following terms:

1. On July 1, 1985, Newco will lease from Jefferson 12,000 square feet of shelled-in space on the fourth floor of the Jefferson Memorial Hospital at a rent of \$250,000 per year (net of utilities and net of taxes) for a period of seven years (except as modified by terms in paragraph 2 below). Newco will assume responsibility for the expense of finishing the fourth floor space to its specifications and in consideration of the above, Jefferson will grant three months of free rent for the fourth floor to Newco. One twelfth of such rent shall be payable on the first of each month. In addition, Newco shall be granted access to 25 parking spaces on the premises at a mutually agreed upon additional rent.
2. Newco will be obligated to take over the existing lease between Jefferson and HGI (with such modifications as shall be mutually agreeable) and Jefferson will consent to such assignment as soon as the lease can be assigned to Newco and in no case later than the expiration of that lease on May 1, 1992. Newco will not be required to make any payment to anyone for the assignment of the lease. On or before May 1, 1992 ~~Newco~~ will have the option to extend the fourth floor lease ~~and~~ to lease the space now covered by the HGI lease (if it ~~has~~ not previously been assigned to Newco) for an additional term of years (for example ten or more years) past 1992 under the terms of the current lease, except for an increase in rent. The rents applicable for the leases between Newco and Jefferson will be net net and will be payable on the first of each month of Newco's operation in an amount equalling one twelfth of the amounts specified below:

TAUBER 23850

J.APP. 4771

Laszlo N. Tauber, M.D.
June 19, 1985
Page 2

	<u>Fourth Floor</u>	<u>Hospital (if lease is assigned)</u>	<u>Total</u>
July 1-			
Dec. 31, 1985	125,000	500,000	625,000
1986	250,000	1,000,000	1,250,000
1987	250,000	1,000,000	1,250,000
1988	250,000	1,250,000	1,500,000
1989	250,000	1,250,000	1,500,000
1990	250,000	1,250,000	1,500,000
1991	250,000	1,250,000	1,500,000
Jan-1-			
April 30, 1992	105,000	525,000	630,000

(if extension option is exercised)

May 1-			
Dec. 31, 1992	145,000	1,015,000	1,160,000
1993 and thereafter	250,000	1,750,000	2,000,000

3. In association with the fourth floor lease, Newco, Jefferson and the Joint Venture will enter into an agreement which provides that Newco will have a call option and Jefferson and the Joint Venture will have a put option (both exercisable on the earlier of May 1, 1992 or five years after Newco assumes the hospital lease) upon the exercise of either of which Newco will purchase the land and the hospital building and the parking structure (if rights under paragraph 4 below are exercised) under a purchase price formula determined in the agreement and mutually agreeable to the parties. The Joint Venture would be an indispensable party to this put and call agreement.
4. Should Newco (after assumption or post-1992 extension of the Jefferson-HGI lease) decide to erect a parking structure, Jefferson and Newco would enter into an agreement providing for a mutually agreed division of responsibility for the cost of the land and construction and division of the revenues from the operation of the parking structure.

TAUBER 23851

J.APP. 4772

Laszlo N. Tauber, M.D.
June 19, 1985
Page 3

5. The management of Jefferson Memorial Hospital will be in the hands of Newco and its separate Board of Directors, which will manage the internal medical affairs of the hospital and staff, credentials and other related policy matters at the hospital. The medical staff will also be separate and independent from the medical staff of Georgetown University Hospital. Future relationships between Georgetown University and Jefferson on issues of staff governance and medical education will be achieved by mutual agreement.

It is expressly represented by you that you are authorized and empowered to act for the Joint Venture and that you have the power to bind the Joint Venture with respect to the entire subject matter hereof. This letter of intent will not be binding on Georgetown University or Newco if it is not fully binding and enforceable against each and every one of the fee owners of the hospital building and land.

Upon execution of this letter of intent, we will work jointly to have a formal lease for the fourth floor of Jefferson Memorial Hospital and a put and call agreement prepared containing provisions in accordance with the above terms and with such additional terms and conditions as we may mutually determine, including customary and usual terms for such a transaction. Pending execution of the formal lease and put and call agreement you and the Joint Venture will allow us and our representatives complete access to Jefferson Memorial Hospital and the books and records of Jefferson and the Joint Venture during normal business hours. The execution of a formal lease and the put and call agreement is also conditional upon satisfactory completion of a due diligence examination and review by Georgetown's representatives and approval of the formal lease and the put and call agreement by the Board of Directors of Georgetown University and of Newco.

TAUBER 23852

JAPP.4773

Laszlo N. Tauber, M.D.
June 19, 1985
Page 4

If the foregoing meets with your approval and that of the Joint Venture, kindly so signify by signing and returning the enclosed duplicate copy of this letter on behalf of Jefferson and the Joint Venture, whereupon this letter will constitute a Letter of Intent between the parties in accordance with the terms and provisions set forth above.

Very truly yours,

GEORGETOWN UNIVERSITY

By Lorraine Gallagher
Assistant Treasurer

By Matthew F. McNulty, Jr., ScD
Chancellor
Georgetown University
Medical Center

AGREED TO AND ACCEPTED for Jefferson
Memorial Hospital Corporation and the
fee owners of the land and buildings
of Jefferson Memorial Hospital

Laszlo N. Tauber, M.D.

TAUBER 23853

J.APP. 4774

LASZLO N. TAUBER, M.D., F.A.C.S., F.I.C.S.

4600 KING STREET, SUITE 2C

ALEXANDRIA, VIRGINIA 22302

703-931-9700

July 12, 1985

Mr. Charles M. O'Brien, Jr., Administrator
Georgetown University Hospital
3800 Reservoir Road, N.W.
Washington, D.C. 20007

Dear Mr. O'Brien:

This is to acknowledge your letter dated July 12, 1985 which is very close to the concept of what we have discussed; however, it still is not sufficient to make an acceptable representation to the Stockholders. Today at 4 o'clock we are having a Stockholder's meeting where I will make my recommendations which are as follows.

I will recommend approval of the lease in the form which was signed with Fairfax Hospital Association including the side letters of agreement. After reviewing the documents and the letter written by Mr. Singleton to me, and also the copy of the letter which was written to you, it seems that Fairfax Hospital Association has made such requirements for your participation which maybe unacceptable to you. Due to the extensive negotiations preceeding the Stockholder's meeting, I feel that a fair chance should be given to Georgetown. The letter agreement which you have forwarded to me does not cover every aspect of the transaction to our satisfaction. Therefore, rather than ask for a new letter from you, I am giving herewith a proposal which is not negotiable. It will either be accepted or rejected.

Georgetown will execute the lease in the form which was signed by Fairfax Hospital Association with the following exception, the side letter of this agreement in reference to Georgetown's involvement is completely omitted. Instead the following side letters shall be executed: Georgetown will freely negotiate with Health Group, Inc. to buy its stock or assume the existing lease at their discretion with no interference of the Lessor. Georgetown has the obligation to lease not only the fourth floor but the entire hospital according to the proposed lease form regardless of whether or not there will be any purchase agreement ever entered into. The question of erecting a garage structure according to the agreement will be unchanged with the exception that it will be

TAUBER 23838

— Trial Exhibit
No. 955 A

J.APP. 4775

Mr. Charles M. O'Brien, Jr.
July 12, 1985
Page Two

the sole discretion of Georgetown as far as the time when construction of the garage building will be started. Georgetown has no right to assign any part of the lease to any third party without the consent of the Lessor at the Lessor's sole discretion, with or without cause.

There will be an additional side letter which will state that: "Lessor will take full responsibility that at the time Georgetown takes over the HGI lease, that Lessor will keep Georgetown harmless for any deficiency in the corporate assets of HGI of Virginia, Inc. That is, if there is a negative balance, then the Lessor will correct it within thirty days." This sentence should satisfy you for any financial loss by taking over the lease.

At the Stockholder's meeting this evening, I will propose that the meeting will be recorded and one tape will be forwarded to Fairfax Hospital Association as well as to Georgetown to emphasize that we have no reason to hide anything and all the parties can hear that there is no manipulation, or use of one party against the other. The only goal we have is to make a fair deal to our Stockholder's and partners in the Joint Venture. I will further recommend that in case Georgetown is not interested in assuming the lease, that negotiations stop with any other party; that is Arlington Hospital, George Washington University Medical Center or others and ratify our agreement with Fairfax Hospital Association. If the Stockholder's accept, I will recommend to appoint a committee consisting of three members who will recommend to the Stockholders to whom the Lease should be awarded. I further recommend that the decision of the three members should be unanimous, and given to a continuance of this Stockholder's meeting, on the 16th of July. Therefore, it will be up to the Stockholders to vote which corporation will be awarded the lease.

Sincerely yours,

Laszlo N. Tauber, M.D.
LASZLO N. TAUBER, M.D., Trustee

LNT/rre

TAUBER 23839

J.APP. 4776

July 15, 1985

TO: Stockholders of Jefferson Corporation of Alexandria
 Members of the Board of Directors - Jefferson Corporation
 of Alexandria
 Members of Jefferson Memorial Hospital Joint Venture

Pursuant to the Stockholder's meeting of July 12, 1985, a three member committee was appointed to give recommendation as to what steps should be taken in reference to the long term lease of the Hospital facilities.

After careful consideration and after reviewing all of the facts available to this committee, I would like to make the following recommendation.

The Lease should be awarded to a newly formed partnership between the two corporations, that is Fairfax Hospital Association and Georgetown University Medical Center. The two corporations will have a total of ten members on the newly formed Board of Directors of the new corporation; that is, five for Fairfax Hospital Association and five for Georgetown University Medical Center. Lessor has the right to designate one member to this eleven member board. Fairfax Hospital Association is anxious to take over the Lease as soon as possible and is ready to pay the price for the stock of Health Group, Inc. In contrast to this attitude, Georgetown is not in the position to do the same. There is no doubt in my mind that the progressive excellent organization of FHA will be a great asset to Jefferson Memorial Hospital. However, I have to consider also the great advantage for the future to be associated with Georgetown. Furthermore, the sooner we discontinue our relationship with HGI, the better off we will be. They are in constant violation of the Lease. Their only objective is to get money out from the corporation, and disregard the vital interest of the hospital and its employees. Naturally, this doesn't mean that we should pay any price to discontinue this unhealthy relationship, but it would mean a continuous supervision, unpleasant confrontation and eventual court action to protect our rights. Therefore, the following is my recommendation.

Fairfax Hospital Association, according to the reports, is willing to take over all the stock of HGI. Therefore,

TAUBER 23683
Ex. 956

J.APP. 4777

Page Two
July 15, 1985

even though they have five members of the Board of Directors out of the eleven, they are willing to put up all the money to acquire HGI. Since FHA assumed all the expenses to acquire the stock, consequently, they are entitled to all the eventual gain from the remainder of the present lease. Georgetown will not have any right to intervene with this operation. Naturally, we the Lessor will have to continue to supervise the function of FHA as the Lessee. On the first of May, 1992, Georgetown will contribute fifty percent of the working capital of the corporation plus fifty percent of the book value of all the equipment acquired by FHA. From that date on, they will be equal partners. No managing partners as such will exist and the board will conduct the business of the corporation as is customary for all corporations. The previously mentioned managing partner remuneration is cancelled. Georgetown, however, will participate from day one as a full active partner in the development and conversion of the fourth floor, the construction of the garage structure and all the other obligations of the Lease proposed by FHA and preliminarily approved by Jefferson Memorial Hospital Joint Venture.

As to the use of the name of Georgetown, we should take the position that this is Georgetown's discretionary right to allow their name to be used and we should not interfere to persuade Georgetown to do so. However, the Lessor should have the right to be consulted and will have a veto right in any such action which will alter the name of Jefferson Memorial Hospital as it is clearly outlined in the Lease proposal.

In order to satisfy the fear of certain members of the Medical Staff, a side letter should be inserted that is, that Georgetown will establish a medical affiliation with Jefferson Memorial Hospital as they see fit, subject to the approval of the Medical Staff. Even Georgetown at this time cannot fortell when this affiliation will be effective, but they will assure the medical staff of Jefferson Memorial Hospital that the affiliation will not exceed the relationship which they have now with Fairfax Hospital as of July 1985. Naturally this can be changed in the future with the approval of the Lessor. ::

In case this resolution is not accepted by FHA then Georgetown should be awarded the Lease and if Georgetown

TAUBER 23684

J.APP. 4778

Page Three
July 15, 1985

does not accept the resolution, then Fairfax will be awarded the lease. There should be a side letter that the assignment to a third party by either partner require the approval of the Lessor at its sole discretion with or without cause. If neither FHA or Georgetown accept the resolution, then immediate notification should be sent to American International which approached me two days ago to negotiate the Lease.

Respectfully yours,

LASZLO N. TAUBER, M.D.

Accepted _____ Rejected _____ :

Accepted _____ Rejected _____ :

LESLIE L. PETERS, M.D.

MICHAEL DAVIDOV, M.D.

TAUBER 23685

J.APP.4779

CONFIDENTIAL

MEMORANDUM TO THE FILES

FROM: Laszlo N. Tauber, M.D.
RE: Jefferson Memorial Hospital Joint Venture
DATE: July 24, 1989

	<u>Per Year</u>	<u>Per Month</u>	<u>Per 1$\frac{1}{2}$/mo</u>
Yearly income	\$1,625,000.00	\$135,416.66	
Distributed to "D" (4th Floor)	375,000.00	31,250.00	312.50
Distributed to "A"	\$1,250,000.00	\$104,166.66	833.33

Group "A" has a yearly income of \$1,250,000. Group "A" has \$250,000 (\$20,833.33 per month) held out yearly for expenses. This leaves \$1,000,000 for distribution yearly.

Check distribution to group "A" per month will be \$833.33 per 1 $\frac{1}{2}$ per month. This is an increase from \$500 per month.

Proceeds from liquidation of \$3,000,000 Zero Coupon U.S. Treasury Bond	\$777,840.00
Cash on Hand	122,160.00
Amount due from JMHJV Special	<u>118,196.00</u>
LNT \$ 44,323.50	
T.F. 29,549.00	
Peters 29,549.00	
Vlahos <u>14,774.50</u>	
\$118,196.00	

Surplus \$1,018,196.00

The following obligations will be paid from the above surplus and represent full and final payment of the shares surrendered and full and final payment of land purchase, except Dr. Gondor's 50% Pays for the outstanding land and shares owned by Tauber Foundation (20%) and Dr. Burtoff (5%)

Tauber Foundation
stocks \$ 77,800.
land \$193,600.
total \$271,400. less \$29,549. = \$241,851.

LNT
stocks \$100,300. less \$44,323.40 = \$ 55,976.50

Samuel Burtoff \$ 38,700.
land \$ 38,700.

TAUBER 14042
EX. 962

J.APP. 4780

DETAIL

TAUBER 14043

J.APP. 4781

Dr. Peters	\$40,577.57
less amount due to JMHJV	<u>29,549.00</u>
	\$11,028.57
Dr. Vlahos	\$20,289.00
less amount due to JMHJV	<u>14,774.50</u>
	\$ 5,515.00
Dr. Tauber	\$60,866.00
Tauber Foundation	33,679.00
Alfred Tauber Trust	8,116.00
Ingrid Tauber Trust	8,116.00
Leslie Gondor	31,448.00
Samuel Rollins Trustee	20,288.00
Burtoff Trust	34,491.00
Bruce Burtoff	3,381.00
Barbara Burtoff	3,381.00
Constance Burtoff	3,381.00
Christopher Corrado Trust	19,731.00
Leslie Corrado Trust	19,731.00
James Scully	18,260.00
Reginald McManus	15,041.00
R. Sappington	14,709.00
M. Davidov	12,173.00
Laszlo Csatory	8,116.00
Dan Ferriozzi	8,116.00
A. Coster	4,058.00
Werner Prinz	4,058.00
Wilfrido Buhain	3,551.00
C. Hufnagle (Estate)	3,145.00
Kogan & Kuhn	2,029.00
Harold Goald	1,014.00
Klari Rudnai	2,029.00
Morgan Delaney	461.00
Narendra Desai	189.00
S. Nedelcovych	1,139.00
Walter Sheetz	240.00

CONFIDENTIAL

In order to purchase the remaining 50% of the land owned by Dr. Leslie Gondor and Dr. Magdolna Iranyi, a Zero Coupon U.S. Treasury Bond with the face amount of \$500,000. is being kept at Dean Witter Reynolds office in the name of JMHJV. This is due on November 15, 2005.

TAUBER 14044

J.APP. 4782

December 8, 1991

Re: Reorganization of the Jefferson Memorial
Hospital Joint Venture

Dear Investor:

Fairfax Hospital System ("FHS") approached me several weeks ago to buy out their present contract due to the fact that the extremely low census at Jefferson Hospital creates for them an annual loss of approximately \$1,500,000.

FHS recently purchased a "repossessed" office building several blocks from Fairfax Hospital which they will use for their headquarters. They paid \$12,700,000. for the building. I told them that I would consider a swap whereby we would own the headquarters building with a firm lease based on the present lease at Jefferson. However, the lease would be extended to 25 or 30 years. The present Jefferson lease will expire in November, 2005. The new lease would expire either in 2016 or 2021. They said that they would discuss this option with the consulting group that advises them on such issues and they would let me know by the end of the year. If the swap cannot be accomplished, the lease stays as is with the uncertainty of how long FHS can keep the building open as an acute care hospital.

FHS did not fulfill our expectation that the overflow patients from Fairfax Hospital would be transferred to Jefferson. This is only one part of the problem. Many of the doctors who have a financial interest in the Hospital either don't support the Hospital at all or not enough. I have made many attempts to advise the investors of the future problems we would face but with no positive action. I have no intention of explaining to the investors still in practice that to secure their investment they must support Jefferson.

At the time we built the Hospital we had no office building but in 1979 we extended our plant by erecting an office building and an extension to the Hospital (North Wing). The original owners of the offices invested money in expectation that their office would be adjacent to an acute care hospital. If FHS discontinues the use of the Hospital as an acute care facility, the value of the office will decrease considerably. The following plan was introduced to many of the partners and approximately 90% ownership have approved it.

Trial Exhibit
971.

TAUBER 10357

J.APP. 4783 .

The original Group A (Hospital) and Group D (4th Floor) partners will be called Group A in the new venture. Those members are as follows with their corresponding percentage interest in the new Group A. The percentage interest in the new venture was calculated by taking the partners current annual income \div 1,375,000 = new percentage interest.

<u>Partner</u>	<u>Percentage Interest in the new venture</u>
Tauber, Laszlo	15.82
Tauber Foundation	9.31
Tauber, Ingrid	1.46
Tauber, Alfred	1.46
Davidov, Michael	3.19
Rollins, Samuel	5.41
Peters, Leslie	2.73
Peters, Leslie IRA	7.27
Sappington, R.F.	3.84
Burtoff Trust, Samuel	8.87
Goald, Harold	0.25
Nedelcovich	0.20
Gondor, Leslie	7.95
Corrado, Michael	2.65
Corrado, Leslie	3.53
Corrado, Christopher	3.53
Burtoff, Bruce	0.87
Burtoff, Barbara	0.87
Burtoff, Constance	0.87
Vlahos, Michael	1.63
Vlahos, Michael Pen.	3.63
Scully, James	4.50
McManus, Reginald	2.70
Csatary, Laszlo	1.53
Csatary, Christina	0.47
Feriozi, Dan	1.46
Coster, A.A.	0.73
Prinz, Werner	0.73
Buhain, Wilfrido	0.64
Hufnagel, Estate of Charles	0.563
Kuhn & Kogan Venture	0.50
Rudnai, Klari	0.68
Delaney, W. Morgan	0.082
Desai, Narendra	0.032
Scheetz, Walter	<u>0.043</u>

Total 100.000

TAUBER 10358

JAPP. 4784

In order to compensate the owners of the offices, the doctors who are listed as owners of office spaces in the Medical Office Building as of September, 1979, will consolidate their holdings into the new venture. Their interest in the former venture will be converted into a total of 14.6% interest in the new venture. These partners will be known as Group E partners. They will not have ownership of the office, but they will lease it.

The conversion is based on a value of \$100 per net square foot. The total square footage is 26,563 x \$100 = \$2,656,300 total value which is converted into 14.6% of the new venture. Therefore, the following partners will own 14.6% of the 100% of the new partnership. The formula for calculating the percentage of square footage owned by each individual is the net square footage ÷ 26,563 (total square footage) = percentage of square footage in building. \$2,556,300 represents 14.6% of the venture. The available cash to be distributed is \$1,610,066 per year which is equal to \$16,100.66 per 1%. The former office owners will receive \$235,069.64 total per year. The distribution will be calculated \$235,069.64 x individual partnership interest = amount of individual annual distribution.

<u>Partner</u>	<u>Net office Square feet</u>	<u>% of total sq. footage</u>	<u>% int. in new venture</u>	<u>Return= % int x \$1,610,066.</u>
Tauber, Laszlo	5,977	22.50	3.285	\$ 52,890.67
Tauber Foundation	4,540	17.09	2.495	40,171.15
Davidov, Michael	2,000	7.53	1.099	17,694.63
Peters, IRA Leslie	2,270	8.55	1.248	20,093.62
Sappington, R.F.	6,218	23.41	3.418	55,032.06
Burtoff, Samuel	2,185	8.23	1.202	19,352.99
Goald, Harold	1,193	4.49	0.656	10,562.03
Nedelcovych	1,180	4.44	0.648	10,433.23
Antezana	<u>1,000</u>	<u>3.76</u>	<u>0.549</u>	<u>8,839.26</u>
Total	26,563	100.00	14.600	\$235,069.64

Summary

The original Group A partners owned 100% of Group A (Hospital). They will own 85.4% of the new consolidated partnership plus 26,563 square feet of office space, plus 3,573 square feet of office space already owned, plus 13 already owned Lakeside Plaza Condominium units and the land and ground lease. The Freedman, Lee and Desai Building stands alone and will therefore, remain separate from JMHJV. Only the land under the building will be leased for \$1.00 per year for 99 years. Group A owns part of this building related to parking (the total parking in the building minus those parking spaces assigned to Drs. Freedman, Lee and Desai).

TAUBER 10359

J.APP.4785

In order to clarify the actual distribution, please note the following example:

If a partner owned 10% in the original Group A, he will receive 8.54% interest in the new partnership which is 8.54% of the distribution. There is no change in the cash flow since 10% of \$1,375,000 (old distribution) is equal to \$137,500 which is the same as 8.54% of \$1,610,066 (new distribution) which is \$137,500.

The income from the newly acquired offices is equal to \$265,630 per year. The distribution from this amount will be limited to the original members of Group A and will be made at the end of the year. Therefore, this partner will receive 10% of the \$265,630 = \$26,563 per year as additional income. Before this additional income is distributed, the negative cash flow created by the 13 Lakeside Condominiums will be deducted. Therefore, if the negative cash flow for Lakeside is \$150,000 for the year, this partner is responsible for 10% which is \$15,000. This partner will receive \$26,563 - \$15,000 = \$11,563.

The annual net income is \$1,610,066.00 until the year 2002 at which time it will increase to \$2,125,000 per year plus 50% cost of living index. The fixed annual expenses are \$114,785.60 (Schedule A) which leaves a total of \$1,635,000. These original Group A partners will receive their new percentage interest x \$16,100.66 per 1% per year.

<u>Partner</u>	<u>Percentage Interest in the new venture</u>	<u>Return = % int. x \$16,100.66</u>
Tauber, Laszlo	13.501	\$ 217,375.01
Tauber Foundation	7.951	128,016.35
Tauber, Ingrid	1.243	20,013.12
Tauber, Alfred	1.243	20,013.12
Davidov, Michael	2.729	43,938.70
Rollins, Samuel	4.620	74,385.05
Peters, Leslie	8.542	137,531.84
Sappington, R.F.	3.280	52,810.16
Burtoff, Samuel	7.574	121,946.40
Goald, Harold	0.214	3,445.54
Nedelcovych	0.175	2,817.62
Gondor, Leslie	6.793	109,371.78
Corrado, Michael	2.261	36,403.59
Corrado, Leslie	3.020	48,623.99
Corrado, Christopher	3.020	48,623.99
Burtoff, Bruce	0.743	11,962.79
Burtoff, Barbara	0.743	11,962.79
Burtoff, Constance	0.743	11,962.79
Vlahos, Michael	1.391	22,396.02
Vlahos, Michael Pen.	3.101	49,928.15
Scully, James	3.844	61,890.94
McManus, Reginald	2.299	37,015.42
Csatary, Laszlo	1.709	27,516.03
Feriozi, Dan	1.243	20,013.12
Coster, A.A.	0.622	10,014.61

TAUBER 10360

JAPP.4786

Prinz, Werner	0.622	10,014.61
Buhain, Wilfrido	0.544	8,758.76
Hufnagel, Estate of Charles	0.482	7,760.52
Kuhn & Kogan Venture	0.428	6,891.08
Rudnai, Klari	0.580	9,338.38
Delaney, W. Morgan	0.072	1,159.25
Desai, Narendra	0.030	483.02
Scheetz, Walter	<u>0.038</u>	<u>611.83</u>

Total	85.400 %	\$1,374,996.37
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At this point Group A will own the offices and is leasing them back to the former owner net, net, net at \$10 per square foot. The Lessee (former owner) will be responsible for taxes, utilities, cleaning and insurance. The units must be leased back as long as the Hospital remains an acute care facility. The Lessees will pay a total of \$265,630 per year to the venture which will be distributed to the former Group A partners. The 13 Lakeside Plaza Condominiums will be the responsibility of the Group A partners which they can either keep or sell.

Anyone who wishes to sell his share, the price is offered \$127,000 per 1%.

TAUBER 10361

J.APP. 4787

Schedule A

Fixed JMHJV obligations per month:

Dr. Freedman (management physical plant)	\$1,000.00
Dr. Peters (office rent)	885.72
Dr. Sappington (office rent)	1,341.50
Dr. Tauber (rent)	1,673.00
Tauber Foundation (rent auditorium)	1,233.33
Robin Peters	389.75
Mr. Mermelstein	600.00
Parking	400.00

The respective owners of the Peters, Sappington and Tauber units pay the proportionate share of the taxes, insurance, utilities and cleaning. The Tauber Foundation does not pay any of these items.

Additionally JMHJV has the following fixed annual expenses:

Dr. Gondor (ground rent)	\$20,000.00
Insurance	1,200.00
Thorpe Richards (corporate fee)	400.00
misc. office supplies	500.00
Hopkins (ground rent)	2,406.00

The total fixed annual obligations of JMHJV \$114,785.60

Note: JMHJV owes the Tauber Foundation \$1,233.33 per month which is \$14,800 per year since the beginning of the Lease. As of December, 1991, the 6 1/2 years back rent totals \$96,200 at 10% interest, not compounded (\$26,640) for a total of \$122,840.00.

TAUBER 10362

J.APP. 4788

Additional Information Concerning
Schedule A of the letter dated December 8, 1991

If and when the proposed swap with Fairfax Hospital System takes place, we have to resolve a very important question, the parking. I feel it is much better to outline the problem at this time. Mr. J. Thorpe Richards, Esquire has furnished the present zoning requirements as far as parking is concerned which is as follows:

The Hospital is required to have 1 parking space for every 2 beds. Therefore with 120 beds the Hospital is required to have 60 parking spaces.

3 parking spaces are required for the loading zone.

The office parking space calculation is the net square footage \div 400 x 1.2 = number of parking spaces required. Therefore, the 4th floor above the nursing wing has 14,517 net square feet \div 400 x 1.2 = 44 parking spaces.

The large medical office building contains 4 floors, each with 10,517 net square feet \div 400 x 1.2 = 126 parking spaces.

The North Beauregard Building has 8,964 gross square feet and 7,187 net. Therefore, $7,187 \div 400 \times 1.2 = 22$ parking spaces.

Therefore, in summary the following are the parking requirements:

Hospital	60
Loading zone	3
4th floor	44
Large office building	126
N. Beauregard building	22

We currently have a total of 317 parking spaces of which 107 are required for the Hospital and 148 for the offices. This leaves 62 surplus spaces. The parking spaces are not individually allocated specifically to the Hospital or to the office building but are rather treated as a cooperative parking arrangement. Any further discussion concerning the swap should protect the 148 parking spaces required for the office owners.

We have purchased fully paid \$500,000 Zero Coupon Bond which is in escrow with Bear Stern for the purchase of 50% of the land from Dr. Gondor and Dr. Iranyi in October, 2005.

TAUBER 10363

J.APP. 4789

At the time we erected the 4th floor, it was practically built by the successful marketing on different securities by Dr. Leslie Peters. That is the reason why we were able to build it for such a low cost. Consequently, the remaining bond still due in January 1, 1996 in the amount of \$225,450 will be paid from the surplus hopefully in advance of the due date. The bonds are held by the following:

Christopher Corrado	\$ 6,500
Leslie Corrado	6,350
First VA Bank as Custodian	11,450
for Michael A. Corrado, M.D. IRA	
W. Morgan Delaney, M.D.	1,400
Dan Feriozi, M.D.	32,350
Harold J. Goald, M.D., Ltd	10,000
Profit Sharing Plan Trust	
Estate of Charles Hufnagel, M.D.	12,800
Cinzia Luccioli	2,300
Claudia Luccioli	2,000
Marcello Luccioli	2,000
Marina Luccioli	2,000
Paolo Luccioli	2,000
Simone Luccioli	2,000
Reginald McManus, M.D. &	5,800
Kathleen McManus	
Werner Prinz, M.D.	16,750
James H. Scully, M.D.	78,450
Michael D. Small Trust	8,700
Michele Small Trust	8,450
Robert P. Mason, Thomas P. Roddy	13,850
& Richard O'Connor, Trustees	
Trust u/w of Joan B. Ware	

Please express your comments in writing as soon as you can.

_____ I want to sell ___ % interest in the partnership.

_____ I want to buy ___ % interest in the partnership.

ONLY owners of office spaces should answer these questions:

X I agree with your allocation

_____ I do not agree with your allocation therefore, I keep my office as it is.

Since over 90% have agreed to the allocation your answer is only limited to one issue:

X Agree with the concept and incorporate my office. TAUBER 10364

_____ Disagree with the concept and keep my office as it is.

Leslie L. Peters, 17 D

<u>Partner</u>	<u>Reorganization Letter</u>	<u>Bonds</u>
Tauber, Laszlo		N/A
Tauber Foundation		N/A
Tauber, Ingrid		N/A
Tauber, Alfred		N/A
Davidov, Michael		N/A
Rollins, Samuel		N/A
Peters, Leslie		N/A
Peters, Leslie IRA		N/A
Sappington, R.F.		N/A
Burtoff Trust, Samuel		N/A
Goald, Harold		N/A
Nedelcovych		N/A
Gondor, Leslie		N/A
Corrado, Michael		N/A
Corrado, Leslie		N/A
Corrado, Christopher		N/A
Burtoff, Bruce		N/A
Burtoff, Barbara		N/A
Burtoff, Constance		N/A
Vlahos, Michael		N/A
Vlahos, Michael Pen.		N/A
Scully, James		N/A
McManus, Reginald		N/A
Csatary, Laszlo		N/A
Csatary, Christina		N/A

TAUBER 10365

J.APP. 4791

<u>Partner</u>	<u>Reorganization Letter</u>	<u>Bonds</u>
Feriozi, Dan		N/A
Coster, A.A.		N/A
Prinz, Werner		
Buhain, Wilfrido		N/A
Hufnagel, Estate of Charles		N/A
Kuhn & Kogan Venture		N/A
Rudnai, Klari		N/A
Delaney, W. Morgan		
Desai, Narendra		N/A
Scheetz, Walter		N/A
Luccioli Family	N/A	---

TAUBER 10366

J.APP. 4792

At the time we erected the 4th floor, it was practically built by the successful marketing on different securities by Dr. Leslie Peters. That is the reason why we were able to build it for such a low cost. Consequently, the remaining bond still due in January 1, 1996 in the amount of \$225,450 will be paid from the surplus hopefully in advance of the due date. The bonds are held by the following:

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Leslie Corrado	6,350
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for Michael A. Corrado, M.D. IRA	
W. Morgan Delaney, M.D.	1,400
Dan Feriozi, M.D.	32,350
Harold J. Goald, M.D., Ltd	10,000
Profit Sharing Plan Trust	
Estate of Charles Hufnagel, M.D.	12,800
Cinzia Luccioli	2,300
Claudia Luccioli	2,000
Marcello Luccioli	2,000
Marina Luccioli	2,000
Paolo Luccioli	2,000
Simone Luccioli	2,000
Reginald McManus, M.D. &	5,800
Kathleen McManus	
Werner Prinz, M.D.	16,750
James H. Scully, M.D.	78,450
Michael D. Small Trust	8,700
Michele Small Trust	8,450
Robert P. Mason, Thomas P. Roddy	13,850
& Richard O'Connor, Trustees	
Trust u/w of Joan B. Ware	

Please express your comments in writing as soon as you can.

_____ I want to sell ___ % interest in the partnership.

_____ I want to buy ___ % interest in the partnership.

ONLY owners of office spaces should answer these questions:

☒ I agree with your allocation

_____ I do not agree with your allocation therefore, I keep my office as it is.

Since over 90% have agreed to the allocation your answer is only limited to one issue:

_____ Agree with the concept and incorporate my office.

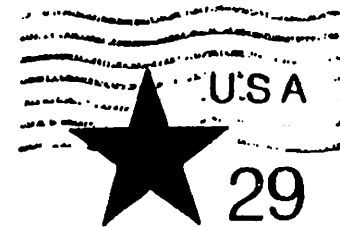
_____ Disagree with the concept and keep my office as it is.

Michael A. Corrado

TAUBER 10367

J.APP.4793

Michael M. Vlahos, M. D., Inc.
21495 Ridge Top Circle
Suite 302
P. O. Box 238
Sterling, Virginia 22170



TAUBER 10368

JAPP. 4794

Dr L. Tauber
4605 King St.
Alexandria, VA 22302

Reorganization of the
Jefferson Memorial Hospital Joint Venture

- I. The doctors who are listed as owners of office spaces in the Medical Office Building as of September, 1979, will consolidate their holdings into the new venture. Their interest in the former venture will be converted into a total of 14.6% interest in the new venture as follows:

The conversion is based on a value of \$100 per net square foot. The total square footage is 25,563 x \$100 = \$2,556,300 total value. $\$2,556,300 \div \$1,750,000$ (present annual income) = 14.6%. Therefore, the above partners will own 14.6% of the 100% of the new partnership. The formula for calculating the new percentage interest is the net square footage x 100 \div \$1,750,000 = new percentage interest.

<u>Partner</u>	<u>Net</u> <u>Square footage</u>	<u>% Int. in</u> <u>new venture</u>	<u>Return = % int</u> <u>x \$1,700,000</u>
Tauber, Laszlo	5,977	3.415	58,055.00
Tauber Foundation	4,540	2.594	44,098.00
Davidov, Michael	2,000	1.142	19,414.00
Peters, Leslie	2,270	1.297	22,049.00
Sappington, R.F.	6,218	3.553	60,401.00
Burtoff, Samuel	2,185	1.248	21,216.00
Goald, Harold	1,193	0.681	11,577.00
Nedelcovych	<u>1,180</u>	<u>0.674</u>	<u>11,458.00</u>
Total	25,563	14.604	\$248,268.00

- II. The original Group A partners owned 100% of Group A (hospital). They will own 85.4% of the new consolidated partnership. The figures are calculated by taking the old Group A partnership percentage x 0.854 = partnership percentage in the new venture.

The annual income is presently \$1,750,000 per year until the year 2002 at which time it will increase to \$2,125,000 per year plus the cost of living increase.

These original Group A partners will receive their new percentage interest x \$1,700,000. The remaining \$50,000 will be distributed \$12,000 to Dr. Freedman for supervising the physical plant, Robin's salary, Mr. Mermelstein for accounting and tax preparation and the remaining funds will go to Westwood Management Corporation as a management fee.

TAUBER 10369

J.APP. 4795

Summary

The original Group A are beneficial owners of 85.4% of the Hospital plus 25,563 square feet of office space, plus 3,573 square feet of office space, plus 12 already owned Lakeside Plaza Condominium units, the land and ground lease and part of the Freedman, Lee and Desai Building. The percentage interest when calculated at \$17,000 per 1% ownership is as follows:

<u>Partner</u>	<u>Percentage Interest in the new venture</u>	<u>Return = % int. x \$1,700,000</u>
Tauber, Laszlo	13.501	\$229,517
Tauber Foundation	7.951	135,167
Tauber, Ingrid	1.243	21,131
Tauber, Alfred	1.243	21,131
Davidov, Michael	2.729	46,393
Rollins, Samuel	4.620	78,540
Peters, Leslie	8.542	145,214
Sappington, R.F.	3.280	55,760
Burtoff, Samuel	7.574	128,758
Goald, Harold	0.214	3,638
Nedelcovich	0.175	2,975
Gondor, Leslie	6.793	115,481
Corrado, Michael	2.261	38,437
Corrado, Leslie	3.020	51,340
Corrado, Christopher	3.020	51,340
Burtoff, Bruce	0.743	12,631
Burtoff, Barbara	0.743	12,631
Burtoff, Constance	0.743	12,631
Vlahos, Michael	1.391	23,647
Vlahos, Michael Pen.	3.101	52,717
Scully, James	3.844	65,348
McManus, Reginald	2.299	39,083
Csatary, Laszlo	1.709	29,053
Feriozi, Dan	1.243	21,131
Coster, A.A.	0.622	10,574
Prinz, Werner	0.622	10,574
Buhain, Wilfrido	0.544	9,248
Hufnagel, Charles	0.482	8,194
Kuhn & Kogan Venture	0.428	7,276
Rudnai, Klari	0.580	9,860
Delaney, W. Morgan	0.072	1,224
Desai, Narendra	0.030	510
Scheetz, Walter	0.038	646
Total	85.400 %	\$1,451,800

Any partner who wishes to lease that space on a year to year basis may do so by paying to the venture for the benefit of the former Group A partners \$10 per square foot. The lease would be automatically renewable unless cancelled 90 days before the year end by the original owner of the office.

Anyone who wishes to sell his share, the price will be \$127,000 per 1%

TAUBER 10370

J.APP. 4796

The original Group A (Hospital) and Group D (4th Floor) partners will be called Group A in the new venture. Those members are as follows with their corresponding percentage interest in the new Group A. The percentage interest in the new venture was calculated by taking the partners current annual income \div 1,375,000 = new percentage interest.

I will sell the Hospital to Fairfax Hospital System ("FHS") for \$12,700,000 (\$127,000 per 1% interest) and form a new partnership which will buy the new FHS headquarters building, Cambridge Court, _____. The partners listed below with an asterisk (*) next to their name will not be included in the new partnership. The total interest of these partners is 7.118% (7.118% x \$127,000 = \$903,986) which will be held in escrow. We will place a \$903,986 first mortgage on the building to generate enough money to pay off the 7.118% partners.

<u>Partner</u>	<u>Percentage Interest in the new venture</u>
Tauber, Laszlo	15.82
Tauber Foundation	9.31
Tauber, Ingrid	1.46
Tauber, Alfred	1.46
Davidov, Michael	3.19
Rollins, Samuel	5.41
Peters, Leslie	2.73
Peters, Leslie IRA	7.27
Sappington, R.F.	3.84
Burtoff Trust, Samuel	8.87
*Goald, Harold	0.25
*Nedelcovych	0.20
Gondor, Leslie	7.95
Corrado, Michael	2.65
Corrado, Leslie	3.53
Corrado, Christopher	3.53
*Burtoff, Bruce	0.87
*Burtoff, Barbara	0.87
*Burtoff, Constance	0.87
Vlahos, Michael	1.63
Vlahos, Michael Pen.	3.63
Scully, James	4.50
McManus, Reginald	2.70
*Csatary, Laszlo	1.53
*Csatary, Christina	0.47
Feriozi, Dan	1.46
Coster, A.A.	0.73

TAUBER 10440
Ex. 974

*Prinz, Werner	0.73
*Buhain, Wilfrido	0.64
*Hufnagel, Estate of Charles	0.563
Kuhn & Kogan Venture	0.50
-- Rudnai, Klari	0.68
*Delaney, W. Morgan	0.082
Desai, Narendra	0.032
*Scheetz, Walter	<u>0.043</u>
Total	100.000

Our aim is to keep the Hospital open. Therefore, the individual doctors will continue to own their offices. If however the Hospital ceases to be an acute care Hospital, the following owners with an asterisk (*) will be able to sell their offices to the new partnership. The Tauber Foundation receives it's income directly from FHS therefore they will keep the office, however, they will have the option to sell. In lieu of the sale of the office to the partnership, the doctor will receive the amount in the column to the far left per year until October 5, 2005. At that time, no more payments will be made to the doctors and the new partnership will own the offices. This is a small deviation from the initial arrangement.

<u>Partner</u>	<u>Net office Square feet</u>	<u>% of total sq. footage</u>	<u>% int. in new venture</u>	<u>Return= % int x \$1,610,066.</u>
*Tauber, Laszlo	5,977	22.50	3.285	\$ 52,890.67
*Tauber Foundation	4,540	17.09	2.495	40,171.15
*Davidov, Michael	2,000	7.53	1.099	17,694.63
*Peters, IRA Leslie	2,270	8.55	1.248	20,093.62
*Sappington, R.F.	6,218	23.41	3.418	55,032.06
*Burtoff, Samuel	2,185	8.23	1.202	19,352.99
Goald, Harold	1,193	4.49	0.656	10,562.03
Nedelcovych	1,180	4.44	0.648	10,433.23
Antezana	<u>1,000</u>	<u>3.76</u>	<u>0.549</u>	<u>8,839.26</u>
Total	26,563	100.00	14.600	\$235,069.64

The new partnership will have the continued obligation for the following:

Fixed JMHJV obligations per month:

Dr. Freedman (management physical plant)	\$1,000.00
Dr. Peters (office rent)	885.72
Dr. Sappington (office rent)	1,341.50
Dr. Tauber (rent)	1,673.00
Tauber Foundation (rent auditorium)	1,233.33
Robin Peters	389.75
Parking	400.00

TAUBER 10441

J.APP. 4798

CONFIDENTIAL

The respective owners of the Peters, Sappington and Tauber units pay the proportionate share of the taxes, insurance, utilities and cleaning. The Tauber Foundation does not pay any of these items.

Additionally JMHJV has the following fixed annual expenses:

Dr. Gondor (ground rent)	\$20,000.00
Insurance	1,200.00
Thorpe Richards (corporate fee)	400.00
misc. office supplies	500.00
Hopkins (ground rent)	2,406.00

The total fixed annual obligations of JMHJV \$114,785.60

Note: JMHJV owes the Tauber Foundation \$1,233.33 per month which is \$14,800 per year effective January 1, 1992. As of December, 1991, the 6 1/2 years back rent totals \$96,200 at 10% interest, not compounded (\$26,640) for a total of \$122,840.00. / FHS pays The Tauber Foundation \$6,321.59 per month directly for the lab which is \$75,859.08 per year.

To date JMHJV owns only four (4) Lakeside Plaza Condominium units.

At the time we erected the 4th floor, it was practically built by the successful marketing on different securities by Dr. Leslie Peters. That is the reason why we were able to build it for such a low cost. Consequently, the remaining bonds still due in January 1, 1996 in the amount of \$165,050 will be paid from the surplus hopefully in advance of the due date. The bonds are held by the following:

Christopher Corrado	\$ 6,500
Leslie Corrado	6,350
First VA Bank as Custodian for Michael A. Corrado, M.D. IRA	11,450
Dan Feriozi, M.D.	32,350
Estate of Charles Hufnagel, M.D.	12,800
James H. Scully, M.D.	78,450
Michael D. Small Trust	8,700
Michele Small Trust	8,450

TAUBER 10442

J.APP. 4799

May 25, 1992

This letter is to be published in the Jefferson Hospital newsletter

To: The members of the Medical, Nursing and Administration
Staff of Jefferson Hospital

From: Laszlo N. Tauber, M.D.
Medical Director
Chairman Emeritus of the Department of Surgery

For a period of time there have been many rumors circulating which should be answered and any resulting anxieties will hopefully be put to rest.

Everyone who works at Jefferson in any capacity is entitled to know the status and projections of the hospital. Since March 15, 1965, among many of the assignments I have had, one of them is Medical Director. My responsibilities have been to oversee the operation of the hospital on a day to day basis. On July 1, 1985, we entered into a long term lease with Fairfax Hospital System ("FHS"). Under this agreement, FHS has an obligation to maintain this facility as an acute care hospital. When we entered into this agreement, many entities were competing for this contract and FHS was chosen as the "winner". Unfortunately, no one could foresee the future of the hospital industry in the United States. With the new criteria, rather suddenly we had to realize that we had over built and had more hospital beds than we needed. Suddenly the lucrative contract became a serious burden on FHS. It was not a "smart deal" by the owners of the Hospital, just as it was not a bad move by the administrators of FHS. Times have changed so much that the deal which looked promising became a near disaster. These are the facts which are hard to correct. The question is how can we resolve the problems and survive under the present conditions.

TAUBER 13821

Trial Exhibit
978.

J.APP. 4800

May 25, 1992
Page 2

We have taken the first step by changing the leadership. Dr. Sappington and I resigned after 17 respectively, 27 years as chairman of the Department of Medicine, respectively Department of Surgery. Our new titles, Chairman Emeritus, simply remind us of what we were and have no power to conduct business of our respective departments. Both of us made this decision voluntarily and in order to complete the change we asked Dr. Davidov to resign as President of the Medical Staff. When I realized that the self-appointed applicant to replace him would be disastrous, I personally appealed to Dr. Davidov to stay on the job and carry on the duties of President of the Medical Staff to secure a smooth transition to the new President elect, Dr. William Mroczek who will take over on March 1, 1993. He is a reputable doctor and an outstanding clinician who will carry on the proper representation of Jefferson Hospital.

I as the Trustee of the owners have the right to appoint one person to be a member of the governing board. I chose Dr. R. Francis Sappington, Jr. I serve as Medical Director and an ex-officio member of the Medical Executive Committee. I designated Dr. Davidov to be the Associate Medical Director to succeed me after my retirement. A special appointment was made to make Dr. Irwin S. Freedman the Associate Medical Director, who represents the hospital owners in the administration of the physical plant of the complex.

We cannot and will not mislead anyone. I can't say that everything is alright when it is not. Everyone knows that the census is between 25 and 30% of the capacity of the hospital. We need at least 50% occupancy to reach the break even point. Naturally I am not in a position to tell you to relax and stop looking for other jobs. But I can assure you that as I was told by Mr. Singleton, Chairman of FHS, no matter what happens our employees will be offered comparable jobs elsewhere in the hospital system. I promise you that as long as I am around, I will not sign any modification of our lease unless I am assured that this promise will be honored.

Rumors are spreading that the hospital will be closing and neighboring hospitals are approaching our employees and members of the Medical Staff to join their facilities. Nothing can be further from the truth. We have a lease with FHS and they must honor their commitment. We have a duty to support FHS to make the operation of this facility a smooth, viable, well run institution. This is not the time to point fingers at others. Let us see what we can do for ourselves.

TAUBER 13822

J.APP. 4801

May 25, 1992
Page 3

Our employees deserve nothing but praise and thanks for their devotion, patience and superb work. The question is what can each of us do to make things work? If you feel that we do good work then tell your family members and friends that this is an excellent facility and ask them for their support. It hurts to learn that on many occasions employees look for medical assistance in other hospitals. If your doctor is not a member of the medical staff that is no excuse not to come to Jefferson. We can extend to your doctor temporary privileges until permanent privileges can be granted. If your doctor feels we are not good enough for him or her then you have to ask yourself whether you want to work in a place that is not good enough for yourself, your friends and family? If Jefferson Hospital is not good enough for you and your family, then maybe you shouldn't work here at all. In the case of those who are insured by HMO's such as Kaiser, it is more difficult. You are obligated to go to their facility. The point I am trying to make is that if Jefferson isn't good enough for us, then how can we expect strangers to trust us?

Help us and by doing so, help yourselves.

To the Members of the Medical Staff:

If you really want to keep this hospital alive then support it! If it is inconvenient then you must try to overcome the burden. If you feel there is room for improvement, please notify the administration, your department chairman, or me directly. I can assure you that we will do our best to accommodate you. If you do not want to identify yourself, you may forward an unsigned letter. We welcome constructive criticism but we will disregard cowardly attacks on the institution.

Finally, I want to let all of you know that our low census is not due to negligence of Mr. Singleton or Mr. French, nor is it their responsibility to correct our problem. They made the decision to enter into this agreement. Therefore, it is logical that if we fail, they fail; if we succeed, they succeed. They are wholeheartedly working with us.

Thank you for your patience.

TAUBER 13823

J.APP. 4802



COMMONWEALTH of VIRGINIA

ROBERT S. STANUSE, M.D., M.P.H.
STATE HEALTH COMMISSIONER

Department of Health
P. O. BOX 2448
RICHMOND, VA 23218



August 25, 1993

Mr. Donald L. Harris
Senior Vice President
Government Relations
Inova Health Systems
8001 Braddock Road
Springfield, Virginia 22155

Dear Mr. Harris:

This is to follow up on our meeting of August 5, 1993, as well as to respond to your letter of August 4, 1993, concerning the present and future licensure status of Jefferson Hospital, given its present "closed" status.

After our meeting, I requested the Office of Health Facilities Regulation to provide me with information in its records regarding Jefferson Hospital. The Office conducted an unannounced complaint investigation and partial Medicare validation of accreditation survey at Jefferson Hospital on March 23, 1993. Staff found that Jefferson Hospital had closed as of January 1, 1993. Jefferson Hospital ceased providing diagnostic, therapeutic, or rehabilitative services, by or under the supervision of physicians, to inpatients. In addition, the hospital had no active medical staff; it does not maintain the medical records of discharged patients on site; and it does not provide a 24-hour-a-day nursing service. On April 22, 1993, the Regional Office of the Health Care Financing Administration agreed to terminate the hospital's Medicare agreement. Jefferson Hospital also withdrew from JCRCO effective January 31, 1993.

Through telephone conversations with the Office of Health Facilities Regulation and through its April 7, 1993, letter, you were informed that a recommendation was made to suspend Jefferson Hospital's license, pending any information supplied by the hospital that would show cause why the license should not be revoked.

VDH VIRGINIA
DEPARTMENT
OF HEALTH
Protecting Your and Your Community's Health

TAUBER 14831
Ex. 994

J.APP. 4803

Mr. Donald L. Harris

Page 2

August 25, 1993

Given those facts, I must inform you that the Department of Health cannot provide the assurance you request and because Jefferson is not a hospital, it cannot presently be licensed as if it were one. Accordingly, by recommendation of the Office of Health Facilities Regulation, I am suspending Jefferson's license through the date of expiration. If the hospital management operators with whom you are contracting are prepared to meet all licensure regulations and statutes for resumed operation of Jefferson as a hospital, the Office of Health Facilities Regulation is to be notified at least ten work days prior to the intended date of resumption of services. Upon receipt of such notification, a licensure inspection will be conducted, and the licensing of such resumed services will be based on satisfactory licensure inspection.

Questions regarding this issue should be directed to Deborah Little-Spurlock, Director, Office of Health Facilities Regulation, at (804) 367-2102.

Sincerely,

Robert B. Stroube, M.D., M.P.H.
State Health Commissioner

TAUBER 14832

JAPP. 4804

CONFIDENTIAL

Petitioners' Trial
Exhibit No. 712.

JEFFERSON MEMORIAL HOSPITAL CORPORATION
ALEXANDRIA, VIRGINIA



FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1979

DAVID E. MERMELSTEIN
CERTIFIED PUBLIC ACCOUNTANT

TAUBER 44489
EX. 1001

J.APP. 4805

CONFIDENTIAL

TAUBER 44490

J.APP. 4806

CONFIDENTIAL

JEFFERSON MEMORIAL HOSPITAL CORPORATION

JUNE 30, 1979

Scope of audit and auditors' opinion

Exhibit 'A' - Balance Sheet - As of June 30, 1979 and 1978.

Exhibit 'B' - Statement of Income and Retained Earnings
for the years ended June 30, 1979 and 1978.

Exhibit 'C' - Statement of Changes in Financial Position
for the years ended June 30, 1979 and 1978.

Schedule B-1 - Revenue from Services to Patients for the
years ended June 30, 1979 and 1978.

Schedule B-2 - Statement of Operating Expenses for the
years ended June 30, 1979 and 1978.

Schedule B-3 - Other Income and Expenses for the years ended
June 30, 1979 and 1978.

Notes to Financial Statements

TAUBER 44491

J.APP. 4807

CONFIDENTIAL

DAVID E. MERMELSTEIN
CERTIFIED PUBLIC ACCOUNTANT

Suite 102
4850 Connecticut Avenue N.W.
Washington, D.C. 20008
Telephone 244-1942

The Board of Directors,
Jefferson Memorial Hospital Corporation,
Alexandria, Virginia 22302

I have examined the balance sheets of Jefferson Memorial Hospital Corporation as of June 30, 1979 and 1978 and the related statements of income and retained earnings and changes in financial position for the years then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the aforementioned financial statements present fairly the financial position of Jefferson Memorial Hospital Corporation at June 30, 1979 and 1978 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles which, for the change, with which I concur, in the recognition of contractual adjustments as described in Note 10 to the financial statements, have been applied on a consistent basis.

Respectfully submitted,

David E. Mermelstein

David E. Mermelstein
Certified Public Accountant

Washington, D. C.
September 10, 1979

TAUBER 44492

J.APP. 4808

CONFIDENTIAL

JEFFERSON MEMORIAL HOSPITAL CORPORATION
BALANCE SHEET
JUNE 30, 1979 and 1978

<u>ASSETS</u>	<u>1979</u>	<u>1978</u>
Cash In Banks	\$ 14,257	\$ 131,892
Cash-Held in Escrow	12,500	12,500
Accounts Receivable - Patients	1,362,097	1,067,298
Less: Allow. for Uncoll. Acc'ts. (\$340,524 and \$275,035 Respect.)		
Contract Agencies (Note 1)	249,312	77,480
Other Receivables	43,862	13,845
<u>Total Current Assets</u>	<u>\$ 1,682,028</u>	<u>\$ 1,303,015</u>
<u>PROPERTY, PLANT AND EQUIPMENT</u>		
Net - Cost (Note 2)	438,063	388,404
<u>OTHER ASSETS:</u>		
Inventory - At Cost	\$ 67,039	\$ 43,062
Investment - Lost Cr. Part (Note 4)	(117,341)	(66,623)
Prepaid Expenses	103,690	97,133
Goodwill (Note 3)	295,681	307,058
<u>Total Other Assets</u>	<u>349,069</u>	<u>380,630</u>
<u>Total Assets</u>	<u>\$ 2,469,160</u>	<u>\$ 2,072,049</u>
<u>LIABILITIES AND CAPITAL</u>		
<u>LIABILITIES</u>		
Accounts Payable - Trade	\$ 749,259	\$ 424,968
Employees' Withholding	11,055	10,115
Accrued Expenses	159,414	140,276
Corporation Income Taxes (Note 5)	(24,270)	(7,967)
Lease Agreement Payable (Note 6)	-- --	2,397
Notes Payable	128,939	182,922
Bonds Payable (Note 7)	548,850	564,850
Other	13,504	8,892
<u>Total Liabilities</u>	<u>\$ 1,586,751</u>	<u>\$ 1,326,453</u>
<u>CAPITAL</u>		
Common Stock - \$.01 Par Value		
Authorized 1,000,000 Shares:		
Issued and Outstanding 219,867		
and 218,255 Sh. Respectively	\$ 2,199	\$ 2,183
Capital in Excess of Par Value	616,245	606,589
Donated Capital	20,051	20,051
Retained Earnings (Exhibit B)	243,914	116,773
<u>Total Capital</u>	<u>882,409</u>	<u>745,596</u>
<u>Total Liabilities and Capital</u>	<u>\$ 2,469,160</u>	<u>\$ 2,072,049</u>

The accompanying notes are an integral part of these financial statements.

TAUBER 44493

J.APP. 4809

CONFIDENTIAL

JEFFERSON MEMORIAL HOSPITAL CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1979 and 1978

<u>REVENUE FROM SERVICES TO PATIENTS</u> (Schedule B-1):	<u>1979</u>	<u>1978</u>
Routine Services	\$ 3,879,627	\$ 3,423,861
Special Services	<u>5,704,562</u>	<u>5,171,012</u>
	<u>\$ 9,584,189</u>	<u>\$ 8,594,874</u>
<u>DEDUCTIONS FROM REVENUE:</u>		
Adjustments and Allowances:		
Contracting Agencies	\$ 858,616	\$ 676,143
Non-contractual Patients	23,044	24,368
Employees and Professional Courtesy	12,301	9,305
Provision for Uncollectible Accounts		
Net of Recoveries	<u>383,771</u>	<u>321,296</u>
	<u>\$ 1,277,732</u>	<u>\$ 1,031,112</u>
Net Revenue from Services to Patients	<u>\$ 8,306,457</u>	<u>\$ 7,563,762</u>
<u>OTHER OPERATING INCOME:</u>		
PSRO Revenue	\$ 1,209	\$ 10,121
Commissions	1,669	1,343
Transcripts	6,263	5,302
Sale of Supplies	<u>491</u>	<u>201</u>
	<u>\$ 9,632</u>	<u>\$ 16,967</u>
Total Operating Revenue	<u>\$ 8,316,089</u>	<u>\$ 7,580,729</u>
<u>OPERATING EXPENSE (Schedule B-2)</u>	<u>8,004,496</u>	<u>7,203,673</u>
Net Operating Income	\$ 311,593	\$ 377,056
<u>OTHER INCOME AND (EXPENSE) - NET (Schedule B-3)</u>	<u>(124,222)</u>	<u>\$ (252,765)</u>
Net Income Before Income Taxes	\$ 187,371	\$ 124,291
Less: Income Taxes	<u>60,230</u>	<u>\$ 48,034</u>
Net Income	\$ 127,141	\$ 76,257
Retained Earnings July 1	116,773	34,546
Gain on Reacquisition of Corp Stock.	-- --	6,000
Dividends	<u>-- --</u>	<u>(30)</u>
<u>RETAINED EARNINGS JUNE 30,</u>	<u>\$ 243,914</u>	<u>\$ 116,773</u>
<u>EARNINGS PER COMMON SHARE (Notes 4 and 9)</u>	<u>\$.58</u>	<u>\$.35</u>

The accompanying notes are an integral part of these financial statements.

TAUBER 44494

J.APP. 4810

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JEFFERSON MEMORIAL HOSPITAL CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 1979 and 1978

<u>SOURCE OF FUNDS:</u>	1979	1978
Net Income (Exhibit B)	\$ 127,141	\$ 76,257
Expense Not Requiring Funds:		
Depreciation and Amortization	84,954	77,102
Loss on Disposal of Equipment	10,916	20,532
Loss Generated by Partnership	50,718	170,623
Total Funds Provided From Operations	\$ 273,729	\$ 344,514
Proceeds from Notes Payable	16,630	98,051
Proceeds from Sale of Corporation's Common Stock	9,672	63,648
Total Source of Funds	\$ 300,031	\$ 506,213
<u>APPLICATION OF FUNDS:</u>		
Investment - Lost Creek Partnership	\$ ---	\$ 104,000
Purchase of Corporation's Common Stock	---	12,000
Curtailment of Notes Payable	73,009	44,178
Purchase of Equipment	134,153	52,794
Curtailment of Lease Agreement Payable	---	5,754
Redemption of Bonds Payable	16,000	49,000
Dividends	---	30
Total Application of Funds	\$ 223,162	\$ 267,756
<u>NET INCREASE IN FUNDS</u>	<u>\$ 76,869</u>	<u>\$ 238,457</u>

<u>CONSISTING OF:</u>	INCREASE IN FUND	(DECREASE)
Cash	\$ (117,635)	\$ (90,057)
Accounts Receivable	466,631	283,300
Inventories	23,977	11,260
Prepayments and other Current Assets	36,574	17,026
Accounts Payable	(324,291)	(62,470)
Accrued Liabilities	(8,387)	26,946
Provision for Contract Adjustments	---	52,452
<u>NET INCREASE IN FUNDS</u>	<u>\$ 76,869</u>	<u>\$ 238,457</u>

The accompanying notes are an integral part of these financial statements.

TAUBER 44495

J.APP. 4811

Schedule B-1

JEFFERSON MEMORIAL HOSPITAL CORPORATION
REVENUE FROM SERVICES TO PATIENTS
FOR THE YEARS ENDED JUNE 30, 1979 and 1978

	1 9 7 9			1 9 7 8		
ROUTINE SERVICES:	TOTAL	INPATIENT	OUTPATIENT	TOTAL	INPATIENT	OUTPATIENT
Room and Board	\$ 3,879,627	\$ 3,879,627	\$ -- --	\$ 3,423,862	\$ 3,423,862	\$ -- --
Total Routine Services	\$ 3,879,627	\$ 3,879,627	\$ -- --	\$ 3,423,862	\$ 3,423,862	\$ -- --
SPECIAL SERVICES:						
Operating Room	\$ 697,447	\$ 644,977	\$ 52,470	\$ 606,120	\$ 569,315	\$ 36,805
Recovery Room	153,920	149,888	4,032	161,072	157,694	3,378
Central Supply	336,933	311,677	25,256	309,073	285,917	23,156
Intravenous	164,880	163,267	1,613	145,373	144,414	959
Emergency Service	526,539	42,837	483,702	446,994	35,048	411,946
Laboratory	833,196	728,076	105,120	718,744	626,712	92,032
Pulmonary Function Laboratory	51,989	50,151	1,838	81,006	77,929	3,077
Blood	63,762	63,468	294	60,532	59,989	543
Transfusion Trays	6,960	6,948	12	7,202	7,136	66
Electrocardiology	130,180	123,878	6,302	118,168	110,637	7,531
Radiology	733,950	489,097	244,853	653,598	407,030	246,568
Pharmacy	762,413	753,348	9,065	646,419	638,972	7,447
Stress Test	28,620	21,195	7,425	24,840	13,905	10,935
Anesthesia Administration	391,970	383,599	8,371	363,847	357,152	6,695
Anesthesia Material	115,313	110,674	4,639	109,825	105,878	3,947
Inhalation Therapy	394,813	391,939	2,874	407,491	405,820	1,671
Physical Therapy	284,782	188,972	95,810	285,453	196,692	88,761
Electroencephalography	16,445	9,130	7,315	18,480	11,770	6,710
Renal Dialysis	10,450	10,450	-- --	6,775	6,775	-- --
Total Special Services	\$ 5,704,562	\$ 4,643,571	\$ 1,060,991	\$ 5,171,012	\$ 4,218,805	\$ 952,207
TOTAL REVENUE FROM SERVICES TO PATIENTS	\$ 9,584,189	\$ 8,523,198	\$ 1,060,991	\$ 8,594,874	\$ 7,642,667	\$ 952,207

The accompanying notes are an integral part of these financial statements.

JAPP. 4812

TAUBER 44496

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Schedule B-2

JEFFERSON MEMORIAL HOSPITAL CORPORATION
OPERATING EXPENSE
FOR THE YEARS ENDED JUNE 30, 1979 AND 1978

	1979			1978		
	Total	Salaries and Wages	Supplies and Expenses	Total	Salaries and Wages	Supplies and Expenses
Administration and General	\$ 936,763	\$ 525,851	\$ 410,912	\$ 809,368	\$ 467,560	\$ 341,808
Employees' Health and Welfare	137,279	12,570	124,709	121,501	9,890	111,611
Dietary	443,775	216,304	227,471	419,427	195,158	224,269
Housekeeping	162,630	---	162,630	152,679	---	152,679
Laundry and Linen	151,223	23,044	128,179	131,776	21,478	110,298
Insurance	93,413	---	93,413	93,953	---	93,953
Operation of Plant	271,959	115,001	156,958	215,942	108,105	107,837
Repairs and Maintenance	44,027	---	44,027	51,868	---	51,868
Nursing Service	1,662,349	1,435,333	227,016	1,467,824	1,307,190	160,634
Pharmacy	412,610	---	412,610	408,120	---	408,120
Medical Records and Library	90,346	71,596	18,750	73,813	59,681	14,132
Operating Room	432,239	244,379	187,860	366,126	219,914	146,212
Recovery Room	70,814	63,876	6,938	63,807	58,115	5,692
Intensive Care	271,320	211,613	59,707	243,150	200,470	42,680
Laboratory	402,733	177,618	225,115	405,290	165,686	239,604
Pulmonary Function	29,117	---	29,117	45,210	---	45,210
Radiology	456,236	127,152	329,084	391,928	119,842	272,086
Physical Therapy	152,598	68,799	83,799	134,617	57,968	76,649
Inhalation Therapy	231,634	---	231,634	238,934	---	238,934
Anesthesiology	313,182	---	313,182	291,690	---	291,690
Electrocardiology	94,832	33,157	61,675	81,184	30,767	50,416
Central Supply	223,321	55,888	167,433	199,783	51,874	147,909
Electroencephalography	8,386	---	8,386	9,941	---	9,941
Blood Bank	30,209	---	30,209	27,335	---	27,335
Emergency	432,781	121,309	311,472	348,822	110,090	238,732
Miscellaneous Services	39,608	18,548	21,060	43,961	25,640	18,321
Employee Pension Plan	55,030	---	55,030	55,194	---	55,194
Total	\$ 7,650,414	\$ 3,522,038	\$ 4,128,376	\$6,893,440	\$ 3,209,428	\$ 3,684,012
Depreciation	73,577			65,618		
Rent of Land, Building and Equipment	200,073			171,691		
Taxes - other than Payroll and Income	80,432			72,926		
TOTAL OPERATING EXPENSE	\$ 8,004,496			\$7,201,671		

The accompanying notes are an integral part of these financial statements.

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Schedule E-2

JEFFERSON MEMORIAL HOSPITAL CORPORATION
OTHER INCOME AND EXPENSE
FOR THE YEARS ENDED JUNE 30, 1979 And 1978

	<u>1979</u>	<u>1978</u>
<u>INCOME:</u>		
Rents	\$ 4,724	\$ 3,900
Interest	<u>8,317</u>	<u>9,562</u>
<u>TOTAL</u>	<u>\$ 13,041</u>	<u>\$ 13,462</u>
<u>EXPENSE</u>		
Interest	\$ 64,252	\$ 63,588
Amortization of Goodwill	11,377	11,484
Loss on Disposal of Equipment	10,916	20,532
Loss from Partnership - Lost Creek	<u>50,718</u>	<u>170,623</u>
<u>TOTAL</u>	<u>\$ 137,263</u>	<u>\$ 266,227</u>
<u>NET OTHER INCOME AND EXPENSE</u>	<u><u>\$(124,222)</u></u>	<u><u>\$(252,765)</u></u>

TAUBER 44498

The accompanying notes are an integral part of these financial statements.

J.APP. 4814

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NOTES TO FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

NOTE 1 - ACCOUNTS RECEIVABLE - CONTRACT AGENCIES

An analysis of the receivables in the amount of \$249,312 due from contract agencies as shown on the accompanying balance sheet is as follows:

Virginia Health Insurance Program - Medicaid:	
Fiscal Year Ended June 30, 1979	\$ 18,000
Group Hospitalization, Inc.:	
Fiscal Year Ended June 30, 1979	209,312
Federal Health Insurance Program - Medicare:	
Fiscal Year Ended June 30, 1979	<u>22,000</u>
<u>Total</u>	<u>\$249,312</u>

Although reimbursements are received periodically as services are rendered to the contract covered patients, it is estimated that for the above year the allowable cost exceeded the reimbursements by the amounts shown.

NOTE 2 - PLANT AND EQUIPMENT DEPRECIATION

All Capital Assets are being depreciated by the straight-line method of depreciation with the following life-years by asset classification:

Fixed Equipment	3-20 Years	\$ 11,441
Major Movable Equipment	5-20 Years	53,558
Leasehold Improvements	5-20 Years	8,578

NOTE 3 - GOODWILL

Goodwill in the amount of \$386,804 is being amortized over a period of 34 years at the rate of \$11,377 per year. The amounts of \$295,681 and \$307,058 for the years ended June 30, 1979 and June 30, 1978 respectively, as shown on the accompanying balance sheet represent the unamortized portion.

NOTE 4 - INVESTMENT LOST CREEK PARTNERSHIP

During Fiscal Year 1978, the corporation acquired 11.20% of a partnership known as "Lost Creek Partnership". The operations of the partnership are ' Production of

TAUBER 44499

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NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT LOST CREEK PARTNERSHIP (Continued)

Thermoplastic Children's Playthings, and Sublease - Coal property - Extract and sell coal. The Partnerships' taxable year ended December 31, 1978 and the Corporation's proportionate share of loss amounted to \$50,718 which was deducted against Corporation's Income. As a result, Federal and State Income Tax Savings amounted to \$26,885 or .12c per share. The investment in the partnership is carried on an equity basis adjusted by the loss. There were no provisions made for the contingent liability by the corporation of \$143,696 nor any additional income tax should the Internal Revenue Service disallow the above loss claimed.

NOTE 5 - INCOME TAXES

Federal and State Income Taxes for the year ended June 30, 1979 (\$ 60,230) and 1978 (\$ 48,034) result in effective tax rates of 32.1% and 38.6%, respectively. The significant differences between the effective tax rate and the statutory Federal tax rate are as follows:

	<u>1979</u>		<u>1978</u>	
	Amount	Percent of Pretax Earnings	Amount	Percent of Pretax Earnings
Statutory Federal tax	\$ 77,662	41.5 %	\$ 47,760	38.4 %
State income tax	11,930	6.4	8,151	6.5
Investment tax credit	(16,345)	(8.7)	(7,877)	(6.3)
New job credit	<u>(13,017)</u>	<u>(7.1)</u>	<u>-</u>	<u>-</u>
Effective Tax	<u>\$ 60,230</u>	<u>32.1 %</u>	<u>\$ 48,034</u>	<u>38.6 %</u>

Investment tax credits earned under the Revenue Act of 1971 as amended are accounted for on the flow-through method as reductions of current income tax expense.

TAUBER 44500

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LEASE AGREEMENT PAYABLE

The amount of \$2,397 represents the unpaid balance due under a lease-purchase agreement of hospital equipment. This amount is curtailed at \$479.48 per month for 60 months beginning December, 1973. The terms stipulate that at the end of the lease period the equipment may be purchased at the nominal value of \$1. The Corporation has exercised the option and has acquired the equipment at the final payment.

The assets covered under this lease agreement are recorded in the appropriate fixed asset account and are being depreciated over the estimated life-years assigned to each piece of equipment.

NOTE 7 - BOND REDEMPTION SINKING FUND REQUIREMENT

Bonds payable, as shown on the accompanying balance sheet, in the amount of \$157,500 mature in 1985, \$153,500 mature in 1990, and \$237,850 mature in 1996. A requirement of the bond issue is the establishment of a retirement sinking fund, five years from the date of issue, for either an early redemption or a redemption at maturity.

As of June 30, 1979 the sinking fund requirement amounts to approximately \$86,300 for redemption at maturity. During the fiscal year the Corporation has redeemed bonds payable in the amount of \$16,000 and had a sinking fund balance of \$92,577 at year end.

NOTE 8 - LEASE AGREEMENT - LAND

The lease agreements have been entered into by the Hospital for the greater portion of land which it uses. The term of one lease is for 99 years beginning January 1, 1966 and provides for a basic annual rental of \$15,600 with a provision that on each tenth anniversary of the lease commencement date the annual

TAUBER 44501

NOTES TO FINANCIAL STATEMENTSNOTE 8 - LEASE AGREEMENT - LAND (CONTINUED)

rental can be adjusted by a formula based on the wholesale price index. The term of the other lease commenced on January 1, 1966 and it is also for a period of 99 years with a rental of \$2,406.80 per annum plus a portion of the real estate taxes. For the year ended June 30, 1979 the portion of real estate taxes paid was \$1,987.32.

NOTE 9 - EARNINGS PER SHARE

The Hospital has issued no dilutive convertible securities, options, warrants or other stock rights. Earnings per share represent the net income for the year divided by 219,867 shares outstanding for the year ended June 30, 1979 and 218,255 shares outstanding for the year ended June 30, 1978.

NOTE 10 - CHANGES IN ACCOUNTING POLICY

The Corporation prior to the year ended June 30, 1974 recognized contractual adjustments on patients' accounts at the time paid by the third party. In 1974 it changed this policy to recognize the contractual adjustment at the time the patient is discharged. This change results in a better comparison of the patient revenue with expense.

The cumulative effect on the retained earnings as of June 30, 1973 would be approximately \$116,000. The effect of this change retroactively applied to the year ended June 30, 1973 cannot be established because sufficient information is not available to make the calculation. However, it is believed that the effect on the year ended June 30, 1973 net income, after giving effect to income taxes, would be immaterial.

NOTE 11 - EMPLOYEE PENSION PLAN AND TRUST

The Corporation entered into an employee pension plan effective date December 1, 1975. The amount of the Employer's contribution is based upon

TAUBER 44502

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NOTES TO FINANCIAL STATEMENTS

NOTE 11 - EMPLOYEE PENSION PLAN AND TRUST (CONTINUED)

Participant's Annual Compensation at the rate of 3% @ annum. Total pension expense for the years ended June 30, 1979 and 1978, was approximately \$55,030 and \$55,394, respectively.

NOTE 12 - LONG-TERM COMMITMENTS

Jefferson Memorial Hospital Corporation has long-term lease commitments as follows:

Contracts with the Radio Corporation of America for the use of televisions and remote patient units. The contracts expire November 27, 1985 and require annual payments of \$8,933.00. Under the terms of the contracts, at the expiration, the equipment may be purchased by the Corporation at the nominal value of \$1.00 for each equipment unit leased hereunder.

Contracts with the General Electric Company in renting two "portable x-ray units". The contracts expire June 17, 1980 and February 4, 1981 and require annual payments of \$12,983.40. Under the terms of the contracts the equipment remains the sole property of the Lessor at the termination of the contract period.

Contract with Equico Lessors in renting "Monitoring Equipment for Intensive Care Unit". The contract expires November 30, 1984 and requires an annual payment of \$14,675.28 for the first five years, and \$1,672.47 for the sixth and seventh year. Under the terms of the contract the equipment remains the sole property of the Lessor at the termination of the contract period.

Contract with Kenneth R. Fox, M.D. Leasing "Ophthalmic Equipment" for a period of five years commencing May 1, 1978 was entered with an annual rental of \$6,866.28.

During the Fiscal Year, the corporation has entered with the First Virginia

TAUBER 44503

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NOTES TO FINANCIAL STATEMENTS

NOTE 12 - LONG-TERM COMMITMENTS (CONTINUED)

Bank Leasing Department into three additional leases for hospital equipment. The contracts expire in 1984 and require annual payments of \$28,610.00 for the next five years. Under the terms of the contracts, at the expiration, the equipment may be purchased by the Corporation at 7.50% of the original invoice costs which amounted to \$104,245.00.

The Corporation entered into a lease agreement with "Jefferson Memorial Hospital Joint Venture" to rent the building and parking facilities which was effective as of July 1, 1975. The lease is for a term of twenty years with an option to renew for an additional twenty years. The basic annual rental for the first ten years of the term is \$112,000 per year, and for the second ten years of the term \$60,000 per year on a net-net lease. The Corporation has signed on July 31, 1977 an additional lease with the above joint venture to rent the third floor of the newly constructed medical building for the extension of the hospital. The lease is for a term of twenty years with an option to be renewed for an additional twenty years effective as of March 1, 1979. The basic rental for the entire period including the option is \$11,760.00 annually. The Corporation will rent storage space and ICU addition from the venture with a basic annual rental of \$ 17,987.00 beginning July 1, 1979. In addition, under the terms of the leases the Corporation will pay all maintenance, insurance and taxes on the leased property.

NOTE 13 - LITIGATION

At the Fiscal Year end, there were four claims pending against the Corporation. One of the claims was recently dismissed without prejudice and it is the belief of the defense attorney that there is not much merit to the other cases. Correspondence with the insurance companies revealed that there is adequate coverage of insurance to settle the above claims.

TAUBER 44504

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Petitioners' Trial
Exhibit No. 713.

JEFFERSON MEMORIAL HOSPITAL CORPORATION
ALEXANDRIA, VIRGINIA



FINANCIAL STATEMENTS .
FOR THE YEAR ENDED JUNE 30, 1980

DAVID E. MERMELSTEIN
CERTIFIED PUBLIC ACCOUNTANT

TAUBER 44533
EX. 1002

J.APP. 4821

CONFIDENTIAL

JEFFERSON MEMORIAL HOSPITAL CORPORATION

JUNE 30, 1980

Scope of audit and auditors' opinion

Exhibit 'A' - Balance Sheet - As of June 30, 1980 and 1979.

Exhibit 'B' - Statement of Income and Retained Earnings
for the years ended June 30, 1980 and 1979.

Exhibit 'C' - Statement of Changes in Financial Position
for the years ended June 30, 1980 and 1979.

Schedule B-1 - Revenue from Services to Patients for
the years ended June 30, 1980 and 1979.

Schedule B-2 - Statement of Operating Expenses for the
years ended June 30, 1980 and 1979.

Schedule B-3 - Other Income and Expenses for the years
ended June 30, 1980 and 1979.

Notes to Financial Statements

TAUBER 44534

J.APP. 4822

CONFIDENTIAL

DAVID E. MERMELSTEIN
CERTIFIED PUBLIC ACCOUNTANT
1475 CONNECTICUT AVENUE
SILVER SPRING, MD 20906

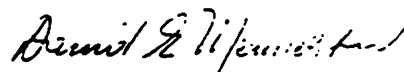
3011 460-6820

The Board of Directors,
Jefferson Memorial Hospital Corporation,
Alexandria, Virginia 22302

I have examined the balance sheets of Jefferson Memorial Hospital Corporation as of June 30, 1980 and 1979 and the related statements of income and retained earnings and changes in financial position for the years then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the aforementioned financial statements present fairly the financial position of Jefferson Memorial Hospital Corporation at June 30, 1980 and 1979 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles which, for the change, with which I concur, in the recognition of contractual adjustments as described in Note 9 to the financial statements, have been applied on a consistent basis.

Respectfully submitted,



David E. Mermelstein
Certified Public Accountant

Silver Spring, Maryland
September 10, 1980

TAUBER 44535

J.APP. 4823

CONFIDENTIAL

JEFFERSON MEMORIAL HOSPITAL CORPORATION
BALANCE SHEET
JUNE 30, 1980 and 1979

<u>ASSETS</u>	<u>1980</u>	<u>1979</u>
Cash In Banks	\$ 118,060	\$ 14,257
Cash-Held in Escrow	12,500	12,500
Accounts Receivable - Patients	1,412,567	1,362,097
Less: Allow. for Uncoll. Acc'ts. (\$398,620 and \$340,524 Respect.)		
Contract Agencies (Note 1)	226,262	249,312
Other Receivables	53,699	43,962
<u>Total Current Assets</u>	<u>\$ 1,824,088</u>	<u>\$ 1,682,028</u>
<u>PROPERTY, PLANT AND EQUIPMENT</u>		
Net - Cost (Note 2)	495,534	438,063
<u>OTHER ASSETS:</u>		
Inventory - At Cost	\$ 79,026	\$ 67,039
Investment - Lost Cr. Part (Note 4)	(143,696)	(117,341)
Prepaid Expenses	56,511	103,690
Goodwill (Note 3)	284,304	295,681
<u>Total Other Assets</u>	<u>276,145</u>	<u>349,069</u>
<u>Total Assets</u>	<u>\$ 2,595,767</u>	<u>\$ 2,469,160</u>
<u>LIABILITIES AND CAPITAL</u>		
<u>LIABILITIES</u>		
Accounts Payable - Trade	\$ 750,479	\$ 749,259
Employees' Withholding	60,154	11,055
Accrued Expenses	153,228	159,414
Corporation Income Taxes (Note 5)	1,840	(24,270)
Notes Payable	69,854	128,939
Bonds Payable (Note 6)	525,850	548,850
Other	14,169	13,504
<u>Total Liabilities</u>	<u>\$ 1,575,574</u>	<u>\$ 1,586,751</u>
<u>CAPITAL</u>		
Common Stock - \$.01 Par Value		
Authorized 1,000,000 Shares:		
Issued and Outstanding 216,684		
and 219,867 Sh. Respectively	\$ 2,167	\$ 2,199
Capital in Excess of Par Value	597,179	616,245
Donated Capital	20,051	20,051
Retained Earnings (Exhibit B)	400,796	243,914
<u>Total Capital</u>	<u>1,020,193</u>	<u>882,409</u>
<u>Total Liabilities and Capital</u>	<u>\$ 2,595,767</u>	<u>\$ 2,469,160</u>

The accompanying notes are an integral part of these financial statements.

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JEFFERSON MEMORIAL HOSPITAL CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1980 and 1979

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<u>REVENUE FROM SERVICES TO PATIENTS</u> <u>(Schedule B-1):</u>	<u>1980</u>	<u>1979</u>
Routine Services	\$ 4,454,776	\$ 3,879,617
Special Services	6,826,381	5,704,562
<u>Total Revenue From Services to Patients</u>	<u>\$ 11,281,157</u>	<u>\$ 9,584,179</u>
 <u>DEDUCTIONS FROM REVENUE:</u>		
Adjustments and Allowances:		
Contracting Agencies	\$ 912,978	\$ 858,616
Non-contractual Patients	37,144	23,044
Employees and Professional Courtesy	21,743	12,301
Provision for Uncollectible Accounts		
Net of Recoveries	588,011	383,771
	<u>\$ 1,559,876</u>	<u>\$ 1,277,732</u>
 Net Revenue from Services to Patients	<u>\$ 9,721,281</u>	<u>\$ 8,306,457</u>
 <u>OTHER OPERATING INCOME:</u>		
PSRO Revenue	\$ -- --	\$ 1,209
Commissions	820	1,669
Transcripts	6,736	6,263
Sale of Supplies	1,370	491
Ancillary Services For Others	18,168	-- --
	<u>\$ 27,094</u>	<u>\$ 9,632</u>
 Total Operating Revenue	<u>\$ 9,748,375</u>	<u>\$ 8,316,089</u>
 <u>OPERATING EXPENSE (Schedule B-2)</u>	<u>9,435,959</u>	<u>\$ 8,004,496</u>
 Net Operating Income	<u>\$ 312,416</u>	<u>\$ 311,593</u>
 <u>OTHER INCOME AND (EXPENSE) - NET (Schedule B-3)</u>	<u>(92,994)</u>	<u>\$ (124,222)</u>
 Net Income Before Income Taxes	<u>\$ 219,422</u>	<u>\$ 187,371</u>
Less: Income Taxes	<u>62,540</u>	<u>\$ 60,230</u>
 Net Income	<u>\$ 156,882</u>	<u>\$ 127,141</u>
Retained Earnings July 1	<u>243,914</u>	<u>116,773</u>
 RETAINED EARNINGS JUNE 30,	<u>\$ 400,796</u>	<u>\$ 243,914</u>
 EARNINGS PER COMMON SHARE (Notes 4 and 8)	<u>\$.72</u>	<u>\$.58</u>

The accompanying notes are an integral part of these financial statements.

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JEFFERSON MEMORIAL HOSPITAL CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 1980 and 1979

<u>SOURCE OF FUNDS:</u>	1980	1979
Net Income (Exhibit 3)	\$ 156,882	\$ 127,141
Expense Not Requiring Funds:		
Depreciation and Amortization	95,557	84,954
Loss or (Gain) on Disposal of Equipment	(1,090)	10,916
Loss Generated by Partnership	26,355	50,718
Total Funds Provided From Operations	\$ 277,704	\$ 273,729
Proceeds from Notes Payable	16,000	16,630
Proceeds from Sale of Corporation's Common Stock	12,900	9,672
Total Source of Funds	\$ 306,604	\$ 300,031
<u>APPLICATION OF FUNDS:</u>		
Purchase of Corporation's Common Stock	\$ 31,998	\$ -- --
Curtailment of Notes Payable	75,085	73,009
Purchase of Equipment	140,561	134,153
Redemption of Bonds Payable	23,000	16,000
Total Application of Funds	\$ 270,644	\$ 223,162
<u>NET INCREASE IN FUNDS</u>	<u>\$ 35,960</u>	<u>\$ 76,869</u>

<u>CONSISTING OF:</u>	INCREASE IN FUND	(DECREASE)
Cash	\$ 104,803	\$ (117,635)
Accounts Receivable	37,257	466,631
Inventories	11,987	23,977
Prepayments and other Current Assets	(47,179)	36,574
Accounts Payable	(1,220)	(324,291)
Accrued Liabilities	(69,688)	(8,387)
<u>NET INCREASE IN FUNDS</u>	<u>\$ 35,960</u>	<u>\$ 76,869</u>

The accompanying notes are an integral part of these financial statements.

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Schedule B-1

JEFFERSON MEMORIAL HOSPITAL CORPORATION
REVENUE FROM SERVICES TO PATIENTS
FOR THE YEARS ENDED JUNE 30, 1980 and 1979

	1980			1979		
	TOTAL	INPATIENT	OUTPATIENT	TOTAL	INPATIENT	OUTPATIENT
ROUTINE SERVICES:						
Room and Board	\$ 4,454,776	\$ 4,454,776	\$ - - -	\$ 3,879,627	\$ 3,879,627	\$ - - -
Total Routine Services	\$ 4,454,776	\$ 4,454,776	\$ - - -	\$ 3,879,627	\$ 3,879,627	\$ - - -
SPECIAL SERVICES:						
Operating Room	\$ 781,266	\$ 719,342	\$ 61,924	\$ 697,447	\$ 644,977	\$ 52,470
Recovery Room	174,187	168,943	5,244	153,920	149,888	4,032
Central Supply	402,093	372,379	29,714	336,933	311,677	25,256
Intravenous	209,626	207,523	2,103	164,880	163,267	1,613
Emergency Service	618,861	58,985	559,876	526,539	42,837	483,702
Laboratory	1,004,652	877,673	126,979	833,196	728,076	105,120
Pulmonary Function Laboratory	63,871	61,625	2,246	51,989	50,151	1,838
Blood	74,340	73,040	1,300	63,762	63,468	294
Transfusion Trays	8,045	7,917	128	6,960	6,948	12
Electrocardiology	151,604	141,390	10,214	130,180	123,878	6,302
Radiology	942,963	637,274	305,689	733,950	489,097	244,853
Pharmacy	976,324	965,957	10,367	762,413	753,348	9,065
Stress Test	40,327	32,152	8,175	28,620	21,195	7,425
Anesthesia Administration	456,136	442,540	13,596	391,970	383,599	8,371
Anesthesia Material	127,719	122,015	5,704	115,313	110,674	4,639
Inhalation Therapy	401,517	399,240	2,277	398,813	391,939	2,874
Physical Therapy	364,415	234,561	129,854	284,782	188,972	95,810
Electroencephalography	15,785	8,910	6,875	16,445	9,130	7,315
Renal Dialysis	12,650	12,650	- - -	10,450	10,450	- - -
Total Special Services	\$ 6,826,381	\$ 5,544,116	\$ 1,282,265	\$ 5,704,562	\$ 4,643,571	\$ 1,060,991
TOTAL REVENUE FROM SERVICES TO PATIENTS	\$11,281,157	\$ 9,998,892	\$1,282,265	\$ 9,584,189	\$ 8,523,198	\$ 1,060,991

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J.A.P. 4827

The accompanying notes are an integral part of these financial statements.

JEFFERSON MEMORIAL HOSPITAL CORPORATION
OPERATING EXPENSE
FOR THE YEARS ENDED JUNE 30, 1980 AND 1979

	1980			1979		
	Total	Salaries and Wages	Supplies and Expenses	Total	Salaries and Wages	Supplies and Expenses
Administration and General	\$1,097,289	\$ 573,270	\$ 524,019	\$ 936,763	\$ 525,851	\$ 410,912
Employees' Health and Welfare	179,788	14,191	165,597	137,279	12,570	124,709
Dietary	481,902	234,174	247,728	443,775	216,304	227,471
Housekeeping	186,644	-- --	186,644	162,630	-- --	162,630
Laundry and Linen	173,806	24,638	149,168	151,223	23,044	128,179
Insurance	97,243	-- --	97,243	93,413	-- --	93,413
Operation of Plant	375,031	136,240	238,791	271,959	115,001	156,958
Repairs and Maintenance	17,229	-- --	17,229	44,027	-- --	44,027
Nursing Service	1,764,930	1,527,253	237,677	1,662,349	1,435,333	227,016
Pharmacy	499,862	-- --	499,862	412,610	-- --	412,610
Medical Records and Library	110,809	93,296	17,513	90,346	71,596	18,750
Operating Room	533,838	281,279	252,559	432,239	244,379	187,860
Recovery Room	81,311	72,161	9,150	70,814	63,876	6,938
Intensive Care	352,019	235,804	116,215	271,320	211,613	59,707
Laboratory	457,698	203,205	254,493	402,733	177,618	225,115
Pulmonary Function	35,823	-- --	35,823	29,117	-- --	29,117
Radiology	625,509	141,855	483,654	456,236	127,152	329,084
Physical Therapy	198,659	84,469	114,190	152,598	68,799	83,799
Inhalation Therapy	237,539	-- --	237,539	231,634	-- --	231,634
Anesthesiology	365,578	-- --	365,578	313,182	-- --	313,182
Electrocardiology	101,350	38,993	62,357	94,832	33,157	61,675
Central Supply	292,503	65,209	227,294	223,321	55,888	167,433
Electroencephalography	7,952	-- --	7,952	8,386	-- --	8,386
Blood Bank	34,581	-- --	34,581	30,209	-- --	30,209
Emergency	499,476	144,133	355,343	432,781	121,309	311,472
Miscellaneous Services	41,730	17,503	24,227	39,608	18,548	21,060
Employee Pension Plan	57,000	-- --	57,000	55,030	-- --	55,030
Total	\$ 8,907,099	\$3,887,673	\$5,019,426	\$ 7,650,414	\$3,522,038	\$ 4,128,376
Depreciation	84,180			73,577		
Rent of Land, Building and Equipment	340,349			200,073		
Taxes - other than Payroll and Income	104,331			80,432		
TOTAL OPERATING EXPENSE	\$ 9,435,959			\$ 8,004,496		

The accompanying notes are an integral part of these financial statements.

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Schedule B-3

JEFFERSON MEMORIAL HOSPITAL CORPORATION
OTHER INCOME AND EXPENSE
FOR THE YEARS ENDED JUNE 30, 1980 And 1979

	<u>1980</u>	<u>1979</u>
<u>INCOME:</u>		
Rents	\$ -- --	\$ 4,724
Interest	<u>5,148</u>	<u>8,317</u>
<u>TOTAL</u>	<u>\$ 5,148</u>	<u>\$ 13,041</u>
<u>EXPENSE</u>		
Interest	\$ 61,500	\$ 64,252
Amortization of Goodwill	11,377	11,377
Loss or (Gain) on Disposal of Equipment	(1,090)	10,916
Loss from Partnership - Lost Creek	<u>26,355</u>	<u>50,718</u>
<u>TOTAL</u>	<u>\$ 98,142</u>	<u>\$ 137,263</u>
<u>NET OTHER INCOME AND EXPENSE</u>	<u>\$ (92,994)</u>	<u>\$ (124,222)</u>

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The accompanying notes are an integral part of these financial statements.

J.APP. 4829

CONFIDENTIAL

NOTES TO FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

NOTE 1 - ACCOUNTS RECEIVABLE - CONTRACT AGENCIES

An analysis of the receivables in the amount of \$226,262 due from contract agencies as shown on the accompanying balance sheet is as follows:

Virginia Health Insurance Program - Medicaid:	
Fiscal Year Ended June 30, 1980	\$ 2,000
Group Hospitalization, Inc.:	
Fiscal Year Ended June 30, 1980	221,262
Federal Health Insurance Program - Medicare:	
Fiscal Year Ended June 30, 1980	<u>3,000</u>
<u>Total</u>	<u>\$ 226,262</u>

Although reimbursements are received periodically as services are rendered to the contract covered patients, it is estimated that for the above year the allowable cost exceeded the reimbursements by the amounts shown.

NOTE 2 - PLANT AND EQUIPMENT DEPRECIATION

All Capital Assets are being depreciated by the straight-line method of depreciation with the following life-years by asset classification:

Fixed Equipment	3-20 Years	\$ 9,774
Major Movable Equipment	5-20 Years	59,625
Leasehold Improvements	5-20 Years	14,781

NOTE 3 - GOODWILL

Goodwill in the amount of \$386,804 is being amortized over a period of 34 years at the rate of \$11,377 per year. The amounts of \$284,304 and \$295,681 for the years ended June 30, 1980 and June 30, 1979 respectively, as shown on the accompanying balance sheet represent the unamortized portion.

NOTE 4 - INVESTMENT LOST CREEK PARTNERSHIP

During Fiscal Year 1978, the corporation acquired 11.20% of a partnership known as "Lost Creek Partnership". The operations of the partnership are ' Production of

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J.APP. 4830

NOTES TO FINANCIAL STATEMENTSNOTE 4 - INVESTMENT LOST CREEK PARTNERSHIP (Continued)

Thermoplastic Children's Playthings, and Sublease - Coal property - Extract and sell coal. The Partnerships' taxable year ended December 31, 1979 and the Corporation's proportionate share of loss amounted to \$26,355 which was deducted against Corporation's Income. As a result, Federal and State Income Tax Savings amounted to \$12,977 or .064 per share. The investment in the partnership is carried on an equity basis adjusted by the loss. There were no provisions made for the contingent liability by the corporation of \$143,696 nor any additional income tax should the Internal Revenue Service disallow the above loss claimed.

NOTE 5 - INCOME TAXES

Federal and State Income Taxes for the year ended June 30, 1980 (\$ 62,540) and 1979 (\$ 60,230) result in effective tax rates of 28.5% and 32.1%, respectively. The significant differences between the effective tax rate and the statutory Federal tax rate are as follows:

	<u>1980</u>		<u>1979</u>	
	Amount	Percent of Pretax Earnings	Amount	Percent of Pretax Earnings
Statutory Federal tax	\$ 80,545	36.7%	\$ 77,662	41.5%
State income tax	13,853	6.3	11,930	6.4
Investment tax credit	(31,858)	(14.5)	(16,345)	(8.7)
New job credit	<u> </u>	<u> </u>	<u>(13,017)</u>	<u>(7.1)</u>
Effective Tax	<u>\$ 62,540</u>	<u>28.5%</u>	<u>\$ 60,230</u>	<u>32.1%</u>

Investment tax credits earned under the Revenue Act of 1971 as amended are accounted for on the flow-through method as reductions of current income tax expense.

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NOTES TO FINANCIAL STATEMENTSNOTE 6 - BOND REDEMPTION SINKING FUND REQUIREMENT

Bonds payable, as shown on the accompanying balance sheet, in the amount of \$134,500 mature in 1985, \$153,500 mature in 1990, and \$237,850 mature in 1996. A requirement of the bond issue is the establishment of a retirement sinking fund, five years from the date of issue, for either an early redemption or a redemption at maturity.

As of June 30, 1980 the sinking fund requirement amounts to approximately \$82,533 for redemption at maturity. During the fiscal year the Corporation has redeemed bonds payable in the amount of \$23,000 and had a sinking fund balance of \$83,210 at year end.

NOTE 7 -- LEASE AGREEMENT - LAND

The lease agreements have been entered into by the Hospital for the greater portion of land which it uses. The term of one lease is for 99 years beginning January 1, 1966 and provides for a basic annual rental of \$15,600 with a provision that on each tenth anniversary of the lease commencement date the annual rental can be adjusted by a formula based on the wholesale price index. The term of the other lease commenced on January 1, 1966 and it is also for a period of 99 years with a rental of \$2,406.80 per annum plus a portion of the real estate taxes. For the year ended June 30, 1980 the portion of real estate taxes paid was \$1,987.32.

NOTE 8 - EARNINGS PER SHARE

The Hospital has issued no dilutive convertible securities, options, warrants or other stock rights. Earnings per share represent the net income for the year divided by 216,684 shares outstanding for the year ended June 30, 1980 and 219,867 shares outstanding for the year ended June 30, 1980.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 9 - CHANGES IN ACCOUNTING POLICY

The Corporation prior to the year ended June 30, 1974 recognized contractual adjustments on patients' accounts at the time paid by the third party. In 1974 it changed this policy to recognize the contractual adjustment at the time the patient is discharged. This change results in a better comparison of the patient revenue with expense.

The cumulative effect on the retained earnings as of June 30, 1973 would be approximately \$116,000. The effect of this change retroactively applied to the year ended June 30, 1973 cannot be established because sufficient information is not available to make the calculation. However, it is believed that the effect on the year ended June 30, 1973 net income, after giving effect to income taxes, would be immaterial.

NOTE 10 - EMPLOYEE PENSION PLAN AND TRUST

The Corporation entered into an employee pension plan effective date December 1, 1975. The amount of the Employer's contribution is based upon Participant's Annual Compensation at the rate of 3% \pm annum. Total pension expense for the years ended June 30, 1980 and 1979, was approximately \$57,000 and \$55,030, respectively,

NOTE 11 - LONG-TERM COMMITMENTS

Jefferson Memorial Hospital Corporation has long-term lease commitments as follows:

Contracts with the Radio Corporation of America for the use of televisions and remote patient units. The contracts expire November 27, 1985 and require annual payments of \$8,933.00. Under the terms of the contracts, at the expiration, the

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J.APP. 4833

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NOTES TO FINANCIAL STATEMENTS

NOTE 11 - LONG-TERM COMMITMENTS (CONTINUED)

equipment may be purchased by the Corporation at the nominal value of \$1.00 for each equipment unit leased hereunder.

Contracts with the General Electric Company in renting two "portable x-ray units". The contracts expire June 17, 1982 and February 4, 1981 and require annual payments of \$11,789.00. Under the terms of the contracts the equipment remains the sole property of the Lessor at the termination of the contract period.

Contract with Equico Lessors in renting "Monitoring Equipment for Intensive Care Unit". The contract expires November 30, 1984 and requires an annual payment of \$14,675.28 for the first five years, and \$1,672.47 for the sixth and seventh year. Under the terms of the contract the equipment remains the sole property of the Lessor at the termination of the contract period.

Contract with Kenneth R. Fox, M.D. Leasing "Ophthalmic Equipment" for a period of five years commencing May 1, 1978 was entered with an annual rental of \$6,866.28.

At the end of the Fiscal Year, the corporation had outstanding leases with the First Virginia Bank Leasing Department and Continental Bank of Illinois eleven additional leases for hospital equipment. The contracts expire in 1984 and 1985, and required annual payments are \$118,724.00 for the next three years and a lesser amount for the following two years. Under the terms of the contracts, at the expiration, the equipment on lease with the First Virginia Bank Leasing Department may be purchased by the Corporation at 7.50% of the original invoice costs which amounted to \$328,486.00.

The Corporation entered into a lease agreement with "Jefferson Memorial Hospital Joint Venture" to rent the building and parking facilities which was

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J.APP. 4834

NOTES TO FINANCIAL STATEMENTSNOTE 11 - LONG-TERM COMMITMENTS (CONTINUED)

effective as of July 1, 1975. The lease is for a term of twenty years with an option to renew for an additional twenty years. The basic annual rental is 12% of the appraised value as determined by the City of Alexandria for real estate tax purposes. The annual rental in effect for the ensuing year is \$230,748.00. The Corporation has signed on July 31, 1977 an additional lease with the above joint venture to rent the third floor of the newly constructed medical building for the extension of the hospital. The lease is for a term of twenty years with an option to be renewed for an additional twenty years effective as of March 1, 1979. The basic rental for the entire period including the option is \$11,760.00 annually. The Corporation is renting storage and physical therapy space from the venture with a basic annual rental of \$10,314.00. In addition, under the terms of the leases the Corporation will pay all maintenance, insurance and taxes on the leased property.

NOTE 12 - LITIGATION

At the Fiscal Year end, there were five claims pending against the Corporation. One of the claims was recently dismissed without prejudice and it is the belief of the defense attorney that there is not much merit to the other cases. Correspondence with the insurance companies revealed that there is adequate coverage of insurance to settle the above claims.

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