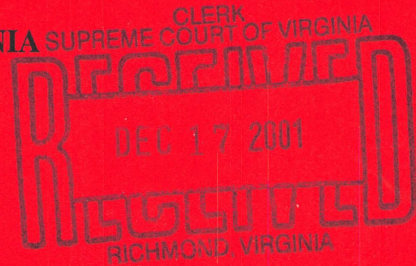


263Va520

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.

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ARTICLES OF AMENDMENT

JEFFERSON MEMORIAL HOSPITAL, INC., a Maryland corporation having its principal office at 2416 Harmon Road, Silver Spring, Montgomery County, Maryland (hereinafter called the Corporation), hereby certifies to the State Department of Assessments and Taxation of Maryland, that:

FIRST: The charter of the Corporation is hereby amended by striking out Article 3 of the Articles of Incorporation, as amended, to be replaced as follows:

THIRD: The purpose or purposes of this corporation are as follows: To establish and maintain a non-profit/hospital center and adjuncts convenient and necessary for its proper administration; to receive and administer funds for scientific, educational, charitable purposes, all for the public welfare, and for no other purposes, and to that end to take and hold, by bequest, devise, gift, purchase or lease, either absolutely or in trust for such objects and purposes or any of them, any property, real, personal or mixed, without limitation as to amount or value, except such limitations, if any, as may be imposed by law; to sell, convey and dispose of any such property and to invest and reinvest the principal thereof, and to deal with and expend the income therefrom for any of the before mentioned purposes, without limitation, except such limitations, if any, as may be contained in the instrument under which such property is received; to receive any property, real, personal, or mixed, in trust, under the terms of any will, deed of trust, or other instrument for the foregoing purposes or any of them (but for no other purpose), and in

TAUSEN 10-10

Trial Exhibit
No. 9.

administering the same to carry out the directions and exercise the powers contained in the trust instrument under which the property is received, including the expenditure of the principal, as well as the income for one or more of such purposes, if authorized or directed in the trust instrument under which it is received; to receive, take title to, hold, and use the proceeds and income of stocks, bonds, obligations, or other securities of any corporation or corporations, domestic or foreign, but only for the foregoing purposes, or some of them; and, in general, to exercise any, all and every power for which a corporation organized under the general laws of the State of Maryland for the operation of a hospital center and for scientific, educational, and charitable purposes, all for the public welfare, can be authorized to exercise, but not any other power. No part of the activities of this corporation shall be the carrying on of propaganda otherwise attempting to influence legislation. The corporation may have offices and authorized agents and promote and carry out its objects and purposes within or without the State of Maryland.

ADD: ARTICLE II AS FOLLOWS:

ELEVEN: Notwithstanding the above, expressed powers, no activities will extend beyond the scope of section 501 (c) (3) of the United States Internal Revenue Code.

SECOND: The Board of Directors of the Corporation, at a meeting duly convened and held on August 16, 1965, adopted a resolution in which was set forth the foregoing amendment to the charter, declaring that the said amendment of the charter was advisable and directing that it be submitted for action thereon at a special meeting of the members of the corporation held on August 16, 1965.

THIRD: Notice setting forth the said amendment of the charter and stating that a purpose of the meeting of the members would be to take action thereon, was given as required by law, to all members entitled to vote thereon; and like notice was given to all members of the corporation not entitled to vote thereon, whose contract rights as expressly set forth in the charter would be altered by the amendment.

FOURTH: The amendment of the charter of the corporation as hereinabove set forth was approved by the members of the corporation at said meeting by the affirmative vote of all of the members entitled to vote thereon.

FIFTH: The amendment of the charter of the Corporation as hereinabove set forth has been duly advised by the Board of Directors and approved by the members of the Corporation.

SIXTH: There are no shares of stock outstanding, as the Corporation has no authority to issue any type of stock.

IN WITNESS WHEREOF, JEFFERSON MEMORIAL HOSPITAL, INC., has caused these presents to be signed in its name and on its behalf by its President and its corporate seal to be hereunto affixed and attested by its Secretary on October 21, 1965.

JEFFERSON MEMORIAL HOSPITAL, INC.

By Lazlo M. Tauber
Lazlo M. Tauber, President

Attest:

James H. Scully
James H. Scully, Secretary

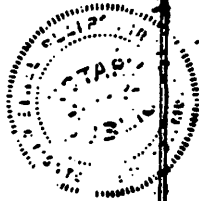
STATE OF Maryland

COUNTY OF Prince George's, ss

I HEREBY CERTIFY that on October 21st, 1965, before me the subscriber, a notary public of the State of Maryland in

and for the County of _____, personally appeared
Laszlo M. Tauber, President of JEFFERSON MEMORIAL HOSPITAL, INC.,
a Maryland corporation and in the name and on behalf of said
corporation; and at the same time personally appeared James H.
Scully and made oath, in due form of law, that he was Secretary of the
meeting of the members of said corporation at which the amendment
of the charter of the corporation therein set forth was approved
and that the matters and facts set forth in said Articles of
Amendment are true to the best of his knowledge, information and
belief.

WITNESS my hand and notarial seal, the day and year last
above written.



Etzel Elmer Lavin
Notary Public

My commission expires July 1, 1967

TAUBER 10-10

LIB 116 PAGE 564
ARTICLES OF AMENDMENT

OF

JEFFERSON MEMORIAL HOSPITAL, INC.

approved and received for record by the State Department of Assessments and Taxation
of Maryland December 28, 1965 at 9:00 o'clock A. M. as in conformity
with law and ordered recorded.

A: 3962

Recorded in Lib 7515, folio 586, one of the Charter Records of the State
Department of Assessments and Taxation of Maryland.

Recess tax paid \$..... Subsequent tax paid \$..... 10.00

To the clerk of the Circuit Court of Montgomery County

IT IS HEREBY CERTIFIED, that the within instrument, together with all endorsements thereon,
has been received, approved and recorded by the State Department of Assessments and Taxation
of Maryland.

AS WITNESS my hand and seal of the said Department at Baltimore.



Received for
12-28-65 and same day
was registered in the C. R. W.
No. 116, folio 586, one of the
Charter Records of the
State Department of Assessments and Taxation of Maryland.

1965 DEC 15 AM 10:22
STATE DEPT. OF ASSESSMENTS
AND TAXATION
BALTIMORE, MD.

TAUBER 10074

JAPP. 2791

STATE OF MARYLAND

446095

STATE DEPARTMENT OF ASSESSMENTS AND TAXATION

301 West Preston Street Baltimore, Maryland 21201

I, BRENDA A. WALKER OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION OF THE STATE OF MARYLAND, DO HEREBY CERTIFY THAT SAID DEPARTMENT, BY THE LAWS OF SAID STATE, IS THE CUSTODIAN OF THE RECORDS OF THIS STATE, RELATING TO THE FORFEITURE OR SUSPENSION OF CORPORATE CHARTERS, OR THE RIGHT OF CORPORATIONS TO TRANSACT BUSINESS IN THIS STATE; AND I AM THE PROPER OFFICER TO EXECUTE THIS CERTIFICATE.

I FURTHER CERTIFY THAT JEFFERSON MEMORIAL HOSPITAL, INC. IS NOT IN GOOD STANDING WITH THIS DEPARTMENT FOR THE FOLLOWING REASON(S):

THE CHARTER OF THE CORPORATION OR ITS AUTHORITY TO DO BUSINESS WAS FORFEITED ON APRIL 18, 1973, FOR FAILURE TO FILE THE NECESSARY CORPORATE PERSONAL PROPERTY REPORT OR FAILURE TO PAY ANY LATE FILING PENALTIES DUE.



IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE SEAL OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION OF MARYLAND AT BALTIMORE THIS 13TH DAY OF JUNE, 1996.


BRENDA A. WALKER
ADMIN SPECIALIST II

AT5-031

Trial Exhibit
No. 11.

RETURNED FOR CORRECTION PLEASE
ANNUAL REPORT

Copy corrected

TO THE STATE CORPORATION COMMISSION OF VIRGINIA

TO BE FILED EACH YEAR BETWEEN JANUARY 1 AND MARCH 1

(File one copy and retain a copy for your records)

Name of corporation JEFFERSON MEMORIAL HOSPITAL, INC.

State of incorporation Maryland

If a foreign corporation, address of principal or registered office in state of incorporation 2416 Harmon Road

Montgomery County, Silver Spring, Maryland

REGISTERED AGENT John Thomas Richards

REGISTERED OFFICE (Please read Instruction No. 2 before answering.)

128 S. Royal Street, Alexandria, Virginia, Virginia
(Number) (Street) (Post Office) (Zone)

If the registered office is within the corporate limits of a city, give the name of the city Alexandria

If it is not within the corporate limits of a city, give name of the county _____

OFFICERS

Name	Title	Residence Address
<u>Leslie E. Fisher, M.D.</u>	<u>PRESIDENT</u>	<u>3401 Eastward Ave., Bethesda, Maryland</u>
<u>Samuel H. Fisher, M.D.</u>	<u>VICE PRESIDENT</u>	<u>4201 Cathedral Ave., N.W., Washington, D.C.</u>
<u>Leslie E. Fisher, M.D.</u>	<u>SECRETARY</u>	<u>2012 Lehigh Ave., N.W., Washington, D.C.</u>
<u>Irvin G. Friedman, M.D.</u>	<u>TREASURER</u>	<u>1137 Kingston Ave., Alexandria, Virginia</u>
<u>Michael A. Corrado, M.D.</u>	<u>ASST. SECRETARY</u>	<u>2643, Sterling, Virginia</u>
<u>Michael R. Vlahos, M.D.</u>	<u>ASST. SECRETARY</u>	<u>11511 Hickory Cluster, Reston, Virginia</u>

DIRECTORS

Name	Residence Address
<u>SEE ATTACHED LIST</u>	

STOCK

(Please read the definitions on the back before answering)

Class and Series	Par Value Per Share or No Par Value	NUMBER OF SHARES (Not Number of Dollars)			
		Authorized	Issued	Outstanding	Treasury

Trial Exhibit
No. 21.

REGISTERED AGENT John Thomas Richardson

REGISTERED OFFICE (Please read instruction No. 2 before answering.)

128 S. Royal Street, Alexandria, Virginia Virginia
(Number) (Street) (Post Office) (Zone)

If the registered office is within the corporate limits of a city, give the name of the city Alexandria

If it is not within the corporate limits of a city, give name of the county _____

OFFICERS

Name	Title	Residence Address
<u>John Thomas Richardson</u>	<u>President</u>	<u>1401 Northpark Ave., Arlington, Virginia</u>
<u>John Thomas Richardson</u>	<u>Vice President</u>	<u>4201 Columbia Ave., N.E., Washington, D.C.</u>
<u>John Thomas Richardson</u>	<u>Secretary</u>	<u>2013 Columbia Ave., N.E., Washington, D.C.</u>
<u>John Thomas Richardson</u>	<u>Treasurer</u>	<u>1131 Highway Ave., Alexandria, Virginia</u>
<u>John Thomas Richardson</u>	<u>Director</u>	<u>1131 Highway Ave., Alexandria, Virginia</u>
<u>John Thomas Richardson</u>	<u>Director</u>	<u>1131 Highway Ave., Alexandria, Virginia</u>

DIRECTORS

Name	Residence Address
<u>John Thomas Richardson</u>	

STOCK

(Please read the definitions on the back before answering)

Class and Par Value	Par Value Per Share or 1/100th of Share	NUMBER OF SHARES (Not Number of Dollars)			
		Authorized	Issued	Outstanding	Treasury

The amount of stock capital of the corporation is \$ None

Date of last annual meeting of stockholders or members JANUARY 29, 1973

I declare under the penalties of perjury that the registered agent, the officers and the directors named above have been notified of their appointment and have consented to serve, and that the facts in this report are true as of 14 day of May, 1973

1973 January 1973 for the year ended
Date of filing May 1973

John T. Richardson
President
(Title)

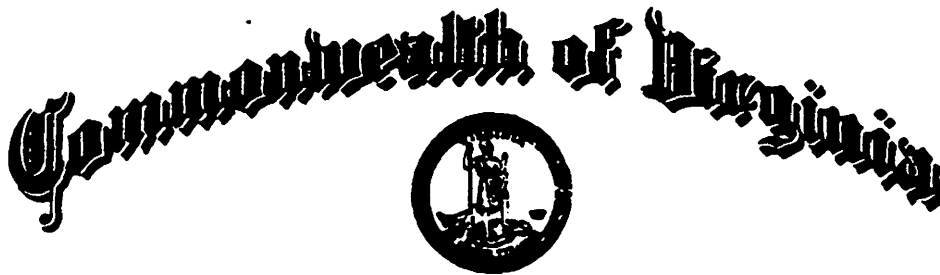


085599

NOTE: The undersigned must be a resident of the State, Secretary or Assistant Secretary.

DIRECTORS - JEFFERSON MEMORIAL HOSPITAL, INC.

<u>NAME</u>	<u>RESIDENCE ADDRESS</u>
Leslie W. Tamber, M.D.	5401 Westhard Avenue, Bethesda, Maryland
George W. Ware, M.D.	1411 Highland Drive, Silver Spring, Maryland
Samuel Bartoff, M.D.	4201 Cathedral Avenue, N.W. Washington, D.C.
James M. Sully, M.D.	7712 Greentree Road, Bethesda, Maryland, 20034
Leslie L. Peters, M.D.	2012 Laburnum Avenue, McLean, Virginia
Dan J. Fariesi, M.D.	6008 Copley Lane, McLean, Virginia
Charles A. Rufengal, M.D.	4240 Nebraska Avenue, N.W. Washington, D.C.
Stephen A. Tranyi, M.D.	1331 Juliana Place, Alexandria, Virginia
Leslie F. Gander, M.D.	1331 Juliana Place, Alexandria, Virginia
Malvin D. Small, M.D.	2914 N. 27th Street, Arlington, Virginia
Michael A. Corrado, M.D.	Route 2, Sterling, Virginia
Roginald F. Matthews, M.D.	5300 Junon Place, Springfield, Virginia
M. Roy Nicholson, M.D.	1801 S. Arlington Ridge Road, Arlington, Virginia
George Lucicelli, M.D.	9327 Pentland Place, Fairfax, Virginia
Irvin S. Freedman, M.D.	1337 Kingston Avenue, Alexandria, Virginia
Stephen Ruffman, M.D.	3301 Goldshore Court, Falls Church, Virginia
Norman Sling, M.D.	6308 Castle Place, Falls Church, Virginia
Michael Vickers, M.D.	11511 Hickory Claster, Reston, Virginia
Arthur Ruffin, M.D.	3215 Graham Road, Falls Church, Virginia



STATE CORPORATION COMMISSION

Richmond, October 20, 1975

This is to Certify, that Jefferson Memorial Hospital Corporation
a corporation organized under the laws of Delaware
having complied with all the requirements of law, is
heroby authorized to transact business in the State of
Virginia in so far as not in conflict with and subject to
the laws of the State.

State Corporation Commission
Attest:

[Signature]
Clerk of the Commission

Trial Exhibit
No. 40.

TAUBER 06020

J.APP. 2796

MINUTES

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS
SPECIAL MEETING
Tuesday, May 18, 1971
7:00 P.M.

A special meeting of the Jefferson Memorial Hospital Board of Directors was held on Tuesday, May 18, 1971 in the Conference Room. Those present were as follows:

Dr. Burtoff	Dr. Iranyi
Dr. Corrado	Dr. Luccioli
Dr. Feriozi	Dr. McManus
Mr. Forthman	Dr. Nicholson
Dr. Freedman	Dr. Peters
Dr. Gondor	Dr. Small

Dr. Tauber

Dr. Tauber called the meeting to order at 7:30 P.M. He stated that the purpose of the meeting was to finalize the plans for re-organization of the hospital. Mr. Reeves was asked to review the incorporation plans with the Board. The only changes to the revised proposal (attached) are as follows:

1. The name of the new corporation will be the Jefferson Memorial Hospital Corporation.
2. The authorized common stock will be 1,000,000 at a par value of (1) one cent per share.
3. The Jefferson Memorial Hospital Associates will receive 240,000 shares for its assets subject to a public offering of \$10.00 per share.
4. The amount of shares and the price of each ultimately will be determined at the time of the public offering. The aggregate, however, is anticipated to be \$1,000,000 in stock subscriptions.

Trial Exhibit
No. 85.

TAUBER 00551

J.APP. 2797

MINUTES

Board of Directors.

Tuesday, May 25, 1971

Page Two

5. The initial stockholders (the Jefferson Memorial Hospital Associates) must retain the ownership of their stock and for (2) two years from the date of the full subscription of the first public offering.

The Board endorsed Dr. Peters recommendation that the public offering be given to a brokerage house.

Mr. Reeves was asked to consummate all the legal work for an effective date of incorporation on July 1, 1971.

There being no further business for discussion, the meeting was adjourned at 10:00 P.M.

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

kb

TAUBER 00552

JAPP. 2798

MINUTES

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS MEETING
Tuesday, June 22, 1971
8:00 P.M.

The regular meeting of the Jefferson Memorial Hospital Board of Directors was held on Tuesday, June 22, 1971 in the Conference Room at 8:00 P.M. Those members present were as follows:

Dr. Burtoff	Dr. McManus
Dr. Corrado	Dr. Nicholson
Dr. Gondor	Dr. Peters
Dr. Inanyi	Dr. Tauber
Dr. Luccioli	Dr. Vlahos

Dr. Tauber called the meeting to order at 8:15 P.M. Dr. Tauber turned the meeting over to Mr. Reeves, the attorney for the incorporation of the new Jefferson Memorial Hospital Corporation. Mr. Reeves presented the proposed Corporation By-Laws for the new Corporation. The Board members read and discussed each Article of the proposed By-Laws. After careful review, a motion was duly made, seconded and unanimously approved that the Board of Directors adopt the By-Laws as proposed by Mr. Reeves. (See Corporation By-Laws in the Corporation Minute Book) There being no further business for discussion, the meeting was adjourned at 11:30 P.M.

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

kb

J.APP. 2799

TAUBER 00547

Trial Exhibit
No. 86.

JEFFERSON MEMORIAL HOSPITAL CORPORATION
STOCKHOLDERS MEETING
Tuesday, October 19, 1971
7:30 P.M.

The first Stockholders Meeting of the Jefferson Memorial Hospital Corporation was held on Tuesday, October 19, 1971. The meeting was called to order by the Chairman, Laszlo N. Tauber at 7:50 P.M.

Those stockholders present were as follows:

<u>Name</u>	<u>Paid Shares</u>
Tauber	60,000
Burtoff	19,876
Corrado	19,876
Peters	13,251
Vlahos	2,650
Kauffman	- 0 -
Gondor	30,000
McManus	3,975
Nicholson	6,626
Feriozi	6,071
Freedman	8,400
Sibay	6,626
Csatary	6,254

The number of shares necessary to constitute a majority is _____.

1. Dr. Tauber presented the slate of eleven (11) Directors whose names are as follows:

Tauber	Corrado
Gondor	Luccioli
Iranyi	McManus
Burtoff	Nicholson
Freedman	Vlahos
Peters	

The Stockholders unanimously approved the slate of directors as presented.

2. Dr. Tauber advised the Stockholders that the Finance Committee was to have appointments for three (3) year terms in order to assure continuity.

JAPP. 2800

TAUBER 04364

Trial Exhibit
No. 89.

MINUTES
Stockholders Meeting
Tuesday, October 19, 1971
Page Two

3. Dr. Tauber told the Stockholders that the Board of Directors would meet regularly four times a year.

4. Dr. Tauber and Mr. Richards presented the proposed settlement of the Palmer Contract for the laboratory. A copy of the presentation is attached. The Stockholders unanimously approved the offer and unanimously each Stockholder present would sign the note. All Stockholders were encouraged to do this.

5. Mr. Reeves was asked to discuss the status of the merger and the reason for the delay. Mr. Reeves remarked that the merger had not been effected as yet in that there had been some unsolved tax considerations. There has now been a determination on exactly how the merger should take place which is as follows:

a. Amend the charter of the non-stock, non-profit Jefferson Memorial Hospital, Inc., the Maryland Corporation, to be a stock, for-profit corporation.

b. Merge the Maryland Corporation into the Delaware Jefferson Memorial Hospital Corporation.

c. The Delaware Corporation will buy the Jefferson Memorial Hospital Associates.

d. Stock ownership will be the same paid-up stock amount in both corporations.

6. After some discussion, there was a motion made by Dr. Vlahos, seconded and unanimously carried to have Mr. Gene Reeves prepare the registration statement for Security Exchange Commission in order to have a public stock issue. Mr. Reeves agreed to accept \$15,000 for service and

TAUBER 04365

J.APP. 2801

MINUTES
Stockholders Meeting
Tuesday, October 19, 1971
Page Three

agreed to take some part of the payment in stock. Mr. Reeves further indicated that \$5,000 would be due within two weeks.

7. There was discussion about increased physician support.

The Finance Committee was charged with the responsibility to develop a broader basis of physician participation.

8. There was a discussion about the inadequacies of the emergency room as it concerns medical coverage. It was agreed that if the Finance Committee could not come up with a better means of operating and covering the department that the emergency room would be closed at 4:00 P.M. on each weekday.

9. Dr. Corrado introduced the subject of bed utilization and asked if there had been any further consideration of converting the wards into semi-privates. Mr. Forthman said that the statistics kept on the wards for February and March of 1970 reveal that fewer beds properly utilized would allow us more patient days of care. Mr. Forthman said this is primarily because of committing the ward room to a sex as soon as one patient is put in the room. The Stockholders gave Mr. Forthman the approval to convert the wards as soon as financially feasible.

10. There was soon discussion about the need for Dr. Novak as a paid surgical assistant. There was agreement by the Stockholders that Dr. Novak should no longer be paid by the Hospital but should bill the insurance companies or patients for assistance fees.

11. Dr. Tauber made mention of the need to have a physician active in the supervision of Inhalation Therapy. It was suggested that Dr. McManus

MINUTES
Stockholders Meeting
Tuesday, October 19, 1971
Page Four

and/or Dr. Grand be contacted.

There being no further business for discussion, the meeting was adjourned
at 10:30 P.M.

Laszlo N. Tauber, M.D.
LASZLO N. TAUBER M.D.
Chairman of the Board of Directors

kb

J.APP. 2803

TAUBER 04367

MINUTES

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS
REGULAR MEETING
Tuesday, February 1, 1972
8:00 P.M.

The regular meeting of the Jefferson Memorial Hospital Board of Directors was held on Tuesday, February 1, 1972 in the Conference Room. Those present were as follows:

Dr. Burtoff	Dr. McManus
Dr. Corrado	Dr. Nicholson
Mr. Forthman	Dr. Peters
Dr. Gondor	Dr. Tauber
Dr. Iranyi	Dr. Vlahos

The Chairman of the Board, Dr. Tauber, presided and called the meeting to order at 8:00 P.M. Upon motion duly made, seconded and unanimously carried, the reading of the Minutes of the last meeting was waived and the Minutes were approved as signed by the Chairman.

Dr. Tauber presented the following applications for final approval by the Board of Directors on the recommendation of the Medical Staff:

Dr. James Wagstaff	Radiology	Active
Dr. Margaret Lee	Anesthesiology	Active
Dr. George T. Jamarik	Radiology	Active
Dr. Ali Moghtader	Otolaryngology	Active
Dr. Bernard A. Nigro	Psychiatry	Courtesy
Dr. Mario Ordonez	Psychiatry	Courtesy
Dr. Paul Rochmis	Rheumatology	Courtesy
Dr. Harvey Cohen	Orthopedic Surgery	Courtesy
Dr. Eugene Stevenson	General Surgery	Courtesy

A motion was duly made, seconded and unanimously carried that the Board of Directors accept the recommendation of the Medical Staff that these physicians be granted privileges in their respective specialties.

Trial Exhibit
No. 91.

TAUBER 00536

J.APP. 2804

MINUTES
Board of Directors Meeting
Tuesday, February 1, 1972
Page Two

Dr. Tauber advised the Directors of the Letter of Agreement signed between the Northern Virginia Emergency Medical Associates and the Jefferson Memorial Hospital Corporation. The effective date of coverage will be one (1) week from the date of contract acceptance. Mr. Forthman was asked to proceed with the contract development immediately.

Dr. Tauber opened the floor for discussion of problems within the Medical Staff that no doubt contribute entirely to the census decrease over the years in the hospital. Dr. Tauber stated that he had gathered operating room statistics which show some physicians who were extremely active in the past, as recent as last year, are essentially inactive this year or have not performed a relatively equal amount of cases this year. Dr. McManus responded by stating that he has heard complaints from surgeons to whom he refers patients, that they have had problems at Jefferson with the interference by another physician (s) as it concerns patient care and treatment. So far as the generalized decrease in census is concerned, he suggested that this may be one problem as well as the fact that it is commonly understood and practiced that Jefferson is a surgically oriented hospital. Medical patients receive bed accommodations only after all elective surgery cases are admitted. Dr. Tauber assured Dr. McManus that there would be no more physician interference in any capacity and that the admission policy of the hospital should be changed to provide for admissions on a first-come-first-served basis. A motion was made, seconded and unanimously carried that the admitting policy be changed to the extent that all patients be admitted on a equal basis and that patients be denied admission after the beds have been reserved except for emergency admissions only.

TAUBER 00537

J.APP. 2805

MINUTES
Board of Directors Meeting
Tuesday, February 1, 1972
Page Three

Dr. Gondor brought to the attention of the Board of Directors that he felt as in the past that public relations sorely lacks. He suggested three (3) immediate measures to implement a public relations program:

- 1) Press releases on the Emergency Room after coordinating with Dr. Cassidy;
- 2) Contact new physicians in the area and appraise them of hospital facilities as well as following up on new staff applications to encourage these physicians to utilize the Hospital;
- 3) To contact physicians who have used the Hospital in the past but no longer are and try to re-instate these physicians.

The Board felt that public relations did lack at Jefferson but that the best public relations should come from the patients and visitors to the Hospital.

Dr. Peters felt that one of the essential problems behind our loss of physician support is the criticism which physicians receive behind their back among their peers and to nursing personnel.

There was extensive discussion of the quality of nursing care in the Hospital. With two (2) exceptions, all the Directors agreed that nursing care was fair at best and generally poor on the night shift on each station. Numerous illustrations were given and cases cited to confirm what seems to be a poor attitude among nurses to the patient and physician. The Directors affirmed their belief that the quality of nurses at Jefferson equals that of any other hospital but that the problem lies in nursing service management and administration. Mr. Forthman confirmed this conclusion by stating

TAUBER 00538

J.APP. 2806

MINUTES
Board of Directors Meeting
Tuesday, February 1, 1972
Page Four

that he has had recent complaints from parents and patients stating the same thing which has really been true over the years. Mr. Forthman reminded the Directors of a meeting approximately two years ago when the same question was discussed and when in his opinion the complaints were equally justifiable. He agreed that the situation was no doubt worse now than then and that a recent discussion with Mrs. English, Director of Nurses, revealed that she felt patients got quality care and that in fact each patient received from 2 to 2½ hours of direct patient care per day. She indicated that it was on this basis that her staffing pattern was projected. Mr. Forthman concluded by stating that he doubted seriously that the average patient was fortunate enough to receive a half hour of direct patient care. In view of the above, a majority decision by the Board of Directors was that Mr. Forthman proceed to confront the Director of Nurses with the existing problems giving her opportunity to appear before the Finance Committee and/or the Board of Directors and require that immediate improvements be made within the service or that we should find someone that would.

Mr. Forthman requested that the Board of Directors provide the support for Nursing Service that has been lacking in the past. He suggested that in order to expect the service to function properly that Nursing Service must expect that policy and procedure as determined by the Medical Staff and Board of the Hospital will be enforced by those in authority.

The Board members agreed that there should be a Clinicopathological Conference monthly and that the CPC and Executive Committee should meet on the first Tuesday of each month at 7:30 P.M. for a dinner in the cafeteria.

MINUTES

Board of Directors Meeting

Tuesday, February 1, 1972

Page Five

Mr. Forthman was asked to contact the attorney once again and discuss the feasibility of dedicating some of our property for parking spaces.

There being no further business for discussion, the meeting was adjourned at 11:00 P.M.

LASZLO N. TAUBER, M.D.
Chairman

kb

TAUBER 00540

J.APP. 2808

Actors Listed Below

Signatures

Actors

London

Robert C. Anderson

Tracy

Tracy

Burke

Stephen A. Burke

Friedman

Peters

Lucas A. Peters

Conrad

Michael A. Conrad

Lucas

McIlwain

W. J. McIlwain

Nicholson

W. J. Nicholson

Clarks

W. J. Clarks

Plus other FC members

Decker Kaufman

Siboy

Ferre

Decker

MINUTES

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS
SPECIAL MEETING
Monday, April 24, 1972
8:00 P.M.

A Special Meeting of the Board of Directors was called on Monday,
April 24, 1972 at 8:00 P.M.

Dr. Leslie Peters, Chairman of the Executive Finance Committee, presented a letter from Mr. Forthman, Hospital Administrator, who informed the Board that he is resigning effective May 19, 1972. The members of the Board with deep regret, unanimously accepted the resignation of Mr. Forthman. A resolution was introduced by Dr. Tauber and unanimously accepted that due to the short period of time it would be impossible to replace the Administrator by May 19th, therefore the following decision was made: Three Acting Assistant Administrators were appointed. Dr. Peters, Dr. Small and Dr. Sibay will serve as Acting Assistant Administrators. It was agreed that each of them will spend two (2) hours a day for five (5) days a week carrying out their duties in these positions. It was decided that once a week there will be a meeting of the three Acting Assistant Administrators with Dr. Tauber, President of the Hospital, in order to coordinate the function of the Administration of the Hospital. It was the desire of the Board of Directors that an immediate search will be made for filling the job of administrator and at such time, these appointments will be revoked. It was the desire of the Board of Directors that the three Acting Assistant Administrators would start to work with Mr. Forthman beginning on May 1st in order to make the transition smoother and at the

MINUTES

Board of Directors Meeting

Monday, April 24, 1972

Page Two

same time these three physicians will confer with Mr. Forthman asking his help and advice in locating an administrator who preferably will come from this area.

It was further agreed that these three doctors will receive remuneration for their services in the amount of \$8,000 per annum.

Dr. Small and Dr. McManus will work together to develop job descriptions for each of the physicians. These doctors will work with Mr. Forthman in dividing the Hospital into three areas of responsibility.

There being no further business for discussion, the meeting was adjourned at 10:00 P.M.

Laszlo N. Tauber M.D.

LASZLO N. TAUBER M.D.
Chairman, Board of Directors

LT:kb

TAUBER 00533

J.APP. 2811

AGENDA

**JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS
Tuesday, May 23, 1972
7:30 P.M.**

- I. Reading of the Minutes of the Last Meeting.
- II. Old Business
- III. New Business
 - A. Present Emergency Room Situation - Dr. Tauber
 - B. New Administrator - Dr. Peters
 - C. Nominations for Board Members - Dr. Tauber
 - D. Equity Financing Through Rights - Dr. Tauber
 - E. Expansion of Finance Committee - Dr. Peters
 - F. Inhalation Therapy - Dr. Tauber
 - G. Change of By-Laws - Dr. Peters
- IV. Adjournment

TAUBER 00526

**Trial Exhibit
No. 93.**

J.APP. 2812

MINUTES

JEFFERSON MEMORIAL HOSPITAL BOARD OF DIRECTORS Tuesday, May 23, 1972 7:30 P.M.

The regular meeting of the Jefferson Memorial Hospital Board of Directors was held on Tuesday, May 23, 1972 in the Conference Room. Those present were as follows:

Dr. Tauber
Dr. McManus
Dr. Peters
Dr. Burtoff
Dr. Corrado
Dr. Nicholson
Dr. Luccioli
Dr. Freedman
Dr. Vlahos

New Business

A. Dr. Tauber introduced discussion concerning the present Emergency Room situation and contract. He cited several problems which he had encountered in the Emergency Room. He made a recommendation to the Board that the contract be severed with the Northern Virginia Emergency Medical Associates. This was discussed at some length and a recommendation was made that the discussion be brought before the Finance Committee for an immediate decision. It was therefore agreed that the Finance Committee would meet on Tuesday, May 30th to discuss this topic and a recommendation would be presented to the Board.

B. Dr. Tauber informed the Board of Directors that we had an application from Mr. Al Whittaker for the position of Administrator. Dr. Tauber further stated that he had checked out a former employer of Mr. Whittaker's and that he received a most favorable recommendation. The

TAUBER 00527

JAPP.2813

MINUTES
Board of Directors Meeting
Tuesday, May 23, 1972
Page Two

Board unanimously elected to have Mr. Whittaker return to the Hospital for a formal interview with the Finance Committee and afterwards a final decision would be made.

C. Dr. Tauber made a recommendation that the Board be extended by four members. The nominations for these new members were Dr. Sibay, Dr. Small, Dr. Stephen Kauffman and Dr. Bashir. A final vote was tabled until the next Board meeting pending discussions with these prospective members.

D. Dr. Tauber recommended that an additional 80,000 shares of Jefferson Memorial Hospital Corporation stock be sold at \$4.00 per share. He further recommended that present stock holders be given a right to subscribe for the aforementioned shares at a 4:1 ratio. If all the shares are not subscribed for, 10,000 shares will be sold to Dr. Melvin D. Small. This recommendation was seconded and unanimously passed.

E. Dr. Peters made a recommendation that the Finance Committee be expanded to include Dr. Small. This vote was also tabled until the next meeting.

F. Dr. Tauber stated the situation with the Inhalation Therapy Department and made a recommendation that Drs. Grand and Mann set up the service and supervise the department. In return for their services, the Hospital's physicians would call them for consultations. The recommendation was unanimously approved and Dr. Tauber would write a letter to Drs. Grand and Mann giving them the go ahead on this.

TAUBER 00528

J.APP. 2814

MINUTES
Board of Directors Meeting
Tuesday, May 23, 1972
Page Three

G. Dr. Peters made a recommendation that the By-Laws of the Medical Staff be changed in order to provide for an "Inactive Courtesy Staff." This recommendation was unanimously carried and passed.

H. The Chairman of the Board presented the names of the following physicians who are requesting Medical Staff privileges on behalf of the Medical Staff. They are as follows:

William A. Shevlin, M.D.	Neurosurgery	Courtesy
Norman K. Coleman, D.D.S.	Oral Surgery	Courtesy
Richard D. Fiorucci, D.D.S.	Oral Surgery	Courtesy
Walter L. Scheetz, M.D.	General Surgery	Courtesy

Dr. Tauber also presented the request of Michael F. Lapadula, M.D. for Active Staff privileges in the Division of General Surgery. Upon motion duly made, seconded and unanimously carried, the Board of Directors voted to recommend to grant these physicians privileges in their respective specialties.

LASZLO N. TAUBER, M.D.
Chairman, Board of Directors

kb

TAUBER 00529

J.APP. 2815

EMERGENCY ROOM STATISTICS

	<u>1972</u>		<u>1971</u>	
	<u>Mar.</u>	<u>Apr.</u>	<u>Mar.</u>	<u>Apr.</u>
Number of Patients:	868	902	772	771
Number of Admissions from E.R:	35	40	66	52
Number of Service Referrals:	16	24	26	24
Average Daily Census:	107	95	109	95
Gross Charges for E.R.:	\$23,261.45	\$26,828.50	\$17,015.35	\$16,194.95
X-Ray Charges:	4,488.50	5,764.00	3,766.00	3,566.00
Laboratory Charges:	584.50	743.50	628.50	396.00
Miscellaneous Charges:	1,388.15	1,617.30	1,258.90	1,118.35
I.V. Charges:	8.50	0	21.25	0
Physical Therapy Charges:	24.00	12.00	0	0
Pharmacy Charges:	385.80	507.20	365.30	459.10
E.K.G. Charges:	190.00	171.00	171.00	171.00
E.R. Room Charges:	3,355.50	4,499.50	10,804.40	10,484.50 *
Professional Fees:	12,856.50	13,514.00		

* Professional fee included with E.R. room charge during this time period.

TAUBER 00530

J.APP.2816

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/631-2600

April 9, 1973

Dear Stockholder:

On the 15th of March, 1973, we observed the 8th year anniversary of our Hospital. As all of you recall, Jefferson Memorial Hospital, a tax exempt non-profit organization from the very beginning until recently, when the vast majority of the partners decided to change it to a profit making corporation. Issuance of stocks, attraction of new doctors was the goal of these partners. The same time I expressed my deep doubt, I felt that the lack of enthusiastic support of some of the partners was the prime reason why Jefferson Memorial Hospital did not live up to the expectations. I felt very firmly that even with this small nucleus of doctors, we could expand to at least 150 bed capacity if the support would have been there. Finally, when I saw that my proposal will be defeated, I asked at least to postpone the conversion since with our poor financial record, we have no hope to go public to attract new investors but the sentiment of my opposition was so strong that no logic could alter the course of events. It is fair to state that I had the moral support of Dr. Hufnagel and Dr. Scully and the moral and active support of Dr. Burtoff, Dr. Nicholson and Dr. Freedman.

I promised even though I disagreed with the decision of the majority, that as long as I continue to serve as President of the Corporation and Chairman of the Board of Directors, I will do everything in my power to make it a success. We appointed for a term of three (3) years the Finance Committee, which I regard, as a major step in bringing more people closer to our problem. The Finance Committee was given full power in selecting at first, the new Director of Nurses and our present Administrator. Both choices were excellent. They ~~deserve~~ deserve only praise, but no criticism. They succeeded in cutting expenses and made the operation more lucrative, but still there is a lot to do.

In forming the Finance Committee, the Board of Directors never regarded that this Committee would replace the Executive Committee of the Board of Directors. Since the magic conversion to a profit making corporation did not realize monetary gain, some stockholders try to push the blame again to someone else. This letter to our stockholders is in no way to be interpreted as a declaration of apology from my part. It is only a report to our stockholders who are not familiar with the everyday operation of the Hospital.

The general morale is much better than it was two years ago since we see that the census is steadily improving, the financial picture slowly but surely shows some profit.

JAPP. 2817

TAUBER 14850

Trial Exhibit
No. 105.

The notable contribution of the Finance Committee is not dwarfed by the unfortunate, almost catastrophic contract in connection with the Emergency Room coverage and forced on me by this Committee. Fortunately, the strong intervention of the Board of Directors, succeeded to terminate this contract. It is fair to state that the present E.R. contract is more superior, costs the Hospital over \$100,000 less per year. The quality of the care greatly improved and the number of patients seen in the E.R. shows a steady gain. Our record clearly substantiates my statement, therefore before anyone tries to criticize this department, they ought to get the facts first.

The recovery of the financial portion of our Corporation is slow. The support has not been changed drastically but we are now a "profit making" Hospital. We pay \$12,600 per year for our license, 10% more for drugs and we are liable for local and federal taxes. Conservatively, we have approximately \$100,000 per year increase in our expenses. Naturally, it would have been wiser to improve our financial position at first and only after that convert the Corporation to a profit making one. But it is done and we have to live with it. Therefore, let us get together and work together.

Due to much misinformation, some of our departments are accused of inefficient and costly operation. In this report, I would like to outline the function of these sections of the Hospital for a better understanding and appreciation. I am sure that not a single person puts monetary gain above the primary goal of the Hospital which is patient care.

Let me start at first with the surgical department. The Joint Commission on Accreditation of Hospitals, Edition 1964, page 151 clearly states that "In major surgery, there must be a qualified physician present and scrubbed, as first assistant, qualified nurses, aides or technicians may be utilized as second or third assistants." We tried to enforce this requirement with no success. Either surgeons are doing surgery with nurses or alone which procedure (for instance, hip nailing) is not to be tolerated. Because we did this in the past, does not justify that we should do it in the future. In the past, we had Dr. Banzon, an extremely able and liked assistant in surgery, since he left we asked Dr. Novak to help in surgery and the same time we were leaving the E.R. and Hospital with no medical supervision. When we have an I.C.U. with critical patients, it is not to the benefit of the Hospital to have no doctor in attendance. We succeeded to secure able, young Hungarian surgeons to assist in the operating room. They are all qualified, hard working doctors. Their salary is \$6,000 per year plus board which is 80% of what Dr. Banzon received and less than the salary of a practical nurse. He is on duty 7 days and nights. Some of the stockholders requested that this salary be paid by me. I never ask for any privilege beyond that granted to my colleagues, but certainly I do not deserve less. Theoretically, if I would pay the salary of these doctors, they would help only me and would deny help to other doctors, which is not only impractical but at the same time it would not help to create or maintain a good spirit in the O.R. For his training, it is essential for him to assist other surgeons in many fields in surgery. On the other hand, last Friday, he helped two other surgeons, which was greatly appreciated by both of them.

The question arises, what does Dr. Novak do? He is to cover the E.R. and the house between 7:00 A.M. and 10:00 A.M. and between 10:00 A.M. and

TAUBER 14851

1:00 P.M. only the E.R. Dr. Thint is to cover the house from 10:00 A.M. until 6:00 P.M. and cover the Emergency Room under my supervision from 1:00 P.M. to 6:00 P.M. Running a 120 bed hospital with an I.C.U. requires this minimum coverage. Before Dr. Alföldi arrived, Dr. Novak helped in the O.R. leaving the house without any doctor. This situation is not tolerable.

What does it mean financially? The contract with Dr. Leidekmeyer's group cost at least \$100,000 more than the present arrangement with Dr. Scheetz. The Hospital guarantees \$10 per hour and any surplus actually collected minus 5% for business expense. (The other group got 88% of the gross charges.) The E.R. collection was between 60-65%. Dr. Novak receives \$1,000 per month for the 8 hours he covers per day, 5 days a week. On the basis of \$10 his monthly salary would be $\$300 \times 4.5$, that is \$1,350, \$350 more than what he actually receives. Dr. Thint's salary is almost covered since the Hospital does not pay for the hours 1:00 P.M. until 6:00 P.M., that is 5 hours which is \$1,125 per month. This period is covered by her under my supervision with no compensation to me.

Any work which I perform in the E.R. I do not charge for but the group. In this way, I try to increase the income of the individual doctors giving them more initiative to perform their work. If some of the doctors feel better, the E.R. group of which I am a member, even though I'm not compensated financially, I will assume the salary of these Hungarian doctors from the surplus money earned proportionately for the hours 7 am. to 6 pm. that is 55 hours per week or \$1,000 per month for Dr. Novak and \$1,125 per month toward the salary of Dr. Thint. If there is not enough money earned, I will pay the difference personally.

Operating Room Personnel: We are running 3 rooms and 1 cysto room. With the staff presently employed, we can perform approximately 4,200 - 4,500 operations yearly. In 1971, we had 3,472, in 1972 we had only 3,262 cases. Some of the doctors had less cases (I had 54 less) which is responsible for the decrease by 210 operations. Potomac Hospital opened and we lost 3 doctors who performed together 223 operations. In spite of this drop, the first 3 months did not show any drop in the total number of operations. We granted privileges to the Podiatrists and our new thoracic and vascular surgeons got more familiar with the place and I am happy to report that this division has brought more cases now than under the previous thoracic surgeon, whose departure practically paralyzed this section of surgery.

The Finance Committee reported to the Board of Directors a loss of \$52,061 in the last year allocated to the O.R. and recovery room. This report gives \$313,407 income of the O.R. that is roughly \$100 per operation, furthermore, it gives \$128,444 profit before indirect expense. The hospital accepted an accounting report which follow different standards. For instances, the Cafeteria expense to the O.R. is \$11,936, which is a nonsense since the staff does not get any service from the Cafeteria, on the contrary, supports the Cafeteria paying for their food. The O.R. and recovery room constitutes

TAUBER 14852

88% of the total square footage of the Hospital, if the indirect expenses computed on that basis the picture is entirely different. Let us say, if we lose 2 rooms in the O.R. what would happen? The indirect expenses would be allocated to other departments showing more loss there and less in the O.R. which is again a false figure.

To complete the picture, we cannot deny from the O.R. budget, the recovery room and the Department of Anesthesia profit from Anesthesia material was \$70,220 and based on the new contract, the expected profit to the Hospital from the contract of the Anesthesiologists is expected to be \$38,076.

In summary:

Total Operating Room profit	\$ 108,258
Recovery Room	20,186
Anesthesia Materials	70,220
Anesthesiologists Contract	<u>38,076</u>
Profit	\$234,740
Less Indirect Expense	<u>178,505</u>
Profit	\$ 55,235

This figure does not take into consideration such items as Cafeteria, etc. or the indirect expenses

Finally, we have 9 operating room nurses who take call. They get less salary for these calls than any other Hospital would pay them. Even the supervisor and head nurse are on call and if we were to cut their number, there would be less nurses to take call and the nurses would simply refuse. In this case, we have to hire extra help for this coverage at much more money. The truth is that the O.R. is profit making, but not enough, but the fault is not that of the nursing staff. Running with full capacity without increasing expenses (only for the supply) 1,000 more cases would mean over \$100,000 extra income. Overstaffing the recovery room is a question as we have many T & As which require more personnel and with the present anesthesiologists' contract we cannot ask for an extra hand in the recovery room. Anesthesia coverage is good and in line with other area Hospitals.

We renegotiated our Pharmacy, anesthesia and radiology contracts. We achieved a savings of approximately \$100,000 per year. We feel that the only section which we should be improving our financial position is the x-ray department which I hope will be solved by renegotiating our contract when our present contract expires.

Finally, I have to report on our continuing policy relating to medical and surgical services. This is an old and new attack against which I have to take a firm stand. To be on call is a privilege and at the same time, a duty. No doctor can be tolerated on the Emergency Call roll whose first question is whether the patient has insurance or not but equally important to make it worthwhile for the specialists to cover our place. The Hospital of this size cannot be divided by too many. Just simply, there are not enough cases to justify including more doctors beyond the present ones.

TAUBER 14853

A good example of this is in the ENT Department. These doctors do not want to cover some days, simply because they are busy and do not want to come to the Hospital to control nose bleeding anymore than they can help. But, that same principle does not apply to others as long as Dr. Ware's group is desiring to cover the Urological section, no one urologist should be appointed, partly because they joint us when everybody was boycotting and partly the patient received through the E.R. is not so great, which should even raise this question. The same to be applied to Neurological Surgery, Orthopedic Surgery, etc. I mentioned, that I do not ask more for myself than for my colleagues, but I expect not less. One third of general surgery is given to four other surgeons and it is not the Finance Committee's concern and especially not the concern of those members of this Committee who either never supported this hospital or only partially supported it. It is my request to the Finance Committee to confine their business to conducting the financial matters of the Hospital and not to try to run the medical part of the Hospital. However, that is not to deprive the constructive criticism of anyone and report it to the Executive Committee.

Finally, the matter of reading Electrocardiograms: If the Cardiologist would have supported this Hospital only to a portion, I devote my work to this Hospital then this question would never arise. In several occasions he stated that his practice does not require hospitalization, then we are not for him and he is not for us. He is a member of the Board of Directors of another Hospital; reads EKGs in other hospital. The so often quoted Northern Virginia Doctors Hospital excluded electrocardiographers who reads in other Hospital, clearly does not want to give this so easily earned money to anyone who does not give his 100% support to their institution. If our electrocardiologist would have supported us 100% regardless how many patients he admits, this question would never come up. I was notified, the surgical service revision was prompted after EKG was decided to split. I just refuse to accept the same treatment which is just for his service, with my devotion would be injustice. I would be the happiest, if EKG reading could be settled with the present arrangement, but that requires more than promises.

I would like to call your attention to the recent article of Mr. Kessler's in reference to the Washington Hospital Center. I feel that any self dealing should be stopped immediately. I would like to pass this resolution to be effective immediately. Furthermore, that ~~any~~ supply to be given to our staff members for cost, but utilizing either drugs or copying machine to be discontinued.

with to be given

About the future, depends on all of us, if we support the Hospital it will be profitable, if not, I cannot see any positive result coming to us. Those stockholders, who own stocks without supporting the Hospital in my opinion, made a great mistake not to dispose of their stocks. If they are disappointed in the poor performance of the stocks, we are even more disappointed in the lack of their support. I strongly recommend that their money be reimbursed, naturally with no profit to them, and the Corporation should keep these stocks for the same price for attracting new doctors and not to be distributed to present stockholders. Let me mention that a Hospital like

TAUBER 14854

J.APP. 2821

Northern Virginia Doctors Hospital with hundreds of doctors supporting that institution, they can absorb quite a number of doctors not supporting and getting free ride. In our place, the number of doctors is so small we cannot afford the lack of support of any of our doctors. ~~Without our indirect expenses we~~ should have at least 150 beds which would make the hospital much more profitable. Without more help, we cannot dream about any extension.

To give another answer to the loudest and most inactive member of our staff that Circle Terrace Hospital was sold for \$4 million value stocks. Presentl these stock are worth 1½ million dollars.

Incidentally, one of the most capable Internist expressed his desires to join us if the "feeder" comes naturally, all his friends in any field, including general, neurosurgery, urology surgery will get E.R. Service.

My dear colleagues and stockholders, This report is long due, but hopefully not too late to convert all our mistakes for betterment of Jefferson Memorial Hospital.

TAUBER 14855

J.APP. 2822

III. NEW BUSINESS:

A. Dr. McManus stated that the first item of business on the agenda was consideration of the budget for fiscal year 1974. Dr. McManus called on the Administrator and the Comptroller to present the proposed budget for discussion revision of appropriate and adoption.

1. Mr. Linton stated that the budget has been prepared by the Comptroller and represents our anticipated income, reimbursements, adjustments and our basic expensed for fiscal year 1974. Since Mr. Rytter has done the preparation and is more familiar with the details of it, I recommend he be allowed to present it for your consideration.

Mr. Rytter stated that the anticipated income is based on a bed occupancy of 79% which is about the same occupancy the Hospital had in the past year. In addition, the income is also based on the assumption that Surgery will remain the same in terms of income produced in 1974 as was the case in 1973.

2. Considerable discussion was devoted to how the anticipated income had been arrived at. It was the consensus of the Committee that they would like to know for future budget discussion how much income is expected for ward beds, semi-private beds, pediatric beds and I.C.U. beds. In addition, the Committee would like expected income tied to the number of procedures to be performed in each of the patient care income producing areas.

3. The Committee discussed at length the matter of allowances for write-off of bad debts, Medicaid and Medicare. They felt these were large items of expense which some how should be reduced.

Mr. Rytter explained that Blue Cross, Medicaid and Medicare were in line with our contracts with these third party carriers and were based on cost. The percentage for bad debts is an experience factor which we are working on but have had little success with thus far.

The Committee asked that a record be developed to indicate which doctors are admitting primarily Medicaid patients to the Hospital. The Committee would like to know what percent of Medicaid patients to the total number of patients each doctor has hospitalized for the next several months.

4. In discussing the cost of supplies asked for in the budget, the Committee asked if it would not be good economy to go together with another hospital like Circle Terrace or Northern Virginia Doctors Hospital, thus having a joint purchase of standard items. Mr. Linton stated the idea was a good one, but he doubted it would be workable. However, he would investigate the possibilities and report to the Committee on his findings.

5. There being no further discussion, a motion was made by Dr. Vlahos and seconded by Dr. Corrado to adopt the Budget as presented and with a copy attached to these Minutes.

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III. NEW BUSINESS(cont.)

- B. The next item on the agenda was the proposals by two companies to install an oxygen system for the Hospital, introduced by Dr. McManus. Dr. McManus also asked Mr. Linton to present the proposals.

1. Mr. Linton stated that we have been studying this matter over the last six months and feel the proposed system will pay for itself in the first year of operation and will save the Hospital about \$2,000.00 to \$3,000.00 a year thereafter. We have two proposals, one from Air Products Corporation and one from The Atlas Corporation. The Air Products bid is for \$4,665.00 a year, for a five year contract and The Atlas Corporation bid is for ~~\$4,377.60 a year~~, for a three year contract. Both companies have good records in the area. Circle Terrace Hospital uses The Atlas Corporation and are well pleased. Alexandria Hospital also uses Air Products and are also very pleased with that company.

2. Dr. Vlahos made a motion that we accept the Atlas Corporation proposal. Dr. Corrado said he would second the motion provided that Mr. Linton try to negotiate a better deal with the companies, but he'd better not delay in doing so, and if no better arrangement could be made, we should accept the Atlas Corporation bid. Dr. Vlahos accepted the amendment. Motion Carried.

- C. Dr. McManus asked Mr. Linton to present the next item on the agenda.

Payment of dues to the AHA (American Hospital Association) and (VHA) Virginia Hospital Association, was presented to the Committee.

1. Mr. Linton stated that Dr. Tauber has asked for the Committee's recommendation on belonging to the AHA and the VHA, because the dues are so expensive. Mr. Linton said he also feels they're very high and it is a burden on the Hospital. However, these organizations furnish us some management materials. It is a matter of interest to the Joint Commission whether you belong to these organizations and finally they carry some political importance in Richmond. If we hope to expand our Hospital in the next few years, I believe they can be of importance to us in winning state approval for such expansion. It's a matter of which is more important to us, the \$3,751.73 annual dues or the possible support we can get from belonging to these organizations.

2. Motion was made by Dr. Corrado and seconded by Dr. Sibay that the Hospital continue to belong to the AHA and VHA and that the dues be paid. Motion Carried.

- D. Mr. Linton reported that the Northern Virginia Council of Hospital Administrators are sponsoring a study which would consider asking Blue Cross of Virginia to assume responsibility for administering Blue Cross and Blue Shield in the northern Virginia area. These in effect, would remove Blue Cross and Blue Shield of Washington, D.C. from the northern Virginia area. The reason for this action is simply to gain a better contract and service for hospital service to Blue Cross patients.

TAUBER 00136

J.APP. 2824

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July 10, 1973
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III. NEW BUSINESS(cont).

- D. The study and negotiations will take at least eighteen to twenty-four months to conclude if anything comes of the idea. At least it will likely cause Blue Cross and Blue Shield of Washington D.C. to pay more concern to the hospitals in northern Virginia. I will keep the Committee apprised of how this matter moves along.
- E. Dr. Vlahos said he wished to propose that the Hospital look into the possibility of doing our own cultures and sensitivity tests rather than sending them out. Dr. Vlahos felt that we could do them faster and at a considerable saving to the Hospital. Dr. Feriozi disagreed because the present laboratory is not large enough to add a bacteriology laboratory with the necessary hoods and the like. The additional space and expense would be prohibitive and would cause the Hospital to lose money. Furthermore, we would be apt to lose quality of workmanship because the bacteriology would be done by one of the present technicians and not as in most hospitals where they have a Ph.D or at least a Masters degree bacteriologist. I do believe until the Hospital can improve the cash flow, this additional expenditure would not be wise. After a lengthy discussion, the Committee agreed that no decision would be made at this meeting. However, that data be gathered on the volume of tests, the cost of sending them out, versus the cost to set up and do them in the house, be presented to the Committee. The Administrator agreed to see that the information would be developed and presented at the next meeting.
- F. Dr. Vlahos stated that he would like to discuss a plan which he felt had a good deal of merit and gained it's name from Dr. Peters, who has come up with the idea. The Peter Plan is an attempt to have the Hospital pay something of dividends to the Stockholders for their rather large investment in the Hospital. The Plan calls for the Stockholders to buy the Hospital building from the corporation for some ten percent of its value and in turn rent or lease the building back to the Hospital. Following considerable discussion of the Peter Plan, it was agreed that Mr. Linton would look into the ramifications of the plan with regards to the I.R.S. and our principal third party insurance carriers.

- IV. There being no further business to come before the Committee, the meeting adjourned at 10:45 P.M.

DJF/sm


DAN J. FERIOZI, M.D.
Secretary

TAUBER 00137

J.APP. 2825

JEFFERSON MEMORIAL HOSPITAL
FINANCE COMMITTEE AGENDA

October 9, 1973

1. Proposal to set up Hospital Bacteriology section
2. Report on long distance calls for September
3. Proposal to lease specific new Hospital equipment
4. Financial status report and Bank of Virginia Loan
5. Consideration of G.W. Plan
6. Proposal to change time and date of Committee meeting

TAUBER 00105

Trial Exhibit
No. 113.

JAPP. 2826

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION FINANCE COMMITTEE MEETING Tuesday, October 9, 1973 7:30 P.M.

I. GENERAL

- A. Date & Time: Tuesday, October 9, 1973: 7:30 P.M.
B. Place: Hospital Cafeteria
C. Members Present: Dr. McManus, Chairman
Dr. Peters, Vice Chairman
Dr. Reriozi, Secretary
Dr. Corrado, Member
Dr. Sibay, Member
Dr. Vlahos, Member
Mr. Linton, Administrator

D. Members Absent: Dr. Gondor, Member
Dr. Kauffman, Member

E. Guests: Dr. Burtoff, Stockholder
Dr. Antezana, Director of Laboratory

II. OLD BUSINESS:

- A. Dr. McManus introduced the first item on the agenda, "Proposal to set up Hospital Bacteriology Section" and asked Dr. Antezana to present his findings and recommendations on the subject.
1. Dr. Antezana reported he could set up a bacteriology section in his laboratory to handle the present volume plus any anticipated volume for around \$18,000.00 in cost the first year and an annual cost of about \$12,000.00 to \$13,000.00 a year thereafter. The breakout of the cost would be:

	<u>First year</u>	<u>Second year</u>
Equipment	\$7,000.00	
Supplies	\$1,500.00	\$1,500.00
Technician Salary	\$10,000.00	\$11,000.00
TOTAL	\$18,500.00	\$12,500.00

Our present cost is around \$18,000.00 paid to the Washington Medical Laboratory. So, we could break even in about twelve to fourteen months. We would realize a saving of about \$5,000.00 to \$6,000.00 a year after the first year. The only drawback is finding a suitable space. There really isn't adequate room in our present laboratory. The ideal space is the Medical Records room. This of course would require moving that department. Mr. Linton has told me that a room on the second floor which would be large enough would be made available.

TAUBER 00106

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2. Dr. Peters pointed out that we would be taking on a good deal of extra worry and unforeseen trouble in setting up this addition to our in-house laboratory service. The savings will only be a few thousand dollars a year and therefore he questioned its value.
3. Mr. Linton pointed out that the primary reason for considering this addition to our Laboratory was to improve service to our Medical Staff in timeliness of getting the report to the floor and have better control over the quality of the procedures.
4. Dr. Peters asked what had happened to the bids we had from other laboratories to give us a better price on all work sent out of the laboratory. Mr. Linton said the bids were in his possession and that he had held these off until the issue now before the Committee was settled because any action taken on Bacteriology might require those who have made proposals to re-work their bids.
5. After a considerable discussion a motion was made by Dr. Peters and seconded by Dr. Corrado that we get either new or allow the laboratory's to update their present proposals to indicate their best possible charge for handling our laboratory work which we send out. Once the proposals are received they are turned over immediately to Dr. Feriozi for him to permit the Washington Laboratory to either beat the price package offered or to at least match such an offer. The laboratory's to be asked for proposals would be National Laboratories, Bio-Medical Laboratory, Bio-Nettics Laboratory, and the Columbia Laboratory. Motion was carried.
- B. Dr. McManus called on the Administrator to report on long distance telephone calls made in the Hospital during the month of September. Mr. Linton said the report which he had covered the period of August 14, 1973 to September 13, 1973 was the last period of the last telephone bill we have received. Mr. Linton handed the reports (copy attached) to the Committee. He reported the total cost of long distance calls was \$58.24. The Committee reviewed the report and felt it was far less than they had expected. They thanked the Administrator for the report.

III. NEW BUSINESS:

- A. Dr. McManus asked the Administrator to discuss and present a proposal to lease certain Hospital equipment.
1. Mr. Linton presented the attached equipment list for lease to the Committee. He pointed out that items, 1, 2, 3, 4, were items needed for completing the Emergency Room modifications. The x-ray unit is needed to replace a portable unit which went out on us some three months ago and this is a used x-ray unit which we believe is a good buy. Our present hot water tank in the Hospital has developed a number of leaks and this is the best price we have gotten to replace the present tank which is going bad rapidly.

TAUBER 00107

J.APP. 2828

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NEW BUSINESS:(cont)

The gas sterilizer is a new item which the Hospital needs badly. We now have to take these items to Alexandria or Fairfax Hospital for sterilization. Dr. Corrado questioned whether we could not get a better price on some of the items and especially on the lease. He felt the cost of the lease was high. Mr. Linton stated, as on the attached sheet that the total was for \$15,000.00 and payable over a five year period. This means the Hospital will pay \$20,000.00 over the five year period for the use of the money and equipment. The short term advantage to the Hospital is that we can expense all of the cost at the Hospital every year and thus reduce our income tax.

2. A motion was made by Dr. Feriozi and seconded by Dr. Corrado that authorization be made to secure the lease for the equipment listed and in the amount of \$15,000.00. However, the Committee requested Mr. Linton to make sure that the cost of equipment is the best possible purchase price. Motion Carried.
8. Dr. McManus asked Mr. Linton to report on the financial status of the Hospital.
1. Mr. Linton reported that he had requested Mr. Rytter to have the Financial Report for the Committee but that Mr. Rytter has not given him the report. I had to attend a meeting at Blue Cross this afternoon and when I returned to my office at 4:30 P.M. I found a note on my desk from Mr. Rytter saying that he was sick and had to go home. There was no report or mention of the Financial Report. I assume Mr. Rytter was not able to finish it or that it is complete and he will have it for me by tomorrow. However, I can report that our Accounts Receivable are down by about \$100,000.00 from the figure given as of September 1, 1973. Our cash patient receipts for September was \$331,000.00 and at the close of the month of September we had \$20,000.00 in the bank. In addition, we have been advised that our estimated income tax for Fy 1974 must start with the first quarter due on October 15, 1973. This will be payment of about \$35,000.00. This will increase our expected cash payment demand to about \$393,000.00 for the month of October. From what I have reported, you can tell that we are beginning to get our Insurance and Billing department to function along the plan outlined and accepted at the last meeting. However, we still have a very serious cash flow problem. I apologize to you for not having a financial statement at this meeting and will see that it is mailed to you as soon as it can be put together and typed.
2. The Committee discussed at length the problems in the Hospital business office and the need to have current financial reports at it's meetings. A motion was made by Dr. Vlahos and seconded by Dr. Corrado that the Comptroller either complete or have completed a financial operating report and cash flow statement ready for presentation to every Finance Committee meeting. The motion was carried.
3. Mr. Linton reported that he and Mr. Rytter had met with Mr. McDonald, Vice President of the Bank of Virginia and his assistant Mr. Heirholtzer this morning. I have outlined the Committee's displeasure for the terms of the loan and especially the high rate of interest for the loan. They were asked to give us a more reasonable rate of interest and also advised that we were considering other alternatives for the loan and our banking activities.

TAUBER 00108

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NEW BUSINESS(cont.) 3.

They felt they had given us a fair loan arrangement but agreed to reviewing our loan in two weeks as soon as we have had a chance to point out our total needs and obligations over the next several months. I believe they are willing to reduce the rate and extend us the type of credit we need to get ourselves in a proper cash position.

4. The Committee discussed this problem at length and a motion was made by Dr. Corrado and seconded by Dr. Sibay that Mr. Linton be authorized to proceed in negotiations with the Bank of Virginia for a near prime rate loan but to also talk with other banks so as to be in a better bargaining position with the Bank of Virginia when he meets with them in two weeks. Motion was carried.
- ✓C. Dr. McManus asked Dr. Peters to report and discuss the Georgetown Plan.
 1. Dr. Peters said the plan was one which Dr. Tauber had discussed and was one method of getting the Hospital back into non-profit status. The plan would be for the Stockholders to agree to donate the Hospital goodwill, assets, inventory, and less land and buildings to the Georgetown Medical Center. The Hospital Stockholders would then lease the land and buildings to Georgetown for a ninety-nine year period or whatever time span they would like. Georgetown would then operate the Hospital as a part of their center. The Stockholders would then pay off the mortgage on the land and building from the rent received and whatever is left over would be divided among the Stockholders according to their shares owned.
 2. Mr. Linton stated that of the various ideas presented for taking the Hospital to a non-profit status again, this was most likely the best yet discussed. He pointed out that there might yet be a chance to sell the Hospital and lease the land and buildings to either MEDENCO, Northern Virginia Doctors Hospital, or someone else.
 3. A motion was made by Dr. Peters and seconded by Dr. Sibay that Dr. Tauber be authorized to enter talks with Georgetown to see if they have an interest in taking the Hospital under the conditions stated. In addition, Mr. Linton is authorized to see if MEDENCO would be interested in buying the Hospital less it's land and buildings and leasing the land and building for a specific number of years. Motion Carried.
 - D. Dr. McManus stated that Dr. Gondor had asked the Committee to consider changing its meeting time from evening hours to either any noon hour period during the weekday or Saturday afternoon. There was discussion on the subject but none of the members would agree to change the meeting hours.
 - E. Dr. Peters stated the Emergency Room light at the front entrance to the Hospital went off very early. The Administrator agreed to check the problem out and take care of getting it fixed.

TAUBER 00109

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- F. The Administrator reported that the new contract with Crothall and Company, (Housekeeping) was ready for signing and was for a twelve month period which would in effect save the Hospital around \$18,000.00 a year. He also reported that the Hospital Employee Association for health insurance was being instituted as of October 1, 1973. The Committee wanted to know if the Board of Directors and Finance Committee members were eligible for membership in the association. Mr. Linton said he would look into this and let them know.
- G. There being no further business, the meeting adjourned at 10:30 P.M.

DJF/sm

DAN J. FERIOZI, M.D.
Secretary

TAUBER 00110

J.APP. 2831

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION
BOARD OF DIRECTORS MEETING
Wednesday, November 14, 1973
9:00 P.M.

A combined meeting of the Finance Committee and the Board of Directors was held on Wednesday, November 14, 1973. These Minutes constitute the portion of that meeting wherein Board of Directors were meeting. (Refer to the Finance Committee Minutes of this date for other items of business for this meeting.) Those members present were as follows:

Dr. Tauber, Chairman
Dr. McManus, Vice Chairman
Dr. Burtoff
Dr. Freedman
Dr. Luccioli
Dr. Peters
Dr. Corrado
Dr. Gondor
Dr. Sibay
Dr. Vlahos
Dr. Feriozi, Stockholder
Mr. Linton, Administrator
Mr. Rytter, Comptroller

COMMITTEE REPORT - See attachment "A" for Credentials Committee Report.

I. NEW BUSINESS

- A. The Chairman of the Board, Dr. Tauber, opened the meeting and stated that due to circumstances concerning the desire of many Board members and stockholders to return the Hospital Corporation to a non-profit institution, he had been given a letter of authorization by the Finance Committee to enter into negotiations with Georgetown Medical Center to find out if they were interested in taking over the Hospital under certain working conditions. Therefore, he would like to recommend that the Finance Committee be discontinued and in its place he would suggest the Board of Directors elect two executive vice presidents, one for professional affairs and one for administrative affairs. Dr. Tauber indicated that while the Finance Committee had served admirably and had done a fine job that he thought that the best interest of the Hospital would be served by having the Board of Directors meet monthly in the future to deal with all problems of the Hospital during these negotiating periods and since this was so, he did not himself feel that his health would permit him to carry out the business functions totally as Chief Executive Officer and thus he would like to have these two vice chairman who would serve in lieu of the Finance Committee. Dr. Tauber said that he would

Trial Exhibit
No. 116.

TAUBER 00648

J.APP. 2832

MINUTES

Board of Directors Meeting

Wednesday, November 14, 1973

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like to nominate Dr. McManus as the Executive Vice President for Professional Affairs and Dr. Leslie Peters as Executive Vice President for Administrative Affairs. Motion was made by Dr. Tauber that the two Vice Presidential positions be established and that the above nominees be considered by the Board of Directors. The Motion was seconded by Dr. Freedman and the motion carried. Therefore, the Finance Committee is dissolved effective this date.

- B. Dr. Tauber stated that the office of Secretary of the Board of Directors and the Corporation are now vacant since the election of Dr. Peters as Executive Vice President. He therefore stated that the floor was opened for nominations to the office of Secretary to the Hospital Corporation and the Board of Directors. Dr. Corrado was nominated for Secretary and Dr. Sibay was nominated for Treasurer and Dr. Kauffman was nominated for Assistant Secretary. There being no further nominations, nominations were closed and the following officers were elected by acclamation, Dr. Corrado, Secretary, Dr. Sibay, Treasurer and Dr. Kauffman, Assistant Secretary.
- C. The Chairman of the Board pointed out that he wanted to clarify and have the Board of Directors indicate their approval that Dr. Burtoff was the Vice President of the Corporation and Dr. McManus was the Vice Chairman of the Board of Directors. The Board unanimously agreed that the officers of the Corporation as now constituted are as follows:
- Dr. Tauber, President of the Hospital Corporation
 - Dr. Burtoff, Vice President of the Hospital Corporation
 - Dr. McManus, Executive Vice President of Professional Affairs
 - Dr. Peters, Executive Vice President of Administrative Affairs
 - Dr. Corrado, Secretary
 - Dr. Sibay, Treasurer
 - Dr. Kauffman, Assistant Secretary

BOARD OF DIRECTORS

Dr. Tauber, Chairman
Dr. McManus, Vice Chairman

There were no objections and the Board of Directors voted unanimously that this constitutes the present officers of the Board and the Hospital Corporation.

- D. The Board of Directors unanimously approved the following resolution that any authority to sign for indebtedness to the Hospital, secure loans and other obligations would require the signature of any of the two following officers of the Corporation, Dr. McManus, Dr. Peters, Dr. Corrado or Dr. Tauber. There was no objection and this was unanimously approved.

TAUBER 00649

J.APP. 2833

MINUTES

Board of Directors Meeting

Wednesday, November 14, 1973

Page Three

- E. A motion was made that the Stockholders Meeting be held at the earliest opportunity. The Board members requested that a new slate of nominees be submitted and that the By-Laws be followed in establishing the date of that meeting. Motion was made by Dr. Peters and seconded by Dr. Vlahos to re-nominate the current Board of Directors with the exception of Dr. Bashir and to add the name of Dr. Feriozi. The motion was carried unanimously.
- F. Hospital Affiliation with Georgetown Medical Center - Dr. Tauber stated that he had been given permission by the Finance Committee to explore the possibility of having the Hospital goodwill and inventory donated to the Georgetown Medical Center so that it could become a non-profit institution. He felt that this is one way in which the Hospital could operate with a better chance of profit than previously. He pointed out that currently the income tax which had to be taken out of our net income was very high. Therefore, he would propose that we consider either donating the Hospital goodwill and inventory to the Georgetown Medical Center and leasing the land and buildings to the Hospital Corporation or the Georgetown group for perhaps \$200,000. This means that the Hospital would of course, be able to divide the yearly rent of \$200,000 among all Stockholders after the liabilities were paid. Dr. Tauber proposed that the long term liabilities would be of course the mortgage and any other liabilities such as payments to Dr. Palmer and that this would take down about \$100,000 to pay. Thus, the Corporation as it is now known probably would have to revert to a partnership and thus the partnership would be responsible for paying off long term liabilities but since this is spread over 11 to 12 years, one would be able to pay off these long term liabilities at about \$100,000 per year. Thus the net income remaining would be about \$100,000 to be divided between all Stockholders' shares of the net income. Dr. Tauber stated that he would continue with the negotiations and would not make any professional or financial determinations without the Board approval. The motion was made that Dr. Tauber continue to pursue this undertaking. Motion was unanimously carried.

II. ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 11:00 P.M.


MICHAEL A. CORRADO, M.D.
Secretary

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TAUBER 00650

J.APP. 2834

ATTACHMENT A

Dr. McManus presented the recommendations of the Medical Staff that the following physicians be granted Medical Staff privileges in their respective specialities:

Sheldon Wexler, D.P.M.	Podiatry (Associate)
Florent F. Westfall, M.D.	Ophthalmology
Maurice Schiller, M.D.	Gynecology
Raphael Osheroff, M.D.	Nephrology
Barry Jacobs, M.D.	General Surgery
Richard Hart, M.D.	Cardiology (Active)
Douglas Greer, M.D.	Ophthalmology
James A. Ferris, M.D.	Oral Surgery
Leo Goldhammer, M.D.	Neurology
Gordon Carson, M.D.	Radiology (Active)
Gary R. Mason, M.D.	General Practice
David Abbot, M.D.	General Practice

A motion was duly made, seconded and unanimously carried that these physicians be granted medical staff privileges.

TAUBER 00651

J.APP. 2835

MINUTES
JEFFERSON MEMORIAL HOSPITAL CORPORATION
BOARD OF DIRECTORS MEETING
Wednesday, March 13, 1974
9:30 P.M.

The regular meeting of the Board of Directors of Jefferson Memorial Hospital Corporation was held on Wednesday, March 13, 1974 at 9:30 P.M. Those members present were as follows:

Dr. Tauber, President	Dr. Nicholson
Dr. Burtoff, Vice President	Dr. Peters, Exs. VP
Dr. Corrado, Secretary	Dr. Sibay, Treasurer
Dr. Gondor	Dr. Small
Dr. Iranyi	Dr. Vlahos
Dr. McManus, Ex. VP	Mr. Linton, Administrator

Those members absent were as follows:

Dr. Feriozi
Dr. Freedman
Dr. Kauffman
Dr. Luccioli

Those guests present were as follows:

Mr. Rytter, Hospital Comptroll
Mr. Parsons, CRA, Councillor, Buchanan & Mitchell

1. Expiration of Dr. D'Aquila's Lease - Mr. Linton introduced discussion concerning a decision as to whether or not to renew the Hospital's lease for the office space which Dr. D'Aquila is now leasing. Dr. Corrado and Mr. Linton discussed the need for the space. Mr. Linton stated that on their last survey, the Joint Commission recommended that the Pharmacy be expanded and Dr. Antezana has also requested additional space for a microbiology laboratory as well as Medical Records Department's need for expansion. Dr. Tauber made a motion and Dr. Small seconded the motion that Dr. D'Aquila be offered a renewal of his lease. A motion was also made that if he is offered a new lease, his rent would be increased to \$7.00 per square foot and that the lease be for a term of two years. No decision was reached on this issue and it

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J.APP. 2836

Trial Exhibit
No. 119.

MINUTES

Board of Directors Meeting

Wednesday, March 13, 1974

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was tabled until the next Board Meeting.

2. Dr. Tauber introduced discussion concerning payment to certain owners while other payments were being withheld. Dr. Tauber recommended that the burden of low cash be shared equally between all owners and that in the future, all vendors be paid first and then those to whom money is owed for services and finally, the owners. If cash does not permit, this burden should be shared equally between the owners and not certain ones paid everything and the other paid none at all.

3. Sale and Lease Back of Land and Building - Dr. Tauber reported that the negotiations with Georgetown Medical School for affiliation would not take place since the entire Board of Directors did not agree with the proposal. He further stated that Dr. Coffey at Georgetown had made no further mention of the idea of taking over only the surgical department, therefore the whole plan was dropped. Dr. Tauber stated that there had been a meeting between Drs. Vlahos, Peters, McManus and himself for the purpose of searching for other ways which the stockholders might, as investors, receive some return on their investment. Dr. Tauber stated that in the past, the King Street Joint Venture owned the building and 1½ acres of land and formed the Jefferson Memorial Hospital non-profit organization which ran the business of the Hospital. The reason for this was that if the Hospital corporation would be sued for malpractice, then they would not have any other assets except equipment and creditors could not touch the building. This set up gave some tax depreciation to the owners of the building. When in 1971, the decision was made to change the Hospital from non-profit to a profit corporation, the partnership was dissolved and thus all property became

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MINUTES
Board of Directors Meeting
Wednesday, March 13, 1974
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assets of the Hospital. This of course, took away from the stockholders any depreciation or other benefits being received under the Partnership arrangement. This also carried the possibility of the shareholders of the corporation losing the building in the event of any law suits against JMH Corporation. After giving this brief history, Dr. Tauber stated that at the previously mentioned meeting, they had come up with the following proposal:

A. The now profit making corporation of Jefferson Memorial Hospital would reinstate the old King Street Joint Venture and everyone would get an interest in the new Venture by the percentage of stock which they own.

B. The King Street Joint Venture would enter into a firm lease with the Jefferson Memorial Hospital profit making corporation which would be a partial liquidation of the assets of the corporation shifting the physical value of the building and land to the partnership and then the partnership would lease it for twenty years for \$100,000 plus the mortgage payment, plus the original land ground rent payments.

Following considerable discussion of Dr. Tauber's and Dr. McManus's Plan for this partial liquidation of the Hospital owned land and buildings, a motion was made by Dr. Vlahos and seconded by Dr. Peters to authorize the sale or transfer of such land and buildings to the King Street Joint Venture. That said sale or transfer is subject to advice and council of the Hospital's CPA, Mr. Parsons and legal advisors relating to the problems of taxes which would be associated with such a transaction. The motion was carried. Ten in favor and one against.

4. Payment of Officers, Board Members, Stockholders - A motion was made by

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Board of Directors Meeting
Wednesday, March 13, 1974
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Dr. Vlahos and seconded by Dr. Burtoff that the Board of Directors meeting monthly and that a fee of \$100 be paid to each Board member in attendance at such meetings. The motion was carried.

5. After considerable discussion, Dr. Vlahos moved that an annual salary of \$6,000 be authorized for the Executive Vice Presidents for Financial Affairs and Professional Affairs. The duties of each of these Vice Presidents shall be defined by the President and presented to the Board for its final approval. Motion was seconded by Dr. Small and carried.

6. After considerable discussion about the present arrangements for the management and supervision of the Physical Therapy Department, Dr. Vlahos requested that a committee study the alternatives and report back to the next meeting. Dr. Tauber, after hearing other members' discussion of the problem, appointed Dr. Sibay, Dr. McManus, Dr. Peters and Mr. Linton as a committee to study the alternatives available to running the Physical Therapy Department and to report their recommendations to the Board at its next meeting.

7. Dr. Tauber stated that for sometime he has wanted to establish a memorial to his mother, Mrs. Katherine Tauber. He stated that if the Board would give its permission, he would like to build a multi-story addition to the West Wing of the Hospital. The Building would house a Medical Research activity bearing his mother's name. The research activity would occupy the lower floors of the addition. The top floor would be used by the Hospital to add 30 more beds to the Hospital. In addition, Dr. Tauber indicated that he would move his office from its present location to the Research part of the new building. Following a number of questions, Dr. Tauber stated that the Research activity would be part of the Tauber Foundation and not a part of the Jefferson Memorial Hospital.

MINUTES
Board of Directors Meeting
Wednesday, March 13, 1974
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However, he would donate the use of the floor space in which the 30 Hospital beds were located to the Hospital. In response to questions concerning compensation of the Hospital for use of its land, Dr. Tauber stated that these details could be worked out but that the research activity would pay a fair part of the Hospital expense for the land used for its building and parking. A motion was made by Dr. Burtoff and seconded by Dr. McManus to accept Dr. Tauber's proposal to build a medical research building as described in these minutes. The motion was carried.

8. Dr. Small stated that it would be necessary for the Hospital to get approval of the State Planning Agency to add beds or place added buildings to Jefferson Memorial Hospital. A motion was made by Dr. Small and seconded by Dr. Burtoff that the Hospital Corporation seek permission of the State Planning Council for 30 additional beds. Motion was carried.

9. The Chairman asked that other items on the Agenda be deferred until the next meeting. There was no objection and the meeting was adjourned at 12:15 A.M.


MICHAEL A. CORRADO, M.D.
Secretary

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TAUBER 00635

J.APP. 2840

JEFFERSON MEMORIAL HOSPITAL

CASH RECEIPTS

	<u>TOTAL</u>	<u>PATIENTS</u>	<u>OTHER</u>
July 1972	363,190	297,942	65,348
August	364,990	358,297	6,693
September	354,629	259,567	95,062
October	457,277	390,093	67,184
November	361,762	353,019	8,743
December	371,154	327,221	18,741
January 1973	277,730	214,388	63,342
February	339,158	330,978	8,180
March	388,220	337,256	50,964
April	373,922	366,004	7,918
May	377,995	369,587	8,408
June	392,348	329,608	62,740
July	292,522	243,996	48,526
August	324,326	313,863	10,463
September	358,364	350,664	7,700
October	458,190	446,627	11,563
November	464,055	413,123	50,932
December	407,117	395,249	11,868
January 1974	423,048	409,671	13,377
February	316,514	307,200	9,314

TAUBER 00636

J.APP. 2841

JEFFERSON MEMORIAL HOSPITAL

ASSETS

AS OF: 2/28/74

CURRENT ASSETS:

CASH		9 9
ACCOUNTS RECEIVABLE	\$1,162,330	
ALLOWANCE FOR UNCOLLECTIBLES	271,528	890,812
ACCOUNTS RECEIVABLE-OTHER		33,815
NOTES RECEIVABLE		14,312
ACCRUED INTEREST RECEIVABLE		6,616
INVENTORIES		16,627
TOTAL CURRENT ASSETS		<u>\$963,201</u>

PLANT AND EQUIPMENT:

LAND		147,456
LAND IMPROVEMENTS	29,985	
ACCUMULATED DEPRECIATION	4,829	25,156
BUILDING	624,302	
ACCUMULATED DEPRECIATION	85,905	538,397
FIXED EQUIPMENT	140,357	
ACCUMULATED DEPRECIATION	53,534	86,823
MAJOR MOVABLE EQUIPMENT	321,755	
ACCUMULATED DEPRECIATION	170,975	150,780
TOTAL PLANT AND EQUIPMENT		\$948,612

OTHER ASSETS

GOODWILL	364,048
PREPAID EXPENSE	4,595
PREPAID TAXES	63,500
UNAMORTIZED LOAN AND SETTLEMENT FEE	5,851
DEPOSITS	8,149

TOTAL OTHER ASSETS 416,143

TOTAL ASSETS \$2,357,954

TAUBER 00637

J.APP. 2842

JEFFERSON MEMORIAL HOSPITAL
LIABILITIES AND STOCKHOLDERS EQUITY

AS OF: 2/28/74

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	\$281,790
ACCRUED SALARIES PAYABLE	54,927
ACCRUED WITHOLDINGS	11,836
ACCRUED EXPENSES	85,831
MORTGAGE PAYABLE - CURRENT PORTION	15,660
NOTES PAYABLE - CURRENT PORTION	100,000
CONTRACT PAYABLE - CURRENT PORTION	34,639
CURRENT FINANCING - GHI	59,000
CURRENT FINANCING - MEDICARE	15,600
PROVISION FOR GHI - CONTRACT ADJ.	9,974

TOTAL CURRENT LIABILITIES

\$669,257

LONG TERM LIABILITIES:

MORTGAGE PAYABLE - OVER ONE YEAR	557,128
CONTRACT PAYABLE - OVER ONE YEAR	66,392
BONDS PAYABLE	299,500

TOTAL LONG TERM LIABILITIES

\$923,020

TOTAL LIABILITIES

STOCKHOLDERS EQUITY

COMMON STOCK \$.01 PAR VALUE	3,050		
CAPITAL IN EXCESS OF PAR	922,802		
DONATED CAPITAL	20,051	\$945,903	
RETAINED EARNINGS		(64,638))
NET LOSS YEAR TO DATE		(115,586)) 765,679
TOTAL STOCKHOLDERS EQUITY			

TOTAL LIABILITIES AND EQUITY

\$2,357,956

TAUBER 00638

J.APP. 2843

JEFFERSON MEMORIAL HOSPITAL
OPERATING STATEMENT
FOR THE PERIOD ENDED 2/28/74

	<u>FEB.</u>	<u>YEAR TO DATE</u>
REVENUE FROM PATIENTS		
ROUTINE SERVICES	\$198,088	\$1,455,352
SPECIAL SERVICES	278,646	1,948,312
TOTAL REVENUE FROM PATIENTS	476,734	3,403,664
OTHER REVENUE	8,846	57,451
DEDUCTION FROM REVENUE	<u>78,435</u>	<u>670,227</u>
NET REVENUE	<u>\$407,145</u>	<u>\$2,790,888</u>
EXPENSES		
SALARIES		
NURSING	77,470	664,652
PROFESSIONAL SUPPORT	22,284	191,386
NON-PROFESSIONAL SUPPORT	21,417	192,392
ADMINISTRATION	15,257	121,992
BUSINESS FUNCTIONS	<u>8,523</u>	<u>74,592</u>
TOTAL SALARIES	144,951	1,245,014
BENEFITS	14,476	108,330
FEES-PROFESSIONAL	142,601	664,865
FEES-NON-PROFESSIONAL	25,615	342,693
SUPPLIES AND EXPENSE	25,531	298,832
MAINTENANCE AND REPAIRS	3,694	13,746
TAXES	2,588	58,509
INSURANCE	2,256	26,386
OTHER	5,423	101,188
DEPRECIATION	<u>5,581</u>	<u>45,911</u>
TOTAL EXPENSE	<u>\$ 372,721</u>	<u>2,905,474</u>
NET INCOME	<u>34,424</u>	<u>(115,586)</u>

TAUBER 00639

J.APP. 2844

*See - Balance
statement -*

JEFFERSON MEMORIAL HOSPITAL
FEBRUARY 28, 1974

Notes to Financial Statements

The net loss shown to be \$115,586 would have been a \$146,200 net profit had there been no change made in accounting procedure for this year. The accounting policy change was made to more accurately reflect the Accounts Receivable at time of discharge.

TAUBER 00640

J.APP. 2845

1/15/74

TAUBER 00641

J.APP. 2846

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION
BOARD OF DIRECTORS MEETING
Wednesday, April 17, 1974
7:30 P.M.

The regular meeting of the Board of Directors of Jefferson Memorial Hospital Corporation was held on Wednesday, April 17, 1974 at 7:30 P.M. in the Hospital Board Room. Those members present were as follows:

Dr. Tauber, President	Dr. Kauffman
Dr. Corrado	Dr. Freedman
Dr. Burtoff	Dr. McManus
Dr. Vlahos	Dr. Feriozi
Dr. Peters	Dr. Gondor
Dr. Sibay	Dr. Iranyi
Mr. Linton, Administrator	Mr. Rytter, Comptroller

Those members absent were as follows:

Dr. Small
Dr. Nicholson
Dr. Luccioli

Dr. Tauber opened the meeting and stated that he would like to change the

Agenda as follows:

1. Request of Dr. O'Brien's Clinic
2. Request of Dentist for Special OR for Dental Patients
3. Financial Statement
4. Administrator's Report
5. Dr. D'Aquila's Lease
6. Proposed Building Expansion
7. Report on Transfer of Hospital Building & Land
8. Any other such items that the Board might wish to bring from the Floor

1. Dr. Tauber stated that the Administrator had received a request from Dr. O'Brien's Surgical-Dental Clinic requesting that a transfer agreement between Dr. O'Brien's Clinic and the Hospital be entered into which would permit Dr. O'Brien's Clinic to transfer patients as emergency admissions to Jefferson Memorial Hospital. Dr. Tauber entertained a motion that the Hospital enter into the Transfer Agreement with Dr. O'Brien's Clinic providing that his Clinic provide sufficient liability insurance to save the Hospital harmless.

BOARD OF DIRECTORS MEETING
Wednesday, April 17, 1974
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The motion was seconded by Dr. Vlahos and the motion carried.

II. Mr. Linton presented a proposal by Dr. Ferris and Dr. Stewart, both practicing dentist on our Medical -Dental Staff. The proposal in effect suggested a dental suite which would consist of one room, with a dental chair and sufficient equipment to provide for general anesthesia and complete care in the suite. Essentially, the dental suite would require about 9 x 12 sq. ft. of space and there would not be a need for any hospital personnel to be involved since the dentist using the room would supply their own assistants. The Anesthesiology Department of the Hospital would furnish an Anesthesiologist or Anesthesist for the proposed use of the suite. Dr. Stewart has polled a number of dentists in the area and it is his feeling that the room would be used at least 20% of the time by himself and certainly we could depend on the room being used 100% of the time after the suite is in operation for a few months. After considerable discussion, Dr. McManus concurred in the recommendation but indicated that he would like to have the following points checked out: How much insurance companies would be expected to pay for the use of the suite; What charges would the Hospital impose for use of the suite; How much initial investment would be required to convert an existing area in the Hospital and place the suite in operation; and the exact location for such a suite. Motion was made by Dr. Peters and seconded by Dr. Burtoff that the Dental Suite be tentatively approved subject to the conditions stated by Dr. McManus. Motion was carried.

III. Dr. Sibay recommended that Dr. Fehdul, an American Board Certified Internist and Board Eligible in Cardiology, be hired by the Hospital. He recommended that Dr. Fehdul come here with a guaranteed income of \$30,000 and that if he did not make the \$30,000 on his own, the Hospital would pay him the difference. He would work from 8 am. until 5 pm. and be available on call.

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BOARD OF DIRECTORS MEETING

Wednesday, April 17, 1974

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all the remaining hours of the day. Dr. Tauber asked that an Ad Hoc Committee consisting of himself, Dr. McManus, Dr. Peters and Mr. Linton be established to discuss the various aspects of his employment to preclude having open discussions with all the Board members and at a later date, the Ad Hoc Committee would present its recommendation to the full Board. In addition, Dr. Fahdul would cover the house, receive the emergency room patients ~~in cardiology,~~ ~~and ERs~~ and give internal medicine and cardiology consults, ~~if this didn't keep him busy all the day,~~ other duties would be assigned to him. ~~Essentially he would not have any private patients.~~ Dr. McManus suggested that this Ad Hoc Committee meet before the interview with Dr. Fahdul to gather a plan and have some idea of what we would expect of him and have these things spelled out exactly what he is going to be doing. Dr. Freedman made a recommendation that the Committee look into the situation as Dr. McManus had proposed. Dr. Burtoff seconded the motion and the motion carried.

IV. Dr. Sibay further recommended that a Dr. Abdelmalek, a General Practitioner, be hired to do all the history & physicals and serve as House Physician. Dr. Malek would be guaranteed a salary of \$25,000 per year which he would earn from doing H & P's and if he did not earn that amount, the Hospital would put him on the Emergency Room working schedule enough hours to bring his salary up to \$25,000 per year. Dr. Sibay stated that he believes that Dr. Malek has a Virginia license. The motion made to have the Ad Hoc Committee look into this Dr. Malek's employment or other relationship with the Hospital was made by Dr. Freedman seconded by Dr. Burtoff and the motion carried.

TAUBER 00614

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BOARD OF DIRECTORS MEETING

Wednesday, April 17, 1974

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V. Dr. Tauber asked the Comptroller to pass out the Financial Statement and discuss it as needed. Mr. Rytter passed out the Financial Statement which included a summary of the operating and loss statement and the balance sheet. He answered questions as appropriate. Mr. Rytter spent a short time discussing the Cost of Living Council's eminent death if Congress did not pass an extension to the current law by the end of April. In addition, Mr. Rytter pointed out the expected cost increases throughout the Health industry as a whole immediately following the lifting of such controls by the Cost of Living Council. He pointed out that Marriott, for instances, projects an 18% increase in the procurement of raw food during the remainder of 1974. Mr. Rytter stated that he had given to Dr. Tauber and Dr. Peters and the Administrator a copy of the proposed increased charges for care and would like to strongly recommend that patient charges be increased as of May 1. Dr. Tauber pointed out that Jefferson had never been one to increase cost before others and he for one would like to recommend that any increase in patient charges by Jefferson await the lead for other hospitals in the Northern Virginia area to increase their charges first. It was generally agreed that this was a reasonable procedure to follow and no further discussion was addressed to this matter.

VI. The Administrator pointed out that the census for July 1973 was running approximately 5% below last year at this time. He indicated that the census for February was 43% and for March it was 44% and thus far in April, the census is running approximately at 44%. This created the need to push to keep the census high for the remainder of April. The Administrator pointed out that the Virginia State Comprehensive Planning Council, which is the Council which must

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BOARD OF DIRECTORS MEETING
Wednesday, April 17, 1974
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address any modification or expansion of a Hospital facility, is asking for a 2% a patient day per capita by each hospital to help support the efforts of this Planning Council. This would amount to some \$700 a year for Jefferson and the Administrator felt that such a financial support would be in the best keeping for Jefferson Memorial Hospital but certainly in keeping with what other hospitals in the area were doing. Motion was made by Dr. Kauffman and seconded by Dr. McManus that the \$700 or 2% a day per patient day be donated to the Virginia State Comprehensive Planning Council. The motion was carried.

VII. Dr. Tauber presented the architect's sketch for the proposed new Medical Research Foundation Building to be named in honor of his mother, The Katherine Tauber Memorial Medical Research Foundation. The building will run from the end of the West wing by corridor and then the building will go from the property line next to the parking area at the shopping center running parallel with Beauregard Street across to approximately the beginning of the steps which leads to West Wing from the Beauregard parking lot. The Building will be a four story structure complementing the current building and will have approximately 24,000 square feet. Dr. Tauber pointed out that he was not certain what each floor of the building would include but certainly the third floor which would be on the same level as the current West wing would include an area which could be leased to the hospital and about approximately 20 beds situated in private rooms. The fourth floor would be the clinical research portion of the Medical Research Foundation and would have approximately 20 research beds on that floor. Dr. Tauber stated but that the Research Foundation would be under the direction, not of the hospital but of a gentleman named Dr. Pepper who would be the director or president of the Research Foundation. There was

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BOARD OF DIRECTORS MEETING

Wednesday, April 17, 1974

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discussion by several members of the Board, Dr. Gordon and Dr. Corrado specifically requesting that a complete architectural sketch which would improve the entire design and looks of the Hospital be included along with this sketch so as to take the total needs of future Hospital expansion into consideration and specifically to improve the structural beauty of Jefferson Memorial Hospital. It was the general feeling of the Board, however, that such a rendition would be most desirable but could be attained at a later time. It was the general agreement of the Board that Dr. Tauber should proceed in getting the building started and that the Hospital would indeed be most anxious to lease a space for 20 private rooms.

VIII. Dr. Tauber stated that he had received communication from our auditor firm, Councilor, Buchannan and Mitchell to the effect that the most reasonable plan to follow would be as follows if we were to transfer the land and building of the Hospital to a joint venture such as the King Street Joint Venture or Partnership. It is recommended that Dr. Tauber or some other investor, buy from the Hospital the land and buildings for the book value, let's say \$500,000. The Hospital would receive \$500,000 in cash. The Hospital would then pay such tax as would be required upon that \$500,000. The Stockholders would then agree or propose to return to the Hospital Corporation a percentage of their stock in accordance with the sale of the proceeds received, that is the \$500,000 less tax. They would return the stock to the Hospital Corporation and in effect be buying the stock and the Hospital would indeed, issue the dollars to the stockholders for the amount of the sale less tax. Stockholders at this point would of course, if they desired to purchase an interest in the partnership would thus buy by paying directly to Dr. Tauber or the other investor, the sum of money or an equivalent

why not
fair market
value?

TAUBER 00617

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BOARD OF DIRECTORS MEETING
Wednesday, April 17, 1974
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sum of money to that which they had received for the sale of the building and land. It must be clearly understood at this point that the Stockholder does not have to buy an interest in the partnership. He may accept the cash and keep it and if he does, he does not own an interest in the partnership; however, he still owns the number of shares which he has not surrendered in the Hospital Corporation. The Hospital agrees to lease from the partnership, once it has been formed, for 10% of the purchase price, or approximately, \$100,000 per year, the land and buildings for a period of some 20 or 25 years. Thus the Hospital would not only be leasing the land but would continue to pay off the mortgage and such other indebtedness to the partnership to save them harmless and to give them a net net lease for the land and building over the period of the lease. Dr. Tauber pointed out that the Hospital should have a first chance in any such sale agreement to repurchase the property at the end of the lease. It was pointed out that the accountants had clearly indicated that during this sale of stock by the stockholders to the Hospital Corporation and the concurrent reinvestment of such dividend or capital in the partnership that there must be a change in the percentage of ownership both in the Hospital Corporation. This is to preclude an outright dividend being paid to the Hospital to the Stockholders under the guise of a partial liquidation. In addition, it was pointed out that in order to avoid a problem with Medicare and Social Security and such other third party carriers of the future, that the owners of the Joint Venture must not carry the interest in building and land in their own name but rather in a name which did not have a direct interest in the Hospital and in the Joint Venture. Thus, it would be essential that no conflict of interest between the owners or Stockholders of the corporation and the partners of the Joint Venture could be retained. Thus if a person is a stockholder, he must not carry his interest in the Joint Venture under his own name but would have to in some way

TAUBER 00618

D. V. Jones ?

take it out of his direct control. This is needed simply to avoid the Hospital being denied its cost under the lease agreement with GHI, Medicare and such other third party carriers as may be forthcoming in the future. A motion was made by Dr. Vlahos and seconded by Dr. Burtoff that subject to working out the details of the sale of the property, surrendering of stocks by the Stockholders and formation of the partnership and the lease by the Hospital of such land and buildings from the partnership or Joint Venture be approved as presented by Dr. Tauber. The Motion was carried.

IX. Dr. Tauber stated that the matter of Dr. D'Aquila's lease was one which we had deferred from the last meeting and would need be resolved at this point. The Administrator pointed out that the lease would expire by June 30th at the very latest and that Dr. D'Aquila had a ten year lease beginning in 1963 on upon occupancy of the building and that Dr. D'Aquila had indicated that he did not enter the building until May or middle June 1964. Thus his lease is up as of June 30th 1974. Dr. Tauber indicated that he really would like to have Dr. D'Aquila perhaps move into the Research Foundation along with himself once it was complete. Thus he would propose that Dr. D'Aquila's rent be increased and that he had already talked to Dr. D'Aquila about this matter and that there was agreement. The motion was made and seconded that Dr. D'Aquila be allowed to remain in occupancy of his dental office in the Hospital at the current time until the new building is completed and he be given first chance to move into that building if he so desired. However, his rent be increased to a figure which Dr. Tauber stated as *77 1/2*. Thus Dr. D'Aquila's lease would be on a month to month basis until he has an opportunity to move into the new building.

BOARD OF DIRECTORS MEETING

Wednesday, April 17, 1974

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X. Motion was made by Dr. Burtoff and seconded by Dr. Peters that the Board of Director receive back fee of \$100 each for those in attendance at the January meeting. The motion was carried without opposition.

XI. Discussion was opened by Dr. Burtoff in terms of a regular meeting night for the Board of Directors in that he had many meetings to attend and he was assured that others on the Board had meetings to attend and therefore he would like to propose the fourth Wednesday night of each month be the regular meeting night of the Board of Directors. Motion was made by Dr. Sibay and seconded by Dr. Burtoff that the Board meet regularly on the fourth Wednesday night of each month. Motion carried.

There being no other business to come before the Board, the meeting was adjourned at 10:20 P.M.


MICHAEL A. CORRADO, M.D.
Secretary

kb

TAUBER 00620

J.APP. 2855

A G E N D A
JEFFERSON MEMORIAL HOSPITAL CORPORATION
BOARD OF DIRECTORS MEETING
JUNE 12, 1974

I. Presentation of Budget	Dr. Peters
II. Professional Report	Dr. McManus
III. Report on Proposed Building	Dr. Tauber
IV. Report on Partnership	Dr. Tauber

TAUBER 00589

Trial Exhibit
No. 124.

J.APP. 2856

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION
BOARD OF DIRECTORS MEETING
Wednesday, June 12, 1974
9:45 P.M.

1. Date & Time: Wednesday, June 12, 1974, 9:45 P.M.
2. Place: Hospital Board Room
3. Attendance:
 - A. Present:
 - Dr. Tauber, Chairman
 - Dr. McManus, Vice Pres. Medical Affairs
 - Dr. Peters, Vice Pres. Admin. Affairs
 - Dr. Burtoff
 - Dr. Corrado, Secretary
 - Dr. Gondor
 - Dr. Iranyi
 - Dr. Freedman
 - Dr. Kauffman
 - Dr. Feriozi
 - Dr. Luccioli
 - Dr. Small
 - Dr. Vlahos
 - Mr. Linton, Administrator
 - B. Absent: Dr. Nicholson
4. The meeting was opened at 9:45 P.M. with Dr. Tauber presiding.
5. New Business:

A. Mr. Linton stated that he would like to get a "Policy Position" by the Board relative to authority of the Hospital Corporation President to take action without prior Board approval. The specific question is whether Dr. Tauber, the President of the Hospital Corporation, had authority to authorize or direct the Hospital Administrator to redeem Dr. Sibay's stock without the matter having first been presented to the Board of Directors for approval or disapproval. This problem exists because a member of the Board objected to the Hospital Corporation redeeming the stock and indicated his doubt that anyone had authority to take action of this kind without approval of the Board. Dr. Tauber explained why he directed the Administrator to redeem the stock. Primarily, he felt that the agreed price of \$4.00 per share was below a fair market price and felt the Hospital could sell the stock for a \$20,000 profit. He therefore, got Dr. Sibay to let the Hospital take over the transaction. There was considerable discussion both for and against. Dr. Tauber stated he would not like to have this authority in the future but of course would like to have this action approved. Following more discussion on the subject, a motion was made by Dr. Freedman and seconded by Dr. Vlahos

TAUBER 00590

JAPP. 2857

MINUTES

Board of Directors Meeting

Wednesday, June 12, 1974

Page Two

that the President of the Hospital Corporation be authorized to redeem and sell Hospital Corporation stock at anytime he considers such action to be in the best interest of the Hospital. Motion was carried.

B. Dr. Tauber reported that Dr. Antezana, the Pathologist, had proposed setting up a Bacteriological section in the Laboratory. The reasons given by Dr. Antezana were as stated in Dr. Antezana's letter to Mr. Linton which is attached to these Minutes. (See attachment A) A motion was made by Dr. Freedman and seconded by Dr. Feriozi to authorize establishment of a Bacteriological section in the Laboratory subject to the working out of details by Dr. Peters, Dr. Antezana and Mr. Linton. Motion carried.

C. Dr. Tauber recommended that the Board approve a request from Dr. Sheely to rent or lease equipment to do xerographic mammography. This is now a tested procedure provided in most hospitals as a part of Radiology Service. The cost will be around \$650.00 monthly rental. Charges allowed by Blue Cross is about \$50.00 per procedure. Therefore, it is a needed service which can be provided at no added cost to our patients. Motion was made by Dr. Kauffman and seconded by Dr. McManus that the Administrator and Dr. Sheely be authorized to procure the equipment needed to accomplish xerographic mammography. Motion was carried.

D. Dr. Tauber asked if presentation of the Budget could be deferred until the next meeting. Dr. Peters agreed and stated he would have the Budget mailed to each Board Member so they could study it in detail and be better prepared to discuss it at the July Meeting. In answer to questions by Dr. Vlahos, Dr. Burtoff and Dr. Corrado, Mr. Linton and Dr. Peters stated that the Hospital census is running at 81% occupancy for the month of June, ran at 82% in May and 75% in April. Our cash balance runs around \$80-100,000 daily in the bank. This is in comparison with about \$30-50,000 daily deficit, a year ago. Hospital rates have as of May 1st been increased to \$60 a day for Wards, \$70 for Semi-Private and \$80 for Private, and \$130 for ICU. This is still less than most hospitals in the Northern Virginia area, but is close to the average. I.C.U. is \$25, per day less than the next lowest charge. Therefore, we need to carefully watch our expenses in ICU because it is difficult to break even at this charge. It was pointed out that at a bed occupancy rate of 80.5%, our Budget for FY75 will give us a Hospital profit of around \$300,000 before taxes.

5. Old Business:

A. Dr. Tauber reported to the Board that the Partnership plan presented at the last meeting was not favorably agreed to by the Hospital's legal council so it will not be pursued. However, other approaches to providing the stockholders an opportunity to find tax sheltered investment for their Hospital earnings will be pursued.

TAUBER 00591

JAPP. 2858

MINUTES

Board of Directors Meeting

Wednesday, June 12, 1974

Page Three

B. Dr. Tauber reported on the proposed Research Building and its status. The State Highway Department has rather firm plans to build a Beauregard Street overpass across King Street. This will almost eliminate the current Shopping Center and the new Hospital parking lot on Beauregard Street. This construction will take enough Hospital land so as to make it impossible to get a permit to build the Research Building on the West Wing as proposed. Therefore, a new location will have to be found. A great deal of discussion followed. It was agreed that alternative locations be submitted for approval.

7. Adjournment - There being no further business, the meeting was adjourned at 11:30 P.M.

Respectively submitted,



MICHAEL A. CORRADO, MD.
Secretary

kb

TAUBER 00592

J.APP. 2859

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION
BOARD OF DIRECTORS MEETING
Wednesday, September 4, 1974
7:30 P.M.

1. Date & Time: Wednesday, September 4, 1974, 7:30 P.M.
2. Place: Cafeteria
3. Attendance:
 - A. Present:
 - Dr. Tauber, Chairman
 - Dr. McManus, Vice Chairman
 - Dr. Corrado, Secretary
 - Dr. Kauffman, Assistant Secretary
 - Dr. Freedman
 - Dr. Feriozi
 - Dr. Burtoff
 - Dr. Nicholson
 - Dr. Gondor
 - Dr. Iranyi
 - Dr. Peters
 - Dr. Vlahos
 - Dr. Small
 - Mr. Linton, Administrator
 - B. Absent: Dr. Luccioli
4. The meeting was opened by Dr. Tauber, Chairman of the Board at 7:45 P.M.
5. OLD BUSINESS:

A. Dr. Peters stated that he wished to address certain actions taken by the Board at its July Meeting and had written a letter to the Board and would like the Administrator to read the letter. The Administrator read the Letter as requested. Dr. Peters requested that the letter be made a permanent attachment to the Board Minutes of this meeting. Dr. Freedman objected to the letter being made an attachment to the Minutes of this meeting. The Chairman, Dr. Tauber, stated that subject to objection by the Board, he would rule against having Dr. Peters' letter becoming a part of the Minutes of this meeting. There being no motion by any member of the Board to include the letter in the Minutes, the Chairman's ruling was upheld. There was a lengthy discussion of the past obligations and responsibilities of the Board as well as the duties, responsibilities of the Board members who are now serving as Controllers. Dr. Tauber asked Dr. McManus to preside at this meeting. Dr. McManus took the Chair and presided for the remainder of the Meeting. Following further discussion on the above mentioned issue, the Chairman ruled that Item Number 11 on the Agenda, would be the first item under New Business.

TAUBER 00794

Trial Exhibit
No. 126.

MINUTES
Board of Directors
Wednesday, September 4, 1974
Page Two

6. NEW BUSINESS:

A. Approval Required for Sale of Stock - Dr. Conrado asked that the Board clarify its policy on the sale or transfer of stock. The reason for this request for clarification is that the Board Secretary is required to sign each stock certificate issued or transferred to new owners. Following a discussion of the issue, the Board agreed without dissent to the following policy:

"Stock may be sold to anyone by the Hospital providing that the individual is of age, that they understand the business and are reasonably capable of reviewing the financial condition of the Corporation. The same rule applies to the transfer or sale of stock by stockholders to others. However, as a general rule, it is improper to solicit anyone for the sole purpose of selling Hospital stock. There is no restriction on the sale or transfer of stock so long as the buyer shows an interest to purchase the stock prior to any solicitation."

B. Annual Stockholders Meeting - Dr. Peters stated that the Board needs to set a date for the next stockholders meeting and to offer a slate of candidates for membership to the Board of Directors. Dr. Tauber appointed the following members to serve on the nominating committee, Dr. Feriozi, Chairman, Dr. McManus, Dr. Peters and Dr. Kauffman. This Committee shall make its recommendations to the Board at its October meeting. The Board will act on the Nominating Committee's report at its next Meeting and will set a specific date for the Stockholders Meeting. There being no objection to this procedure, the chair called for the next item on the Agenda.

C. Annual Employee Christmas Party - Mr. Linton stated that many of the employees have asked about the Christmas Party and many of them are most anxious about it and since it has been given in the past, some have grown to feel that it is a benefit which they look forward to very much. As you know, Dr. Tauber has paid for this party himself in the last two or three years and it has not cost the Hospital anything. This year I understand that Dr. Tauber does not wish to sponsor the party himself but would participate if the Hospital wishes to continue the party. I have had the nurses check out a number of places where we might hold the party. The Twin Bridges Marriott, The Shoreham, The Mayflower, The Sheraton Park and the Washington Hilton. The price for the ballroom and dinner would be between \$4,100 and \$4,700 for the event. Dates in December are available. I have asked those who support the Hospital in Professional areas if they might help defray the expense. Mr. Bialek will pay for the cocktail hour and bands. Dr. Sheely has agreed to pay for the employee and guest of the x-ray department, Dr. Sappington has agreed to pay \$1,000 towards the party. Perhaps there are others who would contribute. Dr. Tauber stated that his reason for not sponsoring the party again was that he felt this event should not be a one man show but rather one in which the whole Board and Staff could participate. Therefore, I would propose that with Mr. Bialek, Dr. Sheely, Dr. Sappington making contributions, I would pay for the employees from the O.R., Recovery and Central Supply. Dr. Iranyi would pay for the West Nursing Station and Dr. Conrado and Dr. Lotz would pay for East and the Heart Station. Then we can have the Marriott Corporation pay for the Dietary and Crothall Corporation would pay for the Housekeeping people.

TAUBER 00795

MINUTES
Board of Directors
Wednesday, September 4, 1974
Page Three

There was a good deal of discussion by all members of the Board. Several were for the party and several were against. Dr. Nicholson stated that he would be glad to contribute for the party even though he never attends. A motion was made by Dr. Vlahos and seconded by Dr. Small that the Board of Directors contribute their Board fees for the month of September to help defray the cost of the Employee Christmas Party. In addition, that the Board authorize the Administrator to contact the other Doctors and firms mentioned to help cover the cost and that the Board hereby authorizes the expenditure of funds to cover the cost of the party, which is not donated by those individuals mentioned. The motion was carried with one member voting no. Members of the Board asked that Westwood Country Club be checked out and Stouffers Hotel in Crystal City.

D. ICU Enlargement and Heart Station Location - Dr. Corrado asked how far the ICU enlargement program had progressed. He pointed out that the ICU Committee had not been consulted and he would like to have the plans available next Wednesday for the Committee to look over and make any recommendations which they may deem appropriate. Dr. Tauber explained that preliminary plans had been drawn but that the plan could not go any further until the Northern Virginia Comprehensive Planning Council and the Commissioner of Health rule on the Hospital's request for building the Tauber Research Foundation Building and the modification of the present 5-bed wards. It was agreed without the need of vote that the ICU Committee review the ICU enlargement plans and make appropriate recommendations. J-6/2-

E. Physical Therapy Equipment - As you know, my contract to provide Physical Therapy Equipment and Management to the Hospital ended September 1st. Therefore, I will offer to sell the Physical Therapy equipment except for the Ultrasound Machine to the Hospital for \$5,000. I paid around \$12,000 for the equipment some 5 years ago and have been depreciating it since that time and I think \$5,000 is a reasonable price. Dr. McManus asked if a logical approach would not be to get an independent appraisal for the equipment? Dr. Small asked that we consider paying the outstanding debt for Inhalation Therapy at the same time as we settle the Physical Therapy problem. Following a lengthy discussion, a motion was made by Dr. Peters and seconded by Dr. Burtoff that the Hospital accept Dr. Vlahos's offer and we purchase the Physical Therapy equipment as offered for \$5,000. Motion was carried.

F. Proposal of Dr. Kao's - Dr. Vlahos read a proposal by Dr. Kao (attached to these Minutes). After discussion by all members of the Board, Dr. Vlahos moved that Dr. Kao's proposal be accepted and the Administrator be instructed to work out the details for a contract with the doctor. A motion was made by Dr. Vlahos and seconded by Dr. Corrado that the proposal be accepted. Motion carried.

G. Hospital Storage Space - Mr. Linton pointed out the immediate need of getting storage space for records which must be retained up to 10 years. These are fire hazard materials. We simply don't have any place to store medical

TAUBER 00796

J.APP. 2862

MINUTES
Board of Directors
Wednesday, September 4, 1974
Page Four

equipment and continue to house our Administrative workers. He said he had looked into the matter and we could get temporary buildings similar to House trailers which would take care of our immediate problem for around \$1,500. Dr. Tauber suggested that we go to a temporary Butler Building. Others asked about renting warehouse space. After a lengthy discussion, it was agreed that Mr. Linton would study the problem with Dr. Peters and bring a recommendation to see what best solution could be found to solve the problem.

H. Stock Transfer For Bond Purchase - Dr. Tauber asked that he be allowed to discuss a request of several Stockholders. Two years ago when the Hospital was in dire financial straits and needed immediate cash, the Board authorized the sale of 60,000 shares of stock for sale to its present stockholders on the basis of 1 share for each 4 shares owned at \$4.00 per share. Most of those who bought the stock had to borrow the money to pay for it. Now their notes are coming due and money is difficult to get and the banks won't accept the stock as collateral. They will accept bonds. Therefore, I would like to suggest that we authorize those people who purchased the 1972 special stock issue, to have the privilege of using those shares of stock to purchase bonds. The Bonds would be our reclaimed bonds in our Treasury which mature in 1985. So we should discount the Bonds by one third since they have been issued for some 5 years. This would in effect give the holders a 12% interest on the bonds. A motion was made by Dr. Vlahos and seconded by Dr. Peters that those stockholders who purchased the stock issued at \$4.00 per share in 1972 be offered the opportunity to exchange or transfer such stock to the Hospital Corporation at \$4.00 per share, for Hospital Corporation Bonds. These bonds shall be discounted by 33% of their face value. The motion carried.

I. Authorization for Stockholders Right to Transfer Their Option To Another Stockholder - A motion was made by Dr. Corrado and seconded by Dr. Small that any stockholder who owns stock issued in 1972 and does not desire to exchange those shares at \$4.00 per share for the discounted Bonds may transfer their option to any other stockholder who would desire to use the option to exchange their stock for bonds. The motion carried. Dr. Tauber asked that it be clearly understood that if he retains his 1972 shares and the others sell part or all of such shares then his percentage of ownership will increase. The same of course will be true of all stocks owned by Stockholders.

J. Emergency Room Contract - Dr. McManus reported to the Board on his findings of the proposals made by Dr. Swisher and Dr. Scheetz for furnishing complete physician coverage of the Emergency Service. A copy of Dr. McManus's report is attached to these Minutes. Dr. McManus moved that Dr. Scheetz be offered a contract to furnish 24-hour physician coverage for the E.R. for 90% of the Physician's fees collected by the Hospital. That the Administrator be instructed to proceed drawing up a contract with Dr. Scheetz and that before the contract is signed, each member of the Board will be notified and given a reasonable opportunity to read the contract and ask that it be changed if it is not to his satisfaction. The motion was seconded by Dr. Gonder. The motion carried.

TAUBER 00797

J.APP.2863

MINUTES

Board of Directors Meeting

Wednesday, September 4, 1974

Page Five

K. Plan For Hospital 10th Year Anniversary - Dr. Tauber expressed the desire that the Board would approve an undertaking to have a special 10th Year Hospital Anniversary observance. He asked that we begin now with plans to really have an outstanding program with a number of well known professionals to lead and take part in this event. Following a lengthy discussion by all members a motion was made by Dr. Small and seconded by Dr. Tauber that the Hospital will sponsor a 10th Year Anniversary to be held around March 15, 1975. Dr. Tauber is to proceed with the plans.

L. Coordination of Board Controllers - Dr. Tauber reported to the Board that he had sent a letter to Board members in which he had asked them to serve as Controllers in various parts of the Hospital. Each Controller has been assigned a specific area of responsibility and they will be expected to spend at least two hours each week. The intent of these controllers' positions is to provide assistance to our Administrator, learn more about the day-to-day operation of the Hospital and to be able to represent the Board in between meetings in the ongoing management of the Hospital. It is mandatory that everyone spend at least two hours weekly on these tasks. Mr. Linton is in charge of this program and he will report to the Chairman and the Board whether or not the Controllers are doing their jobs. Following considerable discussion, it was agreed that each Controller would report to the Administrator the time he was spending in his specific Departments in addition to the time he spends with the Administrator. In addition, it was felt that regardless of the good intentions of the Board members in wanting to run a better and more efficient Hospital, we should get a ruling from at least GHI, on whether the \$3,000 yearly we are going to pay the Controllers, will be an allowable expense by Blue Cross and Medicare. A motion was made by Dr. Gondor and seconded by Dr. McManus that the Administrator be instructed to write GHI to determine if the expense of a Controller's salary will be a reimbursable expense by Blue Cross and Medicare.

M. Surgical Assistance - Dr. Tauber reported to the Board on the requirements of the Hospital to have physicians as surgical assistants. Today the Hospital has only one assistant. I would like to recommend that we have enough surgical assistants to cover every surgeon who comes to Jefferson. At other Hospitals they have to bring their own assistants. I would like to propose that we hire an ECFMG, Doctors awaiting the results of their State Boards, etc. who will work for about \$500 per month. To pay for this, I suggest that we as each surgeon who has surgery each month to pay into a common surgical assistance fund. For instance, if we have 3 physician assistants, the cost would be \$1,500 per month. The common fund would be billed for that amount. Lets say that we have 300 cases during the month that would mean that each surgeon would be asked to pay \$5.00 for each of his cases. If we had only 100 cases, he would be asked to pay \$15.00 per case. Dr. Tauber said that he had spoken with several doctors and they had all said that they would be glad to help pay for the assistants. Dr. Corrado asked how you would run the details of such a plan.

TAUBER 00798

J.APP. 2864

MINUTES

Board of Directors Meeting
Wednesday, September 4, 1974

Page Six

Dr. Tauber said that the OR Secretary would keep a record of who used an assistant and they would be billed for that amount, whatever it turns out to be. Dr. Tauber said that he would take care of the collections from the doctors and if the collections could not be made, then he would pay the amount himself.

N. Doctor's Quarters Within the Hospital - Dr. Tauber reported to the Board that he had asked Dr. Peters and Mr. Linton to see if by removing the partitions in the second floor business area, we could not gain a good deal more space for our Administrative people. He said that he had asked that Dr. Lotz's old office now used for the Accounting Office be set up as a room for an in-hospital doctor's quarters. There was no objection to setting up the in-hospital doctors quarters. A motion was made by Dr. Vlahos and seconded by Dr. Kauffman to adjourn. Motion carried.

M. A. Corrado

MICHAEL A. CORRADO, M.D.
Secretary

kb

TAUBER 00799

JAPP. 2865

AUDIT STUDY SPECIFICATIONS ATTACHMENT II

per
UCAM

AUDIT STUDY TOPIC

	Discharge Diagnosis	Problem or Condition	Surgical Procedure	Special Procedure	Other	
Describe						Index Code/s
	LOW BACK PAIN SYNDROME					
Include	Low back sprains, strains and strains of other unspecified areas of the back.					
Exclude	Laminectomy					
Report for Information Purposes Only	Narcotics used and dosages					
Study Objectives						

PATIENT IDENTIFICATION DATA

Age	<input type="checkbox"/> All ages <input type="checkbox"/> Exclude pediatric under age <input type="checkbox"/> Exclude geriatric over age <input type="checkbox"/> Only between and years	Sex	<input type="checkbox"/> Both sexes <input type="checkbox"/> Males only <input type="checkbox"/> Females only
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AUDIT STUDY SIZE AND TIME PERIOD

No Discharges for audit study topic in last: 6 months 1 12 months 0 3

No Records to be reviewed Starting from 1-30-73

41 Going back to 1-7-73

AUDIT IDENTIFICATION DATA

Committee Medical Care Evaluation Study	<input type="checkbox"/> Original audit
Date Nov. 27, 1973	<input type="checkbox"/> Repeat audit
Committee Chairman Dr. Holt / Dr. Fisher	<input type="checkbox"/> Date of last audit
Lead Physician Nurse Susan Winslow, R.N.	<input type="checkbox"/> Combined patient care audit
Committee Assistant Carol Becker,	<input type="checkbox"/> Medical audit only
Ed Buff, Cynthia Green,	<input type="checkbox"/> Nursing audit only

TAUBER 00800
J.APP. 2866

1 AUDIT CRITERIA

AUDIT TOPIC:

per

CRT NO	ELEMENTS	STANDARD 100% 0%	EXCEPTIONS	INSTRUCTIONS AND DEFINITIONS FOR DATA RETRIEVAL
JUSTIFICATION	1 Episodes or continuing moderate/severe low back pain by history.	A		
	2 SURGERY SPECIAL DIAGNOSTIC OR THERAPEUTIC PROCEDURES Myelogram	X	Unless patient hospitalized more than 14 days.	X-ray report / document in progress notes why myelogram not performed. Notation from Dr. Kao.
	3 Electromyography	..		
	4 ADMISSION Failure to respond to outpatient treatment.			
OUTCOME	5 History of recurrent episodes of leg pain and back pain.	B		Notation on Physical Exam, History or Progress Notes.
	DISCHARGE STATUS			
	6 No narcotics 24hr. prior to discharge.	X		
	7 Ambulatory.	X		
	8 Patient Knowledge A) Exercise limitation. B) Follow up care with physician. C) Limitations due to medications if on muscle relaxants.	..		
	9 MORTUARY			
	10 LENGTH OF STAY 10-14 days	A		
	12 Other: Physical Therapy	X		
	12 Other: Spinal X-ray	X		
	13 Other: X-ray: pelvic 24hr./cervical per order.	X	Documented that x-ray done on outpatient basis.	Order---Physical therapy sheet.
COMPLICATIONS	14 Thrombophlebitis.			
	15 Pneumonia.			
	16 Urinary tract infection	X		
	17 Pulmonary embolus	X		
		X		

Clinical Review and Response Management

- X Teds acc bandaging heat
- X Chest CSS Sputum Antibiotic
- X Antibiotic appropriate to culture
- X Lung scan Anticoagulant

J.APP. 2867

TAUBER 00801

*Include Patient Health Status and Patient Knowledge.

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BOARD OF DIRECTORS MEETING

OCTOBER 16, 1974

AGENDA

- | | |
|--------------------------------------|----------------|
| I. Hospital Administrative Storage | Mr. Linton |
| II. Chain of Command | Dr. Freedman |
| III. E.R. On-Call List | Dr. Freedman |
| IV. Renovation and Expansion of: | Dr. Freedman |
| a. Admitting Area | |
| b. Patients Lounge | |
| c. Corridors, Entrance Lobby | |
| V. Intensive Care Unit Modifications | Dr. Sappington |

TAUBER 00774

Trial Exhibit
No. 130.

J.APP.2868

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION
BOARD OF DIRECTORS MEETING
Wednesday, October 16, 1974
7:30 P.M.

- A. Date & Time: Wednesday, October 16, 1974 ; 7:30 P.M.
- B. Place: Jefferson Memorial Hospital Cafeteria
- C. Attendance:
1. Present: Dr. Freedman, Chairman
Dr. Burtoff
Dr. Goad
Dr. Gondor
Dr. Kauffman
Dr. Iranyi
Dr. Pulizzi
Mr. Linton, Administrator
 2. Absent: Mr. Mermelstein, Financial Consultant
- D. Old Business: Deferred Per Agenda
- E. New Business:

1. Dr. Freedman stated that he would like to have this regular Board Meeting confirm the Special Board Meeting of September 26, 1974 at which Dr. Tauber's resignation as President was accepted with regrets and the Board elected the new slate of Corporation officers. A motion was made by Dr. Gondor and seconded by Dr. Iranyi that the Board hereby nominate and elect unanimously the following Board Members as officers of the Hospital Corporation: Dr. Freedman, President, Dr. Kauffman, Executive Vice President for Financial Affairs; Dr. Pulizzi, Secretary. The motion was carried.

2. Dr. Freedman asked the Board to consider a request from the Administrator for leasing Administrative and Miscellaneous storage space. Mr. Linton stated that we desperately need to free office space in the Hospital which is now being used as storage space for accounting records, decorations and other seldom needed documents or equipment. I have a proposal from Mr. Bryd, Warehouse & Storage Company, which is located off Carlyn Springs Road and only 5 minutes from the Hospital. This storage firm will lease us about 2600 square feet of space for \$200.00 per month. This is a good offer and is a legitimate expense with our third party concerns. I strongly urge that we accept the proposal. A motion was made by Dr. Gondor and seconded by Dr. Kauffman that the Hospital lease the storage space for \$200.00 per month. The motion was carried.

TAUBER 00775

JAPP. 2869

MINUTES

Board of Directors

Wednesday, October 16, 1974

Page Two

3. Dr. Freedman stated that he would like to address the matter of "Chain of Command." How we run things. The responsibility and authority of the Board, the officers of the Corporation, the Chief of Surgery, Chief of Medicine and the Medical Staff. In the past, Dr. Tauber has worked very hard as a matter of fact, much harder than most of us imagined. I've been in this job for about a month now and I can tell you there are constant problems which have to be settled. Everyone wants something and they all feel that the Chairman of the Board is the one to take care of them. I'd like to have our policy be one in which there are designated positions that handle the various activities of the Hospital operation. The Board should serve as a place of last resort for problems affecting the Medical Staff and the Departments of Surgery and Medicine. We have an Executive Vice President for Medical Affairs, Dr. Sappington. He is responsible for insuring that the Medical Staff, the Chiefs of Departments function in accord with the best interest of the patient, the Hospital, and with equality and fairness to all. For example, the Emergency Room on-call schedule is the responsibility of the Chief of Surgery and Chief of Medicine. If there is a conflict in this area, it is Dr. Sappington who will resolve the problem or if he cannot do so, he will bring the matter to the Board of Directors. The Board must devote itself to giving policy, guidance and direction to the officers, administrator and Medical Staff where appropriate on the overall operation and management of the Hospital. The Board must specifically provide direction and monitor the financial affairs of the Hospital as well as the expansion, improvements to and beautification of the Hospital. In other words, everyone has a job to do and the Board must permit and see to it that those jobs are done. There was no motion made but the members unanimously voiced their agreement for Dr. Freedman's remarks.

4. The Chairman asked the Board to consider the matter of the E.R. on-call roster. There was considerable discussion relating to this problem regarding a previous request of Dr. Mason's Evening Clinic to be reinstated on the "on-call list." It was agreed that Dr. Sappington would refer the matter to the Chief of Medicine and present Dr. Mason's request. The issue will be turned over to the Chief of Medicine for resolve.

5. Dr. Freedman stated that he had asked Mr. Thorpe Richards, the Hospital Attorney, to come to this meeting and bring the Board up to date on the status of our Delaware Corporation. Mr. Richards made a general report on the actions taken to organize the Delaware Corporation. There were a number of questions by the Board which Mr. Richards answered. Dr. Freedman entertained a motion and Dr. Surtoff seconded the motion that the Board authorize Mr. Richards to represent the Hospital in looking after and insuring that the Hospital Corporate structure for the past, present, and for the immediate future, be handled so as to insure that everything is legally correct and in keeping with the best interest of the investors of the Hospital. The motion was carried. Mr. Richards stated that he would report to the Board at anytime they wished and he would of course bring to their attention any action

TAUBER 00776

JAPP.2870

MINUTES
Board of Directors
Wednesday, October 16, 1974
Page Three

he felt should be taken from time to time.

6. Dr. Freedman asked Mr. Linton to report on the latest proposals for renovation and modifications of the patient care area, decoration and improvements to corridors, the patient's lounge, Admitting area, the ICU and the building of a storage building at East end of the building. Mr. Linton went over the architectural drawings and answered questions of the members. After considerable discussion, the members agreed to changes recommended by Dr. Iranyi with regard to the proposed movement of the Pediatrics Unit and the Visitors Lounge. A motion was made by Dr. Iranyi and seconded by Dr. Pulizzi that renovation and modification project to the Hospital building facility be approved as specified in these Minutes providing that the total cost of the entire project shall not exceed \$95,000. The exact work to be done shall be shown at this point in the Minutes. The motion was unanimously carried.

a. Build a new one story addition to the East wing of the Hospital. This addition shall be approximately 30' x 50' in size. Its use is intended to provide storage of everyday patient care equipment such as stretchers, wheelchairs, striker frames, respirators and other miscellaneous carts and cleaning gear used in the patient care area. This area shall also be used to place individual lockers for Nursing personnel. In addition, one room shall be set aside in this new structure for the exclusive use of the EEG and EKG Department. Accommodation and space shall be included in this area for added test equipment which may be used or added later to this Department.

b. Modify the present Pediatric area and all 5-bed patient wards as follows:

1. Renovate the present north side of the Peds ward into a nursing station and also install two patient shower units in this area.

2. Renovate the South side of the present Peds ward into two semi-private rooms.

3. Renovate the present West nursing station into a semi-private room.

4. Renovate Rooms 331, 341 and 321 into two semi-private rooms each for a total of 6 semi-private rooms.

5. Renovate Room 301 into one semi-private and use the remaining half for part of the new Peds ward.

6. Renovate Room 346 into one semi-private room and use the remaining half of 346 for a patient's lounge and if essential, use a small part for an ICU storage room.

7. Renovate the present patients' lounge and the present Doctors lounge for a Peds Ward. This Peds ward shall be connected by an archway with the one half of Room 301 to make an 8-bed Peds ward.

c. Build an addition on to the present admissions area which shall take in the present patio adjacent to the Patients lounge and the Admitting office. This new addition shall house the admissions office thus allowing the present lobby to be enlarged.

TAUBER 00777

J.APP. 2871

MINUTES


Board of Directors Meeting
Wednesday, October 16, 1974
Page Four

d. Remove the present canopy overhang to the Admission, Emergency and x-ray entrances and build a new front entrance approximately 8 feet wide and lengthwise the entire length of this part of the building. This front to the building shall provide a passageway from the Emergency Room to the Main lobby and possibly to the x-ray department as well.

e. Renovate the present Heart Station, build a new add-on structure on the present patio area at the Heart Station area and cut an 8' x 10' archway through the wall now separating the Heart Station and ICU. In addition, remodel the present ICU so as to have one complete ICU with 12-beds.

7. There being no further business, the meeting was adjourned at 9:15 P.M.

Sincerely,



JOHN S. PULIZZI, M.D.
Secretary

kb

TAUBER 00778

J.APP. 2872

JEFFERSON MEMORIAL HOSPITAL

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

October 18, 1974

Irwin S. Freedman, M.D.
President
Jefferson Memorial Hospital Corporation
5597 Seminary Road
Baileys Crossroads, Virginia, 22304

Dear Doctor Freedman:

As a Stockholder owning more than twenty percent (20%) of the Jefferson Memorial Hospital Corporation stock, I request a Special Stockholders Meeting be held on October 29, 1974, at 7:00 P.M. in the Hospital Conference Room. Those items which I request to be brought before the Meeting are as written on the attached two pages.

Sincerely,



LASZLO N. TAUBER, M.D.

LNT:kb

TAUBER 04311

Trial Exhibit
No. 131.

JAPP. 2873

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/691-2800

October 18, 1974

TO ALL STOCKHOLDERS:

There will be a Special Meeting of the Stockholders of the Jefferson Memorial Hospital Corporation on Tuesday, October 29, 1974 at 7:00 P.M. in the Hospital Conference Room. Those items which are to be brought before the Stockholders at this meeting are on the attached Agenda.

Sincerely,


JOHN S. PULIZZI, M.D.
Secretary

TAUBER 04312

J.APP.2874

MINUTES OF A SPECIAL MEETING OF STOCKHOLDERS
OF
JEFFERSON MEMORIAL HOSPITAL CORPORATION

OCTOBER 29, 1974

A Special Meeting of the Stockholders of Jefferson Memorial Hospital Corporation was held on Tuesday, October 29, 1974 at 7:00 P.M. in the Hospital Conference Room, in accordance with due notice of the meeting issued on October 18, 1974, a copy of which notice and attached agenda are attached to and made a part of these minutes.

The following stockholders were present: Laszlo N. Tauber, 76,250 shares; Leslie P. Gondor, 38,125 shares; Samuel Burtoff, 30,390 shares; Irwin S. Freedman, 8,575 shares; Leslie Peters, 18,639 shares; James H. Scully, 14,879-1/2 shares; Michael Corrado, 29,660 shares; Dan J. Feriozi, 6,197-1/2 shares; Reginald T. McManus, 5,591-1/2 shares; Roy M. Nicholson, 10,055 shares; Melvin Small, 3,266 shares; Michael Vlahos, 8,499 shares; Stephen Kauffman, 255-1/2 shares; R. F. Sapington, Inc., by R. F. Sapington, 3,000 shares; T. C. Butera, 277 shares; W. Morgan Delaney, 1,200 shares; Harold Goad, 10 shares; being a total of 254,870 shares present.

The following stockholders were present by proxy: Charles Hufnagel, 2,450 shares; Laszlo C. Satary, 6,384-1/2 shares; George W. Ware, 11,548-1/2 shares; Werner Prinz, 3,192 shares; Samuel Bialek, 1,667 shares; Ted Bialek, 1,666 shares; Sava Nedelcovych, 6,000 shares; A. A. Coster, 3,000 shares; being a total of 35,908 shares represented by proxy.

Dr. Irwin S. Freedman, President of the Corporation, was Chairman of the meeting and John Thorpe Richards, attorney for the Corporation acted as Secretary of the meeting.

The Chairman announced that there were present in person and by proxy shareholders holding 290,778 shares of stock in the Corporation of the total issued of 305,000 shares, and that therefore a quorum was present and that this meeting was duly constituted and

J.APP.2875

could proceed with the business as called for in the Special Notice to the stockholders. The Chairman further announced that the meeting had been called at the request of Laszlo N. Tauber, a stockholder owning more than twenty percent (20%) of the stock in the Corporation, and that in accordance with the By-Laws of the Corporation the call for the Special Meeting was duly issued for the stockholders to consider the six items on the agenda.

The Chairman asked Dr. Tauber to present to the meeting the first item on the agenda being to amend Article III, Section 1 of the By-Laws of the Corporation by adding at the end of the first sentence, after the word "stockholders" on page 6 thereof, the language as stated in the agenda of the Special Notice. After discussion by the stockholders, including certain changes to the proposed amendment, the following resolution was duly moved and seconded:

RESOLVED that Article III, Section 1 of the By-Laws of the Corporation be and the same is hereby amended by adding at the end of the first sentence, after the word "stockholders" on page six (6) thereof, the following language: "except that the power of the Board to create new job categories not in existence as of January 1, 1974 and to change the physical plant and equipment in any way shall be subject to (a) the prior approval of Group Hospitalization, Inc. and Medicare, if required, and (b) the total cost of any and all such new job categories and/or changes shall not exceed Fifty Thousand Dollars (\$50,000.00) in any one fiscal year without the prior approval of the stockholders."

After further discussion by the stockholders, the vote being called for, the Chairman announced that the vote was unanimous, being 290,778 shares in favor and no shares opposed.

Dr. Tauber then presented the second item on the agenda, namely that Article III, Section 1 be amended by adding a new paragraph, as set forth in the agenda to the Special Meeting. The following resolution was duly moved and seconded:

BE IT RESOLVED that Article III, Section 1 of the By-Laws of the Corporation be and the same is hereby amended by adding a new paragraph at the end of Section 1 as follows: "No new stock shall be issued by the Board by way of sale, gift, remuneration or as a dividend without the prior approval of the stockholders."

TAUBER 04314

After a short discussion by the stockholders, the vote being called for, the Chairman announced that the vote was unanimous in favor of the resolution, being 290,778 shares in favor and no shares against.

Dr. Tauber next presented to the meeting the third item on the agenda being to amend Article VI, Section 1 of the By-Laws of the Corporation, as set forth in the agenda of the Special Meeting. The following resolution was duly moved and seconded:

BE IT RESOLVED that Article VI, Section 1 of the By-Laws of the Corporation be and the same is hereby amended by adding to line 3 of Section 1 after the word "incorporation" the words "or these By-Laws".

After a short discussion by the stockholders, the vote being called for, the Chairman announced that the vote was unanimous in favor of the amendment, being 290,778 shares in favor and no shares against.

Dr. Tauber next presented to the meeting the fifth proposal on the agenda to amend Article VI, Section 7 of the By-Laws of the Corporation by deleting the present section in its entirety and inserting a new section as set forth in the agenda for the Special Meeting. After considerable discussion by the stockholders and the suggestions of additional language, the following resolution was duly moved and seconded:

BE IT RESOLVED that Article VI, Section 7 of the By-Laws of the Corporation be and the same is hereby amended by deleting the present language of Section 7 in its entirety and inserting therefor the following:
"Section 7. The authority to make, amend and repeal By-Laws of the Corporation is specifically and solely vested in the stockholders and requires a vote of two-thirds (2/3) of the total issued and outstanding stock by the stockholders."

After further discussion by the stockholders, the vote being called for, the Chairman announced that the vote was unanimous in favor of the resolution, being 290,778 votes in favor of the resolution and no votes against.

The Chairman, due to an emergency, relinquished the chair to Dr. Harold Gould, with the approval of the stockholders and left the meeting. The new Chairman asked Dr. Tauber to present the last item on the agenda, being the consideration of the sale and leaseback of the building and land to a limited partnership. Dr. Tauber presented to the meeting the proposal that the Corporation sell its interest in the building and the land to a partnership for the sum of Two Hundred and Forty Thousand Dollars (\$240,000.00) in cash plus the assumption of the liabilities of the Corporation with regard to the building and the land. The partnership would be formed and each stockholder in the Corporation would be offered participation in such partnership in the same ratio as his percentage of stock ownership in the Corporation. There followed a lengthy discussion by the stockholders concerning the need for additional funds by the Corporation for the operation of the hospital, and the various ramifications concerning the selling of most of the assets of the Corporation to a partnership and the leasing back of these assets by the Corporation for the continuation of the operation of the hospital. There was also lengthy discussion concerning the proposed lease arrangement and a discussion concerning the need for

expansion of the hospital facilities and the requirements of capital needed to finance such expansion, including the proposal that the lease arrangement with the partnership contain a requirement that any future expansion of the hospital would be funded by the partnership. The attorney for the Corporation pointed out to the meeting that a favorable consideration of the proposal at this time would be limited to an expression in favor of the proposal and a direction to the Board of Directors to formalize and finalize any necessary agreements, and that the matter would have to be brought back to another special meeting of the stockholders for final approval. After further discussion of the matter, the following resolution was duly moved and seconded:

BE IT RESOLVED that the stockholders of the Corporation approve in principle, the sale and leaseback of the building and land to Laszlo N. Tauber as Trustee of a partnership for the sum of \$240,000.00 plus the assumption of the mortgage presently against the land and building, with the understanding, that each stockholder in the Corporation would be offered participation as a partner in such partnership in the same ratio as his percentage of stock ownership in the Corporation; that the lease be for a term of twenty (20) years with a six (6) months cancellation clause as to either party; that the partnership be obligated to fund any further or future expansion of the hospital with a commensurate adjustment in the rent for such expanded facility, and

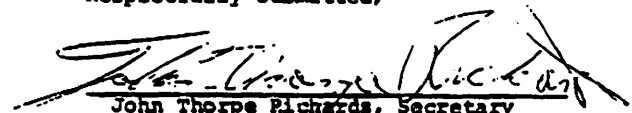
BE IT FURTHER RESOLVED that the Board of Directors of the Corporation be and they are hereby authorized and directed to enter into negotiation and finalize all documents relating to such sale and leaseback and submit all such documents and this matter to the stockholders for final approval prior to execution.

After further discussion by the stockholders, the vote being called for, the Chairman announced that there were Two Hundred Sixty-One Thousand One Hundred and Eighteen (261,118) shares cast in favor of the resolution and Twenty-Nine Thousand Six Hundred Sixty (29,660) shares cast in opposition to the resolution, that approximately eighty-five percent (85%) of the issued and outstanding stock had voted in favor of the resolution and that therefore the motion carried and the resolution was adopted.

Upon motion duly made, seconded and unanimously carried,
the reading of the minutes of the previous stockholders' meeting
was waived.

There being no further business to come before this meeting,
upon motion duly made, seconded and unanimously carried, the meeting
was adjourned at 10:00 P.M.

Respectfully submitted,


John Thorpe Richards, Secretary
of the meeting

APPROVED:


Lewis S. Freedman, Chairman


Harold Goald, Substitute Chairman

1. Amend the By-Laws of the corporation in the following manner:

(I) Amend Article III, Section (1), by adding at the end of the first sentence after the word "stockholders" on page 6 thereof the following:

Calypso Except that the power of the Board to create new jobs *Calypso* (not in existence as of January 1, 1974 and to change the physical plant and equipment in any way shall be subject to (a) the prior approval of Group Hospitalization, Inc. and Medicare, if required, and (b) the total cost of any and all such new jobs and/or changes shall not exceed Fifty Thousand Dollars (\$50,000.00) in any one fiscal year without the prior approval of the stockholders. X

(II) Amend Article III, Section (1), by adding a new paragraph at the end thereof as follows:

No new stock shall be issued by the Board by way of sale, gift, remuneration, or as a dividend without the prior approval of the stockholders.

(III) Amend Article VI of the By-Laws by adding to Section (1) line 3 after the word "Incorporation" the words "or these By-Laws".

(IV) Amend Article VI of the By-Laws by adding a new Section 3 containing the following:

Section 3. No dividends, other than stock dividends shall be declared and/or paid until (a) all short term obligations of the hospital are paid, and (b) working capital for the operation of the hospital in a sum not less than one-half (1/2) of the average monthly budget of the preceding year, is secured and (c) the necessary sinking fund securing paying of interest and principal for the bonds of the corporation or bonds for which it has

assumed liability is established in an irrevocable trust fund and all periodic payments to such sinking fund have been made.

(V) Amend Article VI, Section 7, by deleting the present language in its entirety and inserting the following:

Section 7. The authority to make, amend and repeal By-Laws of the corporation is specifically vested in the stockholders. ^{2/2 mg.}

2. That the stockholders consider the sale and leaseback of the building and the land to a limited partnership of which Laszlo N. Tauber would be the managing general partner; each stockholder in the corporation will be offered participation as a limited partner in such partnership, as his percentage of stock ownership in the Corporation. The price will be offered, whatever the book value of the above assets are at the time of settlement.

580,000 -	12,000
240,000 -	30,000 -
<hr/>	<hr/>
740,000 -	112,000

502 -
252
202 -
<hr/> 52 -

240,000 - 252 -

-100,000- Why not fair market value?

MINUTES

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS MEETING
SPECIAL MEETING
Wednesday, December 11, 1974
3:30 P.M.

I. Date & Time: Wednesday, December 11, 1974
9:35 P.M.

Attendance: Dr. Freedman, Chairman
Dr. Kauffman
Dr. Goald
Dr. Burtoff
Mr. Linton, Administrator
Dr. Sappington

Absent Members Dr. Gondor
Dr. Iranyi
Dr. Pulizzi
Mr. Mermelstein

II. Committee Reports:

Credentials Committee Report for Board of Directors: The Medical Staff is recommending to the Board, approval for the following physicians to have Medical Staff privileges in their respective specialties:

M. Ezel Dogan, MD.	Neurosurgery	Active
Tzu-Min Kao, M.D.	Physical Medicine & Rehabilitation	Active
Kalidas D. Malpani, MD.	Internal Medicine	Courtesy
Jose Sievert, MD.	General Surgery	Courtesy
Young H. Moon, MD.	Internal Medicine & Cardiology	Courtesy
Bruce I. Vogel, DPM.	Podiatry	Courtesy
Michael Pearlman, DPM.	Podiatry	Courtesy
Joel I. Miller, D.P.M.	Podiatry	Courtesy
Jeffrey Tredwell, DPM.	Podiatry	Courtesy

The Board made the recommendation that these physicians be granted privileges in their respective specialties, the motion was seconded and unanimously carried.

III. Purpose of Board Meeting - Jefferson Memorial Hospital, Inc. Bonds
The Chairman brought to the attention of the Board the fact that bonds issued by Jefferson Memorial Hospital, Inc, the Maryland non-profit corporation, were in default due to non payment of interest. The Chairman also brought before the Board the point that the Maryland Corporation had no money to pay the bond interest and that its only assets consisted of certain real estate and used equipment in the Hospital. There

TAUBER 00751

Trial Exhibit
No. 133.

MINUTES

Board of Directors Meeting

Special Meeting

Wednesday, December 11, 1974

Page Two

followed a discussion by the Board that Jefferson Memorial Hospital Corporation buy the assets of the Maryland Corporation and assume full liability for the bonded indebtedness of the Maryland Corporation including a proposal to the bond holders to replace the bonds issued by the Maryland Corporation with bonds bearing the same interest rate and termination date to be issued by Jefferson Memorial Hospital Corporation so that there would be no liability or contingent liability on the part of the Maryland Corporation. Upon motion duly made, seconded and unanimously carried, it was moved that Jefferson Memorial Hospital Corporation acquire the assets of Jefferson Memorial Hospital Inc., a Maryland Corporation, at the appraised fair market value thereof, in consideration of which, Jefferson Memorial Hospital Corporation would take all the liability of Jefferson Memorial Hospital, Inc. on certain bonded indebtedness on bonds issued by Jefferson Memorial Hospital Corporation would further enter into an agreement to indemnify and hold harmless Jefferson Memorial Hospital, Inc. of and from any other liabilities to which that Corporation may be subject. The officers of Jefferson Memorial Hospital Corporation are authorized and directed to convey this proposal to the Directors and members of Jefferson Memorial Hospital Inc. and are further authorized and directed to execute any contracts, hold harmless any indemnity agreements and any other documents necessary to carry out the proposal upon its acceptance.

- IV. Adjournment - There being no further business for presentation to this Committee, the Meeting was adjourned at 10:20 P.M.

CARL E. LINTON

Recording Secretary for Board of Directors

kb

How does JMHI

Still coin Q 12/11/74?

As though the merger never happened?

TAUBER 00752

JAPP. 2884

AGREEMENT

THIS AGREEMENT made this 25th day of February 1975, between Columbia Medical Laboratories, a division of Adams Laboratories, Inc., with its principal place of business at 3543 W. Braddock Road, Alexandria, Virginia 22302 ("Columbia") and Jefferson Memorial Hospital, a Delaware corporation with its principal place of business at 4600 King Street, Alexandria, Virginia 22302 ("Jefferson");

W I T N E S S E T H

WHEREAS, the principal business of Columbia is the performance of medical laboratory services;

WHEREAS, Jefferson presently operates a hospital at its principal place of business ("Hospital") and a medical Laboratory at the Hospital ("Laboratory"); and

WHEREAS, Jefferson is willing to have Columbia operate the Laboratory on the terms herein contained and Columbia is willing to operate the Laboratory on the terms herein contained;

NOW, THEREFORE, in consideration of the conditions and premises and the mutual covenants, representations and warranties herein contained it is AGREED AS FOLLOWS:

ARTICLE I

SERVICES, FACILITIES AND EMPLOYEES

Section 1.01. Laboratory Services.

(a) Columbia shall operate the Laboratory and shall provide laboratory services for Jefferson in the areas of hematology, immunohematology, blood chemistry, urine chemistry, syphilis and non-syphilis serology, microbiology,

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TAUBER 00753

parasitology, toxicology and in such other areas as are agreed upon in writing by the parties; provided further, Columbia shall operate the Laboratory and provide the laboratory services called for herein twenty-four (24) hours a day, seven (7) days a week;

(b) Except to the extent that Columbia in its reasonable discretion determines that the laboratory services it is called upon to perform pursuant to this Agreement can be performed more quickly or more efficiently in other medical laboratories it operates, such laboratory services shall be performed in the Laboratory;

(c) In the performance of the laboratory services called for by this Agreement, Columbia shall comply with federal, state and local laws and regulations applicable thereto;

(d) Except to the extent Columbia does not have the necessary equipment or is not otherwise qualified, Jefferson shall direct all of the laboratory services for Jefferson's patients in the areas listed in this section to Columbia; and

(e) To the extent Laboratory facilities are not required for the performance of laboratory services pursuant to this Agreement, Columbia may utilize the Laboratory facilities to perform laboratory services for third parties unrelated to Jefferson. Article II of this Agreement shall not be applicable to the laboratory services performed by Columbia pursuant to this section.

Section 1.02. Employees.

(a) Except for the services of pathologists or other medical doctors, Columbia shall engage the services of all personnel necessary for the operation of the Laboratory

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TAUBER 00754

and the performance of the laboratory services contemplated by this Agreement, and shall pay the salary and other compensation of such personnel; provided further, such personnel shall not be eligible for any retirement benefits that now or in the future may be provided by Jefferson for employees of the Hospital;

(b) Jefferson has previously delivered Schedule A to Columbia which is attached hereto and made a part hereof, and which sets forth the name, position and salary of each person (other than a pathologist and persons responsible for keeping records or billing) engaged in the operation of a medical laboratory by Jefferson on the date Schedule A was delivered;

(c) Except to the extent such persons voluntarily resign or are terminated for cause, Columbia agrees to employ the persons listed on Schedule A at the same salary as set forth on Schedule A for a period of three (3) months from the date Columbia begins the operation of the Laboratory;

(d) Columbia shall have sole responsibility and authority for the hiring and/or termination of Laboratory personnel; provided however, Columbia shall not terminate any persons listed on Schedule A without first giving notice of such action and the reasons therefor to Jefferson's Representative, as hereinafter defined; and, if Jefferson's Representative disagrees in writing forty-eight hours after being notified, Columbia shall report such action to a member of the Board of Directors of Jefferson twenty-four hours before final action is taken;

(e) Laboratory personnel engaged by Columbia for the operation of the Laboratory shall be directed by Columbia to comply with all rules issued by Jefferson that are applicable generally to the operation of the Hospital.

Section 1.03. Laboratory Space.

(a) Jefferson has previously delivered Schedule B to Columbia which is attached hereto and made a part hereof, and which sets forth the location of and the number of square feet of the portion of the Hospital being utilized as a medical laboratory on the date Schedule B was delivered;

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TAUBER 00755

(b) All billing for laboratory services performed by Columbia pursuant to this Agreement shall be based upon rates determined by the Board of Directors of Jefferson and shall be in line with those that are generally charged by hospitals in Alexandria, Virginia, and surrounding areas of Northern Virginia for such services;

(c) Bills shall be rendered for all laboratory services performed by Columbia pursuant to this Agreement; provided however, unless covered by health or hospital insurance no bills shall be rendered for laboratory services performed in connection with hospital employee physicals or for services performed pursuant to the Hospital Employees Association health plan; and

(d) On the twentieth of each month Jefferson shall provide Columbia with a summary of the billings by Jefferson during the preceding calendar month for laboratory services

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TAUBER 00756

J.APP. 2888

performed by Columbia pursuant to this Agreement, and shall make all records and books of account that pertain to such billings available for examination by Columbia or its representative.

Section 2.02. Compensation. Jefferson shall pay to Columbia on the twentieth day of each month an amount equal to 33 percent (33%) of the total billing(s) by Jefferson during the prior calendar month for laboratory services performed by Columbia pursuant to this Agreement; provided however, that once a bill has been rendered for laboratory services provided by Columbia and has been included in the computation pursuant to this section such bill shall not be included in subsequent computations.

ARTICLE III

Representations and Warranties

Section 3.01. Representations and Warranties of Jefferson. Jefferson represents and warrants that:

(a) It is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) It has all corporate power and is duly authorized to enter into this Agreement and to make the representations and warranties called for hereby, and to do all acts that are called for hereby; and

(c) The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby will not, violate the rights of any person, firm or

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TAUSER 00757

J.APP. 2889

corporation or any provision of its Certificate of Incorporation or By-Laws, and will not violate or conflict with any other restriction of any kind or character to which it is subject.

Section 3.02. Representations and Warranties of Columbia and Adams Laboratories, Inc. ("Adams"). Columbia and Adams represent and warrant that:

- (a) Columbia is a division of Adams;
- (b) Adams is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; and
- (c) Columbia is duly authorized to enter into this Agreement and to make the representations and warranties called for hereby and to do all acts that are called for hereby.

ARTICLE IV

Miscellaneous

Section 4.01. Insurance.

(a) Columbia shall have in effect at all times during the period of this Agreement professional liability insurance with such copies as Jefferson may require, and in a minimum amount of \$1,000,000.00, covering the operation of the Laboratory by Columbia and the performance of the laboratory services contemplated hereby; and

(b) Jefferson shall during the life of this Agreement insure, with such insurance companies as Columbia may require, all of the equipment, furniture and supplies as may be kept in the Laboratory against fire and multiple peril including, but not limited to, vandalism and Columbia shall be

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TAUBER 00758

listed as an insured on such insurance policies to the extent of its interests in the insured property.

Section 4.02. Jefferson's Representative.

(a) Jefferson shall appoint a pathologist as its representative ("Representative"); and

(b) All questions or complaints on the part of Hospital personnel, other than Laboratory personnel, with respect to the operation of the Laboratory or the performance of laboratory services by Columbia pursuant to this Agreement shall be made to the Representative, who may then forward them to Columbia.

Section 4.03. Period of the Agreement. This Agreement shall continue in effect until terminated by either party upon ninety (90) days written notice.

Section 4.04. Notice. Any notices or other communications required or permitted hereunder shall be sufficiently given if delivered by hand to or if sent by registered or certified mail, return receipt requested, postage prepaid, and shall be deemed to be given as of the date of delivery by hand or the postmark date, as the case may be, addressed as follows:

To Columbia:

Columbia Medical Laboratories
3543 W. Braddock Road
Alexandria, Virginia 22302

Attention:

To Jefferson:

Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Attention:

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TAUBER 00759

Section 4.04. Relationship of Parties. The Agreement does not constitute Columbia, the agent or legal representative of Jefferson, and Columbia shall at all times be and remain an independent contractor.

Section 4.05. Entire Agreement. This Agreement, together with the schedules hereto, constitutes the entire agreement of the parties regarding the subject matter of this Agreement and shall be binding upon and accrue to the benefit of the parties hereto, their respective successors and assigns.

Section 4.06. Amendments and Modifications of the Agreement. This Agreement may only be modified or amended by an agreement in writing signed by the parties hereto and no provisions or conditions herein may be waived except in writing signed by the party waiving such provision or condition.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf on the day and year first above written.

COLUMBIA MEDICAL LABORATORIES

By Donald E. Perry

JEFFERSON MEMORIAL HOSPITAL

By W. F. [Signature]

TAUBER 00760

J.APP. 2892

(b) The space described in Schedule B shall be available for use by Columbia without payment of any fees or other compensation to Jefferson;

(c) Jefferson shall supply, without payment of any fees or other compensation by Columbia, the heating, telephone (except for the payment of charges for long distance calls and a private line between the Laboratory and other places of business of Columbia), electricity and other utility services necessary for the operation of the Laboratory;

(d) Jefferson shall provide, without payment of any fees or other compensation by Columbia, janitorial and other maintenance services for the Laboratory, other than maintenance of laboratory equipment and furniture; and

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TAUBER 00761

J.APP. 2893

- 1 -

(e) Jefferson shall make such improvements to the Laboratory as are agreed upon by the parties hereto.

Section 1.04. Equipment.

(a) Jefferson has previously delivered Schedule C to Columbia, which is attached hereto and made a part hereof, and which sets forth a list of all laboratory equipment and furniture being utilized in the Laboratory on date Schedule C was delivered, other than small items of equipment and furniture which do not have an aggregate replacement cost of more than \$ 751;

(b) All of the laboratory equipment and furniture listed in Schedule C shall be available for use by Columbia without payment of any fees or other compensation to Jefferson; provided further, such laboratory equipment and furniture shall remain the property of Jefferson;

(c) Columbia shall maintain and repair all laboratory equipment and furniture utilized in the performance of this Agreement; and

(d) Columbia shall provide additional laboratory equipment and furniture either to replace the laboratory equipment or furniture provided by Jefferson or in addition thereto, as Columbia in its discretion may deem appropriate; provided further, any laboratory equipment or furniture provided by Columbia pursuant to this section shall be the property of Columbia and Jefferson shall not have any rights or interests therein, and any laboratory equipment or furniture provided by Columbia pursuant to this section shall be removed from the Laboratory by Columbia upon the termination of this Agreement.

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TAUBER 00762

J.APP. 2894

Section 1.05. Laboratory Supplies and Reagents.

(a) Columbia shall provide all laboratory supplies and reagents for the performance of the laboratory services contemplated by this Agreement;

(b) On March 1, 1975 or such other date as Columbia begins the operation of the Laboratory, Jefferson and Columbia shall conduct an inventory of the usable laboratory supplies and reagents on hand in the Laboratory which shall be available for use by Columbia; the aggregate cost to Jefferson of the usable laboratory supplies and reagents on hand in the Laboratory on the date of such inventory shall be deducted from the first month's fee to be paid to Columbia pursuant to Section 2.02 hereof; and

(c) On the date the performance of laboratory services by Columbia pursuant to this Agreement ceases, Columbia and Jefferson shall conduct an inventory of the usable laboratory supplies and reagents on hand in the Laboratory; such supplies and reagents shall be left in the Laboratory by Columbia, and Jefferson shall pay Columbia an amount equal to the aggregate cost to Columbia of such supplies and reagents.

ARTICLE II

Billing and Compensation

Section 2.01. Billings.

(a) Any and all billing for laboratory services performed by Columbia pursuant to this Agreement including, but not limited to, the preparation of statements and accounting records and the collection of monies, shall be performed by Jefferson;

ISF

TAUSER 00763

J.APP. 2895

JEFFERSON MEMORIAL HOSPITAL, INC.

MINUTES OF ANNUAL MEETING

OF THE MEMBERSHIP

The annual meeting of the members of Jefferson Memorial Hospital, Inc. was held on January 27, 1975 at 7:00 o'clock p.m. at 5401 Westbard Avenue, Bethesda, Maryland, due notice of this meeting being waived by the members as is evidenced by their signatures to the minutes.

The following members were present:

Laszlo N. Tauber
Samuel M. Novak
Magdolna A. Iranyi
Charles A. Hufnagel *by proxy*
James H. Scully

Laszlo N. Tauber acted as Chairman and James H. Scully acted as Secretary of the meeting.

The Chairman stated that all members of the Hospital Corporation were present and that a quorum was present and that the meeting was duly constituted and could proceed with business.

The Chairman introduced John Thorpe Richards, Attorney, who reported to the membership on the status of the corporation, in that the liabilities of the corporation exceeded its assets by far, that the interest on the bonds of the corporation were in default and that the corporation was insolvent.

The Chairman stated that the floor was open for nominations for the Board of Directors of the Hospital Corporation for the coming year, and upon motion duly made, seconded and unanimously carried, all of the members of the Hospital Corporation were elected as Directors of the corporation, being Laszlo N. Tauber, Samuel M.

TAUBER 02023

Trial Exhibit
No. 135.

JAPP.2896

Novak, Magdolna A. Iranyi, Charles A. Hufnagel and James H. Scully.

There being no further business to come before this annual meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

Laszlo N. Tauber
Laszlo N. Tauber, Chairman

DUE NOTICE OF THIS MEETING IS
WAIVED BY OUR SIGNATURES HERETO
AND THE MINUTES ARE APPROVED:

Laszlo N. Tauber
Laszlo N. Tauber

Samuel M. Novak
Samuel M. Novak

Magdolna A. Iranyi
Magdolna A. Iranyi

Charles A. Hufnagel
Charles A. Hufnagel

James H. Scully
James H. Scully

JEFFERSON MEMORIAL HOSPITAL, INC.

MINUTES OF A SPECIAL MEETING

OF THE

BOARD OF DIRECTORS

A special meeting of the Board of Directors of Jefferson Memorial Hospital, Inc. was held on January 27, 1975 at 7:15 p.m. at 5401 Westbard Avenue, Bethesda, Maryland.

The following Directors were present, being all of the Directors of the corporation:

Laszlo N. Tauber
Samuel M. Novak
Magdolna A. Iranyi
Charles A. Hufnagel by J. H. Scully
James H. Scully

Laszlo N. Tauber acted as Chairman of the meeting and James H. Scully acted as Secretary of the meeting. All Directors waived due notice of this meeting as is evidenced by their signatures to the minutes.

The Chairman introduced to the Board John Thorpe Richards, Attorney, who discussed with the Board the posture of the corporation with regard to its liabilities, the two major liabilities being the corporation's indebtedness to its bond holders in the sum of \$319,000.00 plus interest and the corporation's indebtedness to Dr. Richard Palmer in the sum of approximately \$80,000.00 plus interest. Mr. Richards also tendered to the Board a recent real estate appraisal made on behalf of the corporation of the real estate presently owned by the corporation, and a statement of valuation of the equipment owned by the corporation, copies of which statements are attached to and made a part of these minutes.

TAUBER 02025

Trial Exhibit
No. 136.

JAPP. 2898

Mr. Richards also brought forward to the Board the proposal of Jefferson Memorial Hospital Corporation, a Delaware corporation, to acquire the real estate of this corporation in consideration of the taking over of all liability on the \$319,000.00 worth of bonds, to the end that the corporation would be relieved of liability thereunder and new bonds issued in the name of the Delaware corporation. Mr. Richards also brought before the Board the proposal of Jefferson Memorial Hospital Corporation to assume the indebtedness to Dr. Palmer in consideration of the transfer by this corporation of its title in its equipment to the Delaware corporation. Mr. Richards pointed out that both of the offers were to the benefit of this corporation since the liabilities to be assumed were in excess of the fair value of the assets. Mr. Richards further pointed out that if either or both of these proposals were acceptable to the Board, then, under Maryland law, the Board should pass a resolution recommending such sale to the stockholders, and which sale or sales would require the approval of two-thirds of all of the members of the corporation.

After long discussion by the Board, upon motion duly made, seconded and unanimously carried, the following resolution was adopted:

BE IT RESOLVED that the Board of Directors of Jefferson Memorial Hospital, Inc. recommends to the stockholders the sale of all of its real property interests, being the ownership interest in that piece of land fronting on North Beauregard Street, the property fronting on King Street and the corporation's twenty percent (20%) leasehold interest in and to a ninety-nine (99) year lease on certain property owned by Mr. and Mrs. G. T. Hopkins, to Jefferson Memorial Hospital Corporation, a Delaware Corporation, in consideration of the Delaware Corporation assuming all of the liability for the bonded indebtedness of Jefferson Memorial Hospital, Inc.,

totaling approximately \$319,000.00 plus unpaid interest, to the end that this corporation will be relieved of all liability thereunder and the bond holders being creditors of this corporation, will be assured of the payment of the obligation; and

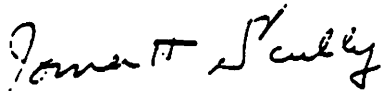
BE IT FURTHER RESOLVED that the Board of Directors recommends to the members of the corporation that the corporation sell its equipment to Jefferson Memorial Hospital Corporation, a Delaware corporation, in consideration of the assumption by the Delaware corporation of all of the liability of this corporation to Dr. Richard E. Palmer, said liability being in the sum of approximately \$80,000.00 plus unpaid interest; and

BE IT FURTHER RESOLVED that the officers of Jefferson Memorial Hospital, Inc., if this resolution is approved by the members of this corporation, be and the officers are hereby authorized and directed to execute any and all documents, including but not limited to deeds, contracts of sale and bills of sale, which may be required to accomplish the sale of the corporation's remaining assets, being land and equipment, for the consideration as above stated.

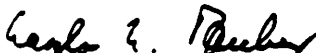
The Chairman stated that the floor was open for the nomination of officers for the current year, and upon motion duly made, seconded and unanimously carried, the following were named as the officers of the corporation to serve at the pleasure of the Board of Directors:

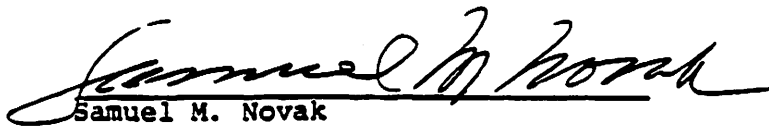
Laszlo N. Tauber	-	President
Samuel M. Novak	-	Vice President
Magdolna A. Iranyi	-	Secretary-Treasurer

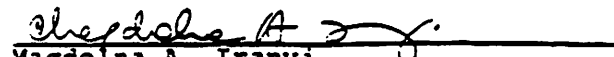
There being no further business to come before the Board, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

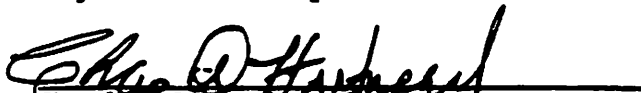

James H. Scully, Secretary


DUE NOTICE OF THIS MEETING
IS WAIVED AND THESE MINUTES
ARE APPROVED:


Laszlo N. Tauber


Samuel M. Novak


Magdolna A. Iranyi


Charles A. Huchage


James H. Scully

JEFFERSON MEMORIAL HOSPITAL, INC.

MINUTES OF A SPECIAL MEETING

OF THE
MEMBERS OF THE CORPORATION

A special meeting of the members of the corporation, Jefferson Memorial Hospital, Inc., was held on the 27th day of January, 1975 at 7:30 p.m. at 5401 Westbard Avenue, Bethesda, Maryland.

The following members were present, being all of the members of the corporation:

Laszlo N. Tauber
Samuel M. Novak
Magdolna A. Iranyi
Charles A. Hufnagel *by proxy*
James H. Scully

All members of the corporation waived due notice of this meeting as is evidenced by their signatures to the minutes.

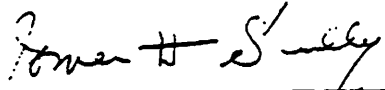
Laszlo N. Tauber acted as Chairman of the meeting and James H. Scully acted as Secretary of the meeting. The Chairman stated that all of the members of the corporation were present and that a quorum existed and that the meeting was duly constituted for the transaction of business.

The Chairman presented to the membership meeting, the resolution of the Board of Directors of the hospital concerning their recommendation of approval of the sale of the assets of the corporation to Jefferson Memorial Hospital Corporation, a Delaware corporation. The Chairman also presented to the meeting Mr. John Thorpe Richards, Attorney, who discussed the problems of the corporation, its liabilities and assets, the fact that its liabilities exceeded its assets and that the corporation was insolvent, and additionally that the interest on the bonded indebtedness of the

corporation had not been paid.

After a full discussion of the problems of the corporation by the members, and of the resolution from the Board of Directors to the members recommending the approval of the sale of the corporation's assets, in consideration of the assumption of its liabilities, it was duly moved, seconded and unanimously carried, that the sale of the corporation's assets to Jefferson Memorial Hospital Corporation, a Delaware Corporation, as recommended by the Board of Directors of this corporation, be and the same is hereby approved as being in the best interests of this corporation and its creditors.

There being no further business to come before this meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.


James H. Scully, Acting Secretary


DUE NOTICE OF THIS MEETING
IS WAIVED AND THESE MINUTES
ARE APPROVED AS EVIDENCED BY
OUR SIGNATURES HERETO:


Laszlo N. Tauber


Samuel M. Novak


Magdalena A. Iranyi


Charles A. Hasnager


James H. Scully

TAUBER 02030

MINUTES

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS MEETING
WEDNESDAY, JANUARY 29, 1975
7:00 P.M.

- I. DATE & TIME: Wednesday, January 29, 1975: 7:00 P.M.
- PLACE: Jefferson Memorial Hospital Cafeteria
- II. ATTENDANCE:
- A. Present:
- | | |
|--------------------|--------------------|
| Dr. Freedman, M.D. | Chairman |
| Dr. Pulizzi | Secretary |
| Dr. Kauffman | |
| Dr. Iranyi | |
| Dr. Gondor | |
| Mr. Mermelstein | Financial Consult. |
| Mr. Linton | Administrator |
- B. Absent:
- Dr. Goald
- Dr. Burtoff
- C. Vistor Mr. Thorpe Richards Hospital Attorney
- III. NEW BUSINESS:

A. The Board Chairman opened the meeting and asked that the Agenda be changed to permit a report by Mr. Richards as the first order of Business. There being no objection, the Chairman introduced to the Board, John Thorpe Richards, Attorney, who informed the Board that Jefferson Memorial Hospital, Inc., the Maryland Corporation, has accepted the offer by this corporation to purchase its assets and assume its liabilities. Mr. Richards reported to the Board that the assets consisted of two parcels of real property having a total value of \$188,851, a 20% interest in a 99-year lease on a small strip of ground owned by Mr. and Mrs. G.T. Hopkins and certain equipment valued at \$85,540. Mr. Richards further reported that the liabilities to be assumed were liabilities to bond holders totaling \$319,000 plus interest, Dr. Richard E. Palmer, a liability of \$72,165 and the liability under the Inhalation Therapy contract of \$13,566.84. Mr. Richards further reported that the sale of assets and assumption of liabilities has been recommended to the membership of the Maryland Corporation by its Board of Directors and that the membership had approved the sale on January 28, 1975.

Mr. Richards advised the Board that what was required at this time was a resolution by this Board ordering and confirming the purchase of the assets and the assumption of the liabilities. After discussion by the members of the Board, upon motion, duly made, seconded and unanimously carried, the following resolution was adopted:

TAUBER 00732

Trial Exhibit
No. 138.

J.APP. 2904

MINUTES
Board of Directors
Wednesday, January 29, 1975
Page Two

Be it resolved that the Board of Directors of Jefferson Memorial Hospital Corporation orders and confirms the purchase of certain assets of Jefferson Memorial Hospital, Inc., a Maryland Corporation, said assets being the ownership interest of the Maryland Corporation in that piece of land fronting on North Beauregard Street and that piece of property fronting on King Street and that corporation's 20% interest in and to a 99-year lease on a small strip of real estate owned by Mr. and Mrs. G.T. Hopkins, said two parcels of real estate having fair market value of approximately \$188,851 and in addition certain equipment owned by the Maryland Corporation having present value of \$85,540, in consideration of this corporation's complete assumption of the following liabilities of the Maryland Corporation, being the bonded indebtedness to the bond holders in the sum of \$319,000 plus interest, the indebtedness to Dr. Richard Palmer in the sum of \$72,165 and the indebtedness on the Inhalation Therapy contract in the sum of \$13,566.85; and

Be it further resolved that the officers of this corporation be and they are hereby authorized and directed to execute any and all documents necessary to consummate the purchase of the assets and the assumption of the aforementioned liabilities.

Mr. Richards presented to the Board copies of the fair market appraisal of the real estate and the evaluation appraisal of the equipment, and the President requested the secretary to make those copies a part of these minutes to be attached hereto and insert in the minute book of the corporation.

In addition, Mr. Richards advised that with the purchase of the Maryland Corporation, this Delaware Corp. should set-up a sinking fund which shall insure the prompt payment for the principle and interest of the Bonds. The Board discussed the issues and agreed to set-up a Sinking Fund for Bonds in the next 90 days. The Chairman thanked Mr. Richards for his report. Mr. Richards was excused and departed the meeting.

TAUBER 00733

J.APP. 2905

MINUTES

Board of Directors

Wednesday, January 29, 1975

Page Four

F. The Administrator read a request from Dr. Sappington requesting certain increases in patient charges for Respiratory Therapy. Mr. Linton advised the Board that this request represents about an 8½% increase. A motion was made and duly seconded that the requested increase be authorized not to exceed 8½% of the present charges. The motion carried.

G. Dr. Freedman introduced the requirements for having two Doctors devote 7 hours a week towards utilization review and medical audit. It is evident that these functions are going to require far more physician time than has been the case in the past. The administrator and Executive Vice President have estimated the 7 hours weekly. They also request two separate doctors be appointed. One for UR function and one for Audit. Dr. Kauffman has agreed to take over the UR function and give us at least 4 hours a week of his time. I think we should offer him a minimum of \$7,000 a year for his service. Dr. Cosentino has been asked to handle the medical audit. He is still studying the matter and will let us know this week whether he will accept this responsibility. It will take at least 3 hours a week of his time. I would like to suggest we pay him \$6,000 a year. It doesn't appear that we have any choice on implementing the PSRO requirements for both utilization and Audit. There are laws which are to be inspected and administered by the State. It now appears that each hospital will have to be paying for the two services. I also want the board to know I'm having to spend a good deal of time here at the hospital to carry out the duties of the Hospital president. I'm spending on the average of 2-3 hours a day with the Administrator and other hospital related officials in trying to get the hospital on an economic and efficient footing. I feel the President should be paid for the time he has to put in on this Hospital business. There was a lengthy discussion on the subject of paying a salary for these 3 positions. A motion was made and duly seconded that the Board authorize one position with a salary of \$7,000 yearly for the UR Committee Chairman, one position with a salary of \$6,000 yearly for the Medical Audit Chairman, and a salary of \$13,000 yearly for the Chairman of the Board. After a lengthy discussion, the motion was carried.

H. The Board briefly discussed insurance coverage. The Board directed the Administrator to request Dr. Scheetz to obtain \$1,000,000.00 umbrella coverage for the E.R. physicians.

I. The Chairman adjourned the meeting at 9:10 P.M. and announced that the next Board meeting would be on Wednesday, February 20, 1975.

JOHN S. FUELLI, M.D.
Secretary

TAUBER 00735

J.APP. 2907

MINUTES

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS MEETING
WEDNESDAY, FEBRUARY 26, 1973
7:00 P.M.

I. DATE & TIME: Wednesday, February 26, 1973 7:00 PM
PLACE: Jefferson Memorial Hospital Cafe.

II. ATTENDANCE:

A. Present:

Dr. Freedman	Chairman
Dr. Burtoff	
Dr. Gondor	
Dr. Iranyi	
Dr. Kauffman	Secretary, Elect.
Mr. Mermelstein	Financial Consult.
Mr. Linton	Administrator

B. Absent: Dr. Goald

III. NEW BUSINESS

1. Dr. Freedman opened the meeting and announced that the first order of Business would be to fill the Board vacancy created by Dr. Pulicci's resignation. Dr. Freedman offered the name of Dr. Leslie Peters, as a nomination to the Board. The nomination was seconded by Dr. Burtoff. There were no other nominations and Dr. Peters was unanimously elected.

2. Dr. Freedman announced that the Board would have to elect someone to fill the Hospital Corporation position of Secretary since this position was held by Dr. Pulicci. Dr. Kauffman nominated Dr. Peters as Secretary. Dr. Gondor seconded the nomination. There were no other nominations and Dr. Peters was unanimously elected.

3. Dr. Freedman reported on the up-coming Joint Commission Survey and our plans for that Survey. We want as many of the Board members as possible to drop by at sometime on Monday to take part in the survey. As a matter of fact, most of the Active Medical Staff are volunteering to spend at least one hour to assist in the Survey on Monday, March 5th. We are trying to schedule the Corporation officers and Board members so that we have at least one or two of us present at all times. Dr. Gondor will be present from 7:30 - 8:30 A.M.; Dr. Sappington 8:30 A.M. - 10:00 A.M.; Dr. Burtoff 10:00 A.M. - 12:00 Noon; Dr. Freedman, 12:00 Noon - 2:30 P.M.; Dr. Linton 2:00 P.M. - 3:00 P.M.; Dr. Sappington 3:00 P.M. - 5:00 P.M. In addition, Doctors of the Medical Staff will be present at all times throughout the day.

TAUBER 00684

Trial Exhibit
No. 139.

JAPP.2908

MINUTES
Board of Directors
February 26, 1975
Page Two

4. Dr. Freedman announced that he has received a proposal from Dr. Harold Goald to provide In-House "Echograms" for hospitalized patients. Basically, the proposal is that Dr. Goald furnish all equipment, supplies, and the Technician. The Hospital will furnish space for the taking of the test, performing Billing and Collection, plus all recordkeeping. The Hospital and Dr. Goald will divide all patient charges, based on collections of such charges, 50% to the Doctor and 50% to the Hospital. A motion was made by Dr. Iranyi and seconded by Dr. Peters, that Dr. Goald's proposal be accepted and the Administrator directed to draw up an Agreement to be effective as soon as possible. Motion was carried.

5. Dr. Freedman asked each Member of the Board to review the minutes of the Joint Conference and those of the Executive Committee of the Medical Staff. There was a lengthy discussion of the Committee appointments. In addition, the Board reviewed the proposed By-Laws. A motion was duly made and seconded that the minutes of both committees be accepted as approved. The Board of Directors by unanimous agreement, that Dr. Iranyi to be its appointed member of the Joint Conference Committee.


6. Mr. Linton gave the Administrator's report. He discussed the census based on enclosure 1 & 2 attached to minutes. He pointed out that the census for January 1975 was the best of any January in the history of the Hospital. However, it appears that February this year will be the worst February in the History of the Hospital- so far it appears that our census is staying about the same as last year. Our cash flow remains adequate but the Board must be advised that we have to watch very closely any purchase of new equipment, any unusually commitment for decorations and improvements to the Hospital. Funds available for capital improvement or decorations, and major equipment must come from our net income or profit. So with the purchase of equipment and the building addition already approved and funds committed to, we do not have any real surplus of cash left for the remainder of this fiscal year. In addition, I want to advise and strongly recommend that we make provisions to lay aside a cash reserve of at least \$30,000 over the next 6 or 7 months to cover our Federal Income tax for this fiscal year. I refer your attention to the Comptroller's, Mr. Rytters report which I will attach to the minutes of this meeting.

7. Mr. Mermelstein gave the Financial Report. He went over the balance sheet in detail. He indicated that the Accounts Receivable and Accounts Payable were in good shape based on the Hospital's gross revenue and expenses. The ratio is quite good. He reported that our total revenue for January was \$315,197 with total expenses of \$163,153. This leaves a balance of \$55,547 net profit for the month. He also reported that the Hospital has a net profit for the year-to-date of \$95,529.

TAUBER 00685

MINUTES
Board of Directors
February 26, 1975
Page Three

8. Dr. Freedman reported on the request of the Radiologist to increase their patient charges. There was a lengthy discussion on how the charges would be covered by Blue Cross and Blue Shield. The members were concerned that the Hospital would not be allowed 100% of this increase by 3rd party carriers. A motion was made and seconded that the request for increased charges be deferred until the March meeting. The Board is to be provided with complete cost, allowed charges and more justification if any, by the Radiologist at the March meeting. The motion was unanimously carried.
9. Dr. Freedman reported on his and Mr. Lintons facility inspection. There was a lot of dirty areas in and around the Nursing Stations. We are insisting on a general clean-up program and then to see that this entire Hospital remains clean.
10. Dr. Freedman led a discussion on hospital utilization by the Doctors of the Hospital. It was pointed out that we simply have to use every means possible to have our Doctors understand the importance of using our hospital as their primary care facility.
11. There being no further business to come before the meeting, adjourned at 9:15 P.M. - to meet next unless otherwise called by the Chairman, at 7:00 P.M. on the last Wednesday of March 1975.


LESLIE PETERS, M.D.
Secretary

LP:pc

TAUBER 00686

J.APP. 2910

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION
ANNUAL STOCKHOLDERS MEETING

Wednesday, April 30, 1975

12:45 P.M.

The Annual Meeting of the Stockholders of Jefferson Memorial Hospital Corporation was held on Wednesday, April 30, 1975 at 12:45 P.M. in the Hospital Conference Room, in accordance with due notice of the meeting issued on April 4, 1975, a copy of which notice and attached agenda are attached to and made a part of these Minutes.

The following stockholders were present: Laszlo N. Tauber, 76,250; *Share*
✓ Irwin S. Freedman, 8,575; ✓ Stephen Kauffman, 255½; ✓ Carl E. Linton,
500; ✓ Sava Nedelcovych, 6,000; ✓ Nils Antezana, 480; ✓ Lucio Luccioli, 251;
✓ Harold Goald, 1010 shares; being a total of 93,321.5 shares present.

The following stockholders were present by proxy: ✓ Cesare Luccioli,
10,276 shares; ✓ Tony Butera, 277 shares; ✓ Leslie L. Peters, 18,639 shares;
A. Arthur Coster, 3,000 shares; ✓ Werneer Prinz, 3,198² shares; ✓ Samuel Burtoff,
20,290 shares; ✓ Samuel Burtoff Trust, 10,100 shares; ✓ Richard F. Sappington,
3,000 shares; ✓ Charles Hufnagel, 2,450 shares; ✓ M. Roy Nicholson, 10,055;
✓ Samuel Bialek, 1,667 shares; ✓ Ted Bialek, 1,666 shares; ✓ Leslie P. Gordon,
38,125 shares; being a total of 122,738 shares represented by proxy.

Dr. Irwin S. Freedman, President of the Corporation, was Chairman of the meeting and John Thorpe Richards, attorney for the Corporation acted as Secretary of the meeting.

The Chairman announced that there were present in person and by proxy shareholders holding 216,058.5 shares of stock in the Corporation of the total issued of 303,000 shares, and that therefore a quorum was present and

Page two

called for in the Notice of the Annual Meeting to the Stockholders. To consider the eight items on the agenda.

Dr. Freedman called the meeting to order at 1:00 P.M.

The Chairman asked for the reading of the Minutes of the previous ~~meeting~~ Stockholders meeting. Dr. Kauffman made a motion that the ~~M~~ reading of the Minutes be waived, Dr. Goald seconded the motion. The vote being called for, the Chairman announced that the vote was ~~unanimous~~ unanimous, being 216,058.5 shares in favor and no shares opposed.

The Chairman called for the ~~second item~~ fourth item on the agenda, ~~namely~~ the election of Directors of the Jefferson Memorial Hospital Corporation, for the coming year. Dr. Freedman called for nominations from the floor and recognized Dr. Kauffman who presented the names of proposed Directors as follows: Irwin S. Freedman, M.D., Samuel Burtoff, M.D., Stephen Kauffman, M.D., Leslie P. Gondor, M.D., Harold J. Goald, M.D., Magdolna Iranyi, M.D., Leslie L. Peters, M.D. The Chairman asked for any other nominations for Directors from the Floor. There being no other nominations for Directors, the Chairman called for a voice vote. The vote was unanimous, being 216,058.5 shares in favor and no shares opposed. Therefore, the names presented by Dr. Kauffman is unanimously ~~adopted~~ elected by all those present and on proxy.

The Chairman called for item five on the agenda, Report of the President on the activities of the Corporation. Dr. Freedman made a brief statement announcing that the building program of the Board of Directors is going forward as presented at the previous meeting, Building A will come under completion in the next 14 days, the foyer and lobby of the new building will be completed within 14-21 days and work will begin on the new Pediatrics section within the next month. He further announced that the Board has undertaken a program

TAUBER 04267

JAPP. 2912

which consisted of 10 bed into 2 semi-privates and one ward which we plan to convert to a proper nurses station in the near future and therefore we project that the West wing will be the first wing completed under the new building program. It is then hoped that after the West wing is completely renewed that we will propose to the Medical Director of the Hospital that he consider making the West Wing of the Hospital the surgical suite and then also utilizing part of Central for surgery and part for Medicine but that will be discussed with the Medical Director at the appropriate time when the building reaches the proper stage. The financial condition of the Hospital is very stable, we have enjoyed a very fine month of April and our census is every excellent, the Hospital has made numerous personnel adjustments and the administrative branch has adopted well to the new adjustments, the new laboratory is going through its phasing in program and Dr. Antezana is preparing to dedicate more time into the professional education program. This is a short resume of the Board's activities and we hope that next year we can give you a more complete report on our activities.

Dr. Kauffman made a motion that the Stockholders ratify and approve all the actions of the officers and Directors for the year 1974 and 1975 up to the date of this meeting. Dr. Goald seconded the motion. The Chariman called for a vote and the vote was unanimous, being 216,058.5 shares in favor and no shares opposed.

The Chairman called for Item six on the agenda, Clarification of questions arising from action taken at a Special Meeting of Stockholders held on October 29, 1974 and stated that there are two issue to be c larified. Issue A concerns the Bonds., and the chairman called on Dr. Goald to read a clarifying statement on this issue. Dr. Goald made a motion that it was and is the purpose and intent of the stockholders, that the bonds mentioned at the October 29, 1974 meeting to be used as part of the purchase price by the

new partnership which are the bonds of this Delaware corporation and not the bonds of the previously issued Maryland Corporation. Dr. Kauffman seconded the motion. The Chairman called on the Hospital attorney to elaborate on this issue. Mr. Richards stated that he thought that the confusion arose because the original Maryland Corp. had issued bonds which were held by people among whom are the Stockholders of this present Delaware Corp and the confusion was as to whether the Maryland bonds could be used as part of the purchase price of the new partnership of the building and land now owned by the Delaware Corp. and the intent of the discussion had to deal with the people who had brought stock into the Delaware corp during September 1972 when the Corp. was in financial difficulty and the Board of Directors had previously determined that those Stockholders could sell their stock back to the Corp in return for bonds issued by the Corporation. Now the Corporation is the Delaware Corp and not the Maryland Corporation and that therefore the bonds mentioned at the Oct. 29, 1974 meeting were bonds to be issued by this Delaware Corp and not the bonds previously issued by the former Maryland Corp. The Chairman asked for any further discussion, there being none, a vote was called for and was unanimously carried being 216,058.5 shares in favor and no shares opposed.

6B. Percentage of Partnership interest to be acquired by any Stockholder.

The Chairman called for a motion to clarify that previous issue. Dr. Goald made a motion that it was the consensus of the Stockholders at the special meeting held on October 29, 1974, and that it is the consensus today that each Stockholder of this corporation was and is to be offered participation as a partner in the partnership purchasing the building and land, as his percentage of stock ownership in this corporation. And if any stockholder does not so participate such partnership interest may be offered by the trustee partner, Dr. Tauber, to any other Stockholder or Stockholders in his sole discretion.

TAUBER 04269

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Dr. Kauffman seconded Dr. Goald's motion, and the Chairman called for a vote. The vote unanimously carried being 216,058.5 shares in favor and no shares opposed. The Chairman called on the Hospital Attorney, Mr. Richards who stated that in the Minutes of the Stockholders Meeting of October 29, 1974, the Minutes don't reflect that there was any discussion one way or the other and there had been positions taken by some of the Stockholders which needed clarification and I felt that the best way to have the matter clarified was to put the matter to a vote of the Stockholders at the Annual Meeting and that is why I suggested to the Chair that this be done.

The Chairman called for the next item on the agenda, New Business. There being none, the next item on the Agenda was called for.

Old Business was called for and Mr. Richards was asked to clarify an issue that Dr. Tauber as the trustee of the partnership buying the land and building from the Delaware Corporation raised ~~them~~ a question as to a cutoff date having been previously set for determination of those who would be partners in the new partnership and because of the fact that a clarification with regard to partnership interest was again considered by the Stockholders at this meeting, Dr. Tauber has indicated that he therefore will extend the date and communicate with those stockholders who did not express interest in buying into the Corporation ~~at~~ to allow them a reasonable time of a week or 10 ~~k~~ days to consider again whether they may wish to enter the partnership in accordance with their percentage stockholder's interest in view of the clarifying vote taken by the Stockholders at this meeting. Dr. Tauber stated that there may be certain problems here according to the law in Virginia ~~to~~ to form a partnership, there is a limit of 30 partners participating otherwise you will be regarded as a corporation and this is what we want to avoid. As I see it here, especially when they are dividing their interest between their trusts and their personal individual, there are

TAUBER 04270

Page Six

well over 30 participants therefore, my suggestion would be that we create one other trustee who is a limited partner in the whole venture but instead of innumrating like we have in other venture where someone acts as trustee for a certain number of people in order to keep the participants at less than 30.

Dr. Tauber asked for discussion. He further stated that if he does not extend the date, he will not be in violation because they do not have 30 people in but if you are reopening, then you are entering into a problem that we will have more than 2 30 members and this will take away the partnership advantage and throw it into the corporation and then you would loose all your tax advantage and depreciation item. Mr. Richards suggested that we wait and see what the response is to the ~~extension~~ extension period. Dr. Tauber stated that at Mr. Richards suggestion, he is considering extending the date ~~but~~ He stated that those people who have already expressed no interest in the venture would not be contacted again but a registered letter, certified receipt, would be sent to those who have not responded in any manner stating that the period has been extended until the 15th day of May, 1975 by the close of business, we would have to have your response as to whether you want to participate or not.

Dr. Tauber stated that as far as how he determines the surplus whom do I think would like to give it is my right according to the Board of Directors and now the Stockholders meeting. ~~Ex~~ He asked Mr. Richards, how we stand with the law suit threatening against him if he gives it to some person and not the other and asked for his advice. He stated that as long as Mr. Richards ~~supports him~~ ~~with~~ says that he ~~was~~ acting in accordance with the law, he will go ahead but that he would like to have ~~your stated report~~ it stated in the Minutes that He would not be attacked in the future ~~and that~~ that he acted on his behalf and without having counsel

Adjournment.

TAUBER 04271

A motion was duly made and seconded that the Board of Directors be directed and authorized to issue a Special Delaware Corporation bond series in the amount of \$360,000, maturing in 15 years from the date of issue and bearing 8% annual interest. Said bonds shall be limited in their offering to those stockholders who now hold the stock issue of September 1972. Further that said bonds when issued to said stockholders shall not thereafter, be transferable to any except a Delaware Corporation stockholder. In addition, the Board of Directors are hereby directed to establish a sinking fund to which shall be deposited annually beginning in 1976, 6.66 per cent of the bonds sold and outstanding. The motion was carried.

TAUBER 04272

J.APP.2917

BOARD OF DIRECTORS
WEDNESDAY, MAY 28, 1975

AGENDA

1. Hospital Security
2. Hospital Liability Insurance
3. Emergency Room Charges
4. Special Bond ~~Insurance~~ ~~and~~ ~~Insurance~~
5. Hospital Beds
6. Up-Grading Radiology Service
7. Financial Report

TAUBER 00662

J.APP.2918

Trial Exhibit
No. 144.

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS
May 28, 1975

I. Date & Time: Wednesday, May 28, 1975 at 7:00 P.M.

II. Place Cafeteria

III. Members Present:

Dr. Freedman	Chairman
Dr. Peters	Vice Chairman
Dr. Burtoff	Member
Dr. Gondor	Member
Dr. Irsanyi	Member
Dr. Kauffman	Member
Dr. Goald	Member
Mr. Mermelstein	Financial Consultant
Mr. Linton	Administrator

IV. Members Absent: None

V. New Business:

1. Dr. Freedman opened the meeting at 7:00 P.M. and presented the first item on the agenda- Hospital Security. He explained that at present our security guards are only on duty from 5:00 p.m. in the afternoon until 12:00 midnight. This leaves the hospital somewhat unprotected during hours when our staff are primary female personnel and when the fewest number of employers are present. This makes attack on our nurses as well as, drug robbery more likely. Both Mr. Linton and I would like to recommend that the security guard hours of coverage be extended from 12:00 midnight to 7:00 A.M. Following a brief discussion as to the cost and other important questions. A motion was duly made and seconded that the Hospital employ a security guard for the hours of 5:00 P.M. to 7:00 A.M. daily. The motion was unanimously carried.

2. Dr. Freedman reported to the Board that the total hospital insurance program has gone up nearly 2 1/2 times from last year. Mal practice insurance is the item which has gone up not the Workmens Compensation, Fire and Hazard, Boiler and equipment or general liability. Our cost last year for our insurance was some \$20,000. This year it will come to \$63,000. \$57,000 is the cost of mal-practice. In addition, the insurance company wants payment within 30 days. Payment is now due. The hospital has the money to pay for the insurance but with our remodeling project, decorations and other equipment we are doing, this expenditure of \$63,000 at one time will push our cash flow very hard. It is my firm opinion that we should borrow the \$63,000 from the Bank and pay it back over the next 12 months.

TAUBER 00663

J.APP. 2919

The interest is an allowable expense. I really feel we should finance our insurance each year in this way. There was a lengthy discussion in which the members generally agreed with the need to finance payment of the insurance. Mr. Mermelstein suggested that the Hospital set-up a reserve account in which the projected insurance cost would be deposited monthly for future years. A motion was duly made and seconded that the Hospital obtain a loan of \$68,000 to pay for its 1975-76 insurance, that the loan be repaid in 12 equal installments. The motion was carried.

3. The Administrator presented a request from the Director of Emergency Service to increase our emergency room charges. The minimum emergency room fee is \$10.00 and the professional fee would be increased to \$15.00. This would be a \$2.00 fee increase. There was a good deal of discussion on the request to increase the charge. A motion was duly made and seconded that the increases as recommended be approved as follows:

Basic Fee for E.R. Visit	\$10.00
Basic Physician Fee	\$15.00
Charges for procedures as shown on enclosure.	
Charge for immunizations	\$10.00

The motion was carried unanimously.

4. There was a discussion by all members of the Board on the use of unlicensed physicians who have only ECFMG credentials as House Physicians, or Para Medical personnel. These physicians only do H&P's at this Hospital. They are the same as a medical student. They are not permitted to do surgical assistant duties, medical technologist duties etc. It was mentioned that Dr. Tauber did use Dr. Sunga to follow-up on some of his patients and that the Lab used one of the Doctors to do some work in the lab. The Board agreed that the Hospital will allow ECFMG doctors to do only H&P's. In addition the Administrator will remind Dr. Tauber and the Lab of this policy as well as, the Doctors. If the practice is continued, he will advise the Board for further action.

5. A motion was duly made and seconded that in accordance with direction of the vote of the Stockholders at the April 30, 1973 meeting, the Board hereby authorizes and directs the Corporation Officers to issue Hospital Delaware Corporation Special Bonds in the amount of \$360,000. These bonds shall be 8% interest bearing bonds and redeemable over a 15 year period. The Bonds are to be restricted in this sale to Stockholders of the Delaware Corporation. After a brief discussion, the motion was unanimously carried.

TAUBER 00664

J.APP. 2920

MINUTES - 5/28/75
Board of Directors
Page Three

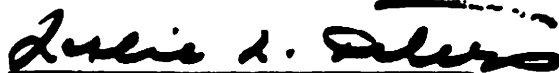
6. Dr. Freedman discussed the need for up-grading the Radiology Department. We desperately need to improve our x-ray equipment. We need a gama camera. This is vitally needed to do diagnostic nuclear medicine studies. In addition, we need a portable x-ray machine that will do accpetable work where mass penetration procedures are required. After a lengthy discussion of this subject, a motion was duly made and seconded that the President and Administrator is hereby authorized to up-grade the X-Ray Department by purchasing in addition to the new 1000MA machine previously approved, a new portable x-ray machine, film processor, and a gama camera. Such purchase to be undertaken as the Hospital funds are available. The motion was carried unanimously.

7. The Chairman reported that Dr. Tauber has asked the Board to consider endorsing the establishment of a clinical research center by the Tauber Foundation. The Tauber Foundation is prepared to get the Venture owners of the Hospital building to contract a new building or an addition to the present building, adequate in floor space for the research foundation and for 30-50 private hospital patient rooms. The only cost to the Hospital would be for the patient rooms which are leased to the Hospital. Following a lengthy discussion, a motion was duly made and seconded that Dr. Tauber's proposal be endorsed and the Hospital Administrator be directed to proceed in submitting an application to the State for approval. The motion was carried.

8. Mr. Mermelstein gave a report on the financial condition of the Hospital for the year-to-date as of April 30th.

9. The meeting was adjourned at 8:45 P.M.

Respectfully submitted:


LESLIE L. PETERS, M.D.

TAUBER 00665

J.APP. 2921

BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 23, 1975

A G E N D A

1. Presentation of FY-76 Budget
2. Building and Decorating Progress
3. Report On X-Ray
4. Financial Report

TAUBER 00956

Trial Exhibit
No. 146.

J.APP. 2922

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS
JULY 23, 1975

I. DATE: Wednesday, July 23, 1975
II. TIME & PLACE: 7:00 P.M., Hospital Cafeteria

III. ATTENDANCE:

A. Present

Irwin S. Freedman, M.D.	Chairman
Samuel Burtoff, M.D.	
Harold Goald, M.D.	
Leslie P. Gondor, M.D.	
Magdolna Iranvi, M.D.	
Stephen Kauffman, M.D.	
Leslie Peters, M.D.	Secretary
Mr. Mermelstein	Financial Advisor
Mr. Linton	Administrator
Mr. Rytter	Comptroller

IV. NEW BUSINESS:

1. Dr. Freedman opened the meeting and advised the members that Mr. Rytter was present to discuss the Budget and answer any questions the Board might have.

2. A motion was duly made and seconded that the minutes of the June meeting be approved and reading is hereby waived. The motion was unanimously carried.

3. Mr. Rytter presented the proposed Budget. A copy is attached to these minutes as Enclosure I. A summary of the Budget presentation is as follows:

A. The Budget is based on these assumptions:

1. The bed capacity will remain the same as FY 1974 except that Pediatrics will decrease from 12 to 7 beds. ICU will remain at the same capacity, adult medical surgical beds will be increased by 5 beds and all 5 bed wards will become semi-private rooms except for Ward 340 which shall remain a 5 bed ward.

2. That bed occupancy will be at 79.5 occupancy for the fiscal year 7/1, 1975-June 30, 1976.

3. That Room rates will be increased no later than November 1, 1975 as follows:

TAUBER 00957

J.APP. 2923

MINUTES
July 23, 1975
Page Two

- a. Private - \$120 Per Day (up \$20)
- b. Semi-Private \$85 Per Day (up \$5)
- c. Ward- \$75 Per Day (up \$5)
- d. ICU- \$195 Per Day (up \$10)

4. Central Supply charges will be increased by 10% effective July 1, 1975.

5. That cost of medical supplies and materials will increase from 12-15% during the year.

6. That employees will receive a 5% Cost of Living increase as of January 1, 1976.

7. That a new contract in the Dietary Department will be in force which shall provide a reduction in overall cost of \$60,000 in the cost incurred in FY 75.

B. This Budget is expected to produce a gross revenue of \$6,704,230.00 plus \$119,400 in miscellaneous revenue with a reduction of gross revenue by \$1,008,600 due to contract reimbursables from Blue Cross, Medicaid, Medicare and from bad debts. This will leave a net revenue of \$5,915,030. Our total expenses are expected to be \$5,604,395. This will leave a net income of \$310,635 before taxes.

4. There was considerable discussion in the manners in which the budget was developed. The matter of increasing charges was discussed with regard to when such charges should be effective. Mr. Linton pointed out that this budget makes no provision for taxes or purchases of new equipment, or capital improvement to our plant. Any of these expenditures will have to come out of our anticipated net profit. A motion was duly made and seconded that the Budget as presented be approved and adopted for FY 1976. The motion was unanimously carried.

5. Dr. Freedman announced that Mr. Ratter has submitted his resignation effective the 1st of August. His resignation was received yesterday and Mr. Linton along with Mr. Mermelstein will be interviewing applicants for this position.

6. Dr. Freedman reported on the progress being made in the X-Ray Department. The new portable X-ray unit has been received and will be in operation in the next day or so. This unit has been leased from G.E. The work is beginning on remodeling the room for the new 1000MA X-Ray unit. This room along with the installation of the new machine is now scheduled for completion by the middle of September. The Administrator will have spent the past weeks going over and working with a consultant on remodeling our X-Ray Dark Room.

TAUBER 00958

JAPP. 2924

MINUTES
July 23, 1975
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The present darkroom along with the work area is a real slum area. The Dark Room is too small, and they maintain it like a pig sty. The work area is improperly laid out causing constant inefficiency on the part of everyone. I want permission to renovate the dark room and work area so that with the new x-ray room, we will have a decent x-ray dark room and work area. The work will be done by our Maintenance Department and our only cost will be for materials. This will not exceed \$1,500. A motion was duly made and seconded that the Administrator be authorized to remodel the Dark Room and work area of the X-Ray Department as outlined by Dr. Freedman. The motion was carried unanimously.

7. The Chairman of the Board stated that he understood the special committee on the Hospital By-Laws, have completed their review and are prepared to report their findings and recommendations to the Board. The Committee consisting of Dr. Peters, Dr. Burtoff, Dr. Gondor and Mr. Linton has worked very hard and we would like for them to take as much time as necessary to present their report. Dr. Peters stated the Committee had made a full review of the Jefferson Memorial Hospital Corporation By-Laws with specific concern being devoted to requirements of the Joint Commission. The Committee found that the By-Laws did not specifically address the operation or management of the Hospital. In addition, the By-Laws do not cover the Board of Directors responsibility for the Medical Staff. Naturally, we considered the findings of the last Joint Commission Survey and have to the best of our knowledge made the revisions needed to provide the Board of Directors with authority and responsibility to set policies and manage affairs of the Hospital. The committee proposes to the Board of Directors, that they adopt Ammendment II to the Jefferson Memorial Hospital Corporation By-Laws. A copy of the Ammendment was given each member. Dr. Peters then read each paragraph and the reason for its inclusion. There was a discussion by all members of the Board on the changes being offered. A motion was duly made and seconded that the Ammendment II be approved in its entirety, that a copy be attached to the minutes, and that By-Laws be so ammended this date. The motion was carried. Dr. Freedman thanked the Committee for an excellent job well done.

8. Mr. Mermelstein reported that he could only give a review of the financial status for June because the financial statements have not been completed by the Comptroller. This being the end of the fiscal year, it will take a bit longer for our final report. However, there really isn't any reason why the normal monthly statement should not have been available except that the Comptroller has been away on military training for the past two weeks. So I want you to know that the year end adjustments for the accounting year will be continued for the next couple of months while the annual audit is under way.

TAUBER 00959

J.APP. 2925


MINUTES
July 23, 1975
Page Four

9. There was considerable discussion on where the newspaper machines should be located in the Hospital so as not to cause an unsightly condition. The final resolution was that the Administrator would get a paper boy to sell all newspapers to patients and that he would make all deliveries to the patient rooms.

10. Mr. Linton reported on the State Fire Commissioner's inspection of the Hospital. The result was that we had no major discrepancies.

11. There being no further business to come before the Board, the meeting was adjourned at 9:00 P.M.

Respectfully submitted:



LESLIE L. PETERS, M.D.
Secretary

TAUBER 00960

J.APP. 2926

CERTIFICATE OF BY-LAWS REVIEW

This is to certify that the By-Laws of Jefferson Memorial Hospital Corporation were reviewed by the Board of Directors on this 23rd day of July 1975. Further, the Board of Directors approved Ammendment II to the By-Laws.


LESLIE L. PETERS, M.D.
Secretary

TAUSER 00961

J.APP. 2927

AMENDMENT II (This Amendment will be added to Article III - "Directors" at the end of Section 1, and follow Amendment I.)

A. The Board of Directors shall have authority and responsibility for the organization, operation, management and control of the Hospital. It shall insure that the Hospital is provided with adequate resources, facilities, equipment and personnel of appropriate skill and professional ability which makes possible the rendering of a highly acceptable level of service, care and treatment to its patients.

B. The Board of Directors shall have specific authority and responsibility for the organization, By-Laws, Rules and Regulations of the Medical Staff and to this end, will actively monitor actions and performance of the Medical Staff. To accomplish its responsibility, the Board of Directors will delegate to the Medical Staff, authority and hold said staff responsible for such authority, to organize, function and govern its practice and management of patient care and treatment at Jefferson Memorial Hospital. Such authority shall be subject to constant review and approval of the Board of Directors. The Board of Directors review and approval process specifically requires the Medical Staff to:

1. Develop and review its By-Laws, Rules and Regulations and submit them to the Board of Directors for approval.

2. Insure that applications for appointment to the Medical Staff and or clinical privileges are submitted on a form prescribed and approved by the Board of Directors to the Hospital Administrator. The Executive Committee of the Medical Staff, with assistance of the Administrator's Office, shall examine and investigate the character, license, professional competence, qualifications and ethical standing of the applicant. The Executive

TAUBER 00962

JAPP. 2928

Amendment II (Continued)

Committee will after its investigation, forward the application to the appropriate Department Chief. The Department Chief will review the application and submit it to the Executive Committee with specific written recommendations as to the applicant's clinical privileges. Based on its investigation and the recommendation of the Department Chief, the Executive Committee will recommend approval, disapproval or probationary appointment and submit its recommendations in writing to the Hospital Administrator within 60 days after receipt of the application. Further, the Executive Committee shall within 60 days following receipt from the Department Chief, submit the application to the next Medical Staff meeting for its consideration. Following consideration by the Medical Staff, the Executive Committee will forward the application record with its recommendations to the Board of Directors. The Board will review the application and consider all recommendations received. If the Board of Directors does not agree with the recommendation of the Executive Committee, they shall refer the entire application to the Joint Conference Committee for review and recommendation. The Joint Conference Committee shall review the application and submit its recommendations in writing to the Board of Directors. If the Board of Directors decision is adverse to the applicant, the Board will if requested by the Applicant, extend such applicant a hearing before the Board of Directors. Following such hearing, the Board will make a final decision either granting or disapproving the applicant's appointment and privileges to the Medical Staff. In all cases, the Board of Directors shall notify in writing, the applicant, the Executive Committee and Department Chief of their decision.

TAUBER 00963

Amendment II (Continued)

3. Establish a procedure for the annual review and reappointment of its members and for the delineation of their clinical privileges. These procedures will as a minimum, require the Department Chief to review each members activities and clinical privileges so that he/she may make a proper recommendation to the Executive Committee for reappointment and delineation of clinical privileges. Such recommendations will be forwarded to the Executive Committee at least 60 days prior to the end of the Medical Staff year. The Executive Committee shall specifically recommend the reappointment or non-reappointment along with continuation or curtailment of clinical privileges. Such recommendations will be forwarded to the Board of Directors at least 30 days prior to the end of the Medical Staff year. The Board will act on the Executive Committee recommendations at its next meeting. If the Board does not approve the recommendations of the Executive Committee, it will refer the issue to the Joint Conference Committee for study and recommendation and will make its final decision following receipt of the Joint Conference recommendations. If the Board of Directors decision adversely affects an individual member of the Medical Staff, it will upon such individual's request, grant the member a hearing before making a final decision.

C. The Board of Directors shall insure that a direct line of communication and liaison is maintained between itself, the Administrator, and the Medical Staff at all times. To effect this principle, the Board of Directors shall appoint a Joint Conference Committee whose primary function shall be to consider and recommend solutions to problems on which the Medical Staff and the Board

TAUBER 00964

JAPP. 2930

Amendment II (Continued)

are not in agreement. This Committee shall be constituted with equal representation from the Medical Staff and the Board of Directors and shall include the Administrator .

This Amendment II was adopted at the Board of Directors Meeting on July 23, 1975.


LESLIE L. PETERS, M.D.
Secretary

TAUBER 00965

J.APP. 2931

JEFFERSON MEMORIAL HOSPITAL

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

July 14, 1975

MEMORANDUM:

TO: Mr. Linton
Administrator

RE: 1975 Annual Christmas Party

Due to the forthcoming arrangements for the Annual 1975 Christmas Party, I will need the Board of Directors approval for the following:

1. The confirmation for date, time and place.
(Tentatively scheduled with the Sheraton Park for Saturday, December 6, 1975) See attachment.
2. Permission to contact Sydney's Orchestra to supply the entertainment.
3. Permission to order invitations, etc. for approximately 400-500 guests.

Mr. Linton, I recently mentioned to you the possibility of only inviting our Active and Consultant staff with the exception of those Courtesy physicians who frequently use our hospital. In the past, we always invited the entire staff (Active, Courtesy & Consultant) and in finding that approximately 75 physicians responded out of the 250 invitations that were addressed and mailed. This would considerably decrease the amount of money which is spent on invitations and postage, needless to say, the time involved that is spent addressing the invitations.

Also, if the Board of Directors wishes to consider having the party at another facility, I will be happy to send or call for information on their suggested facilities.

I know it seems very early in the year to be thinking about the Christmas party but it takes at least 1 month to order and receive the invitations, plus time allotted to address and mail the invitations. Also, the invitation should be mailed approximately 1 1/2 months before the date scheduled in order for the R.S.V.P. cards to be returned 15 days prior to the party.

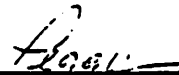
TAUBER 00966

JAPP. 2932

Mr. Linton
Page Two

Please advise me on the above matters and Mrs. Crane and I look forward to organizing another party.

Thank You.



PEGGY CROSS
Administrative Secretary

pc

Attachment

TAUBER 00967

J.APP. 2933



**Sheraton-Park
Hotel & Motor Inn**

SHERATON HOTELS AND MOTOR INNS
A WORLDWIDE SERVICE OF ITT

2500 WOODLEY ROAD N.W.
WASHINGTON D.C. 20008
TELEPHONE (202) 255-2000

EXECUTIVE OFFICE

January 15, 1975

Mrs. Bernadine Crane
4600 King St.
Alexandria, Va.

Dear Mrs. Crane:

In accordance with your conversation with Mrs. Lowry of our office, I am cancelling December 13, 1975, and confirming the New date of December 6, 1975.

SATURDAY, DECEMBER 6, 1975
JEFFERSON MEMORIAL HOSPITAL
COTILLION ROOM & FOYER & ASSEMBLY
CHRISTMAS DINNER/DANCE
APPROXIMATELY: 500 GUESTS

We would greatly appreciate it if you would kindly return the duplicate copy of this letter with your approval in writing, in order that our records may be complete.

Mrs. Lowry, will be handling your account, so all calls and correspondence should be directed to her, however, Mrs. Crane, if there is anything at all that I can do for you, please do not hesitate to call me.

Sincerely,

Otto H. Riese
Director of Catering

OHR:cs
B-1212

TAUBER 00968

J.APP. 2934

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION SPECIAL STOCKHOLDERS MEETING Wednesday, September 10, 1975 7:00 P.M.

A Special Meeting of the Stockholders of Jefferson Memorial Hospital Corporation was held on Wednesday, September 10, 1975 at 7:00 P.M. in the Hospital Conference Room, in accordance with due notice of the meeting issued on August 25, 1975, a copy of which notice and agenda are attached to and made a part of these Minutes.

The following stockholders were present: Laszlo N. Tauber, 66,250 shares; Leslie P. Gondor, 33,125 shares; Samuel Burtoff, 20,290 shares; Irwin S. Freedman, 4,575 shares; Leslie L. Peters, 10,194 shares; Dan J. Feriozi, 5,397½ shares; Melvin D. Small, 2,866 shares; Michael M. Vlahos, 1,705 shares; Stephen C. Kauffman, 255½ shares; Sava Nedelcovych, 6,000 shares; Richard F. Sappington, Jr., 3,000 shares; A. Arthur Coster, 3,000 shares; Tony Butera, 277 shares; Nils Antezana, 480 shares; Harold J. Goald, 1,010 shares; being a total of 158,425 shares present.

The following stockholders were present by proxy: Charles A. Hufnagel, 2,140 shares; George W. Ware, 11,548½ shares; James H. Scully, 13,079½ shares; M. Roy Nicholson, 8,494 shares; Werner Prinz, 2,792 shares; Sam Bialek, 1,667 shares; Ted Bialek, 1,666 shares; being a total of 41,387 shares represented by proxy, all of which were validated by the Secretary.

Dr. Irwin S. Freedman, President of the Corporation, was Chairman of the meeting and Leslie L. Peters, M.D. was Secretary for the meeting.

The Chairman announced that there were present in person and by proxy shareholders holding 199,812 shares of stock in the Corporation of the total issued of 245,000 shares, and that therefore a quorum was present and called

TAUBER 14867

Trial Exhibit
No. 149.

J.APP. 2935

MINUTES

Jefferson Memorial Hospital Corporation

Special Stockholders Meeting

Wednesday, September 10, 1975

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for in the Notice of the Special Meeting to the Stockholders, to consider the three items on the Agenda.

The Chairman asked for the reading of the Minutes of the previous Stockholders meeting. Dr. Burtoff made a motion that the reading of the Minutes be waived, Dr. Goald seconded the motion. The vote being called for, the Chairman announced that the vote was unanimous being 199,812 shares in favor and no shares opposed.

The Chairman called for the first item on the Agenda, the proposition for redeeming stocks for long term bonds and asked for Dr. Tauber to present the proposal. Dr. Tauber therefore, presented the proposal in the form of a motion that the shareholders be permitted 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 and the ratio of \$6.00 per share. This right to convert stock to bonds would be transferable. The motion was seconded by Dr. Small and the floor was opened for discussion. There being no discussion, a vote was called for. The vote was unanimous, being 199,812 shares in favor of the motion and no shares opposed.

Dr. Freedman then asked the Stockholders to express their desire to exercise their option and convert 20% of their shares to bonds and if they want to assign it, to whom do they want to assign the options. Dr. Freedman went down the list of Stockholders with these questions and the results were as follows:

<u>Stockholder</u>	<u>Convert or Not Convert</u>
Dr. Tauber	Not Convert - Will Assign
Dr. Gonder	Not Convert

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<u>Stockholder</u>	<u>Convert or Not Convert</u>
Dr. Burtoff	Not Convert - Will Assign
Dr. Freedman	Not Convert
Dr. Hufnagel	Convert
Dr. Peters	Convert
Dr. Csatory	Absent
Dr. G.W. Ware	Convert
Dr. Scully	Convert
Dr. Bashir	Absent
Dr. Corrado	Absent
Dr. Feriozi	Convert
Dr. C. Luccioli	Absent
Dr. McManus	Absent
Dr. Nicholson	Absent
Dr. Small	Convert
Dr. Vlahos	Convert
Dr. Kauffman	Not Convert
Dr. Prinz	Absent
Sam Bialek	Not Convert
Ted Bialek	Not Convert
Dr. Nedelcovych	Not Convert
Dr. L. Luccioli	Absent
Dr. Sappington	Not Convert
Dr. Coster	Not Convert
Dr. Butera	Not Convert
Dr. Morgan Delaney	Absent
Dr. Antezana	Not Convert
Dr. Pulizzi	Not Convert
Dr. Goald	Not Convert

Dr. Freedman made a motion that this transaction be completed within a thirty (30) day period. The motion was seconded by Dr. Small and the motion unanimously carried being 199,812 shares in favor of the motion and no shares opposed. Dr. Tauber recommended that registered letters be sent to those Stockholders absent to inform them of their right to convert and a chance for them to express their desires.

The Chairman called for presentation of the second item on the agenda, an employees' pension plan. Dr. Tauber made a motion that the Stockholders

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instruct the Board of Directors to immediately begin working out a pension plan for the Hospital employees to be at least equal to those plans at other area hospitals and that it be the best possible pension plan for both the employees and the hospital. Dr. Small seconded the motion. A vote was called for and the motion was unanimously carried with 199,812 shares in favor of the motion and no shares opposed.

Dr. Freedman called for presentation of item three on the agenda, employee stock ownership plan and called on Dr. Tauber. Dr. Tauber stated that at this time, the proposal is not complete and that there must be consultation with a CPA before proceeding with this issue and therefore asked that the item be tabled until the next meeting.

There being no further items for discussion on the agenda, the motion was made and duly seconded and unanimously carried, and the meeting was adjourned at 7:35 P.M.

LESLIE L. PETERS, M.D.
Secretary

LLP:kb

TAUBER 14870

JAPP. 2938

CURRENT STOCKHOLDERS

JULY 1, 1975

	shares	%	Exercise	
<i>pe</i> Laszlo N. Tauber	66250	27.0	yes	No-ASS
<i>pe</i> Leslie P. Gondor	33125	13.5	yes	No
<i>pe</i> Samuel Burtoff	20290	8.3	yes	Ass
<i>pe</i> Irwin S. Freedman	4575	1.9	yes	No
<i>pe</i> Charles Hufnagel	2140	.9	yes	yes
<i>pe</i> Leslie Peters	10194	4.2	yes	yes
Laszlo Csatory	55845	2.3		
<i>pe</i> George W. Ware	11548.5	4.7	yes	yes
<i>pe</i> James H. Scully	13079.5	5.3	yes	yes
<i>pe</i> Abbas Bashir	2705	1.1		
Michael Corrado	20290	8.3		
<i>pe</i> Dan J. Feriozi	5397.5	2.2	yes	yes
Cesare Luccioli	10276	4.2		
Reginald P. McManus	4871.5	2.0		yes
<i>pe</i> Roy M. Nicholson	8494	3.5	yes	
<i>pe</i> Melvin Small	2866	1.2	yes	yes
<i>pe</i> Michael Vlahos	1705	.7	yes	yes
<i>pe</i> Stephen Kauffman	255.5	.1	yes	No
<i>pe</i> Werner Prinz	2792	1.1	yes	
<i>pe</i> Sam Bialek	1667	.7	yes	No
<i>pe</i> Ted Bialek	1666	.7	yes	No
<i>pe</i> Sava Nedelcovych	6000	2.4	yes	No
Lucio Luccioli	251	.1		

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JULY 1, 1975

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	Shares	%	Position	Convert
<i>ps</i> <u>R. F. Sappington, M.D., Inc.</u>	3000	1.2	yes	No
<i>ps</i> <u>A. A. Coster</u>	3000	1.2	yes	No
<i>ps</i> <u>T. C. Butera</u>	277	.1	yes	No
<i>ps</i> <u>W. Morgan Delaney</u>	1200	.5		
<i>ps</i> <u>Nils Antezana</u>	480	.2	yes	No
<u>John Pulizzi</u>	10	.0		
<i>ps</i> <u>Harold Goald</u>	1010	.4	yes	No
Total	245000	100.		

TAUBER 14872

J.APP. 2940

A G N D A

BOARD OF DIRECTORS MEETING

WEDNESDAY, JANUARY 14, 1976

- I. BOND INTEREST
- II. LAB - SMA 12
- III. CONSTRUCTION
- IV. FOOD SERVICE
- V. FINANCIAL REPORT

141
Trial Exhibit
No. 156.

TAUBER 00882

J.APP. 2941

BOARD OF DIRECTORS MEETING

- I. DATE: Wednesday, January 14, 1976
- II. TIME & PLACE: 7:00 P.M., Hospital Cafeteria
- III. ATTENDANCE:

Irwin S. Freedman, M.D.	Chairman
Leslie L. Peters, M.D.	Secretary
Samuel Burtoff, M.D.	
Harold Goad, M.D.	
Leslie P. Gonor, M.D.	
Stephen Kauffman, M.D.	
Magdolna Iranyi, M.D.	
Mr. Mermelstein	Financial Consult.
Mr. Linton	Administrator

IV. NEW BUSINESS:

1. Dr. Freedman stated that there was a request for interest payments on the 1975 Special Bond Issue by certain Bondholders, for the month of June 1975. It was my understanding that those individuals who used their bonds as payment to the hospital of their part of the Joint Venture Liability, would not be entitled to the June interest on bonds used for such payment. However, Mr. Linton and Mr. Mermelstein has advised me that technically, interest should be paid to such Bondholders. What are the thoughts of the Board on this matter, keeping in mind what you have been advised about the income you have received on the sale of stock and interest received on the bonds. After a brief discussion, a motion was duly made and seconded that the Treasurer be instructed to pay the June interest to any Bondholder of the 1975 special issue who has not yet received their June interest. The motion was carried unanimously.

2. Dr. Freedman reported on the problems with the SMA-12 Lab Test. The Executive Committee of the Medical Staff has recommended to the Board that the SMA-12 be discontinued as a requirement upon admission to the Hospital. The Executive Committee further recommends the following test be required as admission lab work, unless waived by the admitting physician:

1. Glucose
2. BUN
3. Uric Acid
4. SGOT
5. Alkaline Phosph.
6. Bilirubin

The rationale of the Medical Staff Executive Committee was that the SMA-12 includes test that are not really meaningful and thus, should not be a mandatory test. Further, if the Admitting Physician wants an SMA-12, he can always order it, and if he wants, he can waive the required admission lab work. It is the Committee's thought

TAUBER 00883

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that since the SMA-12 must be sent out of the hospital, and that the results are not available as timely as they should be, and that the recommended lab test can be done in-house on a bench method basis and thus, be more timely and useful in treating the patient. Following a lengthy discussion, a motion was duly made and seconded that the SMA-12 be discontinued as an admission requirement for all patients, and that the admission lab work of Glucose, BUN, Uric Acid, SGOT, Alkaline Phosp., Bilirubin, be the new required admission lab work for patients at Jefferson Memorial Hospital. The motion was unanimously carried.

3. There was considerable discussion of problems being encountered with Columbia Labs who is managing our clinical laboratory. In summary, these problems were presented. A growing number of doctors are dissatisfied with test results, late reporting of results, and the sending out of work to be done at other labs. In addition, there was concern of an understanding that all lab work or near all lab work to include the SMA-12, would be done on the premises of Jefferson Memorial Hospital. This has not been done and is really not in-keeping with the Board's agreement with Columbia Labs. In addition, there was a discussion of Columbia's management of the Hospital lab and what they did for their \$30,000 or \$40,000 profit a year. A motion was duly made and duly seconded that the Chairman of the Board be authorized and directed to proceed in setting up a Jefferson Memorial Hospital Clinical Lab which will be managed and operated without an outside contractor. The motion was unanimously carried.

4. Dr. Freedman reported on a need to consider alternatives to our present food service system. The State Board of Health has condemned several parts of our kitchen which will require some outlay of cash for new equipment which must be accomplished by the latter part of February. I would propose a special Board Meeting on January 28, 1976, to hear Marriott's proposal of dealing with these problems, plus a rather radical new approach in hospital food service. In addition, we have other proposals from other food service companies which would offer substantial savings in our hospital Food Service Department. A motion was duly made and seconded that the food service issue be reviewed at a special Board meeting on January 28, 1976 at 7:00 P.M. The motion was unanimously carried.

5. A lengthy discussion was held on the problems of Admission Clerks telling Doctors we have no beds available, suggesting they admit their patients to another hospital. The problem arises out of retaining three ICU beds empty when all other beds are full. The Board directed the Administrator to revise this policy and to admit patients to the halls for a few hours as over flows or as over flows to wards instead of refusing to admit patients. No more than 1 bed should be retained in ICU when other beds are full.

6. Mr. Mermelstein gave a report on the FY-75 year end financial statement. A copy is attached to the minutes.

TAUBER 00884

J.APP. 2943

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7. Mr. Linton read the recommendations of the Executive Committee of the Medical Staff which recommended approval by the Board of Directors for the following Doctors elected to membership on the hospital Medical Staff:

Hooshany Almassian, M.D.	Otolaryngology	Courtesy
John Caldwell, M.D.	Radiology	Courtesy
Cheng-Nan Chen, M.D.	General Practice	Courtesy
Edward L. Katz, M.D.	Neurosurgery	Active
Kok-Seah Lee, M.D.	Internal Medicine	Courtesy
	Gastroenterology	
Oscar Rodriguez, M.D.	Orthopedic Surgery	Active
Stanley Spund, D.P.M.	Podiatry	Consultant
Winston Ueno, M.D.	Internal Medicine	Courtesy
	Hematology/Oncology	

A motion was duly made and seconded that the recommendations of the Medical Staff Executive Committee be accepted and the Doctors listed be approved for membership to the hospital's Medical Staff. The motion was unanimously carried.

8. There be no further business to come before the meeting, the meeting was adjourned at 9:15 P.M.

Respectfully Submitted:


LESLIE L. PETERS, M.D.
Secretary

LLP:pc

TAUBER 00685

J.APP. 2944

JEFFERSON MEMORIAL HOSPITAL CORPORATION
TABLE OF CONTENTS
JUNE 30, 1975

Scope of audit and auditors' opinion

Exhibit 'A' - Balance Sheet - As of June 30, 1975 and 1974.

Exhibit 'B' - Statement of Income and Retained Earnings
for the years ended June 30, 1975 and 1974.

Exhibit 'C' - Statement of Changes in Financial Position
for the years ended June 30, 1975 and 1974.

Schedule B-1 - Revenue from services to patients for the
years ended June 30, 1975 and 1974.

Schedule B-2 - Statement of Operating Expenses for the
years ended June 30, 1975 and 1974.

Schedule B-3 - Other Income and Expenses for the years ended
June 30, 1975 and 1974.

Notes to Financial Statements

DAVID E. MERMELSTEIN
CERTIFIED PUBLIC ACCOUNTANT

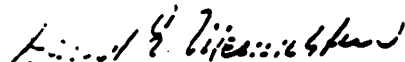
Suite 930
1120 Connecticut Avenue, N.W.
Washington, D. C. 20036
Telephone 223-1295
January 5, 1975

The Board of Directors,
Jefferson Memorial Hospital Corporation,
Alexandria, Virginia 22302

I have examined the balance sheet of Jefferson Memorial Hospital Corporation as of June 30, 1975 and the related statements of income and retained earnings and changes in financial position for the year 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. The Financial Statements for the prior period were audited by other Certified Public Accountants.

In my opinion, the aforementioned financial statements present fairly the financial position of Jefferson Memorial Hospital Corporation at June 30, 1975 and the results of its operations and the changes in its financial position for the year 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 12 of the financial statements, have been applied on a consistent basis.

Respectfully Submitted,



David E. Mermelstein
Certified Public Accountant, DC.

TAUBER 00887

J.APP. 2946

Exhibit 'A'

JEFFERSON MEMORIAL HOSPITAL CORPORATIONBALANCE SHEETJUNE 30, 1975 and 1974

<u>ASSETS</u>	<u>1 9 7 5</u>	<u>1 9 7 4</u>
Cash-Unrestricted	\$ 20,802	\$ 36,887
Cash-Held in Escrow	3,200	6,002
Notes Receivable	15,805	50,239
Accounts Receivable-Patients	804,681	696,079
Less: Allow. for Uncoll. Acc'ts. (S201,191 and S245,617 Respect.)		
Contract Agencies (Note 1)	148,388	135,013
Accrued Interest Receivable	2,858	7,658
Other Receivables	8,965	19,174
<u>Total Current Assets</u>	<u>\$1,004,599</u>	<u>\$ 951,052</u>
<u>PROPERTY, PLANT AND EQUIPMENT</u>		
Net - Cost (Note 2 and 3)	1,227,947	955,200
<u>OTHER ASSETS:</u>		
Inventory - At Cost	\$ 28,146	\$ 24,135
Prepaid Expenses	102,240	44,666
Goodwill (Note 4)	341,295	352,672
<u>Total Other Assets</u>	<u>471,681</u>	<u>421,463</u>
<u>Total Assets</u>	<u>\$2,704,227</u>	<u>\$2,327,715</u>
<u>LIABILITIES AND CAPITAL</u>		
<u>LIABILITIES</u>		
Accounts Payable - Trade	\$447,223	\$241,235
Employees' Withholdings	10,878	9,928
Accrued Expenses	24,949	74,738
Contract Payable - (Note 5)	40,619	89,485
Corporation Income Taxes (Note 6)	43,795	(62,401)
Lease Agreement Payable (Note 7)	19,659	25,412
Notes Payable	118,735	90,000
Mortgage Payable (Note 8)	508,239	557,166
Bonds Payable (Note 9)	647,770	299,500
Provisions for Contract Adjustments		
Medicare (Note 10)	---	7,493
Advance Deposits	12,117	59,000
Other	12,183	10,751
<u>Total Liabilities</u>	<u>\$2,028,197</u>	<u>\$1,827,305</u>
<u>CAPITAL</u>		
Common Stock - \$.01 Par Value		
Authorized 1,000,000 Shares:		
Issued and Outstanding 345,000 and		
303,300 Shares Respectively	3,450	\$ 3,033
Capital in Excess of Par Value	934,573	934,573
Donated Capital	20,051	20,051
Retained Earnings (Deficit)(Exhib. B)	(34,249)	(34,249)
<u>Total Capital</u>	<u>\$ 676,030</u>	<u>\$ 923,408</u>
<u>Total Liabilities and Capital</u>	<u>\$2,704,227</u>	<u>\$2,327,715</u>

TAUBER 00888

J.APP. 2947

Exhibit 'B'

JEFFERSON MEMORIAL HOSPITAL CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1975 AND 1974

<u>REVENUE FROM SERVICES TO PATIENTS</u> <u>(Schedule B-1):</u>	<u>1975</u>	<u>1974</u>
Routine Services	\$ 2,646,905	\$ 2,250,711
Special Services	<u>3,656,912</u>	<u>3,987,073</u>
	<u>\$ 6,303,817</u>	<u>\$ 5,337,784</u>
<u>DEDUCTIONS FROM REVENUE:</u>		
Adjustments and Allowances:		
Contracting Agencies	\$ 674,622	\$ 733,065
Non-contractual Patients	21,278	42,136
Employees and Professional Courtesy	9,602	8,376
Provision for Uncollectible Accounts		
Net of Recoveries	<u>151,835</u>	<u>113,360</u>
	<u>\$ 857,337</u>	<u>\$ 896,937</u>
Net Revenue from Services to Patients	<u>\$ 5,446,480</u>	<u>\$ 4,440,847</u>
<u>OTHER OPERATING INCOME:</u>		
Sale of Meals	\$ 41,945	\$ 42,331
Commissions	1,471	775
Transcripts	2,129	1,323
Sale of Supplies	<u>501</u>	<u>62</u>
	<u>\$ 46,046</u>	<u>\$ 44,591</u>
Total Operating Revenue	<u>\$ 5,492,526</u>	<u>\$ 4,485,438</u>
<u>OPERATING EXPENSE (Schedule B-2)</u>	<u>5,215,707</u>	<u>4,395,208</u>
Net Operating Income	<u>\$ 276,819</u>	<u>\$ 90,530</u>
<u>OTHER INCOME AND (EXPENSE) - NET</u>	<u>(79,610)</u>	<u>74,791</u>
Net Income Before Income Taxes	\$ 197,209	\$ 165,321
Less: Income Taxes	<u>74,793</u>	<u>5,322</u>
Net Income	<u>\$ 122,416</u>	<u>\$ 160,000</u>
Retained Earnings (Deficit) July 1,	(50,220)	61,000
Redemption of 60,000 Shares	<u>(112,000)</u>	<u>---</u>
RETAINED EARNINGS (DEFICIT) JUNE 30,	<u>\$ (51,804)</u>	<u>\$ 161,000</u>
<u>EARNINGS PER COMMON SHARE (Note 12)</u>	<u>\$.50</u>	<u>\$.50</u>

TAUBER 00889

JAPP. 2948

Exhibit 'C'

JEFFERSON MEMORIAL HOSPITAL CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 1973 AND 1974

SOURCE OF FUNDS:

	<u>1973</u>	<u>1974</u>
Net Income (Exhibit B)	\$ 122,314	\$ 10,348
Expense Not Requiring Funds:		
Depreciation and Amortization	96,224	93,771
Loss on Disposal of Equipment	6,731	1,645
Total Funds Provided From Operations	\$ 225,369	\$ 95,604
Proceeds from Notes Payable	109,755	110,000
Proceeds from Sale of Corporation's Common Stock	10,200	55,662
Lease Agreement Payable for Equipment	----	29,749
Proceeds from Sale of Equipment	----	3,400
Total Source of Funds	\$ 345,324	\$ 293,634

APPLICATION OF FUNDS:

Curtailment of Mortgage and Notes Payable	\$ 128,927	\$ 67,350
Purchase of Corporation's Common Stock	11,738	43,908
Refund of Current Financing	10,883	39,000
Curtailment of Contract Payable	36,359	34,639
Purchase of Equipment	227,337	44,616
Curtailment of Lease Agreement Payable	5,753	1,356
Building Addition and Improvements	131,327	---
Total Application of Funds	\$ 552,324	\$ 231,869
NET INCREASE OR (DECREASE) IN FUNDS	\$ (207,000)	\$ 61,765

CONSISTING OF:

	<u>INCREASE (DECREASE)</u>	<u>IN FUNDS</u>
Cash	\$ (14,083)	\$ (14,083)
Notes Receivable	(34,434)	31,464
Accounts Receivable	121,977	(242,027)
Accrued Interest Receivable	(1,500)	(1,500)
Inventories	1,021	1,021
Other Assets	(13,500)	13,500
Accounts Payable	100,083	100,083
Deferred Expense	1,000	1,000
Provision for Contract Adjustments	1,000	1,000
Total Change in Financial Position	\$ (207,000)	\$ 61,765

TAUBER 00890

J.APP. 2949

Schedule B-1

JEFFERSON MEMORIAL HOSPITAL CORPORATION
REVENUE FROM SERVICES TO PATIENTS
FOR THE YEARS ENDED JUNE 30, 1975 AND 1974

ROUTINE SERVICES:

Room and Board

Total Routine Services

SPECIAL SERVICES:

Operating Room

Recovery Room

Central Supply

Intravenous

Emergency Service

Laboratory

Diagnostic Radiology - Radiology

Diagnostic Radiology - X-ray

Diagnostic Radiology - Fluorography

Diagnostic Radiology - Mammography

Radiology - Nuclear Medicine

Pharmacy

Anesthesia Administration

Anesthesia Material

Inhalation Therapy

Physical Therapy

Electroencephalography

Renal Dialysis

Total Special Services

TOTAL REVENUE FROM SERVICES TO PATIENTS

	1 9 7 5			1 9 7 4		
	Total	Inpatient	Outpatient	Total	Inpatient	Outpatient
Room and Board	\$ 2,646,905	\$ 2,646,905	\$ ---	\$ 2,250,711	\$ 2,250,711	\$ ---
Total Routine Services	\$ 2,646,905	\$ 2,646,905	\$ ---	\$ 2,250,711	\$ 2,250,711	\$ ---
Operating Room	\$ 411,110	\$ 389,090	\$ 22,020	\$ 322,917	\$ 295,796	\$ 28,121
Recovery Room	80,305	78,280	2,025	65,557	63,465	2,092
Central Supply	171,735	158,272	13,463	112,479	93,542	18,937
Intravenous	92,008	91,566	422	39,040	36,529	511
Emergency Service	331,657	134,742	196,915	274,157	18,405	255,752
Laboratory	599,503	562,586	36,917	544,113	512,573	31,540
Diagnostic Radiology - Radiology	59,105	58,431	674	37,890	37,449	441
Diagnostic Radiology - X-ray	17,655	17,454	91	18,270	18,870	---
Diagnostic Radiology - Fluorography	6,503	6,803	---	4,389	4,389	---
Diagnostic Radiology - Mammography	110,736	105,272	5,464	96,601	91,489	5,112
Radiology - Nuclear Medicine	511,720	390,490	121,230	448,508	267,799	180,609
Pharmacy	499,691	471,090	28,601	459,633	451,011	8,622
Anesthesia Administration	206,205	202,281	3,924	195,296	190,143	5,153
Anesthesia Material	95,764	93,652	2,112	95,367	90,390	4,997
Inhalation Therapy	342,319	342,130	189	300,555	300,154	401
Physical Therapy	77,970	59,127	18,043	58,476	45,456	13,020
Electroencephalography	20,973	14,460	6,513	12,245	6,990	5,255
Renal Dialysis	2,560	---	2,550	---	---	---
Total Special Services	\$ 3,656,912	\$ 3,195,746	\$ 461,166	\$ 3,087,073	\$ 2,526,450	\$ 560,623
TOTAL REVENUE FROM SERVICES TO PATIENTS	\$ 6,303,817	\$ 5,842,651	\$ 461,166	\$ 5,337,784	\$ 4,777,161	\$ 560,623

TAUBER 00891

J.A.P. 2950

JEFFERSON MEMORIAL HOSPITAL CORPORATION
OPERATING EXPENSE
FOR THE YEARS ENDED JUNE 30, 1975 AND 1974

Schedule B-2

	1 9 7 5			1 9 7 4		
	Total	Salaries and Wages	Supplies and Expenses	Total	Salaries and Wages	Supplies and Expense
Administration and General	\$ 650,808	\$ 162,934	\$ 287,874	\$ 527,974	\$ 302,442	\$ 225,532
Employees' Health and Welfare	67,654	---	67,654	83,716	---	83,716
Dietary	469,190	193,405	275,785	437,828	181,629	256,199
Housekeeping	156,796	---	156,796	142,137	---	142,137
Laundry and Linen	106,137	17,876	88,261	96,716	16,191	80,525
Insurance	43,153	---	43,153	36,496	---	36,496
Operation of Plant	137,474	68,231	69,243	110,759	57,159	53,600
Repairs and Maintenance	26,031	---	26,031	13,641	---	13,641
Nursing Service	973,774	865,797	107,977	763,230	670,633	92,597
Pharmacy	296,540	---	296,540	256,176	---	256,176
Medical Records and Library	59,389	52,221	7,168	47,668	42,241	5,427
Operating Room	261,152	172,553	88,799	216,904	144,243	72,661
Intensive Care	51,094	47,169	5,925	43,776	39,582	4,194
Emergency	161,309	137,126	26,243	106,880	87,868	19,012
ICU	290,150	105,569	185,681	266,684	108,467	158,217
Endocrinology	35,588	---	35,588	22,256	---	22,256
Radiotherapy	154,520	92,913	261,507	300,328	75,611	225,217
Physical Therapy	44,892	27,315	17,557	41,780	20,327	21,453
Inhalation Therapy	209,701	---	209,701	185,965	---	185,965
Anesthesiology	166,260	---	166,260	155,935	---	155,935
Electrocardiology	68,125	24,068	44,057	58,212	16,032	42,180
Central Supply	130,509	17,607	93,102	97,564	31,410	66,154
Electroencephalography	11,027	---	11,027	6,410	---	6,410
Blood Bank	19,471	---	19,471	13,850	---	13,850
Emergency	250,974	76,772	174,171	208,399	82,164	126,235
Renal Dialysis	1,269	---	1,269	---	---	---
Total	\$ 5,047,124	\$ 2,280,476	\$ 2,766,648	\$ 4,241,784	\$ 1,675,999	\$ 2,565,785
Depreciation	84,967	---	---	72,194	---	---
Cost of Land	21,055	---	---	20,173	---	---
Interest other than Payroll and Income	62,180	---	---	60,657	---	---
Total Operating Expenses	\$ 5,115,306	---	---	\$ 4,395,708	---	---

TAUBER 00692

JEFFERSON MEMORIAL HOSPITAL CORPORATION
OTHER INCOME AND EXPENSE
FOR THE YEARS ENDED JUNE 30, 1973 AND 1974

<u>INCOME:</u>	<u>1973</u>	<u>1974</u>
Rents	\$ 7,038	\$ 7,950
Interest	3,184	1,033
Miscellaneous	162	13,228
<u>Total</u>	<u>\$ 10,384</u>	<u>\$ 22,211</u>
<u>EXPENSE:</u>		
Interest	\$ 71,404	\$ 76,423
Amortization of Goodwill	11,377	11,377
Loss on Disposal of Equipment	6,731	1,643
Miscellaneous	482	7,559
<u>Total</u>	<u>\$ 89,994</u>	<u>\$ 97,004</u>
<u>NET OTHER INCOME AND EXPENSE</u>	<u>\$ (79,610)</u>	<u>\$ (74,793)</u>

TAUBER 00893

JAPP. 2952

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTS RECEIVABLE - CONTRACT AGENCIES

An analysis of the receivables in the amount of \$148,388 due from contract agencies as shown on the accompanying balance sheet are as follows:

Virginia Health Insurance Program - Medicaid: Fiscal Year Ended June 30, 1975	\$ 30,034
Group Hospitalization, Inc.: Fiscal Year Ended June 30, 1975	93,437
Federal Health Insurance Program - Medicare: Fiscal Year Ended June 30, 1975	<u>24,917</u>
Total	<u>\$ 148,388</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:

Land Improvements	5-10 Years
Building Shell - Used	14-37 Years
Building Components - Used	2-22 Years
Fixed Equipment	3-20 Years
Major Movable Equipment	5-20 Years

Capital assets costing \$100 or less are charged to expense when acquired.

NOTE 3 - PENDING SALE OF LAND AND INTERESTS WITH A LEASE BACK AGREEMENT

On July 1, 1975 Jefferson Memorial Hospital Corporation had entered into an agreement with a new venture entitled - Jefferson Memorial Hospital Joint Venture whereby all of the land and Buildings owned by the Corporation will be acquired for the sum of \$240,000 and the assumption of the existing mortgage payable in the amount of \$508,238.37.

The payment will be made by a redemption of \$229,250 Bonds maturing 1990 and the balance in Cash.

TAUBER 00894

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTS RECEIVABLE - CONTRACT AGENCIES

An analysis of the receivables in the amount of \$148,358 due from contract agencies as shown on the accompanying balance sheet are as follows:

Virginia Health Insurance Program - Medicaid:	
Fiscal Year Ended June 30, 1975	\$ 30,034
Group Hospitalization, Inc.:	
Fiscal Year Ended June 30, 1975	93,437
Federal Health Insurance Program - Medicare:	
Fiscal Year Ended June 30, 1975	<u>24,917</u>
Total	<u>\$ 148,388</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:

Land Improvements	5-10 Years
Building Shell - Used	34-37 Years
Building Components - Used	2-22 Years
Fixed Equipment	3-20 Years
Major Movable Equipment	5-20 Years

Capital assets costing \$100 or less are charged to expense when acquired.

NOTE 3 - PENDING SALE OF LAND AND BUILDINGS TO JEFFERSON MEMORIAL FOUNDATION

On July 1, 1975 Jefferson Memorial Foundation had entered into an agreement with a new venture entitled - [redacted] whereby all of the land and buildings of the Corporation will be acquired for the sum of \$200,000 and the assumption of existing mortgage payable in the amount of \$104,338.37.

The payment will be made by a [redacted] 2029,000 Bonds maturing 1990 and the balance in Cash.

TAUBER 00895

J.APP. 2954

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - PENDING SALE OF LAND AND IMPROVEMENTS
WITH A LEASE BACK AGREEMENT (Continued)

The lease Agreement will commence on July 1, 1975 for a period of 20 years with option to renew for an additional 20 years. The basic annual rental will be \$112,000 per year on a net net lease. In addition, under the terms of the lease the Corporation will pay all maintenance, insurance and taxes on the property.

NOTE 4 - GOODWILL

Goodwill in the amount of \$386,804 is being amortized over a period of 34 years at the rate of \$11,376.50 per year. The amounts of \$341,295 and \$352,672 for the years ended June 30, 1975 and June 30, 1974, respectively, as shown on the accompanying balance sheet represent the unamortized portion.

NOTE 5 - CONTRACT PAYABLE

The amount of \$60,619 which appears on the accompanying balance sheet is the amount due as of June 30, 1975 on a settlement reached with the former pathologist under a prior contract with the Hospital. This amount is being curtailed at the monthly amount of \$2,336.00 plus interest at 6% on the unpaid balance until February 1, 1977.

NOTE 6 - INCOME TAXES

The Internal Revenue Service has made no field examination of the Hospital's income tax returns. The accounting records used by the Corporation for the recording in its books of account are the same as those used in the preparation of its income tax returns.

NOTE 7 - LEASE PURCHASE AGREEMENT

The amount of \$19,659 represents the unpaid balance due under a lease-purchase agreement of Hospital equipment. This balance is curtailed at \$479.48 per month for 60 months beginning December, 1973. It is anticipated that at the end of the lease period the equipment may be purchased at a residual value of \$1.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LEASE AGREEMENT PAYABLE (Continued)

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 8 - NOTES PAYABLE - SECURED BY DEEDS OF TRUST ON REAL ESTATE

The Hospital is obligated on two notes secured by the Hospital plant which are held by First Federal Savings and Loan Association of Arlington. One note, in the amount of \$464,921 is secured by a first deed of trust on the Hospital's land and building and is payable in monthly installments of \$5,900 which includes interest at 6% per annum. The other note, in the amount of \$43,317.57 is secured by a junior deed of trust on the Hospital's land and building and is payable in monthly installments of \$845 which includes interest at 6% per annum.

NOTE 9 - BOND REDEMPTION SINKING FUND REQUIREMENT

Bonds payable, as shown on the accompanying balance sheet, in the amount of \$299,500 mature in 1985 and \$345,270 mature in 1990. 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, 1975 the sinking fund requirement amounts to approximately \$67,500 for redemption at maturity but so far no fund has been established.

NOTE 10 - PROVISION FOR CONTRACT ADMINISTRATION - MEDWARE

The amount of \$7,493 as shown on the accompanying balance sheet represents the refundable amount due to the Interregional Health Hospitalization, Inc. for overpayment for services rendered Medware Patient for the year ended June 30, 1975.

NOTE 11 - 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 the lease is for 99 years beginning January 1, 1966 and provides for a base rental of \$15,600 with a provision

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - LEASE AGREEMENT - LAND (Continued)

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, 1975 the portion of real estate taxes paid was \$3,366.00.

NOTE 11 - 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 245,000 shares outstanding for the year ended June 30, 1975 and 303,300 shares outstanding for the year ended June 30, 1974.

NOTE 13 - 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. It is believed that the effect on the year ended June 30, 1973 net income, and the effect to income taxes, would be immaterial.

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION SPECIAL STOCKHOLDERS MEETING

Monday, March 29, 1976

2:00 P.M.

A Special Meeting of the Stockholders was called to order at 2:00 P.M. on March 29, 1976, in the Jefferson Memorial Hospital Board Room by the Hospital Corporation President, Dr. Irwin S. Freedman. Dr. Freedman announced that this special meeting had been called in accordance with the Corporation By-Laws. The Business to come before this meeting is limited to those items appearing on the Agenda, and no other business can be brought before this meeting.

The President announced that the Secretary of the Corporation is absent and pending any objection from the Stockholders present, and their proxies, he would appoint Dr. Walter L. Scheetz as acting secretary for this special meeting.

The President asked the Secretary to call the roll of Stockholders indicating their voting shares and the voting shares of proxies held by each present stockholder. Dr. Scheetz, Acting Secretary, called the roll as shown here:

PRESENT:

Dr. Freedman 4,575

Proxies Held By Dr. Freedman:

Mr. Sam Bialek	1,667	
Mr. Ted Bialek	1,666	
Dr. Sam Burtoff	20,290	
Dr. Michael Corrado	16,232	
Dr. Harold Goald	2,010	
Dr. Stephen Kauffman	255.5	
Dr. Lucio Luccioli	8,422	
Dr. Sava Nedelcovych	6,000	
Dr. Roy Nicholson	8,494	
Dr. Leslie L. Peters	7,155	
Dr. Richard F. Sappington	4,000	
Dr. Laszlo N. Tauber	66,250	142,441.5
Dr. Walter L. Scheetz		500

Total Present 147,516.5

Trial Exhibit
No. 161.

TAUBER 04215

MINUTES
Jefferson Memorial Hospital Corporation
Special Stockholders Meeting
Monday, March 29, 1976
Page Two

ABSENT:

Dr. Abbas Bashir	2,705
Dr. Tony Butera	277
Dr. Arthur Coster	3,000
Dr. M. Delaney	960
Dr. Leslie Gondor	33,125
Dr. Reginald McManus	3,897.5
Dr. Pulizzi	10
Dr. George Ware	9,238.5
Dr. Laszlo Csatory	5,584.5

Total Absent 58,797.5

Total Shares, Present & Absent 206,314

The Secretary announced that more than 51% of the Stockholders were present in proxies held by Dr. Freedman, totaling 142,441.5 shares. Total shares present for this meeting are 147,516.5.

SPECIAL BUSINESS:

Dr. Freedman announced the meeting was now open for discussion of the first item on the Agenda. Authorization of special expenditures over \$50,000 (A) Employee Compensation. Dr. Freedman stated that the recruitment of employees as Registered Nurses in the hospital had become a highly difficult problem. The Director of Nursing has reported that she had from 5 to 10 R.N. positions open for several months, and has not been successful in filling these spaces. It is the opinion of all our R.N. Supervisory personnel that the number of R.N.'s, and the demand for them is very acute. Doctors and the various hospitals in the area are in competition for the R.N.'s. Therefore, the Board of Directors have recommended that a professional pay incentive of 10% of their annual salary be given to our R.N.'s so as to help fill these positions.

TAUBER 04216

MINUTES

Jefferson Memorial Hospital Corporation
Special Stockholders Meeting
Monday, March 29, 1976
Page Three

In addition, this professional pay will be used as an incentive to upgrade our nursing management of patients.

A motion was duly made and seconded that the Board of Directors be authorized to pay each R.N. a special professional pay bonus of 10% of their annual salary. The motion was carried unanimously, with 147,516.5 shares voting.

Dr. Freedman said the second item on the Agenda involved expenditures for leasehold improvements on the building and grounds, plus purchase of capital equipment which exceeds \$50,000 in the hospital fiscal year. The President presented a letter from the Hospital Administrator which he stated presented his and the Board of Director's recommendation to the Stockholders. (Administrator's letters are attached to these minutes as Attachement A). A motion was duly made and seconded that \$148,733 in expenditures which have already been purchased as shown on Exhibit "A" be approved and further, that \$20,000 additional be authorized for special expenditures during the remainder of Fiscal Year 1976. The motion was unanimously carried with the 147,516.5 shares being voted.

Dr. Freedman stated that the third and final item on the Agenda was a request from the Stockholders to extend the deadline period to April 15, 1976, in which the Stockholders could convert 20%, plus assigned rights, of thier Hospital Corporation Stock to Hospital Corporation Bonds. As of this meeting, all Stockholders have exercised their right except one individual. Thus, this extension is for his benefit. A motion was duly made and seconded that the deadline for converting stock's to bonds, as previously authorized by the Stockholders.


TAUBER 04217

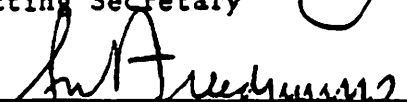
MINUTES

Jefferson Memorial Hospital Corporation
Special Stockholders Meeting
Monday, March 29, 1976
Page Four

is established as April 15, 1976. The motion was unanimously carried with 147,516.5 shares being voted.

Dr. Freedman adjourned the meeting at 2:45 P.M.


WALTER L. SCHEETZ, M.D.
Acting Secretary


IRWIN S. FREEDMAN, M.D.
President, Jefferson Memorial Hospital Corp.

WLS:pc

TAUBER 04218

JAPP. 2961

LEASE HOLD IMPROVEMENTS AND CAPITAL EQUIPMENT

A. Items agreed to by Dr. Tauber and Dr. Freedman

<u>ITEM</u>	<u>LOCATION</u>	<u>TOTAL COST</u>
Install X-Ray Spt. Frame-1000 MA	X-Ray	\$975.00
G.E. Portable X-Ray (2)	X-Ray	\$62,000.00
Bronze Entrance Signs	Grounds	885.00
Grounds Improvements (Nursery)	Grounds	1,243.00
CDC-70, Ser #3113, Treadmill	Heart Station	11,994.00
Cassette Recorder, Treadmill	Heart Station	1,378.00
Treadmill, 1000A	Heart Station	2,249.00
Defibrillator, MDL 640	Heart Station	695.00
Cart, Treadmill	Heart Station	165.00
V.L. Frederick, Construction	X-Ray	14,701.70
E. Kennedy-Plumber (Constr)	West	6,810.00
Floor Coverings (Catalogs Unlimited)	Bldg.	5,230.16
Floor Coverings (Catalogs Unlimited)	Bldg.	1,309.62
Wallpaper, Paint, etc. (Catalogs Unltd.)	Bldg.	44.50
Wallpaper, Paint, etc. (Catalogs Unltd.)	Bldg.	2,610.57
Drapes, Shades (Catalogs Unlimited)	Pediatrics	92.00
Drapes, Shades (Catalogs Unlimited)	Lounge	345.00
Furniture, Accessories "	Main Floor	6,680.41
Furniture, Accessories "	Main Floor	746.10
Furniture, Accessories "	Main Floor	2,137.90
Furniture, Accessories "	Main Floor	319.80
Patient Tables & Chairs "	Nursing	819.00
Patient Tables & Chairs "	Nursing	8,980.00
Labor (Catalogs Unlimited)	Main Floor	9,525.00
Labor (Catalogs Unlimited)	Main Floor	1,430.44
Labor (Catalogs Unlimited)	Main Floor	1,367.00
X-Ray Processor	X-Ray	4,000.00
Sub Total		<u>\$148,733.20</u>

JAPP.2962

TAUBER 04219

"Exhibit "A"

B. Lease Hold Improvements

<u>ITEM</u>	<u>LOCATION</u>	<u>TOTAL COST</u>
Install Sprinkler System-Linen	Bldg.	\$450.00
Metal Double Doors	Service Entry	\$1,023.00
Wooden Folding Doors 36"	X-Ray	629.20
Wooden Folding Doors 33"	X-Ray	69.66
Hallway, Shower, Floor Tile	West	1,135.00
Oak Rail-Main Corridor(House of Drs.)	Main Floor	350.00
Floor Covering (Diener's)	Employee Lounge	280.00
Bronzestone Window	Pediatrics	425.00
Smoke Doors	Pnt. Corridor	1,500.00
Folding Doors	West Station	248.00
Subtotal		<u>6,109.86</u>

TAUGER 04220
JAPP 2963

Exhibit "B"

CAPITAL EQUIPMENT

<u>ITEM</u>	<u>LOCATION</u>	<u>TOTAL COST</u>
Bovie Surgical Unit	Operating Room	\$2,350.00
Otoscope Set & IV Pole-Lumex	Nursing	151.00
Maler Bi-Polar Jewel Forceps	Operating Room	127.00
Stone Dislodger	Operating Room	107.70
Time Clock & Two Racks	Main-East	329.50
Youth Bed, rails and mattress	Pediatrics	392.00
Lanier Dictation Equipment	X-Ray	1,085.00
Maler Bi-Polar Coagulating	Operating Room	410.00
Office Furniture & Equipment	Admitting/E.R.	2,077.80
Continental Scale	Pediatrics	101.00
Radioisotope Calibrator	X-Ray	2,650.00
External Ionization Shield	X-Ray	200.00
Lockers (Univ. Equip.)	Operating Room/Nurses station	1,495.00
Slide Projector	Administration	418.50
Metal Cabinet	CSR	175.00
Refrigerator	West	330.00
Sofa & Chair	Employee Lounge	350.00
VIP Cassette Recorder, Mini	Administration	169.00
Auto Suture Gun	Operating Room	245.00
Lateral Shelf File	Heart Station	382.00
Lateral File w/conv. shelves	Heart Station	401.00
Tomo Accessory Rack	X-Ray	128.00
Foot Board & Shoulder Rack	X-Ray	122.00
Utility Cart MDL #721	Nursing	123.20
Utility Cart MDL #722	Nursing	142.60
Directory Board, Wall Mount	Ea. Floor	282.00
Scotsman Flaker (ice machine)	West	1,571.80
Chairs (Mazor)	Dr's Lounge	719.90
Table, Glass Top (Mazor)	Dr's Lounge	164.90
ST STL Top (For Salad Table)	Dietary	576.00
Cabinets, (Top Notch)	West Station	2,439.67
Hemilaminectomy Retr.	Operating Room	145.00
Rockwell Elec. Screw Gun	Maintenance	101.00
Hydroculator, 8 PK HTR	West	345.00
Cabinet (Top Notch)	West Station	251.90
Cabinet (Top Notch)	West Station	300.00

JAPP. 2964

TAUBER 04221

CAPITAL EQUIPMENT - Page Two

<u>ITEM</u>	<u>LOCATION</u>	<u>TOTAL COST</u>
Trays (For Lat. File	Heart Station	\$134.00
Blood Pressure Cuff #2200	Heart Station	185.00
Intermittent Gauge	CSR	210.00
Baby Cribs W/Mattress	Pediatrics	251.60
Portable Fiber Optic Light FCB-95	Operating Room	255.00
Tachometer Vibrating	Blood Bank	130.00
Bone Drill	Operating Room	140.00
Overfile Cabinets-Lateral	Heart Station	205.20
Wheelchairs	West Station	376.00
Davis Patient Roller W/Cover	West Station	150.00
Portable Suction Pump	Emergency Room	485.00
Spurling Kerrison Angled Jaw, 2mm	Operating Room	123.97
Fire Resistant Legal Cabinet 4 Dwr.	Administration	479.00
Kotary Chart Holder	West	350.00
Cloward Cerv. Retr, Lg.	Operating Room	265.00
Cloward Cerv. Retr, Sm.	Operating Room	235.00
Cloward Vertebrae Spreader	Operating Room	175.00
Victoreen Gamma Survey Meter	X-Ray	535.35
Magnastaffer Kit	Nursing	315.00
Cushing Bay Bi-Pole Forceps	Operating Room	102.50
Brain Retractor	Operating Room	365.00
Magnascanner Cassette	X-Ray	115.00
Hypothermia Unit (Gaymar)	CSR	2,250.00
G.S. Microscope-Pathology	Laboratory	2,495.00
Gomco Portable Suction #790	X-Ray	210.45
Light Source #52-1161	Operating Room	225.00
Bovie Surgical Unit	BR	2,220.00
 Subtotal		 34,292.54

TAUBER 04222
JAPP.2965

Exhibit "C"

STOCKHOLDERS

<u>NAME</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF OWNERSHIP</u>
A. Bashir, M.D.	2705	01.31
S. Bialek	1667	00.81
T. Bialek	1666	00.81
S. Burtoff, M.D.	20290	09.83
T.C. Butera, DPM	277	00.13
M. Corrado, M.D., Retirement	16232	07.87
A.A. Coster, DPM, Ltd. Retirement Trust	3000	01.45
W. Mo. Delaney, M.D.	960	00.47
I. Freedman, M.D.	4575	02.22
H. Goald, M.D.	1010	00.49
H. Goald, M.D., Ltd. Employee Benefit Trust Fund	1000	00.48
L. Gondor, M.D.	33125	15.06
S. Kauffman, M.D.	255½	00.12
L. Luccioli, M.D.	8422	04.08
K.F. & R.P. McManus	3897½	01.89
S. Nedelcovych, M.D.	6000	02.91
R. Nicholson, M.D.	8494	04.12
L. Peters, M.D.	7155	03.47
J. Pulizzi, M.D.	10	
R.F. Sappington, M.D., Inc. Pension Trust	4000	01.94
W. & J. Scheetz	500	00.24
L. Tauber, M.D.	66250	32.11
G.W. Ware, M.D.	9238½	04.48
C. Hufnagel		
J. Scully		TAUBER 04224
L. Csatory	5584½	02.71
TOTAL	206314	100%

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS MEETING
WEDNESDAY, MAY 19, 1976

A G E N D A

- I. ELECTION OF OFFICERS
- II. CONSIDERATION FOR INCREASING NUMBER OF BOARD MEMBERS
- III. LABORATORY PROPOSAL
- IV. BUILDING PLANS
- V. ADMINISTRATOR'S REPORT

TAUBER 00841

Trial Exhibit
No. 165.

J.APP. 2967

BOARD OF DIRECTORS MEETING
JEFFERSON MEMORIAL HOSPITAL

I. DATE: May 19, 1976, Wednesday
II. TIME & PLACE: 7:00 P.M., Hospital Cafeteria
III. ATTENDANCE:

A. Present:

Leslie L. Peters, M.D.	Chairman
Samuel Burtoff, M.D.	Vice Chairman
A. Abraham Coster, DPM	Member
Leslie P. Gondor, M.D.	Member
Magdolna Iranyi, M.D.	Member
Carl E. Linton	Administrator

B. Absent:

Michael Davidov, M.D.	Member
Laszlo N. Tauber, M.D.	Secretary

C. Guest:

Cesare Luccioli, M.D.

IV. CALL TO ORDER: The Board of Directors meeting was called to order by Dr. Leslie L. Peters at 7:00 P.M.

V. OLD BUSINESS:

1. Dr. Peters stated that while he had been nominated and elected as Chairman of the Board and President of the Corporation at the last meeting, there was some Officers of the Corporation who were nominated and unofficially elected at the last meeting who had not confirmed their availability to serve. Therefore, I wanted to confirm whether these individuals were willing to serve or not. Thus, we have placed as the first item on the Agenda, the election of Corporation Officers. The Chairman asked the Administrator to read the nominees:

TAUBER 00842

J.APP. 2968

BOARD OF DIRECTORS MINUTES
PAGE TWO
MAY 19, 1976

President	Leslie L. Peters, M.D.
Vice President	Samuel Burtoff, M.D.
Executive Vice President for Medical Affairs	Richard F. Sappington, M.D.
Executive Vice President for Planning and for Future Development	Sava Nedelcovych, M.D.
Secretary	Laszlo N. Tauber, M.D.
Treasurer	Edgar Soifer, M.D.

The Chairman asked for any other nominations from the Board. There being no further nominations, the nominations were closed. A motion was duly made and seconded that the Officers nominated be elected by acclamation. The motion was unanimously carried. Dr. Peters declared the Officers of the Corporation so elected and installed in their Offices.

2. There was a discussion on why the Office of the Executive Vice President for Financial Affairs was not filled. Dr. Peters reported on Dr. Kauffman's decision not to accept and asked the Board if it wanted to fill that Office or leave it vacant. There was no motions, but general agreement among Board Members to leave the Office of Executive Vice President for Financial Affairs vacant.

3. The Chairman introduced Dr. Cesare Luccioli who had requested to appear before the Board for the purpose of discussing stock owned jointly by he and his Brother. Dr. Luccioli said that he was now living in Italy, and had no plans of near future return to the United States. Therefore, he would like to have the Hospital redeem his stock. He said he would like cash for the stock but was willing to have the stock redeemed by the same bonds which were used in the 1975 redemption. If the Hospital could not redeem or find a buyer for his

TAUBER 00843

J.APP. 2969

BOARD OF DIRECTORS MINUTES
PAGE THREE
MAY 19, 1976

stock, he would sell his stock for \$5.00 in cash per share. The Board discussed the problem with Dr. Luccioli for several minutes. It was generally agreed that the Board did not have authority to make any decisions on the redemption of his stock, only to take the issue to the Stockholders at a future Special meeting. The Board agreed to discuss and make a decision at it's next meeting on what action to take to the Stockholders in regards to Dr. Luccioli's request. The Board did agree that if the Hospital could find a buyer for Dr. Luccioli's stock, it would do so.

VI. NEW BUSINESS:

1. Dr. Peters stated that it has been recommended that we consider increasing the number of Board members from seven to nine. There was a lengthy discussion of this issue. The feeling of the Board was that an increased number of members would only serve to increase the possibility of lengthy conversations and discontent. In addition, Dr. Tauber has said he only wants to serve for a short time and when he is satisfied things are going smoothly, he will resign and then one of the individuals mentioned can be elected. It was the consensus of the Board not to increase it's members at this time.
2. Laboratory Proposal: Dr. Peters stated he and the Administrator had discussed the need to select a new outside Laboratory who would handle those test we cannot do in our Hospital Laboratory. Dr. Peters and Mr. Linton discussed the recommendations of Dr. Antezana and the financial impact of the laboratory management. Basically, there are four separate proposals. First, our proposal is that the

TAUBER 00844

J.APP. 2970

BOARD OF DIRECTORS MINUTES
PAGE FOUR
MAY 19, 1976

hospital will operate and manage the entire laboratory and pathology work. A few test would have to be sent out as they have been in the past. Therefore, if the Board accepts this concept, the question here tonight centers on who shall do these few test for the hospital. We have four proposals, (which are attached to these minutes) Mr. Manns proposal in summary, is that he will bring his own machine, a "Volimetron Gama Counter" and install it in Jefferson Memorial Hospital. The test he can perform on this machine are blood volumes, Shilling tests, Thyroxine, Free CPB, T4, and T3. All of these test will be done the same day ordered and if a STAT is necessary, Dr. Antezana can train one of the hospital's technician to do them. The cost to the Hospital will be 30 to 40 percent less than any known source available. Mr. Mann is licensed and approved by the Atomic Energy Commission. After a good deal of discussion, a motion was duly made and seconded that Mr. Mann's proposal be accepted, effective June 1, 1976. Next we have three proposals from Commerical Labs which are attached to these Minutes. The three Laboratories are Northern Virginia Pathology Labs, National Health Labs, and Biomedical Labs. Dr. Antezana recommends the Northern Virginia Pathology Labs because of his experience with them and their high quality of test results. Northern Virginia Pathology Labs can do more of the test than the other two, which means faster results to the hospital Doctors. Northern Virginia Pathology Labs prices are slightly higher than National Health or Biomedical. The latter two labs will give the hospital a 25% discount on all work they perform. The big dollar item on the

TAUBER 00845

J.APP. 2971

BOARD OF DIRECTORS MEETING
PAGE FIVE
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test the hospital will send out are the SMA test which are cheaper at either National or BioMedical. There was a lengthy discussion on which of the three commercial labs would be the best for the hospital. National Health was ruled out because their prices were not significantly lower than Northern Virginia Pathology and their quality was not judged to be in keeping with the other two. The decision of the members was that they would not like to split the test to be sent out between BioMedical and Northern Virginia Pathology as had been suggested to get the best price on the SMA-12. A motion was duly made and seconded that all test being sent out of the hospital will be sent to Northern Virginia Pathology Labs providing they will reduce their charge for the SMA 12 to \$4.50. If they do not reduce the charge to \$4.50, then the SMA-12 test only, will be sent to BioMedical who agrees to do them for \$4.50. Further, there shall be no contract made with either of the Commercial Labs, only letters of understanding which do not bind the Hospital and which permit immediate termination of the hospital's use of such Laboratory service. The motion was carried unanimously.

3. A proposal was made to consider asking Dr. Palmer to come back to Jefferson Memorial Hospital and run the Lab. It was pointed out that this would be a plus in percentage for the hospital and would help in our Accreditation. It was agreed that the idea would be considered later.

4. Dr. Peters introduced the plans to build a 2nd floor on the present patient wing of the hospital. The initial plans as rendered by the

TAUBER 00846

J.APP.2972

BOARD OF DIRECTORS MINUTES
PAGE SIX
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Architect were reviewed by the Board. Discussion of the proposed plans centered around the feasibility of Doctor's offices being on valuable land used by the Hospital. It was pointed out that this was up to the Joint Venture as to what the land was used for since it was their property. There was also concern raised over the noise which the patients would be subjected to during construction of a second floor. The Board agreed to withhold further discussion on this matter until the next meeting when Dr. Tauber would be present and available to discuss the issue.

5. Administrator's Report: Mr. Linton reported that the Hospital's census is running at 79% occupancy for the year-to-date. This is up 2% from last year. April had an average daily census of 82% and thus far in the month of May, our census is 82% occupancy. He reported that our year-to-date earned revenue is \$6,105,831, and our cash collections for the same period is \$4,966,082. This shows that revenue is being earned at \$18,962 a day, and our cash collection for the 10 months and 18 days is running at \$15,422 per day. Mr. Linton next presented the Financial Operating Summary attached to these minutes. This financial report is the hospital's revenue, expense, and net income/loss condition for the month of April. The report shows that our gross revenue was \$642,499, and a net revenue of \$569,825, hospital expenses were \$531,745. The largest expense items were \$227,800 in salaries and benefits, \$136,618 in professional fees, and \$72,959 for supplies and expenses. Based on the month of April expenses, our salaries and benefits were 43% (rounded) of our total expenses. The net income for the month of April was \$38,077.

TAUBER 00847

J.APP. 2973

BOARD OF DIRECTORS MINUTES
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However, there appears to be a \$5,000 expense in the April total which should have been charged to the March expense, and with that adjustment, the net income for April would be \$43,000. The year-to-date column reflects a year-to-date net income of \$223,737. I feel this is high and very likely does not reflect certain adjusting accounting entries which would reduce this amount. I will ask the Comptroller and Mr. Mermelstein to carefully review this suspected problem before the June report is prepared.

6. Dr. Peters reported that the Hospital has a savings account for bond redemption. There is some \$62,000 on deposit in the account. One Bondholder has contacted Mr. Linton and offered to sell his bonds to the Hospital or anyone else at a 20% discount. That is, he will sell his bonds which draw 8% interest and will mature in 1985, for \$800.00 per \$1,000 of their face value. The Doctor who has made this offer apparently wants to re-invest his money or use it for other purposes. A motion was duly made and seconded that the Board authorize the redemption to be made with hospital funds now on deposit in the Bond Redemption Account. The motion was unanimously carried.

7. Mr. Linton presented the recommendation on behalf of the Medical Staff that the "Guide for Planning Normal and Therapeutic Diets" as developed by Custom Food Management Systems be approved by the Board of Directors. After careful review of the Guide, a motion was made by Dr. Gondor and seconded by Dr. Burtoff, that the Guide for Planning Normal and Therapeutic Diets be adopted. The motion was unanimously carried.

TAUBER 00848

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BOARD OF DIRECTORS MINUTES
PAGE EIGHT
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8. There being no further business to come before the Board, the meeting adjourned at 9:10 P.M.

Respectfully submitted:

Laszlo N. Tauber, M.D.

LASZLO N. TAUBER, M.D.
Secretary

TAUBER 00849

J.APP. 2975

NORTHERN VIRGINIA PATHOLOGY LABORATORIES, INC.

11091 Main Street
P. O. Box 188
Fairfax, Virginia 22030

Telephone: 273-7400

HARRIE TUCK, M.D.
Diplomate
Am. Board of Pathology
Am. Board of Nuclear Medicine

IRAD GODWIN, M.D.
Diplomate
Am. Board of Pathology
Am. Board of Nuclear Medicine

MICHAEL VASSALLO, M.D.
Diplomate
Am. Board of Pathology

A. S. LINDBERGER, JR., M.D.
Diplomate
Am. Board of Pathology
Am. Board of Nuclear Medicine

CHARLES G. BRATENAH, M.D.
Diplomate
Am. Board of Pathology

KARL H. R. HELLINGER, M.D.
Diplomate
Am. Board of Pathology

LAWRENCE G. HETTER, M.D.
Diplomate
Am. Board of Pathology

YDOKS ATHARI, M.D.
Diplomate
Am. Board of Pathology

THORNTON ROSWELL, M.D.
Diplomate
Am. Board of Pathology

GEORGE BRISSAN, M.D.
Diplomate
Am. Board of Pathology

MARGARITA BROWN, M.D.
Diplomate
Am. Board of Pathology

AMY H. HUNSE, M.D.
Diplomate
Am. Board of Pathology

DAVID E. BAILY, M.S.
Am. Soc. of Cytopathology

CHONG H. PARK, Ph.D.
Am. Soc. of Microscopists

THOMAS MITCHELL, Ph.D.
Am. Soc. of Microscopists

MINA SMITH, Ph.D.
Am. Soc. of Microscopists

MURIEL DUNSON, M.S.P.H.
Am. Soc. of Epidemiology

May 18, 1976

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

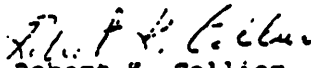
Dear Mr. Linton:

We appreciate being considered as a reference laboratory for your hospital. It has been our pleasure to be of service to you in the past.

We will extend our current fees to you for the period of June 1, 1976, through May 31, 1977. Any reduction in fees during this period will be extended to you also.

We are looking forward to continuing our relationship with you and your staff. If I may be of further assistance, please feel free to contact me.

Sincerely yours,


Robert K. Collier
Vice President
Marketing

RKC:kls

TAUBER 00850

J.APP. 2976

LABORATORY FINANCIAL ANALYSIS
 FOR 9 MONTH PERIOD
 JULY 1 - MARCH 31, YEARS SHOWN

	<u>ACTUAL</u> <u>74-75</u>	<u>ACTUAL</u> <u>75-76</u>	<u>PROJECTED</u> <u>76-77</u>
REVENUE	\$189,353	\$460,515	\$534,903
SALARIES AND BENEFITS	\$97,767	\$37,315	\$101,767
OUTSIDE LAB FEES	27,384	126,800	28,305
EQUIPMENT COST	86,176	43,727	17,000
SUPPLIES AND EXPENSES	61,623	28,720	67,785
MAINTENANCE	987	163	200
TOTAL EXPENSES	<u>\$223,237</u>	<u>\$236,725</u>	<u>\$245,057</u>
NET REVENUE	<u>\$266,116</u>	<u>\$223,790</u>	<u>\$289,846</u>
PROFIT RATIO - %	54.38	48.60	54.19
EXP. TO REVENUE - %	45.62	51.40	45.81

JAPP. 2977

TAUBER 00851

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE 703/631-2600

May 19, 1976

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

Dear Doctor Peters:

As per your request hereto, it is a pleasure to provide you with the necessary data, facts and some thoughts to help you and the Board of Directors to solve or arrange the performance of the tests that must be sent to reference Laboratories because of the impracticality to do them in the Hospital premises.

I hope this data will provide you and the members of the Board with the necessary information to reach the best decision.

Enclosed are two lists. List Number One shows:

- (a) The tests that have been sent in the past and that are being presently sent to outside reference Laboratories.
- (b) The average number of these tests per month.
- (c) Price per test quoted by Northern Virginia Pathology Laboratories, National Health Laboratories and Biomedical Laboratories.

List Number Two shows:

- (a) Amount in dollars per test per month for each of the three mentioned reference Laboratories.
- (b) Monthly totals in dollars and comparisons between Northern Virginia Pathology Laboratories, National Health Laboratories, and Biomedical Laboratories.

Other facts:

- (a) Northern Virginia Pathology Laboratories will not give any discount except for the SMA-12 which has already been taken into consideration.

TAUBER 00852

J.APP. 2978

Dr. L. Peters
Lab. Data cont'd.

Page Two

- (b). National Health Laboratories and Biomedical with higher prices (in general) than Northern Virginia Pathology Laboratories will however give discounts of around 25% which would give a difference of \$272.00 in favor of National Health Laboratories and \$494.00 in favor of Biomedical Laboratories.

HOWEVER,

- (c) National Health Laboratories does have a deficient quality.

Biomedical lacks the capabilities of doing many tests. It has to refer to another Laboratory approximately 50% of the enclosed list of tests with the consequent further delay of one to two extra days, plus the greater risk of broken or lost specimens.

Our association with Northern Virginia Pathology Laboratories would not be new; they have been doing most of our referral work in the past. They are doing work presently for Columbia and I am sure they are doing work for Biomedical Laboratories.

The relatively small monetary difference would be more than offset by the better quality, capabilities and efficiency of Northern Virginia Pathology Laboratories.

The Hospital Medical Staff along with Administration and we at the Laboratory have had the unpleasant experience in the past with the deficient quality of Laboratory work and unnecessary delays in our association first with Washington Medical Laboratories, then Biomedical Laboratories, and finally with Columbia Medical Laboratories.

I hope these lessons of the past will induce us to choose better alternatives which at the short and long range will work far better for the Hospital as a whole and for the patient in particular.

Sincerely yours,

Wils Antezana
Wils Antezana, M. D.
Director of Pathology

NA/cas

TAUSER 00853

J.APP. 2979

JEFFERSON MEMORIAL HOSPITAL

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

May 19, 1976

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

Dear Doctor Peters:

Proposal of Mr. Ronald Mann from Vienna Medical Laboratories to bring a Volemetron (Ames) Gamma Counter (approximate cost \$6,000.00) to Jefferson Memorial Hospital.

Mr. Mann, who is a competent technician, would perform at Jefferson premises the following tests:

	<u>Northern Va. Path. Lab.</u>	<u>Mr. Mann</u>
Blood Volumes by ^{125}I	\$ 19.00	\$ 10.00
Shilling Tests	\$ 33.00	\$ 20.00
Thyroxine, Free, CPB	\$ 15.00	\$ 5.00
T4, RIA	\$ 6.00	\$ 5.00
T3	\$ 15.00	\$ 5.00

Advantages of this arrangement:

- (1) Prices per test, listed in the right column, are far less expensive than an outside reference laboratory (left column).
- (2) Test results would be definitely faster than sending them out.
- (3) It would give us STAT capabilities. This is very important especially for Blood Volumes,

TAUBER 00854

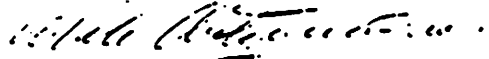
J.APP. 2980

Dr. L. Peters
Mr. Mann Proposal cont'd.

Page Two

which were not done by the previous reference laboratories because the Atomic Energy Commission requires that the test should be done on the premises and with an approved license. All of these requirements would be met with this arrangement which could start June, 1976 if so desired.

Sincerely yours,


Nils Antezana, M. D.
Director of Pathology

NA/cas

TAUBER 00855

JAPP. 2981

PETERSON MEMORIAL HOSPITAL

LIST I

TEST	NUMBER/MONTH	NORTHERN VIRGINIA PATH. LAB.	NATIONAL HEALTH LAB.	BIOMEDICAL LAB.
SMA 12	400	\$ 5.00	\$ 6.50	\$ 6.00
LIPASE	8	4.50	5.50	4.00
PBI	12	4.75	5.00	2.50
T3	16	5.00	4.25	4.00
T4	16	6.00	4.00	10.00
TRIGLYCERIDES	60	4.25	4.00	5.00
SERUM PROTEIN ELECTROPHORESIS	8	9.50	10.00	8.00
TOTAL IRON	20	5.25	6.00	5.00
TIBC	20	8.50	6.00	5.00
FANA	8	14.75	7.00 (20.00) (Pattern)	12.00
FTA	8	10.75	7.00	Not Done
17 KETOSTEROIDS	8	12.00	15.00	10.00
17 HYDROXYSTERIODS	8	11.00	18.00	10.00
VMA	8	10.00	10.00	10.00
VORL-CSF	12	3.50	Not Done	Not Done
COLLOIDAL GOLD	12	5.25	7.50	Not Done
CSF-PROTEIN ELECTROPHORESIS	12	14.75	15.00	Not Done
DICOKIN	8	17.00	18.00	Not Done
AFB CULTURE	8	12.75	Not Done	Not Done
BLOOD ALCOHOL				
BARBITURATES				
SHILLING TEST				
BLOOD VOLUMES				

TAUBER 00856

J.APP. 2982

JEFFERSON MEMORIAL HOSPITAL

LIST II

	Northern Virginia Path. Lab.	National Health Lab.	Biomedical Lab.
SMA 12	\$2,000.00	\$2,600.00	\$2,400.00
LIPASE	36.00	44.00	32.00
P.B.I.	57.00	60.00	28.00
T 3	80.00	68.00	64.00
T 4	96.00	64.00	160.00
TRIGLYCERIDES	255.00	240.00	300.00
SERUM PROTEIN ELECTROPHORESIS	76.00	80.00	64.00
TOTAL IRON	105.00	120.00	100.00
TOTAL IRON BINDING CAPACITY	170.00	200.00	200.00
F.A.N.A.	118.00	160.00	96.00
F.T.A.	86.00*	56.00	-----
17 KETOSTEROIDS	96.00	120.00	80.00
17 HYDROKISTEROIDS	88.00	144.00	80.00
V.M.A.	80.00	80.00	80.00
VOL-CSP	42.00*	-----	-----
COLLOIDAL GOLD	63.00*	90.00	-----
CSP-PROTEIN ELECTROPHORESIS	177.00*	180.00	-----
DICODIN	136.00*	144.00	-----
AFB CULTURE	102.00*	-----	-----
<hr/>			
	Monthly Totals	Less 25% Discount	Difference Compared with N.V.L.
Northern Va. Path. Lab.	\$3,257.00	\$3,257.00	-----
National Health Lab.	\$3,980.00	\$2,985.00	\$ 272.00
Biomedical Lab.	\$3,684.00	\$2,763.00	\$ 494.00

NOTE: The tests with asterisks are the ones left out for purposes of comparison, since Biomedical does not do them. These tests are referred to another Laboratory (most likely Northern Virginia Pathology Laboratory). Consequently their cost per unit could not be taken from Northern Virginia Pathology Laboratory unless they operate on a cost basis. Prices for Northern Virginia Pathology Laboratory, National Health Laboratory, and Biomedical Laboratory are current. Information for Biomedical was obtained via telephone.

TAUBER 00857

JEFFERSON MEMORIAL HOSPITAL
SUMMARY OPERATING STATEMENT
FOR THE PERIOD ENDED 04/30/76

TAUBER 00058

RUN DATE 05/15/76

	CURRENT MONTH			YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
REVENUE FROM PATIENTS						
ROUTINE SERVICES	\$259,775.00	\$243,300.00	\$16,475.00	\$2,430,030.00	\$2,423,300.00	\$6,730.00
SPECIAL SERVICES	382,724.54	315,980.00	66,744.54	3,288,147.67	3,176,000.00	112,147.67
TOTAL REVENUE FROM PATIENTS	\$642,499.54	\$559,280.00	\$83,219.54	\$5,718,177.67	\$5,599,300.00	\$118,877.67
OTHER REVENUE	\$12,153.36	\$9,960.00	\$2,193.36	\$133,742.04	\$99,600.00	\$34,142.04
DEDUCTIONS FROM REVENUE	84,829.89	83,675.00	1,154.89	746,127.98	837,475.00	91,347.02
NET REVENUE	\$567,669.65	\$475,605.00	\$92,064.65	\$5,105,791.73	\$4,861,425.00	\$244,366.73
EXPENSES						
SALARIES						
NURSING	\$111,672.34	\$122,450.00	\$10,777.66	\$1,136,317.23	\$1,190,830.00	\$54,512.77
PROFESSIONAL SUPPORT	29,142.36	25,820.00	3,322.36	267,653.39	253,270.00	14,383.39
NON-PROFESSIONAL SUPPORT	29,101.44	30,880.00	1,778.56	295,873.50	301,440.00	5,566.50
ADMINISTRATION	27,858.02	23,320.00	4,538.02	244,527.61	229,450.00	15,077.61
BUSINESS FUNCTIONS	10,882.61	10,150.00	732.61	98,168.94	99,380.00	1,211.06
TOTAL SALARIES	\$209,656.77	\$212,620.00	\$2,963.23	\$2,042,540.67	\$2,074,970.00	\$32,429.33
BENEFITS	\$19,144.31	\$15,200.00	\$3,944.31	\$171,036.07	\$119,500.00	\$51,536.07
FEES- PROFESSIONAL	136,610.93	110,115.00	26,503.93	1,139,143.24	1,115,100.00	24,043.24
FEES-NON-PROFESSIONAL	47,597.00	56,935.00	9,338.00	501,245.06	511,500.00	10,254.94
SUPPLIES AND EXPENSE	72,959.23	55,845.00	17,114.23	595,100.36	557,520.00	37,580.36
MAINTENANCE AND REPAIRS	4,811.84	2,405.00	2,406.84	44,677.66	24,000.00	20,677.66
TAXES	9,308.87	6,300.00	3,008.87	74,514.51	62,725.00	11,789.51
INSURANCE	6,259.60	6,650.00	390.40	52,789.22	66,500.00	13,710.78
OTHER	22,592.49	6,955.00	15,637.49	221,122.56	78,775.00	142,347.56
DEPRECIATION	3,796.92	3,000.00	796.92	37,885.06	30,000.00	7,885.06
EXPENSE	\$531,114.16	\$476,025.00	\$55,089.16	\$3,054,411.41	\$4,710,030.00	\$1,655,618.59
NET INCOME	\$37,555.49	\$99,580.00	-\$61,924.51	\$225,797.32	\$1,151,395.00	-\$925,597.68

J.APP. 2984

BOARD OF DIRECTORS MEETING
JEFFERSON MEMORIAL HOSPITAL
JUNE 16, 1976

A G E N D A

- | | |
|---|------------|
| I. MEDICAL STAFF RECOMMENDATIONS | DR. PETERS |
| II. ADMINISTRATOR'S REPORT | MR. LINTON |
| A. STATISTICS | |
| B. FINANCIAL REPORT | |
| C. SPECIAL DEPOSITS | |
| III. PROPOSED INCREASES TO PATIENT CHARGES: | MR. LINTON |
| A. X-RAY PROCEDURES | |
| B. LABORATORY PROCEDURES | |
| C. SMA-12 | |
| IV. PROPOSED OPERATING BUDGET FOR FY-77 | MR. LINTON |
| V. BOND REDEMPTION | DR. PETERS |
| VI. JOINT VENTURE PARTICIPATION | DR. TAUBER |
| VII. BUILDING PLANS | DR. TAUBER |
| VIII. OTHER BUSINESS | |

TAUBER 00823

Trial Exhibit
No. 166.

J.APP. 2985

BOARD OF DIRECTORS MEETING
JEFFERSON MEMORIAL HOSPITAL

- I. DATE: Wednesday, June 16, 1976
- II. TIME & PLACE: 7:00 P.M., Hospital Cafeteria
- III. ATTENDANCE:

Leslie L. Peters, M.D.	Chairman
Samuel Burtoff, M.D.	Vice Chairman
Laszlo N. Tauber, M.D.	Secretary
Michael Davidov, M.D.	
Leslie P. Gondor, M.D.	
Magdolna Iranyi, M.D.	
Mr. Carl E. Linton	Administrator
Arthur Coster, DPM.	

IV. OLD BUSINESS:

1. Dr. Peters opened the meeting and asked for any discussion of old business. Dr. Tauber raised the issue of the hospital's settlement with Columbia Laboratory, and the status of a threatened law suit with Columbia Lab and the Hospital's contract with them for the past 14 months. There was a lengthy discussion by the Board Members and the Administrator over this issue. A motion was duly made and seconded that the final payment to Columbia Labs for the month of May service include a reduction in the payment for the following:

- A. Any difference between the beginning inventory as of April 1, 1975 and May 31, 1976, be arrived at in dollar values, and that the increase or decrease in the inventory value be added to or subtracted from the amount due Columbia Labs in their May check. In addition, the May check would have deducted from it, any amount owed the Hospital in outstanding bills or invoices charged to the Hospital for supplies or other items ordered by Columbia. Further, that the check be marked as final payment and the inventory be signed by the individual taking such and witnessed by a second party. The motion was unanimously carried.
3. A discussion was held on the procedure used to authorize the Amendment to Columbia Lab's Contract which authorized an increase in their fees from \$50 to \$55 of the Gross Revenue or charges. Mr. Linton reported that Dr. Freedman signed the Amendment for the Hospital, but he could not recall whether the Board ever acted on the item or not. Several of the Board Members were on the previous Board stated they did not recall ever discussing the matter or voting on the issue. Linton asked the Administrator to check the Board Minutes to see if the Contract Amendment had ever been acted on by the Board. This will be reported on to the Board at its next meeting.

TAUBER 00824

JAPP. 2986

BOARD OF DIRECTORS MINUTES
JUNE 16, 1976
PAGE TWO

V. NEW BUSINESS:

1. Dr. Peters asked Dr. Davidov to read the recommendations of the Medical Staff for consideration and action by the Board of Directors. Dr. Davidov read three recommendations listed below:

- A. The Medical Staff recommends that the following physicians be granted privileges in their respective specialties as they have been delineated by the Chief of the Department:

Felix Castellon, M.D.	Internal Medicine	Courtesy
Barry Hecht, M.D.	Nephrology & Hemodialysis	Courtesy
Shailendra Kumar, M.D.	Urology	Courtesy
Stuart Tessler, DPM.	Podiatry	Courtesy
Ronald Footer, DPM.	Podiatry	Temp. Privileges

The Executive Committee recommends that Dr. Footer be granted temporary admitting privileges to admit 10 patients. After such time, his credentials and work will be reviewed again by the Executive Committee and the Chief of the Department of Surgery. Therefore, a motion was made to recommend that these physicians be granted final approval for Medical Staff privileges.

B. The Medical Staff and Executive Committee recommend to the Board that beginning with the first of the year, all physicians must achieve the 150 hours of Continuing Medical Education within the next 5 years. It was further recommended that at the end of the Medical Staff year, when information is requested from the physicians for reappointment, they be notified of this requirement if passed by the Board of Directors and they be asked to report all their hours of continuing education to the Medical Staff secretary, Mrs. Bostick.

C. The Medical Staff and Executive Committee recommend to the Board of Directors that every physician who has not admitted a patient to the Hospital within the past year be sent a letter asking the physician to signify his desire to keep his Medical Staff privileges by signing the letter and returning it to the Hospital within 15 days. If no response is received, the physician will be removed from the staff.

A motion was duly made and seconded that the recommendations of the Medical Staff be approved. Motion was unanimously carried.

2. ADMINISTRATOR'S REPORT:

A. Mr. Linton reported that the Hospital had a very acceptable utilization in most departments for the month of May. The Hospital census was 97 average bed occupied per day which was the same as for April. The number of E.R. visits were 1,072 as compared to 1,054 in April. Other test of interest are compared between April and May:

TAUBER 00825

J.APP. 2987

BOARD OF DIRECTORS
JUNE 16, 1976
PAGE THREE

<u>PROCEDURE</u>	<u>APRIL</u>	<u>MAY</u>
General Exercise Test	8	6
Holter Monitor Test	0	4
EKG Recordings	515	543
EEG Recordings	56	55
X-Ray Xerograms	20	22

B. The Administrator reported that financial conditions of the Hospital ~~remained good~~ for the month of May. He stated that Gross Patient Revenue for the month of May was \$616,666. Other miscellaneous revenue (not patient related) was \$10,254 and deductions for contract reimbursables was \$97,487, which leaves a net revenue of \$529,433. The total expenses for May were \$500,944 which leaves a net income for the month of \$28,488. The year-to-date net income figure is \$242,550, but is very likely going to be adjusted downward within the year end closing entries of the Auditor. A copy of the report is attached to these minutes. Mr. Linton further reported that the Hospital has as shown on the balance sheet, \$110,000 approximately, which is on special deposit with the Alexandria National Bank. This includes \$76,000 in the Bond Redemption and Interest Account and about \$34,000 for annual malpractice insurance as well as, employee professional pay bonus. A motion was duly made and seconded to accept the financial report and to direct the Administrator to move the Special Deposit Accounts from the Alexandria National Bank to another Bank. The motion was carried unanimously.

3. Mr. Linton reported on the need to re-evaluate certain patient charges in the X-Ray and Laboratory Departments. He stated the X-Ray Department did increase their charges in February of this fiscal year. However that increases were nearly 8 months late in being placed into effect due to an oversight by the Comptroller. In addition, the current proposed increase does not include all procedures, only those where our greatest increase in cost has taken place. As a matter of fact, the attached list to these minutes reflects only about a 3% increase across the board. A motion was duly made and seconded to increase the X-Ray charges as proposed by Dr. Sheely on the attached list, and that such charges will become effective in the latter part of July 1976. The motion was unanimous. Carried.

4. Next, the Administrator read a letter from the Pathologist, Dr. Anteciana, recommending that the lab charges be increased by 10%. The Administrator pointed out that charges for lab procedures had not in most cases, been increased for nearly 24 months now. Increased payroll and benefit cost have exceeded the 10% increase requested and that doesn't include the increased cost of reagents and supplies. Further we don't intend to increase the charge for every procedure, only those that are required to maintain our

TAUBER 00826

J.APP. 2988

BOARD OF DIRECTORS
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PAGE FOUR

balance of overhead cost. In addition, the SMA-12 charge to \$35.00 effective July 1, 1976. This would help defray some of our added lab and Hospital overhead cost. A motion was duly made and seconded that a 10% increase in selected laboratory charges be authorized as presented by the Administrator, and that the SMA-12 test be increased to \$35.00 as proposed. The motion was unanimously carried.

5. The Chairman asked the Board if they would agree to defer presentation of next year's budget until the July meeting. He stated the reason for delay was other pressing business which needed to be discussed. There being no objection, consideration of the FY-77 Budget was deferred until the next meeting.

6. Dr. Peters reported that the Bond Redemption and Interest Account now has \$76,000 on deposit, and he stated that the account is drawing interest of roughly 5.5% while the Hospital is paying 8% annually on the Bonds. He proposed to the Board that immediate redemption of the Bonds on an 80%, 90%, or even the 100% basis be authorized. He explained that only those Bonds which mature in 1985 can be redeemed with the funds on deposit, and thus these are the bonds he is talking about. A motion was duly made and seconded that the Officers of the Corporation be authorized to redeem bonds of the 1985 maturity date, with funds on deposit for that purpose at 80%, 90%, or 100% of their face value. The motion was unanimously carried.

7. Dr. Peters asked Dr. Tauber to discuss the Joint Venture Plan's to build Doctor offices as a second floor to the present patient wing. Dr. Tauber briefly discussed the plans and their advantage to the Hospital. He also reported on the discussion being held with the State Commissioner of Health's Office on the proposal by the Attorney.

8. The Chairman of the Board reported that he had agreed with the Joint Venture Trustee, to issue Hospital Bonds to any partner wishing to disolve their interest in the Venture, but would require a cash payment from the Joint Venture in the face amount of the Bonds so issued. The members of the Board agreed without objection to this action by the Chairman.

9. Dr. Peters stated that he would like to see the number of Board Directors increased to 9 members. He pointed out this is desired in order to make room for at least two Doctors who would like to renew their support of the Hospital and would agree to serve on the Board. A motion was duly made and seconded that the Corporation Secretary be directed to call a Special Stockholders' Meeting and that the Board hereby recommends to the Stockholders that they increase the number of directors to 9 members, and that the Stockholders at the said special meeting elect the two additional directors. The motion was carried unanimously.

TAUBER 00827

J.APP. 2989

BOARD OF DIRECTORS
JUNE 16, 1976
PAGE FIVE

10. The Secretary of the Corporation stated that it had been generally agreed that the President would receive some compensation for his service when he accepted the job upon election by the Board of Directors. A motion was duly made and seconded that the President be given compensation of \$8,000 annually. The motion was carried unanimously.

11. Dr. Peters reported that the Hospital Contract with the Radiologists would expire at the end of 1977 or not more than a month or so into the next year. Therefore, we ought to begin thinking about what arrangements the hospital wants at the end of the present agreement. There followed a lengthy discussion of various ideas for a new agreement with the present doctors, or to see what other arrangements could be beneficial to the Hospital. The Board without objection, authorized Mr. Linton and Dr. Peters to see what kind of agreement could be arrived at with Dr. Sheely and his Associates. Once there has been some agreeable proposal arrived at between the parties, Dr. Peters would report back to the Board with the proposal and his recommendation.

12. There being no further business to come before the Board, the meeting adjourned at 9:15 P.M.

Respectfully submitted:

Laslo N. Tauber

LASLO N. TAUBER, M.D.
Secretary

TAUBER 00828

J.APP. 2990

JEFFERSON MEMORIAL HOSPITAL

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

June 16, 1976

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

Dear Mr. Linton:

In regards to our previous conversation in relation to price increases of the Laboratory test charges, I would like to make the following observations and recommendations.

1. The Hospital charges for Laboratory tests have not been increased in the last two years.
2. Price increases of the Laboratory supplies for the same two years range from 10 to 20%.
3. From January 1974 to the present, there have been four cost of living increases, in addition to the routine yearly increase of salaries for concept of seniority.
4. The only costs that we have been adjusting are the periodic price increases for whole blood and components charged by the Red Cross.

Considering these facts, I'd like to suggest and recommend a complete review of price charges in the Laboratory and a general increase of 10% which would reflect an additional revenue of approximately \$60,000.00 per year. If Dr. Peters and the Board of Directors give to these thoughts a favorable consideration, I would like to have the authorization from Administration to work on the details and be able to implement it in one month or before from the date of approval.

Sincerely yours,

W. L. Antezana, M.D.
W. L. Antezana, M.D.
Director of Pathology

TAUSER 00829

NA/cas

J.APP. 2991

JEFFERSON MEMORIAL HOSPITAL

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

May 27, 1976

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

Dear Mr. Linton:

You are advised that a salary of \$8,000 annually is hereby
authorized for the position of Hospital President. This
salary shall be effective from June 1, ~~1976~~

May 6th 1976
Sincerely,

*Is subject to the approval of
the Board of Directors
C. E. L.*

Laszlo N. Tauber, M.D.

LASZLO N. TAUBER, M.D.
Secretary
Jefferson Memorial Hospital
Corporation

LNT:an

FIRST ENDORSEMENT

TO: COMPTROLLER

June 18, 1976

You are authorized and directed to comply with the Corporation
Secretary's request as stated in the basic letter above. The
compensation will be effective May 6, 1976.

[Signature]

CARL E. LINTON
Administrator

TAUBER 00830

J.APP. 2992

JOHN E. PROMINSKI, M.D.
WILLIAM E. SHEELY, M.D.
ROGER D. CORNELL, M.D.
ROBERT C. GARCIA, M.D.
AN G. LINDSTEDT, M.D.
JOHN L. CALDWELL, M.D.
JOYCE C. DONOHUE, M.D.

DRS. PROMINSKI, SHEELY, BANNING, CORNELL & GARCIA, LTD.

DIAGNOSTIC RADIOLOGY
NUCLEAR MEDICINE — XERORADIOGRAPHY — ULTRASOUND

7801 LITTLE RIVER TURNPIKE
ANNANDALE, VIRGINIA 22003
256-7344

BRUCE C. BANNING, M.D.
1928-1975

B. C. MOLLAR
Business Manager

April 9, 1976

Mr. Don Douglas
Comptroller
Jefferson Memorial Hospital
4500 King Street
Alexandria, Virginia 22302

Dear Mr. Douglas:

Enclosed please find an adjusted fee schedule containing the usual charges for the Group practice.

The adjusted Professional Fee Schedule contains an increase which was voted by the Corporate Board of Directors because of continuing increases in professional operating costs.

Please note the deletion of Code 7459 "Xerography (used with Code 7483-Mammography)". Xerography charges for both unilateral and bilateral mammograms will be claimed under Code 7438, according to instructions received from Miss Carol Eslinger, Medical Service of D. C. ←

I trust the timeliness of the requested fee increase is sufficient to permit approval within the Hospital organization and for budgetary considerations for the year beginning July 1, 1976.

Thank you for your cooperation in this matter.

Sincerely yours,



Enc.

303.35

TAUSER 00831

J.APP. 2993

DRS. PROMINSKI, SHEELY, BANNING, CORNELL & GARCIA, LTD.

JOHN E. PROMINSKI, M.D.
WILLIAM E. SHEELY, M.D.
ROGER D. CORNELL, M.D.
ROBERT C. GARCIA, M.D.
JAN G. LINDSTEDT, M.D.
JOHN L. CALDWELL, M.D.
JOYCE C. DONOHUE, M.D.

DIAGNOSTIC RADIOLOGY
NUCLEAR MEDICINE — XERORADIOGRAPHY — ULTRASOUND

7601 LITTLE RIVER TURNPIKE
ANNANDALE, VIRGINIA 22003
254-7344

BRUCE C. BANNING, M.D.
1929-1975

S. C. HOLLAR
Business Manager

HEAD AND NECK

7005	*Ventriculography (does include operative replacement of prolapsed)	\$ 1.00
7006	*Neuroencephalography (does include operative replacement procedure)	1.00
7007	Eye for detection of foreign body	2.00
7008	Eye for localization of foreign body, and including	2.00
7009	Eye for detection and localization of foreign body	2.00
7010	Mandible, unilateral	23.00
7011	Mandible, bilateral	32.00
7012	Mastoids, 2 views	23.00
7013	Mastoids, 3 or more views	40.00
7015	Facial bones	40.00
7016	Nasal bones	22.00
7019	Optic foramina	23.00
7019	Nasolacrimal duct (Dacryocystography)	25.00
7020	Paranasal sinuses (without contrast studies)	35.00
7021	*Paranasal sinuses, contrast studies	40.00
7024	Sella Turcica	21.00
7026	Skull, 4 or more views	1.00
7027	Skull, 1 to 3 views	23.00
7028	Skull, including 7021 and any one of 7010 through 7020 or with	1.00
7030	Teeth, single area	1.00
7031	Teeth 2 or 3 quadrants	1.00
7032	Teeth, all four quadrants	3.00
7033	Temporomandibular joints	22.00
7034	Med. for soft tissues for foreign body	1.00
7036	Pharynx or larynx	21.00
7037	Salivary Glands for detection of calculi	21.00
7038	*Sialography, contrast studies	21.00
7039	Sialography, contrast study, including injection of contrast medium	27.00
7040	Combined 7037 and 7039	35.00
7041	Neck, chest and swallow	2.00
7042	Schneecephalography	1.00

THORAX

7100	Chest, single PA radiograph	1.00
7101	Chest, PA and lateral	1.00
	(FOR EXTRA CHARGE ON LATERAL AT \$1.00 PER VIEW AT \$2.00)	
7102	Chest, multiple films, including 1 lateral view	1.00
7103	Chest, Kymography	1.00
7104	*Chest, bronchography	1.00
7110	Ribs, unilateral	23.00
7111	Ribs, bilateral	32.00
7112	Sternum	23.00
7113	Ribs, sternum and chest	30.00
7114	Sternoclavicular Joints	2.00
7115	Larynogram	1.00

* For procedures marked by an asterisk (*) the use of the contrast medium is not included.

AOR RADIOGRAPHY, AORTOGRAPHY, ANGIOGRAPHY

7131	Angiocardiography by Serialography, Single Plane, Supervision and Interpretation Only	153.00
7132	Angiocardiography by Serialography, Multiplane, Supervision and Interpretation Only	255.00
7135	Aortography, Thoracic, by Serialography, Supervision and Interpretation Only	90.00
7138	Aortography, Abdominal, Translumbar, by Serialography, Supervision and Interpretation Only	110.00
7139	Aortography, Abdominal Catheter, by Serialography, Supervision and Interpretation Only	110.00
7140	Angiography, Cervicocephalic, Catheter, Supervision and Interpretation Only	200.00
7141	Angiography, Cervicocephalic, Selective, Minimum of three vessels, Supervision and Interpretation Only.	210.00
7142	Angiography, Brachial, Carotid, Cerebral, Unilateral Supervision and Interpretation Only	130.00
7143	Angiography, Carotid, Cerebral, Bilateral, Supervision and Interpretation Only	210.00
7144	Angiography, Carotid, Cervical, Unilateral, Supervision and Interpretation Only	103.00
7145	Angiography, Carotid, Cervical, Bilateral, Supervision and Interpretation Only	124.00
7146	Angiography, Vertebral, Supervision and Interpretation Only	130.00
7147	Angiography, Vertebral, Cervical, Unilateral, Supervision and Interpretation Only.	103.00
7148	Angiography, Vertebral, Cervical, Bilateral, Supervision and Interpretation Only	124.00
7149	Angiography, Spinal, Selective, Supervision and Interpretation Only	110.00
7150	Angiography, Extremity, Unilateral, Supervision and Interpretation Only	110.00
7151	Angiography, Extremity, Bilateral, Supervision and Interpretation Only	110.00
7152	Angiography, Renal, Unilateral, Selective, Supervision and Interpretation Only	110.00
7153	Angiography, Renal, Bilateral, Selective (including flush catheter run) Supervision and Interpretation Only	120.00
7154	Angiography, Visceral, Selective, Supervision and Interpretation Only	110.00
7157	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7161	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7162	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7163	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7164	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7165	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7166	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7167	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7168	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7169	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7170	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7171	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7172	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7173	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7174	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7175	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7176	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7177	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7178	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7179	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7180	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7181	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7182	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7183	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7184	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7185	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7186	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7187	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7188	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7189	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7190	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7191	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7192	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7193	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7194	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7195	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7196	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7197	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7198	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7199	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00
7200	Angiography, Pelvic, Selective, Supervision and Interpretation Only	110.00

TAUBER 00833

VENOGRAPHY (CONT.)

7173	Venography, Caval, Superior, with Serialography, Supervision and Interpretation Only	90.00
7179	Venography, Renal, Unilateral, Selective, Supervision and Interpretation Only	120.00
7180	Venography, Renal, Bilateral, Selective, Supervision and Interpretation Only	130.00
7183	Venography, Azygos, Selective or Unselective, Supervision and Interpretation Only	110.00
7185	Venography, Sinus of Junction, Catheter, Supervision and Interpretation Only	100.00
7187	Venography, Orbital, Supervision and Interpretation Only	80.00

SPINE AND PELVIS

7201	Spine, entire spine, AP and lateral	69.00
7204	Spine, Cervical, AP and lateral only	24.00
7206	Spine, Cervical, complete, including special obliques and/or flexion studies	70.00
7207	Spine, Thoracic	24.00
7210	Spine, Lumbosacral, AP and lateral	24.00
7211	Spine, Lumbosacral, Multiple views	41.00
7214	Spine, Sacrococcygeal	24.00
7215	Spine, Lumbosacral, including Pelvis	40.00
7217	Pelvis, AP including both hips	23.00
7218	Pelvis, with lateral hip (one or both)	34.00
7220	Sacroiliac Regions	23.00
7225	*Myelography	70.00
7227	*Discography	32.00
7230	Comprehensive Low Back Study, including Lumbar Spine, Sacrum, Sacroiliac Joints, Pelvis and Hips, including Erect and Oblique films	110.00
7231	Scoliosis Survey, Erect or Lateral Erect or	110.00

UPPER EXTREMITIES

7250	Clavicle	20.00
7251	Scapula	20.00
7252	Shoulder	25.00
7253	Humerus	20.00
7254	Elbow	20.00
7255	Forearm	20.00
7256	Wrist	20.00
7257	Hand	20.00
7258	Finger	20.00
7259	Hand and Wrist	20.00
7260	Upper Extremities (30.00)	30.00

LOWER EXTREMITIES

7301	Hip, AP and lateral	20.00
7302	Hip, Hips and Pelvis	20.00
7303	Hip, during operative procedure	20.00
7304	Knee, including one	20.00
7305	Knee	20.00

*For procedures marked by an asterisk, use of the contrast media is not included

TAUBER 00834

J.APP.2996

LOWER EXTREMITIES

7305	Leg, Including One Joint	21.00
7306	Ankle	22.00
7307	Foot or Heel	22.00
7308	Toe	19.00
7310	Ankle and Foot	21.00

ABDOMEN

7350	Abdomen, Single AP view, Independent procedure	21.00
7351	Abdomen, multiple views	21.00
7353	Abdomen, special studies, such as in passage of contrast	

GASTRO-INTESTINAL TRACT

7354	Esophagus (Independent procedure)	34.00
7357	Small Bowel Series (Independent procedure)	21.00
7358	Upper Gastro-Intestinal Tract (Esophagus, Stomach, Duodenum and Upper Jejunum)	32.00
7359	Upper Gastro-Intestinal Series with Small Bowel Examination on the same day (7358 plus entire small bowel)	40.00
7361	Colon--Barium Enema with Air Injection	34.00
7362	Colon--Barium Enema, High kilovoltage Technique for Polyp Search	34.00
7363	Gall Bladder, (no contrast medium)	20.00
7364	Gall Bladder, Cholecystography	41.00
7365	Cholangiography, operative or post operative	40.00
7366	Cholangiography, Intravenous	32.00
7368	Gall Bladder with Cholecystogram	32.00

UROLOGICAL

7370	Kidneys, Ureters and Bladder, Single Film (Independent procedure)	21.00
7371	Urography, excretory	21.00
7372	Drip Infusion Pyelography	21.00
7373	Pyelography, Retrograde	21.00
7374	Drip Infusion Nephrotomography	33.00
7375	Cystography (Independent procedure)	32.00
7376	Chiaia Urethrocyctography, films only	21.00
7377	Urethrocyctography (Independent procedure)	31.00
7378	*Retroperitoneal Pneumography	31.00

GYNAECOLOGICAL AND GISTETICAL

7380	Abdomen, Single view	21.00
7381	Abdomen, Multiple views	21.00
7383	Pelvic fluoroscopy	21.00
7385	Pelvic fluoroscopy	21.00
7387	*Hysterosalpingography	21.00
7388	*Hysterosalpingography, including injection of contrast	21.00
7389	*Pneumogynecography	21.00
7391	*Pneumogynecography, including injection of air	21.00

SMALL STUDIES

7431	Fluoroscopic assistance in localization of foreign body (not including localization of bullets)	21.00
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*For procedures marked by an asterisk, injection of the contrast medium is included.

TAUBER 00835

SPECIAL STUDIES (CONT.)

7452	Fluoroscopic assistance in removal of foreign body.....	23.00
	(not including preliminary localization by films)	
7453	Fluoroscopic assistance in removal of foreign body.....	40.00
	through bronchoscope	
7454	Bone-age Studies.....	23.00
7455	Bone-length Studies (orthoroentgenograms).....	32.00
7457	Bone Survey for metastases.....	70.00
7462	Body-section radiography, necessary sectional films as.....	55.00
	required in individual cases, but not including preliminary studies	
	required for general orientation	
7463	*Arthrography with air or opaque contrast medium.....	40.00
7465	Fistula or sinus examination, including injection of contrast.....	40.00
	medium	
7466	Mammography, bilateral.....	50.00
7468	Examination in home with portable x-ray equipment, additional.....	40.00
	charge	
7470	Lymphangiography, Basic (short study) including injection of.....	70.00
	contrast medium	
7477	Lymphangiography, Comprehensive (prolonged study) including.....	114.00
	injection of contrast medium	
7478	Cineradiography, as adjunct or in addition to conventional studies	30.00
7480	Examination at bedside.....	30.00
7481	Contrast Mammography, films only.....	31.00
7482	Contrast Mammography, including injection.....	55.00
7483	Mammography, unilateral.....	30.00
7489	Pacemaker, Insertion of.....	120.00
7498	Xerography (used with code 7466-Mammography).....	17.00

SCANNING AND LOCALIZATION

7361	Lung Scintiscan.....	114.00
7365	Brain Scintiscan (non-surgical).....	130.00
7367	Thyroid Scintiscan.....	55.00
7353	Spleen Scintiscan.....	70.00
7369	Liver Scintiscan.....	114.00
7370	Mediastine Scintiscan.....	70.00
7372	Ocular-tumor Localization.....	114.00
7373	Brain-tumor Localization (surgical -- in operating room).....	70.00
7374	Renal Scintiscan.....	114.00
7375	Placental Localization.....	70.00
7376	Autoradiography.....	70.00
7377	Bone Scintiscan, single site.....	20.00
7378	Bone Scintiscan, multiple sites.....	25.00

FUNCTIONAL STUDIES

3750	Thyroid Uptake of I-131 Single and Multiple.....	20.00
3751	Thyroid Uptake with TSH stimulation.....	20.00
3753	Thyroid Uptake with external compression.....	20.00
3755	Blood Loss Study, Intestinal Tc 99m or Tc 99m.....	20.00
3771	Liver Function, rose bengal.....	20.00
3772	Renal Function Study, Hippuran, Isotope I-131 15 minutes.....	20.00
3773	Circulation Time Tc 99m.....	20.00
3779	Cardiac Output Tc 99m.....	20.00

*For procedures marked by an asterisk, injection of the contrast medium is not included.

TAUBER 00836

J.APP. 2998

**RADIOISOTOPES, NON-SEALED SOURCES ADMINISTERED ORALLY,
INTERSTITIALLY OR INTRACAVITALLY**

The fee stated is the maximum for a 12 month period of time and includes the cost of the drug.

7700	Radioisotope Therapy, Thyroid Gland	415.00
7702	Radioisotope Therapy, Prostate Gland	415.00
7704	Radioisotope Therapy, Thoracic Radiation for Cardiac Disease	315.00
7706	Radioisotope Therapy, Intracavitary	135.00
7708	Radioisotope Therapy, Chronic Radiation	115.00
7710	Radioisotope Therapy, Neutrosplenic Gland	115.00
7712	Radioisotope Therapy, Ascites and/or Pleural Effusion	415.00
7716	Radioisotope Therapy, Hyperthyroidism	415.00

PROCEDURES USED IN CONNECTION WITH SPECIAL STUDIES

2330	*R. Heart and Lung Scan	115.00
2335	*R. Heart Scan	115.00
2435	*Retrograde Aorta (abdominal)	115.00
2437	*Femoral Injection, unilateral	115.00
2437	*Femoral Injection, bilateral	115.00
2441	*Venogram	115.00
2439	*Retrograde Aorta (repeat injection of contrast dye)	115.00
3519	*Selective Visceral Injection (per vessel)	115.00
5071	*Carotid Injection, Unilateral	115.00
5072	*Carotid Injection, Bilateral	115.00
5099	*Three (3) Vessel Injection (bilateral, carotid + vertebral)	205.00

* CHECK WITH PHYSICIAN PERFORMING THESE PROCEDURES BEFORE ANY FEE IS CHARGED TO PATIENT ACCOUNT.

SPECIAL MEDICAL

7050	Whole Body Tissue Scan	115.00
7051	Myocardial Scan	115.00
7052	Cisternography	115.00
7053	Total Placenta Scan	115.00
7054	Cardiac Blood Pool Scan	115.00
7055	Lung Ventilation Scan	115.00
7056	Isotope Cysto	115.00
7057	Joint Scan	115.00
7058	Isotope Lymphangiogram	115.00
7059	Pancreas Scan	115.00
7060	Radioimmunoassay Test	115.00
7061	Australia Antigen	115.00
7062	Regional Blood Flow	115.00

TAUBER 00837

J.APP. 2999

ULTRASOUND STUDIES

0000-3	Ultrasound.....	.00
9000-4 9558	Echoencephalography, complete.....	49.00
9005-3 9658	Ocular/orbit echography.....	57.00
9006-1 9558	Thyroid echography A Mode.....	30.00
9007-9 9558	Thyroid sonography B Scan.....	30.00
9010-3 9658	Cardiography, peri effusion.....	30.00
9011-1 9658	Cardiography, cardiac valves.....	30.00
9012-9 9557	Cardiography, complete.....	73.00
9013-7 9659	Cardiography, limited follow-up.....	35.00
9014-5 9658	Pericardiocentesis, ultrasonic.....	2.00
9018-6 9658	Pleural effusion echo A Mode.....	12.00
9019-4 9658	Thoracentesis sono guidance.....	12.00
9020-2 9658	Breast echography A Mode.....	15.00
9021-0 9657	Breast sonography B Scan.....	30.00
9023-1 9657	Abdominal sonography, complete.....	37.00
9026-9 9659	Abdominal sonography, limited.....	30.00
9030-1 9657	Hepatic sonography B Scan.....	37.00
9035-0 9657	Gallbladder sonography B Scan.....	37.00
9040-0 9657	Renal sonography B Scan.....	37.00
9041-8 9657	Renal cyst aspir sono guide.....	32.00
9042-6 9657	Renal biopsy sono guidance.....	32.00
9043-4 9657	Urinary bladder sono B Scan.....	30.00
9045-9 9657	Pancreas sonography B Scan.....	37.00
9050-9 9657	Spleen sonography B Scan.....	37.00
9055-8 9658	Abdominal aorta sono B Scan.....	30.00
9056-6 9657	Abdominal aorta echo A Mode.....	12.00
9060-8 9657	Retroperitoneal sono B Scan.....	30.00
9065-7 9657	Pregnancy sonography, complete.....	30.00
9066-5 9657	Preg Dx sono B Scan.....	30.00
9067-3 9657	Fetal age determination sono.....	30.00
9070-7 9657	Ectopic pregnancy diagnosis B Scan.....	37.00
9071-5 9657	Placenta local sono B Scan.....	30.00
9072-3 9657	IUD localization B Scan.....	30.00
9075-6 9657	Pelvic mass diagnosis B Scan.....	30.00
9076-4 9657	Amniocentesis sono guidance.....	30.00
9077-2 9657	Fetal growth rate B Scan.....	30.00
9080-6 9657	Arterial flow study doppler.....	30.00
9085-5 9657	Venous flow study doppler.....	30.00
9090-5 9659	Arterial venous flow doppler.....	30.00
9095-4 9659	Radiation therapy fields sono.....	30.00
9100-2 9659	Sono for aspiration/biopsy.....	30.00
9105-1 9659	Follow-up sono outside regular hours.....	25.00
9110-1 9659	Sono examination at bedside C.R.....	30.00
9115-0 9659	Follow-up ultrasound study.....	30.00
9120-0 9659	Unlisted ultrasound examination.....	30.00

TAUBER 00838

J.APP. 3000

RUN DATE 06/15/76

SUMMARY OPERAT
FOR THE PERIOD

	ACTUAL	BUDGET
C U R R E N T		
REVENUE FROM PATIENTS		
ROUTINE SERVICES	\$264,275.00-	\$254,800.0
SPECIAL SERVICES	352,390.92-	318,670.0
TOTAL REVENUE FROM PATIENTS	\$616,665.92-	\$573,470.0
OTHER REVENUE	\$10,254.23-	\$9,960.0
DEDUCTIONS FROM REVENUE	97,487.84	85,225.0
NET REVENUE	\$529,432.31-	\$498,205.0
EXPENSES		
SALARIES		
NURSING	\$118,502.91	\$126,580.0
PROFESSIONAL SUPPORT	27,354.13	26,560.0
NON-PROFESSIONAL SUPPORT	29,913.42	31,900.0
ADMINISTRATION	25,984.83	24,050.0
BUSINESS FUNCTIONS	11,905.89	10,530.0
TOTAL SALARIES	\$213,661.18	\$219,620.0
BENEFITS	\$19,596.43	\$15,590.0
FEES-PROFESSIONAL	124,565.32	110,835.0
FEES-NON-PROFESSIONAL	44,140.21	56,935.0
SUPPLIES AND EXPENSE	58,271.18	55,795.0
MAINTENANCE AND REPAIRS	2,823.76	2,455.0
TAXES	5,733.75	6,275.0
INSURANCE	6,234.10	6,650.0
OTHER	22,121.42	6,955.0
DEPRECIATION	3,796.92	3,000.0
TOTAL EXPENSE	\$500,944.27	\$484,110.0
NET INCOME	\$29,488.04-	\$14,095.0

JAPP. 3001

JEFFERSON MEMORIAL HOSPITAL
BOARD OF DIRECTORS
MINUTES

- I. DATE: September 20, 1976
- II. TIME & PLACE: 7:00 P.M., Hospital Cafeteria
- III. MEMBERS PRESENT:

Leslie L. Peters, M.D.	Chairman
Samuel Burtoff, M.D.	
Leslie P. Gondor, M.D.	
Magdolna Iranyi, M.D.	
Laszlo N. Tauber, M.D.	Secretary
A.A. Coster, DPM	
Michael Davidov, M.D.	
Michael Vlahos, M.D.	
Reginald P. McManus, M.D.	
Carl E. Linton	Administrator

IV. OLD BUSINESS:

1. The Chairman asked if there was any Old Business to come before the meeting. There was none and he proceeded to take up the discussion of new business.

II. NEW BUSINESS:

A. Dr. Peters stated that the first item on the Agenda was at the request of several members of the Board and it should be discussed before any motion was made relative to it. The proposal is to eliminate the position of Vice President for Future Development of the Hospital Corporation. There was a lengthy discussion on this matter. In summary, it was felt that the Board had established this position as an honorary title. That no specific duties had been stated or approved for the Office and that it was an unnecessary Office and should be discontinued. A motion was duly made and seconded that the Office of Vice President for Future Development be abolished. The motion was unanimously carried.

B. Mr. Linton stated that the second item on the Agenda "Free meals for Doctors" concerned a long standing Hospital policy that Medical Students, House Physicians and Emergency Service Doctors receive their meals free. This has caused some resentment among employees who pay for their meals while getting far less salary. Mr. Linton recommended that all free meals for Doctors be discontinued. This problem was discussed at great length. A motion was duly made and seconded that E.R. Doctors pay for their meals after October 1, 1976, but that Medical Students and House Physicians continue to receive their meals free of charge. However, that such meals will only be provided when these individuals are on duty and that a reasonable limit be set on the cost of such meals. The motion was carried unanimously.

TAUBER 01097

Trial Exhibit
No. 171.

J.APP. 3002

Board of Directors
Minutes
September 20, 1976
Page Two

C. Dr. Peters presented each member with a copy of the Medical Executive Committee for their consideration. Dr. Burtoff, President of the Medical Staff answered a number of questions concerning newly elected members to the Medical Staff. A motion was duly made and seconded to approve the actions of the Medical Staff Executive Committee. A copy of the Minutes being attached to these minutes. The motion was unanimously carried.

D. Dr. Tauber reported on the proposed addition to the Building and stated he expected approval very shortly from the Alexandria City Planning Board.

E. The Administrator raised the question of the reported use of experimental drugs by some physicians in the Hospital. He pointed out the danger and possible problems they could cause the Hospital, and the Physicians with the Federal and State Health Authorities. There was a lengthy discussion on this matter. A motion was duly made and seconded that a Research Drug Review Committee be appointed to act for the Board of Directors in all instances wherein medicines or drugs are dispensed and/or administered to patients in Jefferson Memorial Hospital. The motion was unanimously carried.

F. Dr. Tauber noted he had agreed as a personal favor to purchase \$10,000 of bonds and 3,000 shares of Jefferson Memorial Hospital Corporation stock from Dr. Nedelcovych. He asked the Board if the Hospital would authorize the redemption of the Bonds and try to assist him in finding a buyer for the stock. A motion was duly made and seconded that when the Bond redemption account had sufficient funds available, that these specific bonds be redeemed from Dr. Tauber at face value, and that if a buyer is available, the President suggest that the 3,000 shares be offered before Treasury stock. The motion was unanimously carried.

G. There being no further business, the meeting adjourned at 9:00 P.M.

Respectfully submitted:

LESLIE N. TAUBER, M.D.
Secretary

LNT:pc

TAUBER 01098

J.APP. 3003

BOARD OF DIRECTORS MEETING
WEDNESDAY, FEBRUARY 16, 1977

A G E N D A

1. Setting Limits for Mal-Practice Insurance--Per Claim and Aggregate.
2. Legal Fees to Attorney for Years 1975-1976 and Beginning 1977.
3. Loss on Hospitalized Medicaid Patients over 21 Days.
4. Emergency Room Policy
5. X-Ray Contract
6. New Building Plans

TAUBER 01016

Trial Exhibit
No. 178.

J.APP. 3004

BOARD OF DIRECTORS MEETING

- I. DATE & TIME: Wednesday, February 16, 1977
7:00 P.M.
- II. PLACE: Hospital Cafeteria
- III. ATTENDANCE:
- A. Present:
- | | |
|------------------------|----------------|
| Leslie L. Peters, M.D. | President |
| Samuel Burtoff, M.D. | Vice President |
| Michael Vlahos, M.D. | |
| A.A. Coster, D.P.M. | |
| Laszlo N. Tauber, M.D. | Secretary |
| Michael Davidov, M.D. | |
| Leslie P. Gondor, M.D. | |
| Magdolna Iranyi, M.D. | |
| Carl E. Linton | Administrator |
- B. Absent:
- Reginald P. McManus, M.D.
- C. Visitor:
- | | |
|------------|-------------|
| Mr. Wright | Comptroller |
|------------|-------------|

IV. OLD BUSINESS:

Dr. Peters asked that Dr. Tauber report on the new building status and plans. Dr. Tauber asked if Mr. Linton could report on the results of the State Planning Agency Meeting which was held in Richmond today. Mr. Linton stated that he and the Hospital Attorney, Mr. Thorpe Richards, attended the Agency Hearing this afternoon in Richmond on behalf of Jefferson Memorial Hospital. Mr. Richards and I along with Mr. Dean Montgomery of the Northern Virginia Health Systems Agency testified and answered questions for more than one hour. As you know, we had been told this was pretty much a formality, but it seemed at times as if we were going to be disapproved. Mr. Montgomery on behalf of the Northern Virginia Health Systems Agency, recommended approval of the project and vigorously supported the hospital's position throughout the hearing. The State Agency Committee had three major questions or concerns about the project:

TAUBER 01017

J.APP. 3005

(a) First and foremost, was the cost of construction they found it difficult to believe that the Jefferson Memorial Hospital Joint Venture could build 21,000 plus square feet for roughly \$15.00 per square foot. They insisted that you could not even build a home at that cost. They also stated their concern with the fact that the members of the Joint Venture are the same people for the most part, who are Stockholders of the Hospital. Mr. Richards answered this question to the effect that the Joint Venture owners, have stated they can build the building for this amount, and the Engineer of Joint Venture Group, has stated this would be the cost. This group are builders in the Washington area who are known for building good buildings at very low cost. They have built a number of buildings for the Federal Government, so it is an experienced group who have had alot of experience and not a group of novices that are doing construction for the first time. Mr. Richards stated that frankly the Hospital doesn't care how much the building cost since it has a signed agreement, to lease the 10,100 square feet at a fixed price over the next 20 years. Mr. Richards stated that admittedly the Joint Venture and the Hospital ownership are basically the same people; however, the agreements are kept at arms length and thus, it does not seem that there is any conflict between the two groups since the hospital's interest are guaranteed by the firm lease.

(b) Second, the State Agency Committee were concerned about the need for the private rooms and whether the private rooms could not be had by converting the Pediatric 5 bed wards and some semi-private rooms to the desired private rooms. Mr. Linton explained that the space in Pediatrics was not satisfactory for conversion, and that to convert the areas mentioned to private rooms would result in a decrease in the number of beds which in our small hospital, would be totally unsatisfactory because it would cause a significant increase in cost per patient day. Mr. Linton pointed out that more importantly, the conversion of the Pediatrics and multi-bed wards to private rooms would leave no room for providing badly needed space for a patient's lounge, doctor's lounge, patient exam rooms, patient care equipment storage, and employee and doctor education and training classroom space. The Agency agreed that these improvements were needed and that the hospital should have the private rooms.

(c) Thirdly, the State Agency Committee was concerned with the excess beds in the Northern Virginia area. They stated that there were 385 excess beds in Northern Virginia and were very concerned about any action that would continue this number of excess beds. Mr. Montgomery stated that he was in complete agreement that there were a surplus of beds not only in Northern Virginia, but the entire State. However, he stated that Jefferson

TAUBER 01018

J.APP. 3006

Memorial Hospital was not the place to reduce beds. Jefferson Memorial Hospital has maintained one of the best census in the area; its cost per patient day is next to the lowest in the area and it appears to have one of the best managements of all the hospitals in the Northern Virginia area. He stated that it was his belief that it would be better and his Agency was working on a plan to close an entire hospital who is having difficulty in census, cost per patient day and other management problems.

(d) After approximately one hour, the State Agency made a motion; "That while we have considerable reservations about the low cost of construction which has not been completely explained, the Agency does recommend to the Commissioner, that Jefferson Memorial Hospital's application be approved." The motion was carried unanimously.

(e) Dr. Tauber presented the Joint Venture revised plans for the proposed new building. He explained that the doctor's offices would be shelled to begin with and the doctors would complete their offices. He explained a need to change the building from a second floor over the present nursing wing to a multi-story building connected to the present 3 story main building, with connecting ramps to the nursing building and the present building. After a good deal of discussion, the Chairman thanked Dr. Tauber for his presentation.

(g) The Chairman asked Dr. Tauber to report on the X-Ray Contract negotiations with Dr. Sheely. Dr. Tauber explained that an agreement had been reached whereby the Radiologist would get roughly 25% of the gross revenue as their fee. However, they have also agreed to purchase a Gamma Camera for body scanning and that they would rent the equipment to the hospital over a 5 year period as follows: The rent will begin only after Radio-Isotope patient charges exceed \$75,000 annually. The Radiologist will continue to receive 25% of the Radio-Isotope charges for their labor, but the remaining 75% after the annual \$75,000 has been reached will go to the Radiologist as rent, until during the 12-month period the rent has been paid. If the amount of the rent is not reached in the 12-month annual period, it will be the Radiologist's loss for that year. However, if the amount needed for the rent is reached, then the payment shall revert to the 25% to the Radiologist and the remaining amount shall revert to the Hospital for operating cost. A motion was duly made and seconded to approve the contract agreement with the Radiologists as presented by Dr. Tauber and to extend a vote of thanks to Dr. Tauber for his efforts in this matter. The motion was unanimously carried.

TAUBER 01019

V. NEW BUSINESS:

(a) Dr. Peters addressed the question of setting the limits of mal-practice insurance desired for the hospital in the coming year. The limits available under the Joint Underwriter's Association and Virginia Hospital Reciprocal Program were explained. A motion was duly made and seconded that Professional Liability be set at \$1,000,000 per claim and \$3,000,000 aggregate. Further, that the General Liability be set at the same amount as carried at the present time. The motion was unanimously carried.

(b) The Chairman read the various bills from Mr. Thorpe Richards for services rendered the hospital during much of 1975, 1976 and January of 1977. The total fees were \$5,425.75. A motion was duly made and seconded that this bill be paid. The motion was unanimously carried.

(c) A lengthy discussion was held on the bill for legal services from Mr. Richards on the new building permits and other services. It was felt that these fees should be paid by the Hospital since they were directly connected with the hospital addition. The question was asked as to what amount of the legal fees might eventually belong to the Doctors who would rent the remaining space. It was generally agreed that if the Joint Venture paid the fees, the Hospital would have to under its lease, pay 12% on top of its share of the cost of these fees. A motion was duly made and seconded that all legal fees connected with the new building be paid by the hospital and that Mr. Richards be asked to bill the hospital. The motion was unanimously carried.

(d) Dr. Peters read a report from the Administrator concerning hospital losses due to medicaid patients who were hospitalized more than 21 days. The State of Virginia cuts off payment for all medicaid patients after 21 days, regardless of the patient's condition or problem. The Board asked that the report be attached to the minutes as a permanent record.

(e) Dr. Tauber asked why the plaque on the patient room did not say "In memory of Mrs. Timmons" instead of dedicated to her by the Presbyterian Church. Dr. Peters stated that the Board had discussed at length the issue of whether to dedicate the room to Mrs. Timmons or in memory to her and had voted not to make it in memory of her because they did not want to give patients in the room the idea that she had passed away in that room. Dr. Tauber said he felt that it should be in memory of the person. However, there was no motion and the issue was not acted upon. There was discussion that many people might like to donate to the hospital through their church since this would be one way in which they could get a tax deduction for their gift. The Board

TAUBER 01020

Board of Directors
February 16, 1977
Page Five

thought the idea was a good one and whenever possible, should be encouraged.

(f) The Chairman reported that the Administrator had asked the Board to pass on a policy for handling patients in the Emergency Room who become stranded there after treatment, and who have no funds or means of transportation to get home. A motion was duly made and seconded that the Hospital President and Administrator be authorized to set the hospital policy on this issue and similar problems without bringing them to the Board. The motion was unanimously carried.

(g) There being no further business to come before the Board, the meeting adjourned at 8:30 P.M.

Respectfully Submitted:

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

TAUBER 01021

J.APP. 3009

AGENDA

EXECUTIVE COMMITTEE MEETING
Wednesday, March 9, 1977
6:00 P.M.

- I. New Applications - Dr. Burtoff
- II. Approval to Amend Medical Staff Bylaws to read that the Chief of each Department can elect not to reappoint members of the Medical Staff if they admit less than twelve (12) patients per year
- III. Approval of the Proposed Rules and Regulations
- IV. Joint Commission on Accreditation Survey

TAUBER 01011

Trial Exhibit
No. 179.

JAPP.3010

MINUTES
JEFFERSON MEMORIAL HOSPITAL
EXECUTIVE COMMITTEE MEETING
Wednesday, March 9, 1977

The Executive Committee of Jefferson Memorial Hospital held its regular meeting on Wednesday, March 9, 1977 at 6:00 P.M. in the Hospital Conference Room. Those members present were as follows:

Dr. Burtoff, Chairman
Dr. Sappington
Dr. Scheetz
Dr. Antezana
Mr. Linton

CALL TO ORDER: Dr. Burtoff opened the meeting at 6:05 P.M.

I. NEW MEDICAL STAFF APPLICATIONS

Dr. Burtoff presented the Credentials of the following physicians and their request for Medical Staff privileges. Each applicant's file had been reviewed by the Chief of the Department, wherein the physician is requesting privileges and appropriate delineation had been made by the Chief on each application form. Those applicants are:

Balwant Bagalkotkar, M.D.	Pediatrics/E.R. Physician	Courtesy
Ali M Bastani, M.D.	Hematology/Oncology	Active
Gerald Flatequal, D.D.S.	General Implantation	Courtesy
Suryabala B. Goswami, M.D.	Family Practice	Courtesy
Ebrahim Navid, M.D.	General Practice	Courtesy
Merrill Prugh, M.D.	Internal Medicine/ Gastroenterology	Courtesy
Hamid Quraishi, M.D.	Orthopedic Surgery	Courtesy
Seri Thitathan, M.D.	General Surgery/Aesthetic Plastic Surgery	Courtesy
Anthony Tsou, M.D.	General Practice	Courtesy

The physicians were unanimously approved and the Executive Committee will recommend to the Medical Staff that these physicians be granted final approval by the Board at their next meeting.

II. Dr. Burtoff presented a recommendation from a special committee of the Executive Committee to amend the Medical Staff By-laws as follows: "that the Chief of each Department can elect not to reappoint members of the Medical Staff if they admit less than 12 patients per year." This issue was discussed by all members of the Executive Committee. A motion was duly made and seconded that the recommendation be approved and submitted to the Medical Staff and Board of Directors for their consideration. The motion was carried unanimously.

TAUSER 01010

JAPP.3011

MINUTES
Executive Committee
Wednesday, March 9, 1977
Page Two

III. Mr. Linton presented an ammendment to the proposed Medical Staff Rules and Regulations to read "that the following abbreviations be approved on the face sheet of the Medical Record, final diagnosis, operative and diagnostic procedures, shall be recorded in full without the use of symbols or abbreviations with the exception of:

T&A	(Tonsillectomy and Adenoidectomy)
D&C	(Dilatation and Curettage)
I&D	(Incision and Drainage)

and dated and signed by the responsible practitioner at the time of discharge of all patients."

Following a brief discussion on the recommendation, a motion was made, seconded and unanimously carried that the recommendation be approved and submitted to the Medical Staff and Board of Directors for their consideration.

IV. Dr. Burtoff presented the proposed Medical Staff Rules and Regulations for approval by the Executive Committee. A motion was made and seconded and unanimously carried that the recommendation to approve the proposed Rules and Regulations of the Medical Staff be adopted by the Executive Committee and recommended to the Medical Staff and Board of Directors for adoption.

V. Mr. Linton discussed at length the Joint Commission on Accreditation of Hospitals Survey to be conducted at Jefferson Memorial Hospital on April 5th and 6th. He stated that it is desired by the JCAH to have as many medical staff members available as possible throughout the entire survey period. He indicated that one request by the JCAH is that a meeting of the Medical Staff be held. He said that this conference should be scheduled when maximum Medical Staff members attendance can be assured. Mr. Linton asked the Executive Committee for their recommendations as to when the conference should be scheduled so that as many members of the Medical Staff could attend. After a lengthy discussion on this subject, it was decided that the Medical Staff Conference be scheduled for Wednesday, April 6th at 1:00 P.M. Mr. Linton said he will notify all staff members that a Medical Staff Conference will be scheduled for the above date and time and maximum attendance is requested. Mr. Linton proposed that Dr. Burtoff present this subject at the Medical Staff Meeting which directly follows this Executive Committee.

TAUBER 01009

J.APP.3012

MINUTES
Executive Committee
Wednesday, March 9, 1977
Page Three


VI. There being no further business to come before the Executive Committee, the meeting adjourned at 7:00 P.M.

SAMUEL BURTOFF, M.D.
Chairman
Executive Committee

SB:pc

TAUSER 01008

J.APP. 3013



COMMONWEALTH of VIRGINIA

Department of Health
Richmond, Va. 23219

March 3, 1977

RE: Certificate of Need Request No. VA-720
Jefferson Memorial Hospital
Alexandria, Virginia
Replacement

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

Dear Mr. Linton:

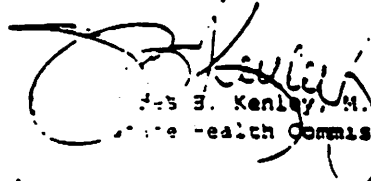
Your application and all supporting documents requesting a Certificate of Need as provided for in Chapter 12.1, Title 32 of the Code of Virginia (1950), as amended, for the above referenced project have been reviewed.

Based upon this review, enclosed is a Certificate Number VA-0339 issued for the period covering March 3, 1977 through September 3, 1977. This Certificate has been issued for the following reasons:

- The elimination of multi-patient wards should enhance patient satisfaction with hospital care.
- The addition of expanded training facilities, examination rooms, patient and physician lounges, and physician offices will allow increased efficiency and should promote quality and continuity of care.
- The project is compatible with the Interim Virginia Medical Facilities Plan.

As required by Section 32.211 of the Code of Virginia, I have taken into consideration all factors required by law that I consider. In considering such factors, in determining whether a public need exists, I have concluded that the legislative intent as expressed in Section 32-211.4 does warrant the approval of your request.

Sincerely,



J. B. Kenley, M.D.
State Health Commissioner

cc: Bureau of Resources Development
Bureau of Medical and Nursing Services
Northern Virginia Health System Agency

TAUBER 01012

JAPP.3014

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
AREAS WITH A 11,700 SQUARE FOOT (GROSS) SHIELD AREA FOR PHYSICIANS' OFFICES. ELIMINATION OF ORGANIZED
OFFICE SPACE 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.

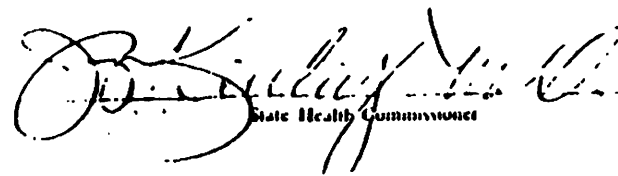
CERTIFICATE NUMBER VA-0319

MARCH 1, 1977

Date of Issuance

SEPTEMBER 1, 1977

Expiration Date


State Health Commissioner

TAUGER 01013

J.A.P. 3015

OF ANESTHESIA ADMINISTRATION CHARGES AND COLLECTIONS

BY OR INS.	NOT PD. INS. INVEST. OR CLAIM RE- JECTED & RE- SUBMITTED	CONTRACTUAL ALLOWANCES (can't bill pt.)	NOT PD. PT. OWES OT W/O	BAD DEBT ALLOW.	REIMB. ALLOW MEDICARE	HOSP. LOSS (GAIN)
1.35	\$746.25	\$1,329.70	\$984.40	482.96	00	\$501.44
<u>9.35</u>	<u>\$2,314.10</u>	<u>\$ 984.40</u>	<u>\$984.40</u>	<u>\$501.44</u>		
7.00	00	.00	.00	\$149.84	\$505.71	(\$555.55)
<u>00</u>	<u>00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	
.00	.00	.00	.00	\$71.28		(\$71.28)
1.40	00	.00	\$815.32	\$357.80		\$457.52
<u>5.32</u>	<u>\$815.32</u>	<u>\$815.32</u>	<u>\$815.32</u>	<u>\$457.52</u>		
1.00	\$369.00	.00	\$1,312.00	\$94.24		\$1,217.76
<u>.00</u>	<u>\$1,312.00</u>	<u>\$1,312.00</u>	<u>\$1,312.00</u>	<u>\$1,217.76</u>		
1.75	\$1,115.25	\$1,329.70	\$3,111.72	\$1,156.12	\$505.71	\$1,449.89
<u>1.67</u>	<u>\$4,441.42</u>	<u>\$3,111.72</u>	<u>\$3,111.72</u>	<u>\$1,955.60</u>	<u>\$1,449.89</u>	
4%	3.86%	4.60%	\$10.76%	4.00%	1.75%	5.00%

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION ANNUAL STOCKHOLDER'S MEETING WEDNESDAY, APRIL 13, 1977

- I. DATE: Wednesday, April 13, 1977
- II. TIME & PLACE: 1:00 P.M., Hospital Conference Room
- III. CALL TO ORDER: The meeting was called to order by the Hospital Corporation President, Dr. Leslie L. Peters, at 1:00 P.M. Dr. Peters appointed a 3 member Credentials Committee to verify credentials for voting shares, proxies and counting of ballots if such is required. The Committee members appointed are: Laszlo N. Tauber, M.D., Nils Antezana, M.D., and Mr. Carl E. Linton, Hospital Administrator.

IV. The Credential Committee reported:

<u>STOCKHOLDERS PRESENT</u>	<u>VOTING SHARES</u>	<u>PROXY SHARES</u>
Nils Antezana, M.D.	500	
Leslie L. Peters, M.D.	7,155	
Laszlo N. Tauber, M.D.	51,250	
Laszlo N. Tauber, M.D., Trustee Tauber Foundation	<u>17,250</u>	
Total	76,155	

PROXIES ASSIGNED TO:

Mr. Carl E. Linton	277
Leslie L. Peters, M.D.	3,997.5
Laszlo N. Tauber, M.D.	72,939
Total Proxies	77,012.5
Total Shares Present and Proxies	153,167.5

TAUBER 04128

Trial Exhibit
No. 182.

J.APP. 3017

MINUTES
PAGE TWO
April 13, 1977

A motion was duly made and seconded that the Credentials Report be accepted with 153,167.5 shares present. The motion carried unanimously.

V. Dr. Peters declared the meeting officially in session with a quorum present and 74% of the voting shares are present.

VI. Dr. Peters announced the first item on the Agenda was the reading of the minutes of the last meeting. A motion was duly made and seconded that the reading of the minutes be waived. The motion was carried unanimously.

VII. Dr. Peters announced the second item on the Agenda to be the election of the Board of Directors for the coming year. Dr. Peters presented the Management's nominations for Directors during the coming year:

Samuel Burtoff, M.D.
Arthur Coster, D.P.M.
Michael Davidov, M.D.
Harold Goad, M.D.
Leslie Gondor, M.D.
Magdolna Iranyi, M.D.
Reginald P. McManus, M.D.
Leslie L. Peters, M.D.
Laszlo N. Tauber, M.D.
Michael Vlahos, M.D.

Dr. Peters called for nominations from the floor. There being no further nominations, the President declared nominations closed.

A motion was duly made and seconded that nine names placed in nomination be elected by acclamation. There being no discussion, the motion was carried unanimously.

XIII. The President announced that the meeting was now open for old business. There being no old business, he announced that the meeting was open for new business.

TAUBER 04129

MINUTES
PAGE THREE
April 13, 1977

A. Dr. Tauber asked permission to present an important item concerning the hospital's agreement to lease some 10,000 + square feet of space in a new building to be built by the Joint Venture. As you know, this is to house a new nursing unit to provide private rooms which will permit part of the present patient bed space to be used to improve some of our supportive services. The Joint Venture agreed to lease the additional space for a set amount of \$12,760 per year. This was based on an allocation to the Hospital of \$98,000 for the total cost of the project. Now it turns out that it will cost a good deal more than the \$98,000. I would like to propose that we the Stockholders, adopt a resolution to use hospital net income before taxes to pay the added cost. This means that any cost above the \$98,000 allocated amount would not be included in any cost to 3rd party carriers such as Blue Cross, Medicare, Medicaid, or local welfare patients. There was a lengthy discussion on this issue. A motion was duly made and seconded that any cost associated above the \$98,000 allocated at \$12,760 per year, be taken from Hospital net profits after income taxes. Further that such expenses will not be treated as an expense in cost reports or other accounting procedures, intended to reflect operating expense or cost to Blue Cross, Medicare, Medicaid or other local Government funded health programs. Further be it resolved that no dividends will be paid until the cost allocated above the \$98,000 for this building program has been satisfied. The motion was unanimously carried.

TAUBER 04130

MINUTES
PAGE FOUR
April 13, 1977

B. There was a discussion on the question of the need to have the Corporation By-Laws ammended to take care of discrepancies noted during the JCAH Survey. A motion was duly made and seconded to instruct the Board of Directors that the Stockholders desire the By-Laws to be ammended to:

- a. provide for a requirement on the Medical Staff that they have a "due-process" provision in the said Medical Staff By-Laws.
- b. include a specific provision on how frequently the Board of Directors must meet.
- c. provide a manditory requirement for Director's attendance at Board Meetings.
- d. delete the requirement for a Joint Conference Committee.

C. A motion was duly made and seconded to change the annual Stockholders Meeting from the second Thursday in April to the first Wednesday in October. Further that the next annual meeting shall be the first Wednesday in October 1978. The motion was unanimously carried.

IX. The Stockholders meeting adjourned at 2:20 P.M.

Respectfully Submitted:

Laszlo N. Tauber, M.D.

LASZLO N. TAUBER, M.D.
Secretary

TAUBER 04131

J.APP.3020

JEFFERSON MEMORIAL HOSPITAL CORPORATION
ANNUAL STOCKHOLDERS MEETING
APRIL 13, 1977

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

TAUBER 04132

J.APP. 3021

March 16, 1977

STOCKHOLDERS

<u>E</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF OWNERSHIP</u>	<u>Notes</u>
N. ANTEZANA, M.D.	500	00.243	
A. BASHIR, M.D.	2705	01.313	X
S. BIALEK	1667	00.809	X X 1667
T. BIALEK	1666	00.809	X X 1666
S. BURTOFF, M.D.	414	00.201	X X 414
S. BURTOFF, M.D., TRUST	17876	08.678	
T. C. BUTERA, DPM	277	00.134	X
M. CORRADO, M.D.	16232	07.880	X
A. A. COSTER, DPM, LTD. RETIREMENT TRUST	3000	01.456	X X 3000
L. CSATARY	5584	02.712	X
M. DAVIDOV, M.D. & ASSOCIATES LTD.	1166	00.566	X X 1166
M. DAVIDOV, M.D. & ASSOC. LTD. EMP. BENEFIT TRUST	1000	00.485	
IO. DELANEY, M.D.	960	00.466	X
I. FREEDMAN, M.D.	4575	02.221	X
H. GCALD, M.D.	1010	00.490	X
H. GOALD, M.D., LTD. EMP. BENEFIT TRUST FUND	1000	00.485	
L. GONDOR, M.D.	33125	16.083	X X 33125
S. KAUFFMAN, M.D.	255	00.124	X
L. LUCCIOLI, M.D.	8422	04.088	X
K. F. & R. P. McMAHUS, M.D.	3897	01.892	X X 3897
S. NEDELCOVYCH, M.D.	3000	01.456	X
R. NICHOLSON, M.D.	8494	04.124	X
L. PETERS, M.D.	7155	03.474	X X 7155
J. PULIZZI, M.D.	10	00.005	X
R. F. SAPPINGTON, M.D., INC. PENSION TRUST	4000	01.942	X X 4000

TAUBER 04133

J.APP. 3022

STOCKHOLDERS

<u>IE</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF OWNERSHIP</u>	<u>Notice Sent</u>	<u>Filed Notice Received</u>
W.&J.SCHEETZ,M.D.	500	00.243	X	X
MICHAEL D. SMALL & TRUST	1	00.00%	X	X
MICHELE SMALL & TRUST	1	00.00%	X	X
TAUBER FOUNDATION, INC.	17000	08.253		
L.TAUBER,M.D.	51250	24.881	X	
G.W.WARE,M.D.	<u>9238 1/2</u>	<u>04.485</u>	X	
TOTAL	205,982	100.00		

TAUBER 04134

J.APP. 3023

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of the Stockholders of Jefferson Memorial Hospital Corporation will be held at the Registered Office of Business, 4600 King Street, Alexandria, Virginia on Wednesday April 13, 1977 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.

*After
give auth. to
use any future
profit to
help project*

Laszlo N. Tauber, M.D.

LASZLO N. TAUBER, M.D.
Secretary

Alexandria, Virginia
March 16, 1977

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 April 13, 1977. You can ensure that your shares are voted at that meeting by signing and returning the enclosed Proxy in the envelope provided. Sending in the signed proxy will not affect 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.

SE

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D.
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Sh.

TAUBER 04135

JEFFERSON MEMORIAL HOSPITAL CORPORATION
PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints _____ with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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:

TAUSER 04136

J.APP. 3025

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints MR Carl E. Linton with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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.

Tony C. Butler
STOCKHOLDER'S SIGNATURE

3/28/77
DATE

Special Instructions:

TAUBER 04137

JAPP. 3026

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints James A. Fink III with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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

3-24-77
DATE

Special Instructions:

TAUBER 04138

J.APP. 3027

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints Lasslo N Tauber, M.D. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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

3/24/77
DATE

Special Instructions:

TAUBER 04139

J.APP. 3028

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints ER L. TAUBER with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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

3-23-77

DATE

Special Instructions:

TAUBER 04140

J.APP. 3029

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints _____ with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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..

*Richard L. Smith III
Michael Small
Michael Small*

STOCKHOLDER'S SIGNATURE

5 - 77

DATE

Special Instructions:

TAUBER 04141

J.APP. 3030

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints Laszlo N. Tauber, M.D. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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.

Samuel M. Bialek
STOCKHOLDER'S SIGNATURE

Samuel M. Bialek

3/22/77

DATE

Special Instructions:

TAUBER 04142

JAPP. 3031

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints Laszlo N. Tauber, M.D. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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

Ted Bialek

3/22/77

DATE

Special Instructions:

TAUBER 04143

J.APP. 3032

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints Laszlo N. Tauber, M.D. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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.

Laszlo N. Tauber, M.D.
STOCKHOLDER'S SIGNATURE

3/23/77
DATE

Special Instructions:

TAUBER 04144

J.APP. 3033

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints L.P. Tauber, Jr. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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

3/22/77
DATE

Special Instructions:

TAUBER 04145

J.APP. 3034

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints Dr. Frank Tauber with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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.

Frank Tauber
STOCKHOLDER'S SIGNATURE

DATE

Special instructions:

TAUBER 04146

JAPP. 3035

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints Lars E. Tauber, M.D. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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.

L. E. Tauber
STOCKHOLDER'S SIGNATURE

DATE

Special Instructions:

TAUBER 04147

J.APP. 3036

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints DR. LASZLO TAUBER with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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

3.23.77
DATE

Special Instructions:

TAUBER 04148

J.APP. 3037

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints LESLIE N. TAUBER M.D. with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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 N. Tauber M.D.
STOCKHOLDER'S SIGNATURE

3/22/77
DATE

Special Instructions:

TAUBER 04149

J.APP. 3038

JEFFERSON MEMORIAL HOSPITAL

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

RECOMMENDATIONS TO THE STOCKHOLDERS

Based on recommendations of the recent JCAH Survey, I propose the following:

1. Change the Board of Directors with responsibility to amend the Corporation By-Laws:

(a) To provide for a requirement on the Medical Staff that they have a "due-process" provision in the said Medical Staff By-Laws.

(b) To include a specific provision on how frequently the Board of Directors must meet.

(c) To provide a mandatory requirement for Director's attendance at Board Meetings.

(d) To delete the requirement for a Joint Conference Committee.

2. Change the Annual Stockholder Meeting from the second Thursday in April to the first Wednesday in October. The purpose of this change would be to have a more timely and meaningful annual report to be rendered. The Hospital accounting and reporting year ends June 30th and October would permit the audit and other year end activities to be completed and the Certified Report information to be available.

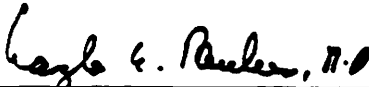
TAUBER 04150

J.APP. 3039

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of the Stockholders of Jefferson Memorial Hospital Corporation will be held at the Registered Office of Business, 4600 King Street, Alexandria, Virginia on Wednesday April 13, 1977 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, M.D.
Secretary

Alexandria, Virginia
March 16, 1977

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 April 13, 1977. You can ensure that your shares are voted at that meeting by signing and returning the enclosed Proxy in the envelope provided. Sending in the signed proxy will not affect 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 04151

JAPP.3040

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints _____ with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Wednesday, April 13, 1977 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 04152

J.APP. 3041

BOARD OF DIRECTORS MEETING
JEFFERSON MEMORIAL HOSPITAL CORP.

Wednesday, May 18, 1977
7:00 P.M.

A G E N D A

- I. ANESTHESIA AGREEMENT
- II. NEW BUILDING PROGRESS REPORT - Dr. Tauber
- III. ADMINISTRATOR'S REPORT
 - A. Statistical Data

TAUBER 00975

Trial Exhibit
No. 184.

J.APP. 3042

BOARD OF DIRECTOR MEETING
JEFFERSON MEMORIAL HOSPITAL CORP.

- I. DATE: Wednesday, May 18, 1977
- II. TIME & PLACE: 7:00 P.M., Hospital Cafeteria
- III. ATTENDANCE:

A. Present:

Leslie L. Peters, M.D.	Chairman
Samuel Burtoff, M.D.	Vice Chairman
Michael Vlahos, M.D.	
Laszlo N. Tauber, M.D.	Secretary
Leslie Gondor, M.D.	
Magdolna Iranyi, M.D.	
A.A. Coster, D.P.M.	
Carl E. Linton	Administrator
Harold Goald, M.D.	

B. Absent:

Michael Davidov, M.D.

IV. OLD BUSINESS: No business to come before the meeting.

V. NEW BUSINESS:

1. Dr. Peters opened the meeting by announcing that the Hospital has reached an agreement with the Anesthesia Department on the gross charges. Dr. Peters said that it was a very good deal in comparison with other hospitals in the area.

2. In the absence of Dr. Tauber, Mr. Linton reported for Dr. Tauber who spoke at the Executive Committee prior to the Board Meeting on the progress of the new building addition. Mr. Linton said that Dr. Tauber is planning on starting the new building on July 1st, and anticipates the completion of the new addition by mid December. Also, Dr. Tauber is proposing that a new ICU/CCU to house 3 beds be constructed on the new addition adjacent to the Medical Pavilion and to include Room 101. This conversion would cost approximately \$50,000. Mr. Linton reported that this conversion would also require the installation of plumbing since it was not included in the new addition when it was built.

3. Mr. Linton presented the Administrator's report and stated that the Hospital and Custom Food Management Systems has renewed

TAUBER 00976

J.APP. 3043

BOARD OF DIRECTORS MEETING
Wednesday, May 18, 1977
Page Two

their contract for Dietary Services for another year. Secondly, that the Hospital and Adams Laboratories has mutually agreed on a settlement effective May 18, 1977. Thirdly, Mr. Linton reported that April had an average daily census of 102 and is thus far, the highest month this year. May so far is averaging 100 patients per day. And last but not least, the Emergency Room is averaging between 900-1000 visits per month so far this year.

4. Dr. Tauber reported on the progress being made on the proposed new building addition and the rather high bids which are now beginning to come in. He also addressed the number of Doctors who have agreed to lease space for their offices, as well as a tentative agreement for an Immunology Research Center to be housed in the new addition. In addition, Dr. Tauber reported on a need to immediately build a new Intensive Care Unit. The proposal is to convert the present Heart Station area and Room 101 into an 8 bed Intensive Care Unit. He asked the Board to approve this general plan so that we could proceed to get the Architect to design and draw-up the plans. A motion was duly made and seconded that design and detailed drawings for an 8 bed ICU be authorized and the completed plans presented to the Board at its June or July meeting. The motion was unanimously carried.

5. The Chairman read the recommendations of the Medical Staff Executive Committee pertaining to applications for membership. The Executive Committee of the Medical Staff recommends for provisional membership in the specialities indicated as follows:

Michael Redlich, M.D.	Neurology	Provisional Staff
Alfred Scheuer, M.D.	E.R. Medicine	Provisional Staff

A motion was duly made and seconded that the above named physicians in the specialities indicated are hereby approved for membership and privileges.

6. The Chairman read the Amendments to the Medical Staff By-Laws, Rules and Regulations to the Board. The Amendments identified as A-J are listed below:

A) ARTICLE 4: MEMBERSHIP

Change Section 4.2.1. All initial appointments to the Medical Staff shall be provisional and for a period of 12 months from the date of the appointment to the Board of Directors. For the purpose of these Bylaws, the Medical Staff year commences on the first day of January and ends on the thirty-first day of December of each year.

TAUBER 00977

J.APP. 3044

BOARD OF DIRECTORS MEETING
Wednesday, May 18, 1977
Page Three

(B) ARTICLE 5: CATEGORIES OF THE MEDICAL STAFF

Change Section 5.6.1. Provisional Staff members shall be assigned to a department where their performance shall be observed by the Chief of the Department or his representative to determine the eligibility of such provisional members for regular staff membership and for exercising the clinical privileges provisionally granted to them. Provisional members may not vote or hold office within the Medical Staff.

Change Section 5.6.2. All initial appointments for membership shall be provisional and shall be for a period of 12 months from the date of appointment by the Board of Directors. Failure to advance a practitioner from provisional to regular staff status shall be deemed a termination of his staff appointment. A provisional appointee whose membership is so terminated shall have the rights accorded by these Bylaws to a member of the Medical Staff who has failed to be reappointed as outlined in Article 9 of these Bylaws.

(C) ARTICLE 8: PROCEDURES FOR REAPPOINTMENT

Add Section 8.1.1. At any time during the Medical Staff year, any physician or nurse who observes that a member of the Medical Staff may have developed a physical or mental disability that may limit his ability to exercise his clinical privileges, is obligated to report such circumstances to the Chief of the Department wherein the practitioner holds privileges. The Chief of the Department shall initiate an investigation into the status of the physical or mental capabilities of the stated physician and report his findings to the Executive Committee. The Executive Committee shall have the authority to require the individual to submit any required evidence of his current physical and/or mental status as determined by a physician acceptable to the Executive Committee of the Medical Staff.

(D) ARTICLE 8: PROCEDURES FOR REAPPOINTMENT

Change Section 8.1. Action by Department Chief. At least sixty (60) days prior to the end of each Medical Staff year, the Chief of each Department shall submit to the Executive Committee recommendation for reappointments to the Medical Staff and for the delineation of clinical privileges for the ensuing Medical Staff year. Specific consideration shall be given to each practitioner with respect to his mental and physical capabilities to exercise his clinical privileges, to his professional competency and clinical judgement in treatment of his patients, his ethics and conduct, his attendance at Medical Staff Meetings and participation in Medical Staff affairs, compliance with Medical Staff Bylaws, Rules and Regulations, cooperation with central authorities and personnel.

TAUBER 00978

JAPP. 3045

of the Hospital's facilities for his patients, relations with other practitioners, the maintenance of his continuing education, and his general attitude toward his practice, his patient, the Hospital and public generally. The recommendation of the department chief shall be in writing and shall be forwarded to Executive Committee. If reappointment is not recommended, or a change in Staff category or limitation of clinical privileges is recommended, the reason therefore shall be stated with particularity.

(E) ARTICLE 6: CLINICAL PRIVILEGES

Add Section 6.7. Specified Professional Personnel. Specified Professional Personnel shall be defined as individuals who are duly licensed practitioners, members of the house staff, and other personnel qualified to render direct medical care under the supervision of a practitioner who has clinical privileges in the Hospital, and who are capable of effectively communicating with patients, the Medical Staff, and hospital personnel.

Add Section 6.7.1. Qualifications. The Specified Professional Personnel must be graduates of schools approved for training in each specified profession. The Specified Professional Personnel must be duly licensed by the Commonwealth of Virginia in his profession. The Specified Professional Personnel must possess background, experience, and training which assures in the judgement of the Board of Directors, that any patient treated by them in the Hospital will be given a high quality of medical care.

Add Status: Specified Professional Personnel will become members of the Medical Staff and processed through medical staff channels as outlined in Article 7. The Specified Professional Personnel will be assigned to either the Department of Medicine or Surgery or where required by State or Federal Regulations, assigned to individual Medical Staff members rather than to a Department. The Specified Professional Personnel will be subject to the Policies and Procedures of the Department and must conform to the Medical Staff Bylaws, Rules and Regulations.

Add Section 6.7.3. Clinical Duties. The training, experience, and demonstrated current competence of individuals in such categories shall be sufficient to permit their performing the following: (1) The exercising of judgement within their areas of competence, provided that a physician member of the medical staff shall have the ultimate responsibility for patient care, (2) Participating directly in the management of patients under the supervision or direction of a member of the medical staff, and (3) Within the limits established by the medical staff and consistent with the State Practice Acts, the writing of orders, and the recording and progress notes in patients' medical records.

TAUBER 00979

JAPP. 3046

(F) ARTICLE 12: COMMITTEES

Change Section 12.1.1.8. The Executive Committee shall by resolution establish the times for holding its regular monthly meetings. A majority of its voting members shall constitute a quorum. Records of its proceedings shall be distributed to the members of the Executive Committee and the Administrator.

(G) ARTICLE 12: COMMITTEES, Section 12.1.2 JOINT
CONFERENCE COMMITTEE (DELETE)

Add Section 12.1.2. MEDICAL RECORD COMMITTEE. The Medical Record Committee shall consist of a Chairman and not less than two (2) representatives of the Department of Medicine, and not less than two (2) representatives of the Department of Surgery who shall be appointed by the President of the Medical Staff, one (1) representative from the Nursing Services, and the Medical Record Librarian. The Medical Record Committee shall be responsible for assuring that all medical records meet the highest standards of patient care usefulness and of historical validity. The medical staff representatives shall be specifically responsible for assuring that the medical records reflect realistic documentation of medical events. The Medical Records Committee shall also review currently maintained medical records to assure that they properly describe the conditions and progress of the patient, the therapy provided, the results thereof, and the identification of responsibility for all actions taken, and that they are sufficiently complete at all times so as to meet the criterion of medical comprehension of the case in the event of transfer of physician responsibility for patient care. The Medical Record Committee must also conduct a review of records of discharged patients to determine the promptness, pertinence, adequacy, and completeness thereof. This Committee shall meet regularly, no less than four (4) times per year and shall meet on call when necessary at the discretion of the Chairman.

(H) Change II MEDICAL RECORDS, L. On the face sheet of the medical record, final diagnosis, operative and diagnostic procedures shall be recorded in full, without the use of symbols' or abbreviations. The face sheet, then, must be dated and signed by the responsible practitioner at the time of discharge of all patients.

(I) Change SECTION 12.3. A complete admission history and physical examination shall be recorded within 24 hours of admission. If a complete history and physical examination has been obtained within a week prior to admission, such as in the physician staff member's office, a durable legible copy of this report may be used in the patient's hospital medical record, provided there has been no subsequent change or the changes have been recorded at the time of admission. When a patient is readmitted within 30 days for the same or a related problem, an interval history and physical examination reflecting any subsequent changes may be used in the medical record, provided the original information is readily available, such as in a medical record. The medical record

BOARD OF DIRECTORS
Wednesday, May 18, 1977
Page Six

shall document a current, thorough physical examination prior to the performance of surgery. A short stay record may be used for patients who will be hospitalized for more than 48 hours. The History and Physical of Podiatric and Dental patients, must contain pertinent findings relative to the nature of the Podiatric or dental problem of the patient.

(J) ARTICLE 12

Add Section 12.1.3. The Tissue Review Committee shall consist of the Pathologist and not less than (4) representatives from the Medical Staff appointed by the President of the Medical Staff. The Chairman will be appointed by the President of the Medical Staff among its members. The duties of the Tissue Review Committee shall be to study and report to the Executive Committee of the Medical Staff, on agreement or disagreement among their preoperative, postoperative and pathological diagnosis as well as, other matters relating to the quality and necessity for surgical procedures performed within the Hospital. This study will also include those procedures in which no tissue was removed. The Committee shall keep minutes of its regular meetings and the Chairman shall make written reports, together with recommendations regarding any disciplinary action in a specific case to the Executive Committee of the Medical Staff. This Committee shall meet regularly no less than four (4) times per year and shall meet on call when necessary at the discretion of the Chairman.

Add Section 13.9.4. The Department of Medicine shall also function as a Blood Utilization Committee. The Blood Utilization component shall review all transfusions reactions and any alleged misuse of blood transfusions in the Hospital and shall make recommendation with respect to the activities of the Blood Utilization component. This portion of the Department of Medicine Meeting shall meet regularly no less than four (4) times per year and shall meet on call when necessary at the discretion of the Chief.

Following a discussion on each Amendment, a motion was duly made and seconded that the above Amendments A-J be approved as appears above and presented by the Executive Committee of the Medical Staff. Motion was unanimously carried.

Dr. Burtoff also reported that the two recommendations from the April Board meeting which pertain to the Medical Staff By-Laws and reads as follows has been corrected:

- a. provide a requirement on the Medical Staff that they have a "due process" provision in the said Medical Staff By-Laws.
- b. delete the requirement for a Joint Conference Committee.

TAUBER 00981

J.APP. 3048

BOARD OF DIRECTORS
Wednesday, May 18, 1977
Page Seven

7. Dr. Tauber reported that the 3 recommendations of the April 20, 1977 Annual Stockholder's Meeting has been carried out. They are as follows:

a. That the Corporation By-Laws include a specific provision on how frequently the Board of Directors must meet.

b. That the Corporation By-Laws provide a mandatory requirement for Director's attendance at Board Meetings.

c. To delete the requirement for a Joint Conference Committee as outlined in Amendment II, Section C. of the Hospital Corporation By-Laws.

8. There being no further business for discussion, the meeting was adjourned at 9:00 P.M.

Respectfully submitted:

LASZLO N. TAUBER, M.D.

TAUBER 00982

J.APP. 3049

M I N U T E S
BOARD OF DIRECTORS
JEFFERSON MEMORIAL HOSPITAL

- I. DATE: Wednesday, June 8, 1977
- II. TIME & PLACE: 8:00 P.M., Hospital Cafeteria
- III. ATTENDANCE:

A. Present:

Leslie L. Peters, M.D.	Chairman
Samuel Burtoff, M.D.	Vice Chairman
Laszlo N. Tauber, M.D.	
Michael Davidov, M.D.	
Michael Vlahos, M.D.	
Reginald P. McManus, M.D.	
Magdolna Iranyi, M.D.	
Leslie Gondor, M.D.	
Harold Goald, M.D.	
Carl E. Linton	Administrator

B. Absent:

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

IV. OLD BUSINESS: No business to come before the meeting.

V. NEW BUSINESS: Dr. Peters opened the meeting with the following business for discussion:

1. Dr. Tauber along with the Board Members reviewed the revised plans for the building addition. A round table discussion was held regarding the space available, the cost rental of the Dr.'s offices and the physicians who have already expressed an interest in renting office space. Dr. Tauber pointed out that each physician would have the option of selecting the wall covering and floor covering. Dr. Tauber advised the Board members that he will keep them advised of any new revisions made to the plans.

2. Dr. Davidov presented his proposal to purchase a new Holter Monitor. Following a brief discussion on the advantages of the Accutape 24 Recorder and Charger and its accuracy and reliability being superior to the present equipment, a motion was duly made and seconded to authorize the hospital to purchase a Holter Cassette, Battery Charger and Rechargeable Battery Pack for the sum of \$2,460.00. Motion carried unanimously.

3. Dr. Peters presented the proposal from Dr. Prominski and Dr. Sheely to increase the Radiology charges by a 5.2% increase. Dr. Peters indicated that the new proposed charges are inline with Northern Virginia Doctors Hospital and Circle Terrace Hospitals. Following a review of the proposed increased charges, a motion was duly made and seconded to increase the Radiology charges as proposed. Copy of the proposed charges are attached to these minutes.

TAUBER 00971

Trial Exhibit
No. 185.

J.APP. 3050

MINUTES
Page Two
June 8, 1977

4. Mr. Linton presented the proposal for the employees' Continental Breakfast. He stated that the proposal was presented by the Dietary Department as a result of many inquiries made by the employees. The proposal listed the items that would be available to the employees, along with the proposed cost for each item. Mr. Linton stated that the breakfast would be held from 9:00 A.M. to 10:00 A.M., however, the only problem that Mr. Linton foresees to this proposal is the old problem that existed before and that being too many of the nurses went to breakfast at the same time, leaving only a few nursing employees available on the floor. He stated that Mrs. Cox will have to insure that adequate staffing will be maintained on the units during the breakfast hour. Following a lengthy discussion of this issue, a motion was duly made, seconded to approve the Continental Breakfast for employees on a 90 day trial period. Motion carried unanimously.

5. Dr. Goald presented his proposal to the Board for the Hospital to purchase a closed circuit T.V., screen and video player for use in the Operating Room. The approximate cost for this equipment would be \$2,500. Dr. Goald said that this new equipment would enable the Surgeon to tape and photograph his own surgery and later on be used for in-service programs for nurses and doctors. In addition, he feels that this equipment would be an incentive to other surgeons in the area to perform surgery at Jefferson. Following a lengthy discussion on the purchase of this equipment for the Operating Room, a motion was duly made and seconded to disapprove the purchase of this equipment at this time. Motion carried unanimously.

6. Mr. Linton requested the Board's approval to issue hospital cost information to a journalism student who is writing an article for the American News Service on hospitals. A brief discussion was held on the type of information that is being requested and it was the general consensus of the Board to deny this request made by Mr. Linton. Mr. Linton agreed that this information should not be given out.

7. The Chairman read the recommendation of the Medical Staff Executive Committee pertaining to applications for membership. The Executive Committee of the Medical Staff recommends for provisional membership in the specialities indicated as follows:

Kempanna Sudhakar, M.D.
Panagiotis Pappous

E.R. Physician
Otolaryngology

TAUBER 00972

JAPP.3051

MINUTES
Page Three
June 8, 1977

a motion was duly made and seconded that the above named physicians be granted provisional membership in the specialities indicated be approved, effective this date.

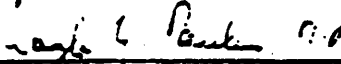
8. The Chairman read the recommendation of the Medical Staff Executive Committee pertaining to the approval of the following audits completed by the Utilization Review/Medical Audit Committee:

- A. Anesthesia Re-Audit
- B. Ampicillin Audit
- C. Menometrorrhagia Audit

Those members present closely reviewed the audits with close attention to the deficiencies. A motion was duly made and seconded that the audits be approved as presented. Motion carried unanimously.

9. There being no further business to come before the meeting, the Chairman adjourned the meeting at 10:45 P.M.

Respectfully submitted:



LASZLO N. TAUBER, M.D.
Secretary

TAUBER 00973

JAPP. 3052

11/28/77

STOCKHOLDER SPECIAL MEETING AGENDA

1. CALL TO ORDER
2. CALLING THE ROLL OF STOCKHOLDERS
3. VERIFICATION OF PROXIES
4. BUSINESS:
 - a. Authorization to the Board of Directors to make non-hospital related investments.
 3. Other Business

TAUBER 04105

**Trial Exhibit
No. 186.**

JAPP. 3053

MINUTES

JEFFERSON MEMORIAL HOSPITAL CORPORATION
SPECIAL STOCKHOLDERS MEETING
MONDAY, NOVEMBER 28, 1977
1:00 P.M.

A Special Meeting of the Stockholders was called to order at 1:00 P.M. on November 28, 1977 in the Jefferson Memorial Hospital Board Room by the Hospital Corporation Secretary, Dr. Laszlo N. Tauber. Dr. Tauber announced that this special meeting had been called in accordance with the Corporation By-laws. The Business to come before the meeting is limited to those items appearing on the Agenda, and no other business can be brought before this meeting.

The Secretary requested the Hospital Administrator to call the role of Stockholders indicating their voting shares and the voting shares of proxies held by each present Stockholder as shown here:

<u>STOCKHOLDERS PRESENT</u>	<u>VOTING SHARES</u>	<u>PROXY SHARES</u>
Dr. Tauber	51,991	
Tauber Foundation	18,260	
Dr. Iranyi for Dr. Gondor	<u>33,604</u>	
Total	103,855	

PROXIES ASSIGNED TO: *

Laszlo N. Tauber, M.D.	53,921
Leslie P. Gondor, M.D.	<u>3,043</u>
Total Proxies	56,964
Total Shares Present and Proxies	160,819
*See Attached Proxies	

The above proxies has been confirmed true and exact by the attached certificate. The roll call and proxies were approved by the members present and voting Officers. Dr. Tauber declared that a quorum was present and 74% of the voting shares are present and the meeting would proceed according to the Agenda.

TAUBER 04106

MINUTES
Jefferson Memorial Hospital Corporation
Special Stockholders Meeting
November 28, 1977
Page Two

Dr. Tauber announced that the first item on the Agenda was a request for authorization to the Board of Directors to make non-hospital related investments.

Dr. Tauber explained that the Board of Directors would be authorized to make investments which are not hospital related and which can be any type of a tax sheltered investment. There are two possible investments which would offer some tax relief for hospital net income and thus, improve the hospital income both now and in the future. First is real estate investment which would be apartment buildings. Another investment is in the field of energy. At present, coal mines are excellent tax shelter investments. Either of these would be very beneficial to the hospital.

There was a brief discussion by the Stockholders present. A motion was duly made and seconded that the Board of Directors be authorized to make such non-hospital related investments as they deem beneficial to the hospital. The motion carried unanimously. There being no further business to come before the Stockholders, the meeting adjourned at 1:30 P.M.

Respectfully submitted:


LASZLO N. TAUBER, M.D.
Secretary

TAUBER 04107

JAPP. 3055

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints Dr. L. Tauber with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Special Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Monday, November 28, 1977 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

11-27
DATE

Special Instructions:

TAUBER 04109

J.APP. 3056

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints E. A. Tauber with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Special Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Monday, November 28, 1977 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.

Walter Tauber, Jr.
STOCKHOLDER'S SIGNATURE

Nov 27
DATE

Special Instructions:

TAUBER 04110

J.APP. 3057

PROXY SOLICITED BY MANAGEMENT

J.APP. 3058

JEFFERSON MEMORIAL HOSPITAL CORPORATION

PROXY SOLICITED BY MANAGEMENT

The undersigned Stockholder of Jefferson Memorial Hospital Corporation hereby appoints Zayla Tauber MD with full power of substitution to represent and to vote, as directed herein, all of the shares that the undersigned is entitled to vote at the Special Meeting of Stockholders of Jefferson Memorial Hospital Corporation, to be held at 4600 King Street, Alexandria, Virginia on Monday, November 28, 1977 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.

R. H. Tauber
STOCKHOLDER'S SIGNATURE

11/21/77
DATE

Special Instructions:

TAUBER 04112

J.APP. 3059

PROXY SOLICITED BY MANAGEMENT

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.

777/1.

DATE _____

TAUBER 04113

J.APP. 3060

TOTAL SHARES OWNED BY STOCK HOLDERS - 211, 180 = 100%

<u>PROXIES OF</u>	<u>TO</u>	<u>NUMBER OF SHARES</u>	
Dr. Goald	Dr. Tauber	1,025	
Dr. Luccioli	Dr. Tauber	8,549	
Dr. Nicholson	Dr. Tauber	8,617	
Mr. Bialek	Dr. Tauber	1,690	
Dr. Kauffman	Dr. Tauber	259.5	
Dr. Sappington	Dr. Tauber	6,962	
Dr. Scheetz	Dr. Tauber	507	
Dr. Burtoff	Dr. Tauber	18,554	
Dr. Peters	Dr. Tauber	<u>7,258</u>	
Total Shares By Proxy		53,421	25.29%
Tauber Foundation, Inc.		18,260	
Dr. Tauber		<u>51,991</u>	
Total Shares Dr. Tauber		70,251	33.26%
Dr. Coster	Dr. Gondor	3,043	1.44%
Dr. Gondor's Shares		33,604	15.91%

TAUBER 04114

JAPP. 3061

KING STREET JOINT VENTURE
BETHESDA, MARYLAND

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 1964

MMRW 012164

Trial Exhibit
No. 188.

J.APP. 3062

KING STREET JOINT VENTURE
BETHESDA, MARYLAND

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 1964

MMRW 012165

JOHN H. VERKOUTEREN, C.P.A.
ALLEN BAER, C.P.A.
T. ROBERT VERKOUTEREN, C.P.A.

RONALD E. PACHELI, C.P.A.
LAWRENCE D. PERRY, C.P.A.
MARTIN E. ALLOY, C.P.A.

VERKOUTEREN, BAER AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

803-7 LANDMARK BUILDING
WASHINGTON, D. C. 20005
TELEPHONE NATIONAL 8-8270

February 24, 1965

King Street Joint Venture
c/o Dr. Laszlo N. Tauber
5300 Westbard Avenue
Bethesda, Maryland

Dear Sir:

In accordance with your request, we have prepared Financial Reports for the King Street Joint Venture. This Report is prepared from the books and records of the Joint Venture, without independent verification. The independent verifications will be made in the course of an audit to be made upon completion of the building now in process of construction.

We submit herewith the following Exhibits and Schedules:

- Exhibit 'A' - Balance Sheet at December 31, 1964
- Schedule '1' - Schedule of Capital Account at December 31, 1964
- Schedule '2' - Schedule of Partners' Distributive Share of Losses and Donation to be taken Individually at December 31, 1964
- Exhibit 'B' - Statement of Profit and Loss for the Year Ended December 31, 1964

Respectfully submitted,

VERKOUTEREN, BAER & COMPANY

MMRW 012166

3v:

Allen Baer

J.APP. 3064

CONFIDENTIAL

JOHN H. VERKOUTEREN, C.P.A.
ALLEN BAER, C.P.A.
T. ROBERT VERKOUTEREN, C.P.A.

RONALD E. PACHELI, C.P.A.
LAWRENCE D. PERRY, C.P.A.
MARTIN E. ALLOY, C.P.A.

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Exhibit 'A'	-	Balance Sheet at December 31, 1964
Schedule '1'	-	Schedule of Capital Account at December 31, 1964
Schedule '2'	-	Schedule of Partners' Distributive Share of Losses and Donation to be taken Individually at December 31, 1964
Exhibit 'B'	-	Statement of Profit and Loss for the Year Ended December 31, 1964

Respectfully submitted,

VERKOUTEREN, BAER & COMPANY

Bv: *Allen Baer*

MMFW 012157

KING STREET JOINT VENTURE
BETHESDA, MARYLAND

SCHEDULE OF PARTNERS' DISTRIBUTIVE SHARE OF LOSSES AND DONATION
 TO BE TAKEN INDIVIDUALLY
AT DECEMBER 31, 1964

<u>Name</u>	<u>Share of Ordinary Loss</u>	<u>Share of Donation</u>
Dr. Burtoff	\$ 1,674.09 ✓	\$ 8,857.20 2
Dr. Gondor	8,370.42 ✓	44,286.00 2
Dr. Hufnagel	669.63 ✓	3,542.88
Mr. Krakow	669.63 ✓	3,542.88
Mr. Nadas	669.63 ✓	3,542.88
Dr. Peters	1,674.09 ✓	8,857.20
Dr. Rudnai	334.82 } ✓	1,771.44
Mrs. Rudnai	334.82 }	1,771.44
Dr. Scully	1,674.09 ✓	8,857.20
Dr. Tauber	16,740.85 ✓	26,572.10 2
Dr. Ware	669.63 ✓	3,542.88
Totals	<u>\$ 33,481.70</u>	<u>\$115,144.10</u>

Total Market Value of
 Land Donated

\$195,000.00

Less: Portion of Mortgage Assumed

79,855.90

NET VALUE OF DONATION

\$115,144.10

MMRW 012168

KING STREET JOINT VENTURE
BETHESDA, MARYLAND

SCHEDULE OF PARTNERS' DISTRIBUTIVE SHARE OF LOSSES AND DONATION
 TO BE TAKEN INDIVIDUALLY
AT DECEMBER 31, 1964

<u>Name</u>	<u>Share of Ordinary Loss</u>	<u>Share of Donation</u>
Dr. Burtoff	\$ 1,674.09 ✓	\$ 8,857.20 52
Dr. Gondor	8,370.42 ✓	44,286.00 272
Dr. Hufnagel	669.63 ✓	3,542.88
Mr. Krakow	669.63 ✓	3,542.88
Mr. Nadas	669.63 ✓	3,542.88
Dr. Peters	1,674.09 ✓	8,857.20
Dr. Rudnai	334.82 } ✓	1,771.44
Mrs. Rudnai	334.82 }	1,771.44
Dr. Scully	1,674.09 ✓	8,857.20
Dr. Tauber	16,740.85 ✓	26,572.10 570
Dr. Ware	669.63 ✓	3,542.88
Totals	<u>\$ 33,481.70</u>	<u>\$115,144.10</u>

Total Market Value of
 Land Donated

\$195,000.00

Less: Portion of Mortgage Assumed

79,855.90

NET VALUE OF DONATION

\$115,144.10

MMRW 012169

Schedule 'B'KING STREET JOINT VENTURE
BETHESDA, MARYLANDSTATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1964

INCOME

\$ None

EXPENSES:

Bank charges	\$ 13.35
Ground Rent	2,406.16
Interest expense	26,562.88
Taxes - Real Estate	<u>4,499.31</u>

Total Expenses

33,481.70

NET (LOSS) FOR YEAR

\$(33,481.70)

MMRW 012170

Schedule 'B'

KING STREET JOINT VENTURE
BETHESDA, MARYLAND

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1964

INCOME

\$ None

EXPENSES:

Bank charges	\$ 13.35
Ground Rent	2,406.16
Interest expense	26,562.88
Taxes - Real Estate	<u>4,499.31</u>

Total Expenses

33,481.70

NET (LOSS) FOR YEAR

\$(33,481.70)

MMRW 012171

Exhibit 'A'KING STREET JOINT VENTURE
BETHESDA, MARYLANDBALANCE SHEET
AT DECEMBER 31, 1964ASSETSCURRENT ASSETS:

Cash - Clarendon Trust Company	\$3,775.04
Due from Jefferson Memorial Hospital	631.62

Notes Receivable from Partners:

Dr. Burtoff	\$ 11.53	
Dr. Rudnai	307.14	
Mrs. Rudnai	<u>153.57</u>	<u>472.24</u>

Total Current Assets	\$ 4,878.90
----------------------	-------------

FIXED ASSETS:

Building - construction in process	<u>864,946.88</u>
------------------------------------	-------------------

TOTAL ASSETS	<u>\$869,825.78</u>
--------------	---------------------

LIABILITIES AND NET WORTHLIABILITIES:

Loan Payable - Dr. L. N. Tauber	\$32,178.40
Construction - Permanent Loan Payable:	

Total Loan	\$800,000.00
Less: Cash Undisbursed	<u>67,675.25</u>

Net Construction Loan Payable	<u>732,324.75</u>
-------------------------------	-------------------

Total Liabilities	\$764,503.15
-------------------	--------------

NET WORTH:

Capital Accounts - See Schedule '1'	<u>105,322.63</u>
-------------------------------------	-------------------

TOTAL LIABILITIES AND NET WORTH	<u>\$869,825.78</u>
---------------------------------	---------------------

MMRW 012172

CONFIDENTIAL
Exhibit 'A'

KING STREET JOINT VENTURE
BETHESDA, MARYLAND

BALANCE SHEET
AT DECEMBER 31, 1964

ASSETS

CURRENT ASSETS:

Cash - Clarendon Trust Company	\$3,775.04
Due from Jefferson Memorial Hospital	631.62

Notes Receivable from Partners:

Dr. Burtoff	\$ 11.53	
Dr. Rudnai	307.14	
Mrs. Rudnai	<u>153.57</u>	<u>472.24</u>

Total Current Assets	\$ 4,878.90
----------------------	-------------

FIXED ASSETS:

Building - construction in process	<u>864,946.88</u>
------------------------------------	-------------------

TOTAL ASSETS

\$869,825.78

LIABILITIES AND NET WORTH

LIABILITIES:

Loan Payable - Dr. L. N. Tauber	\$32,178.40
Construction - Permanent Loan Payable:	

Total Loan	\$800,000.00
Less: Cash Undisbursed	<u>67,675.25</u>

Net Construction Loan Payable 732,324.75

Total Liabilities	\$764,503.15
-------------------	--------------

NET WORTH:

Capital Accounts - See Schedule '1'	<u>105,322.63</u>
-------------------------------------	-------------------

TOTAL LIABILITIES AND NET WORTH

\$869,825.78

MMRW 012173

J.APP. 3071

CONFIDENTIAL

Schedule '1'

KING STREET JOINT VENTURE
BETHESDA, MARYLAND

SCHEDULE OF PARTNERS' CAPITAL
AT DECEMBER 31, 1964

Balance - January 1, 1964		\$218,809.89
Add: Contributions		<u>120,147.84</u>
Total		\$338,957.73
Less:		
Cost of Land Withdrawn from Venture	\$200,152.65	
Net Loss for Year	<u>33,481.70</u>	<u>233,634.35</u>
Balance - December 31, 1964		<u>\$105,323.38</u>

MMRW 012174

JAPP. 3072

CONFIDENTIAL

Schedule '1'

KING STREET JOINT VENTURE
BETHESDA, MARYLANDSCHEDULE OF PARTNERS' CAPITAL
AT DECEMBER 31, 1964

Balance - January 1, 1964 \$218,809.89

Add: Contributions 120,147.84

Total \$338,957.73

Less:

Cost of Land Withdrawn
from Venture
Net Loss for Year\$200,152.65
33,481.70 233,634.35

Balance - December 31, 1964

\$105,323.38

MMRW 012175

J.APP. 3073

ALLEN BAER, C.P.A.
RONALD E. PACHELI, C.P.A.
LAWRENCE O. PERRY, C.P.A.

BAER, PACHELI AND PERRY
CERTIFIED PUBLIC ACCOUNTANTS
PUBLIC NATIONAL BANK BUILDING
WASHINGTON, D. C. 20005
DISTRICT 7-3911

CONFIDENTIAL

March 16, 1966

King Street Joint Venture
c/o Dr. Laszlo N. Tauber.
5300 Westbard Avenue
Bethesda, Maryland

Dear Sir:

In accordance with your request we have audited the Balance Sheet of the King Street Joint Venture as at December 31, 1965 and the related Statement of Profit and Loss for the year ended December 31, 1965.

Based upon our audit, we submit herewith the following exhibits and schedule:

Exhibit "A"	-	Balance Sheet as at December 31, 1965
Schedule - "1"	-	Schedule of Partners' Capital accounts as at December 31, 1965
Exhibit "B"	-	Statement of Profit and Loss for the year ended December 31, 1965

Our 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 we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related Statement of Profit and Loss present fairly the financial position of the King Street Joint Venture as at December 31, 1965, and the results of operations for the year then ended.

Respectfully submitted,

BAER, PACHELI AND PERRY

By: Allen Baer

TAUBER 45265

Trial Exhibit
No. 189.

JAPP. 3074

KING STREET JOINT VENTUREBALANCE SHEET
AS AT DECEMBER 31, 1965

CONFIDENTIAL

A S S E T S

Due from Jefferson Memorial Hospital		\$ 16,528.11
Note Receivable - Dr. Burtoff		11.53
Building	\$943,356.02	
Less Depreciation Reserve	<u>84,430.04</u>	858,925.98
Settlement and Loan Fees	\$ <u>11,188.25</u>	
Less Amortization	<u>588.86</u>	<u>10,599.39</u>

TOTAL ASSETS

\$886,065.01LIABILITIES AND NET WORTHLIABILITIES:

Mortgages Payable:

First Federal Savings & Loan
of Arlington, Va.

(1) \$775,045.47

First Federal Savings & Loan
of Arlington, Va.(2) 97,823.25

Total Liabilities

\$872,868.72

NET WORTH:Partners' Capital -
(See Schedule "1")13,196.29

TOTAL LIABILITIES AND NET WORTH

\$886,065.01

- (1) Payable \$5,900.00 per month, including interest
- (2) Payable \$845.00 per month, including interest

BAER, PAGNELI AND PERRY
CERTIFIED PUBLIC ACCOUNTANTS

TAUBER 45266

JAPP. 3075

SCHEDULE 1

KING STREET JOINT VENTURE

CONFIDENTIAL

SCHEDULE OF PARTNERS' CAPITAL ACCOUNTS
AS AT DECEMBER 31, 1965

	<u>Percentage</u>	<u>Balance</u> <u>Dec. 31,</u> <u>1964</u>
Dr. L. N. Tauber (2)	51%	(-\$ 331.96
Dr. Leslie Gondor	25	64,985.41
Dr. Samuel Burtoff	5	13,480.47
Bernard Krakow	2	(- 1,705.64)
Andrew Nadas	2	2,320.92
Dr. Chas A. Hufnagel	2	5,392.20
Dr. Leslie Peters	5	5,802.29
Mrs. Judith Rudnai	1	(- 422.47)
Dr. Ware	2	2,320.94
Dr. Scully	5	<u>13,480.47</u>
Totals		<u>\$105,322.63</u>

- (1) Bonds to Krakow and Mrs. Rudnai have not been issued as at December 31, 1965
- (2) Includes Capital figures pertaining to Dr. Rudnai. His 1% interest was purchased by Dr. L.N. Tauber

SACR, PAGNELI AND PERRY
CERTIFIED PUBLIC ACCOUNTANTS

TAUBER 45267

J.APP. 3076

KING STREET JOINT VENTURE

CONFIDENTIAL

SCHEDULE OF PARTNERS' CAPITAL ACCOUNTS
AS AT DECEMBER 31, 1965

<u>Cash</u> <u>Contributions</u> <u>1965</u>	<u>Cash</u> <u>Withdrawals</u> <u>1965</u>	<u>Withdrawals</u> <u>Via Hospital</u> <u>Bonds</u>	<u>Net Loss</u> <u>Year</u> <u>1965</u>	<u>Balance</u> <u>Dec. 31,</u> <u>1965</u>
\$ 2,203.74	\$ 1,431.24	\$ 19,890.00	\$ 29,825.70	(-\$ 49,275.16)
		9,750.00	14,620.44	40,614.97
		1,950.00	2,924.08	8,606.39
3,000.00		780.00(1)	1,169.64 (-	655.28)
		780.00	1,169.64	371.28
		780.00	1,169.64	3,442.56
		1,950.00	2,924.08	928.21
1,582.93		390.00(1)	584.82	185.64
		780.00	1,169.64	371.30
		<u>1,950.00</u>	<u>2,924.09</u>	<u>8,606.38</u>
<u>\$ 6,786.67</u>	<u>\$ 1,431.24</u>	<u>\$ 39,000.00</u>	<u>\$ 58,481.77</u>	<u>\$ 13,196.29</u>

BAER, PASHLI AND PERRY
CERTIFIED PUBLIC ACCOUNTANTS

TAUBER 45268

J.APP. 3077

KING STREET JOINT VENTURE
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1965

CONFIDENTIAL

RENTAL INCOME:

By Mortgage Payments

\$ 72,396.62

EXPENSES:

Audit and Legal

\$ 590.00

Amortization - Settlement and

Loan Fees

588.86

Bank Charges

4.15

Depreciation - Building

84,430.04

Interest Expense - Mortgage

45,265.34

Total Expenses

130,878.39

NET LOSS

(-\$ 58,481.77)

BAER, PAGNELI AND PERRY
CERTIFIED PUBLIC ACCOUNTANTS

TAUBER 45269

J.APP. 3078

King Street Joint Venture
Schedule of Partners' Shares of Losses And
Reconciliation of Capital Accounts
As At December 31, 1965

CONFIDENTIAL

	<u>Balance</u> <u>1/1/65</u>	<u>CAPITAL</u> <u>CONTRIBUTED</u> <u>1965</u>	<u>ORDINARY</u> <u>LOSSES</u> <u>1965</u>	<u>WITHDRAWALS</u> <u>1965</u>	<u>CAPITAL</u> <u>Balance</u> <u>12/31/65</u>
Dr. L. N. Tauber 578-62-8466 # < 331.96 > # 2203.74 # 29825.70 # 21321.24 # < 4925.1 > # 5300 West Bard Ave, Beth, MD.					
Dr. Leslie Gondor 229-60-3429 64985.41 14620.44 9750.00 40614.9 1431 Julian Pl., Alex, Va.					
Dr. Samuel Burtott 201-10-8917 13480.47 2924.08 1950.00 8606.3 4201 Cathedral Ave, N.W., Wash DC.					
Bernard K. Klaw 577-10-7420 < 1705.64 > 3000.00 1169.64 780.00 < 655.2 > 2416 Harmon Rd., Silver Spring, MD.					
Andrew Nassas 330-14-2052 2320.92 1169.64 780.00 371.2 2 West Bard Ave, Beth, MD.					
Dr. Chas. A. Hutnagel 578-44-1430 5392.20 1169.64 780.00 3442.5 4240 Nebraska Ave, N.W., Wash, DC.					
Dr. Leslie Peters 367-36-6583 5802.29 2924.08 1950.00 928.2 Arlington Towers, W-313, Arl, Va.					
Mrs. Judith Rudnai 090-24-5801 < 422.47 > 1582.93 584.82 390.00 185.6 Karen, Nairobi, Kenya, East Africa					
Dr. George W. Ware 013-18-1878 2320.94 1169.64 780.00 371.2 2411 Highland Dr., Silver Spring, MD.					
Dr. James H. Scully 577-38-3026 13480.47 2924.09 1950.00 8606.5 5001-38th St, N.W., Wash, DC.					
<u>TOTALS</u>	<u>\$ 105322.63</u>	<u>\$ 6786.67</u>	<u>\$ 58481.77</u>	<u>\$ 40431.24</u>	<u>\$ 12196.2</u>

TAUBER 44960

LASZLO N. TAUBER, M. D.
JEFFERSON MEMORIAL HOSPITAL
4600 KING STREET
ALEXANDRIA, VIRGINIA 22302

CONFIDENTIAL

DEPARTMENT OF SURGERY

June 10, 1965

Mr. Allen Baer, C.P.A.
1343 H Street, Northwest
Washington, D. C.

Re: King Street
Joint Venture

Dear Sir:

This is to advise you that as of December 31, 1964, Doctor Samuel Burtoff had rescinded his donation of land owned in the King Street Joint Venture, said land donation having been made to Jefferson Memorial Hospital in Alexandria, Virginia.

In lieu of the above, my personal donation of this land was increased from 15% to 20%. This land is now owned 65% by the hospital and 35% in my name. The 35% of land held in my name is held 30% for me personally and 5% for Doctor Samuel Burtoff.

Yours very truly,

Laszlo N. Tauber, M.D.

Laszlo N. Tauber, M. D.
LNT:ebz

TAUBER 44961

J.APP. 3080

JEFFERSON MEMORIAL HOSPITAL, INC.

4600 KING STREET

ALEXANDRIA, VIRGINIA 22302

January 24, 1966

CONFIDENTIAL

Mr. Allen Baer, CPA
Public National Bank Building
1430 - K - Street, N. W.
Washington, D. C.

Dear Mr. Baer:

In reference to King Street Joint Venture, please be advised of the following:

- 1- My interest is 51%.
- 2- Dr. Andrew E. Rudnai has no interest.
- 3--King Street Joint Venture and Jefferson Memorial Hospital entered into an agreement whereby Jefferson Memorial Hospital agreed to reimburse King Street Joint Venture for all building cost in excess of \$950,000.00.
- 4- The \$39,000.00 bond, that was issued by Jefferson Memorial Hospital to the members of King Street Joint Venture represents a partial payment against the reimbursable building cost and not to be considered as rental income.

Please correct your records accordingly.

Sincerely yours,

Laszlo N. Tauber
Laszlo N. Tauber, M.D.

LNT/gn

43,300.00
39,000.00

4,300.00

1,050,000.00

TAUBER 44962

J.APP.3081

ALLEN BAER, C.P.A.
RONALD E. PACHELI, C.P.A.
LAWRENCE O. PERRY, C.P.A.

BAER, PACHELI AND PERRY
CERTIFIED PUBLIC ACCOUNTANTS
PUBLIC NATIONAL BANK BUILDING
WASHINGTON, D. C. 20005
DISTRICT 7-3911

CONFIDENTIAL

March 10, 1966

Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia

Attention: Dr. L. N. Tauber

Dear Sir:

Based upon the Hospital's agreement with King Street Joint Venture, all costs to erect the Hospital building, in excess of \$1,000,000.00 were to be borne by the Hospital. Total costs of building, including construction loan interest and fees, were \$1,055,543.11. The records of the King Street Joint Venture therefore reflect the following amount due from Jefferson Memorial Hospital for excess construction costs as follows:

Total Construction Costs	\$1,055,543.11
Cost to King Street Joint Venture	<u>1,000,000.00</u>
Excess Cost - Due from Hospital	\$ 55,543.11
Less Payment received in the form of Hospital Bonds	<u>39,000.00</u>

Balance due from Hospital, December 31, 1965 \$ 16,543.11

Please check the appropriate box, sign where indicated and return. Your prompt cooperation will be appreciated.

Yours very truly,

BAER, PACHELI AND PERRY

By: *Allen Baer*

☒ Balance is correct

☐ Account does not agree with our records. Details of differences are attached.

Signed: *Dr. L. N. Tauber*

TAUBER 44963

J.APP. 3082

HAROLD C. HAMPTON
CERTIFIED PUBLIC ACCOUNTANT
2808 GARFIELD STREET, N. W.
WASHINGTON, D. C. 20008

CONFIDENTIAL

December 23, 1965

The Board of Directors
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia, 22302

Gentlemen:

We have examined the balance sheet of Jefferson Memorial Hospital as of October 31, 1965, and the related income and expense statement for the ten months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other procedures as we considered necessary in the circumstances. However, we did not confirm nor verify accounts receivable from patients and insurance companies.

The accompanying income and expense statement for the ten months ended October 31, 1965 reflects normal fixed expenses from January 1, 1965 to March 15, 1965. During such time there was no offsetting revenue since the Hospital did not open for service to the community until March 15, 1965.

Included with the balance sheet as of October 31, 1965 and the related income and expense statement for the ten months then ended is an income and expense statement for the month ended October 31, 1965. Certain items of income and expense of a nonrecurring nature have been deleted from this statement by management for the purpose of obtaining a statement of the monthly results of operations of a recurring nature. For this reason we express no opinion as to this statements fairness of presentation.

Because of the limited scope of our examination of accounts receivable from patients and insurance companies, we are unable to express an opinion as to the fairness with which the accompanying financial statements taken as a whole present financial position and results of operations.

Sincerely yours,

Harold C. Hampton, C.P.A.

Harold C. Hampton, C.P.A.

Page 1 of 1

TAUBER 46099

Trial Exhibit
No. 190.

JAPP. 3083

Jefferson Municipal Housing
Balance Sheet
As Of October 31, 1965

CONFIDENTIAL

ASSETS

General Fund Assets:

Cash	\$ 15 373
Accounts and notes receivable	421 646
Other receivables	8 349
Prepaid expenses	<u>40 183</u>
Total general fund assets	\$ 485 551

Plant Fund Assets:

Land-donated	\$ 45 000
Leasehold improvements	40 270
Fixed equipment	172 508
Major movable equipment	163 624
Minor equipment (non-depreciable)	<u>21 299</u>
Total plant fund assets	442 701

Assets restricted pending determination of damage to landlord's property	<u>5 000</u>
Total assets	\$ <u>933 252</u>

LIABILITIES AND FUNDS

General Fund Liabilities:

Accounts payable	\$ 69 126
Notes and loans payable	215 000
Fees payable	26 964
Payroll taxes payable	10 028
Accrued expenses	22 096
Reserve for future bond issue	<u>25 000</u>
Total general fund liabilities	\$ 368 214

Long-term general fund liabilities:

Bonds payable-8%, Maturity date 20 years	215 500
--	---------

Plant Fund Liabilities and Capital:

Loans payable-equipment	235 000
Mortgage payable	140 224
Fund capital (deficit)	<u>(25 686)</u>
Total liabilities and funds	\$ <u>933 252</u>

Notes: These financial statements are subject to the comments in the accompanying schedules and letter.

Harold C. Hampton
Certified Public Accountant

Page 2 of

TAUBER 46100

J.APP. 3084

CONFIDENTIAL

Jefferson Memorial Hospital
Income and Expense Statement
From January 1, 1965 to October 31, 1965

Revenue from Services to Patients

Routine Services	
Inpatient	\$ 365 36
Emergency room	16 09
Total	<u>\$ 381 46</u>

Special Services

Operating room	\$ 28 571
Postoperative recovery room	8 210
Anesthesiology	40 233
Laboratory	39 414
Electrocardiology	13 483
Blood bank	3 659
Medical and surgical supplies	25 024
Pharmacy	<u>78 228</u>

 Total special services

236 81

Total gross revenue from service to patients

\$ 618 27

Adjustments and allowances-patients

8 91

Total net revenue from service to patients

\$ 609 36

Other Revenue Accounts

Revenue from telephone and telegraph	\$ 5 811
Revenue from rental of rooms	27 085
Purchase (cash) discounts	38
Revenue from meals sold in cafeteria	9 741
Interest income	1 772
Revenue from T.V. Rental (net)	3 894
Others	<u>497</u>

 Total other revenue accounts

48 81

Total Revenue

\$ 658 17

Total Expense

798 99

Excess of expense over revenue

\$ (140 82)

Note: These financial statements are subject to the comments in the accompanying schedules and letter.

Harold C. Hampton
Certified Public Accountant

Page 3 of

TAUBER 46101

J.APP. 3085

CONFIDENTIAL

Jefferson Memorial Hospital
Income and Expense Statement
From January 1, 1965 to October 31, 1965

<u>Expense Accounts</u>	<u>Salaries & Wages</u>	<u>Supplies & Expense</u>	<u>Total</u>
General Service Centers			
Administrative and general	\$ 41 219	\$ 50 227	\$ 91 446
Operation of plant	-0-	24 334	24 334
Repairs and maintenance	9 982	7 004	16 986
Laundry and linen service	-0-	7 497	7 497
Housekeeping	13 143	16 060	29 203
Dietary and employees cafeteria	47 120	43 109	90 229
Pharmacy	-0-	45 573	45 573
Central supply	-0-	50 695	50 695
Nursing service	111 999	9 618	121 617
Intensive care unit	18 576	1 486	20 062
Medical records and library	3 169	552	3 721
Storeroom	2 013	13 113	15 126
Total	\$ 247 221	\$ 269 268	\$ 516 489
Special Service Centers			
Operating room	\$ 28 795	\$ 20 800	\$ 49 595
Emergency room	15 853	14 506	30 359
Fees paid to Anesthesiologists	---	20 942	20 942
Fees paid to Pathologists	---	27 572	27 572
Blood bank	-0-	997	997
Total	\$ 44 648	\$ 84 817	\$ 129 465
Other Accounts			
Interest	\$ ---	\$ 24 994	\$ 24 994
Real estate taxes	---	11 407	11 407
Occupancy costs	---	116 640	116 640
Total	\$ -0-	\$ 153 041	\$ 153 041
Total expense	\$ 291 869	\$ 507 126	\$ 799 995

Harold C. Hampton
Certified Public Accountant

Page 4 of

TAUBER 46102

J.APP. 3086

Jeff Egan Memorial Hospital
Supporting Schedules
To Accompany Balance Sheet
As Of October 31, 1965

CONFIDENTIAL

Supporting Schedule-Cash

Petty cash-Dietary	\$ 10'
Regular checking account-Alexandria National Bank	6 07'
Checking account-Public National Bank	4
Payroll account	1 95
Saving account	1 96'
Checking account-Dietary	5 23
Total	\$ <u>15 37</u>

Supporting Schedule-Accounts and Notes Receivable

Accounts receivable from patients and insurance companies	\$ 267 64'
Notes receivable-non-patient	<u>154 00'</u>
Total	\$ <u>421 64'</u>

Note: The accounts receivable from patients and insurance companies were not independently confirmed nor verified by us. Nor did we verify the collectibility of such items.

Supporting Schedule-Other Receivables

Rents receivable-Laboratory	\$ 6 25'
Accrued interest on notes receivable	1 36'
Balance in Equipment Acquisition Fund	72
Due from Doctor Laszlo N. Tauber	
Total	\$ <u>8 34'</u>

Inventories-Supplies

Note: Inventories of supplies were not taken by the Hospital staff as of October 31, 1965. Such inventories, if shown, would reduce the loss as shown by the amount of their dollar value.

Supporting Schedule-Prepaid Expenses

Prepaid interest	\$ 26 31'
Prepaid rent	6 50C
Unexpired insurance	5 08'
Prepaid real estate taxes	2 28'
Total	\$ <u>40 18</u>

Plant Fund Assets

\$ 442 70

Note: During the course of our examination the Hospital staff was engaged in establishing detailed departmental asset records. To avoid interrupting this work we did not take a physical inventory of Plant Fund Assets. Nor was there any depreciation taken on these items. Such depreciation, if shown, would increase the loss as shown by the dollar amount of such depreciation.

Harold C. Hampton
Certified Public Accountant

Page 5 o

TAUBER 46103

J.APP. 3087

CONFIDENTIAL

Jefferson Memorial Hospital
Supporting Schedules
To Accompany Balance Sheet
As Of October 31, 1965

Supporting Schedule-Mortgage Payable

Mortgage assumed on land donated	\$ 16 12
Chattel mortgage on Hospital equipment	124 10
Total	\$ <u>140 22</u>

Supporting Schedule-Fund Capital

Donated capital-Land	\$ 115 14
Less: Excess of expense over revenue for the ten months ended October 31, 1965	(140 82)
Fund capital (Deficit)	\$ <u>(25 68)</u>

Harold C. Hampton
Certified Public Accountant

Page 7 o

TAUBER 46104

J.APP. 3088

CONFIDENTIAL

Jefferson Memorial Hospital
Supporting Schedules
To Accompany Income and Expense Statement
From January 1, 1965 to October 31, 1965

Supporting Schedule-Administrative and general

Supplies	\$ 3 668
Postage	619
Telephone	15 065
Legal	3 682
Guard service (discontinued 11-30-65)	8 760
Insurance expired	2 146
Payroll tax expense	8 892
Employee group insurance	3 308
Advertising	148
Maintenance and repairs	374
Miscellaneous	3 565
Total	\$ <u>50 227</u>

Supporting Schedule-Operation of plant

Fuel	\$ 8 335
Electricity	12 153
Water	2 147
Repairs and maintenance	657
Miscellaneous	1 042
Total	\$ <u>24 334</u>

Supporting Schedule-Repairs and maintenance

Supplies	\$ 3 338
Miscellaneous	3 666
Total	\$ <u>7 004</u>

Central supply

\$ 50 695

Supporting Schedule-Nursing service

Fees paid to physicians	\$ 7 608
Organization costs	2 000
Miscellaneous	10
Total	\$ <u>9 618</u>

Supporting Schedule-Scoreroom

Supplies	\$ 12 940
Miscellaneous	173
Total	\$ <u>13 113</u>

Supporting Schedule-Operating room

Supplies	\$ 12 522
Miscellaneous	8 233
Maintenance	45
Total	\$ <u>20 800</u>

Harold C. Hampton
 Certified Public Accountant

Page 8 of

TAUBER 46105

J.APP. 3089

CONFIDENTIAL

Jefferson Memorial Hospital
Hospital Dietary Costs
From January 1, 1965 to October 31, 1965

Cost of Food		\$ 26 235
Labor Costs		
Salaries and wages	\$ 29 752	
Management wages	13 576	
Holiday premiums regular	7	
Annual leave	679	
Payroll taxes and insurance	1 765	
Sundry wages	560	
Retirement Fund	<u>781</u>	47 120
Other Operating Expenses		
China	\$ 62	
Glassware	168	
Silverware	148	
Miscellaneous serving equipment	309	
Paper supplies	931	
Packaging supplies	40	
Cleaning	255	
Dishroom supplies	291	
General maintenance	79	
Office supplies	794	
Plants and decorations	12	
Laundry	578	
Uniforms	88	
General expense	219	
Permit and licenses	60	
Cash over/short	(4)	
Rental of equipment	164	
Management fee	<u>12 680</u>	<u>16 874</u>
Total cost of dietary before sales to employees and patient's guests		\$ <u>90 229</u>

Note: The Hospital's dietary department is operated by Beacon Caterers, Inc. These figures were prepared from the financial statements submitted by Beacon Caterers, Inc. and were not verified by us.

Grold C. Hampton
Certified Public Accountant

Page 9 of

TAUBER 46106

J.APP. 3090

CONFIDENTIAL

Referral Material - Detail
Supporting Schedules
To Accompany Income and Expense Statement
From January 1, 1965 to October 31, 1965

Supporting Schedule-Emergency room

Fees paid to physicians	\$ 14 445
Miscellaneous	61
Total	<u>\$ 14 506</u>

Supporting Schedule-Interest expense

Interest on Loans for:	
Equipment purchases	\$ 16 266
Current operations	4 657
Bonds payable	2 824
Mortgage assumed on land donated	1 186
Financing charge on deferred insurance premiums	61
Total	<u>\$ 24 994</u>

Supporting Schedule-Occupancy costs

Rental expense-Building		\$ 32 500
Rental expense-Land		20 563
Insurance on Building		1 274
Construction permit assessment		3 398
Other payments in accordance with lease agreement:		
Installments on loans to construct the Hospital-		
Loan # 1 (10-31-65 Balance \$779,064)	<u>Interest</u>	<u>Principal</u>
Loan # 2 (10-31-65 Balance \$98,529)	\$ 33 746	\$ 20 935
	2 754	1 470
	<u>\$ 36 500</u>	<u>\$ 22 405</u>
		58 905
		<u>\$ 110 240</u>

Harold C. Hampton
Certified Public Accountant

Page 10 of

TAUBER 46107

J.APP. 3091

CONFIDENTIAL

Refugee Memorial Hospital
Income and Expense Statement
for the month ended October 31, 1965

Revenue from Services to Patients

Routine Services		
Inpatient		\$ 63 41
Emergency room		3 11
Total		\$ 66 52
Special Services		
Operating room	\$ 4 090	
Postoperative recovery room	1 000	
Anesthesiology	5 090	
Electrocardiology	2 185	
Blood bank	168	
Medical and surgical supplies	4 677	
Pharmacy	11 809	
Total special services		29 0
Total revenue from services to patients		\$ 95 52

Other Revenue Accounts

Revenue from telephone and telegraph	\$ 1 323	
Revenue from rental of rooms	4 842	
Revenue from meals sold in cafeteria	1 352	
Revenue from T.V. rentals (net)	1 072	
Others	129	
Total other revenue accounts		8
Total Revenue		\$ 104

Total Expense		91
Excess of revenue over expense before interest accounts		\$ 12

Interest Accounts

Interest expense	\$ 4 160	
Interest income	(845)	
Excess of revenue over expense after interest accounts		\$ 9

Note: These financial statements are subject to the comments in the accompanying schedules and letter.

Harold C. Hampton
 Certified Public Accountant

Page

TAUBER 46108

J.APP. 3092

CONFIDENTIAL

Supporting Schedule-Administrative and general
To Accompany Income and Expense Statement
For the month ended October 31, 1965

Supporting Schedule-Administrative and general

Supplies	\$ 474
Postage	100
Telephone	2 279
* Guard service (discontinued 11-30-65)	837
Insurance expired	274
Payroll tax expense	1 291
Employee group insurance	(358)
Advertising	6
Miscellaneous	1 123
Total	\$ <u>6 026</u>

Supporting Schedule-Operations of Plant

Electricity	\$ 1 792
Water	389
Repairs and maintenance	425
Miscellaneous	373
Total	\$ <u>2 979</u>

Supporting Schedule-Repairs and maintenance

Supplies	\$ 342
Miscellaneous	174
Total	\$ <u>516</u>

Central Supply

\$ 1 443

Supporting Schedule-Nursing service

Fees paid physicians	\$ <u>1 010</u>
----------------------	-----------------

Supporting Schedule-Storeroom

Supplies	\$ 487
Miscellaneous	2
Total	\$ <u>489</u>

Supporting Schedule-Operating room

Supplies	\$ 471
Miscellaneous	57
Total	\$ <u>528</u>

Harold C. Hampton
Certified Public Accountant

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TAUBER 46109

J.APP. 3093

Seaford Memorial Hospital
Hospital Dietary Costs
For the month ended October 31, 1965

CONFIDENTIAL

<u>Cost of food</u>		\$ 3 933	
<u>Labor Costs</u>			
Salaries and wages	\$ 3 845		
Management wages	1 682		
Annual leave	108		
Payroll taxes and insurance	200		
Retirement fund	<u>38</u>		5 873
<u>Other Operating Expenses</u>			
Silverware	\$ 86		
Miscellaneous serving equipment	4		
Paper supplies	138		
Cleaning	34		
Dishroom supplies	51		
General maintenance	9		
Office supplies	19		
Uniforms	31		
Equipment rental	47		
Management fee	<u>1 153</u>		<u>1 572</u>
Total cost of dietary before sales to employees and patient's guests			\$ <u>11 378</u>

Note: The Hospital's dietary department is operated by Beacon Caterers, Inc. These figures were prepared from the financial statements submitted by Beacon Caterers, Inc. and were not verified by us.

W. L. C. Hampton
Certified Public Accountant

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TAUBER 46110

JAPP. 3094

CONFIDENTIAL

Jefferson Memorial Hospital
Supporting Schedule
To Hospital Income and Expense Statement
For the month ended October 31, 1965

Supporting Schedule-Emergency room

Fees paid physicians	\$ 2 090
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Supporting Schedule-Interest expense

Interest on loans for:	
Equipment purchases	\$ 1 159
Current operations	1 200
Bonds payable	1 437
Mortgage assumed on land donated	357
Financing charge on deferred insurance premiums	7
Total	<u>\$ 4 160</u>

Supporting Schedule-Occupancy costs

Rental expense-Building		\$ 3 250
Rental expense-Land		1 581
Other payments in accordance with lease agreement:		
Installments on loans to construct the Hospital-		
Loan # 1 (10-31-65 Balance \$ 779,064)	<u>Interest</u>	<u>Principal</u>
Loan # 2 (10-31-65 Balance \$ 98,529)	\$ 3 905	\$ 1 994
	494	350
	<u>\$ 4 399</u>	<u>\$ 2 344</u>
Total		<u>\$ 6 743</u>
		<u>\$ 11 574</u>

- Fred C. Hampton
 Certified Public Accountant

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TAUBER 46111

J.APP. 3095

JEFFERSON MEMORIAL HOSPITAL
ALEXANDRIA, VIRGINIA

AUDIT REPORT
FOR THE YEAR ENDED OCTOBER 31, 1967

COUNCILOR, BUCHANAN & MITCHELL
CERTIFIED PUBLIC ACCOUNTANTS

DT000158

Trial Exhibit
No. 191.

J.APP. 3096

OUR REPORTS ARE ISSUED WITH THE UNDER-
STANDING THAT, WITHOUT OUR CONSENT, THEY
MAY BE REPRODUCED ONLY IN THEIR ENTIRETY.
SHOULD IT BE DESIRED TO ISSUE OR PUBLISH
A CONDENSATION OR A PORTION OF THIS REPORT
AND OUR NAME IS TO BE USED IN CONNECTION
THEREWITH, OUR APPROVAL MUST FIRST BE
SECURED.

COUNCILOR. BUCHANAN & MITCHELL

DT000160

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We have made an examination of the books and records of Jefferson Memorial Hospital for the year ended October 31, 1967 and submit herewith our report which includes the exhibits and schedules listed in the foregoing index. Our 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 we considered necessary in the circumstances.

In our opinion, subject to Notes 7 and 8 included in this report, the accompanying Balance Sheet and Statement of Income present fairly the financial position of Jefferson Memorial Hospital at October 31, 1967 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Charles Buchanan & Mitchell

Certified Public Accountants

DTU00162

JEFFERSON MEMORIAL HOSPITAL

BALANCE SHEET

OCTOBER 31, 1967

ASSETS

CASH:
 Checking Accounts \$ 45,115.15
 Savings Account 2,526.01
 Held in Escrow 32,179.58
 Petty Cash 225.00
\$ 80,045.74

NOTE RECEIVABLE (Schedule A-1) 323,000.97

ACCOUNTS RECEIVABLE:
 Patients \$588,318.81
 Less Allowance for Doubtful Accounts 77,981.43 \$510,337.38
 Rent - Laboratory 33,750.00
 Dietary - Marriott-Mut Shoppes, Inc 6,569.34
 Lecture 13,232.43
 Refund - Withheld Taxes 3,209.55
 Employees 618.25
 Other 10.00
567,725.01

ACCUMULATED INTANGIBLE INVESTMENT 5,343.25

INVENTORIES:
 Medical and Surgical \$ 14,894.20
 Administration 7,488.78
 Central Supply 4,306.86
 X-ray Films 540.59
27,210.43

PLANT AND EQUIPMENT (Notes 3, 4, 5 and 6)

	Cost	Accumulated Depreciation	Book Value
Land	\$146,567.00	\$ -	\$146,567.00
Land Improvements	2,401.50	240.15	2,161.35
Fixed Equipment	107,620.00	13,509.00	94,111.00
Major Movable Equipment	230,919.00	50,645.00	180,274.00
Total	\$487,507.50	\$ 54,394.15	\$433,113.35

OTHER ASSETS:
 Prepaid Expense \$ 14,850.00
 Interest 1,084.32 \$ 17,934.32
 Insurance
 Deposits:
 Dietary - Marriott-Mut Shoppes, Inc \$ 10,000.00
 Other 1,084.00 11,084.00 20,919.32
\$1,465,836.07

TOTAL ASSETS

LIABILITIES AND DEFICIT

ACCOUNTS PAYABLE:
 Trade \$156,969.98
 Contract Agencies 269,765.36
 Withheld Taxes 395.05
\$ 427,130.39

ACCUMULATED EXPENSES:
 Taxes \$ 45,672.51
 Interest 15,046.61
 Salaries 21,852.69
 Legal 2,500.00
 Other 2,865.00
87,936.81

PROVISION FOR GROUP HOSPITALIZATION, INC. ADJUSTMENT (Note 7) 60,000.00

NOTES PAYABLE (Schedule A-2) 466,490.24

LEASE AGREEMENT PAYABLE (Note 6) 322,500.00

NOTES PAYABLE ON INTEREST PER ANNUM 386,000.00

OTHER LIABILITIES:
 Fund Held in Escrow \$ 710.00
 Deferred Rent 301.00
1,080.00

CAPITAL (Deficit):
 Operating (\$105,002.51)
 Donated 20,051.15 (285,751.36)

TOTAL LIABILITIES AND DEFICIT

\$1,465,836.07

JAPP. 3101

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JEFFERSON MEMORIAL HOSPITALSTATEMENT OF INCOMEFOR THE YEAR ENDED OCTOBER 31, 1967REVENUE FROM SERVICES TO PATIENTS
(Schedule B-1):

Routine Services	\$1,170,033.65	
Special Services	<u>780,994.01</u>	\$1,951,027.66

DEDUCTIONS FROM REVENUE:Adjustments and Allowances:

Contracting Agencies	\$ 165,416.99	
Non Contractual Patients	17,787.43	
Employees and Professional Courtesy	843.43	
Provision for Uncollectible Accounts	<u>84,542.94</u>	268,590.79

Net Revenue from Services to Patients

\$1,682,436.87

OTHER REVENUE:

Rental	\$ 43,683.30	
Sale of Meals	26,771.69	
Interest	23,379.57	
Contributions	16,668.11	
Telephone	13,604.94	
Television	9,320.30	
Miscellaneous	<u>2,391.38</u>	135,819.29

Total Revenue

\$1,818,256.16

OPERATING EXPENSE (Schedule B-2)

Salaries and Wages	\$972,272.12	
Supplies and Expense	615,912.18	
Depreciation	<u>22,364.15</u>	\$1,610,548.45

OTHER EXPENSE:

Interest and Penalties	\$ 80,283.20	
Rent	80,940.00	
Taxes	21,768.70	
Ground Lease	<u>18,503.88</u>	201,495.78
		1,812,044.23

NET INCOME

\$ 5,211.93

DT000164

JEFFERSON MEMORIAL HOSPITALNOTES RECEIVABLEOCTOBER 31, 1967

<u>Description</u>	<u>Interest Rate</u> <u>Per Annum</u>		<u>Amount</u>
<u>HELD FOR COLLECTION BY PUBLIC NATIONAL</u>			
<u>BANK:</u>			
Dr. Abbas Basher	6%	\$40,000.00	
Dr. Leslie Peters	6%	<u>77,300.63</u>	\$117,300.63
<u>HELD FOR COLLECTION BY FIRST NATIONAL</u>			
<u>BANK OF MARYLAND:</u>			
Dr. Cesare Luccioli	5-1/2%	\$16,312.50	
Dr. Dan Feriosi	5-1/2%	13,500.00	
Dr. Reginald McManus	5-1/2%	3,375.00	
Dr. Roy Nicholson	5-1/2%	10,687.50	
Dr. Mounger Sibay	5-1/2%	9,000.00	
Dr. George Ware	5-1/2%	13,500.00	
Dr. James Scully	5-1/2%	13,500.00	
Dr. Michael Corrado	5-1/2%	<u>10,125.00</u>	90,000.00
<u>HELD BY HOSPITAL:</u>			
Dr. Michael Corrado	6%	\$ 9,000.00	
Dr. Leslie Peters	6%	16,708.34	
Dr. Melvin Small	6%	20,000.00	
Dr. George Ware	6%	23,000.00	
Dr. Leslie Peters	6%	10,000.00	
Dr. Melvin Small	6%	34,000.00	
Dr. George Ware	5-1/2%	<u>3,000.00</u>	115,708.34
TOTAL			<u>\$323,008.97</u>

DT000165

JEFFERSON MEMORIAL HOSPITALNOTES PAYABLEOCTOBER 31, 1967

<u>Creditor</u>	<u>Interest Rate</u>	<u>Amount</u>
Public National Bank	5%	\$ 89,300.00
Public National Bank	6-1/2%	30,000.00
Public National Bank	8%	59,000.00
First National Bank of Maryland	5-1/2%	90,000.00
Alexandria National Bank	6%	37,500.00
Dr. Laszlo Tauber	6%	100,000.00
Irvin Berman (Secured By Land)	6%	22,666.66
George Hurvitz (Secured By Land)	6%	22,666.66
Gerald Hopkins (Secured By Land)	6%	15,356.92
TOTAL		<u>\$466,490.24</u>

DT000166

JEFFERSON MEMORIAL HOSPITAL
REVENUE FROM SERVICES TO PATIENTS
FOR THE YEAR ENDED OCTOBER 31, 1967

	<u>Total</u>	<u>Inpatient</u>	<u>Outpatient</u>
<u>ROUTINE SERVICES:</u>			
Room and Board	\$1,093,408.75	\$1,093,408.75	\$ -
Emergency Room	76,624.90	19,127.40	57,497.50
Total Routine Services	\$1,170,033.65	\$1,112,536.15	\$ 57,497.50
<u>SPECIAL SERVICES:</u>			
Operating Room	\$ 160,095.90	\$ 154,770.90	\$ 5,325.00
Recovery Room	37,920.00	37,592.50	327.50
Pharmacy	164,124.48	160,472.61	3,651.87
Radiology	130,836.45	101,876.20	28,960.25
Anesthesiology	126,122.85	124,050.35	2,072.50
Medical and Surgical Supplies	82,451.54	75,738.24	6,713.30
Electrocardiology	37,392.50	36,455.00	937.50
Intravenous	12,686.00	12,587.25	98.75
Inhalation Therapy	9,246.29	9,246.29	-
Blood	10,150.20	10,129.20	21.00
Physical Therapy	5,999.30	5,919.30	80.00
Transfusion Trays	3,968.50	3,946.00	22.50
Total Special Services	\$ 780,994.01	\$ 732,783.84	\$ 48,210.17
TOTAL REVENUE FROM SERVICES TO PATIENTS	\$1,951,027.66	\$1,845,319.99	\$105,707.67

DT000167

JEFFERSON MEMORIAL HOSPITALOPERATING EXPENSEFOR THE YEAR ENDED OCTOBER 31, 1967

	<u>Total</u>	<u>Salaries and Wages</u>	<u>Supplies and Expense</u>
Administration and General	\$ 234,704.38	\$136,992.23	\$ 97,712.15
Dietary	198,630.63	94,173.51	104,457.12
Housekeeping	64,475.01	10,494.22	53,980.79
Laundry and Linen	43,214.41	8,656.54	34,557.87
Maintenance of Personnel	1,737.50	-	1,737.50
Operation of Plant	45,151.36	6,136.84	39,014.52
Repairs and Maintenance	34,043.41	27,198.86	6,844.55
Nursing Service	333,827.01	326,722.22	7,104.79
Pharmacy	111,063.11	-	111,063.11
Medical Records and Library	17,110.69	15,511.45	1,599.24
Operating Room	94,054.08	72,412.55	21,641.53
Anesthesiology	71,961.69	63,650.06	8,311.63
Radiology	75,734.48	60,713.65	15,020.83
Laboratory	57.21	-	57.21
Electrocardiology	29,897.16	10,898.27	18,998.89
Physical Therapy	1,977.40	1,977.40	-
Inhalation Therapy	482.53	-	482.53
Blood Bank	3,470.71	-	3,470.71
Recovery Room	17,220.48	17,035.77	184.71
Central Supply	78,460.69	15,829.69	62,631.00
Storeroom	7,816.93	7,796.22	20.71
Intensive Care	67,706.07	66,207.14	1,498.93
Emergency Room	31,384.83	29,865.50	1,519.33
Medical and Surgical Service	24,002.53	-	24,002.53
Total	\$1,588,184.30	\$972,272.12	\$615,912.18
Provision for Depreciation	22,364.15		
TOTAL OPERATING EXPENSE	\$1,610,548.45		

DT000168

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Jefferson Memorial Hospital opened for occupancy in March, 1965 with a 96-bed capacity. The Hospital is a non-profit corporation managed by a board of directors consisting of 14 physicians. In 1968, an additional 24 beds were opened for occupancy bringing the total capacity to 120 beds.

NOTE 2 - TAX STATUS

The Hospital has qualified as a tax-exempt, non-profit institution under the Federal Tax Law. However, its state tax-exempt status is under negotiation and no final determination has been made by the State. Until such determination is made state and local taxes are being accrued on the Hospital's books.

NOTE 3 - PLANT AND EQUIPMENT

An appraisal of plant and equipment has been made by Marshall and Stevens, Incorporated as of October 31, 1967 and the valuation as determined by them on the property owned or under lease as explained in Note 6 is included in the accompanying Balance Sheet.

NOTE 4 - LEASE AGREEMENT - LAND

Two lease agreements have been made on the portion of land occupied by the Hospital. The term of one lease is for 99 years beginning January 1, 1966. Under the lease agreement the basic annual rental is \$15,600.00 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 is also for a period of 99 years with a rental of \$2,406.80 per annum.

DT000169

NOTES TO FINANCIAL

NOTE 5 - LEASE AGREEMENT - BUILDING

The Hospital is leasing the building on January 1, 1966 and is in effect for a period of 20 years with a provision that on each tenth anniversary of the commencement date of the lease, the annual rental can be adjusted by a formula based on the wholesale price index. In addition, under the terms of the lease the Hospital will pay all maintenance, insurance and taxes on the property.

NOTE 6 - LEASE AGREEMENT - EQUIPMENT

Under a refinancing arrangement using a sale and leaseback the Hospital has entered into a leasing of equipment in the amount of \$340,000.00. The lease commenced on January 2, 1966 and extends for a period of ten years, at which time the equipment will be contributed to the Hospital at no additional cost. Under the terms of the lease agreement the basic annual rental is \$17,500.00 for the first two years; \$25,000.00 for the second two years; and \$42,500.00 for the subsequent six years. In addition to the basic annual rentals, the Hospital shall provide and pay all maintenance, repairs, taxes and insurance on the equipment.

The leased equipment has been entered on the books of the Hospital at the values determined by Marshall and Stevens, Incorporated and is being depreciated in accordance with their report.

The corresponding liability for the leased equipment has similarly been entered on the books and appears on the accompanying Balance Sheet as "Lease Agreement Payable".

at 10 yrs - WPI cap

- Under J.M.I.

less it pay
all maintenance,
insurance &

Taxes -

- 40 yr lease

DT000170

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PROVISION FOR GROUP HOSPITALIZATION, INC. ADJUSTMENT

The provision in the amount of \$50,000.00 is for an estimated liability to Group Hospitalization, Inc. under contract with the Hospital. An amount for reimbursement for services rendered to subscribers of GHI is determined for each calendar year by that organization in accordance with a specified cost formula. During the year payments are received from GHI as services are rendered to its subscribers, but these payments exceed the actual allowable charges to GHI for services under its contract. Although this provision is based on the best information available from GHI and the Hospital's books and records, it is not possible to determine the exact amount of this liability.

NOTE 8 - PROVISION FOR FEDERAL MEDICARE PROGRAM ADJUSTMENT

Reimbursement for services rendered to patients under the Federal Medicare Program is determined for each fiscal year ended October 31 in accordance with a specified cost analysis. During the year payments are received from Group Hospitalization, Inc., the intermediary for Medicare, as hospital services are rendered to the patients. However, it cannot be determined until certain information is received from the intermediary and the cost analysis is completed whether or not the payments received from Medicare are in excess of, or are less than, the actual reimbursement. Accordingly, no provision for the account is determinable at this time.

DTU00171

DT000172

CONFIDENTIAL

**JEFFERSON MEMORIAL HOSPITAL
ALEXANDRIA, VIRGINIA**

**AUDIT REPORT
FOR THE YEAR ENDED OCTOBER 31, 1968**

**COUNCILOR, BUCHANAN & MITCHELL
CERTIFIED PUBLIC ACCOUNTANTS**

TAUBER 43858

**Trial Exhibit
No. 192.
JAPP.3111**

CONFIDENTIAL

OUR REPORTS ARE ISSUED WITH THE UNDER-
STANDING THAT, WITHOUT OUR CONSENT, THEY
MAY BE REPRODUCED ONLY IN THEIR ENTIRETY.
SHOULD IT BE DESIRED TO ISSUE OR PUBLISH
A CONDENSATION OR A PORTION OF THIS REPORT
AND OUR NAME IS TO BE USED IN CONNECTION
THEREWITH, OUR APPROVAL MUST FIRST BE
SECURED.

COUNCILOR. BUCHANAN & MITCHELL

TAUBER 43859

JAPP.3112

I N D E X

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Schedule A-2 - Notes Payable, October 31, 1968	5
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Schedule B-1 - Revenue from Services to Patients For the Year Ended October 31, 1968	7
Schedule B-2 - Operating Expense For the Year Ended October 31, 1968	8
Schedule B-3 - Other Income and Expense For the Year Ended October 31, 1968	9
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TAUBER 43860

J.APP.3113

COUNCILOR, BUCHANAN & MITCHELL
CERTIFIED PUBLIC ACCOUNTANTS

March 24, 1969

W. BALDWIN BUCHANAN
JAMES A. COUNCILOR
D. W. MITCHELL
COUNCILOR, BUCHANAN & MITCHELL
EUGENE A. STOSSEL
J. S. STOSSEL
DONALD F. STOSSEL
LEWIS F. STOSSEL
SIDNEY A. STOSSEL
THOMAS A. STOSSEL
EUGENE A. STOSSEL

1200 A STOSSEL
1200 A STOSSEL
1200 A STOSSEL
1200 A STOSSEL

The Board of Directors,
Jefferson Memorial Hospital,
Alexandria, Virginia.

We have made an examination of the books and records of Jefferson Memorial Hospital for the year ended October 31, 1968 and submit herewith our report which includes the exhibits and schedules listed in the foregoing index. Our 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 we considered necessary in the circumstances.

In our opinion, subject to Notes 8 and 9 included in this report, the accompanying Balance Sheet and Statement of Income present fairly the financial position of Jefferson Memorial Hospital at October 31, 1968 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Councilor, Buchanan & Mitchell

Certified Public Accountants

TAUBER 43861

J.APP.3114

JEFFERSON MEMORIAL HOSPITAL

BALANCE SHEET

OCTOBER 31, 1968

ASSETS

CASH:			
Checking Accounts	\$ 46,612.84		
Savings Accounts	35,837.86		
Held in Escrow	33,350.25		
Petty Cash	225.00	\$ 116,035.95	
NOTES RECEIVABLE (Schedule A-1)		227,911.16	
ACCOUNTS RECEIVABLE:			
Patients	\$661,242.94		
Less Allowance for Doubtful Accounts	104,607.01	\$556,635.93	
Dietary - Marriott-Hot Shoppes, Inc.		2,304.66	
Federal Medicare Program (Note 9)		75,269.00	
Jefferson Memorial Hospital Associates		50,817.67	
Doctors		5,999.29	
Physical Therapy		1,975.97	
Inhalation Therapy		1,699.89	
Other		432.68	695,135.09
ACCRUED INTEREST RECEIVABLE		6,691.80	
INVENTORIES		29,526.40	
PLANT AND EQUIPMENT (Notes 3, 4, 5, 6 and 7):			
	Cost	Accumulated Depreciation	Book Value
Land	\$146,567.00	\$ -	\$146,567.00
Land Improvements	3,926.50	796.50	3,130.00
Fixed Equipment	116,597.02	19,140.50	97,456.52
Major Movable Equipment	257,982.12	57,243.39	200,738.73
Total	\$525,072.64	\$ 77,180.39	\$447,892.25
OTHER ASSETS:			
Prepaid Expense		\$ 15,381.48	
Deposits - Marriott-Hot Shoppes, Inc.		3,000.00	18,381.48
TOTAL ASSETS			\$1,541,574.13

LIABILITIES AND DEFICIT

ACCOUNTS PAYABLE:			
Trade	\$130,251.21		
Contract Agencies	257,380.59		
Group Hospitalization, Inc.	35,005.20		
Jefferson Memorial Hospital Association	11,280.12		
Employees' Withholdings	1,542.49	\$ 435,459.61	
ACCRUED EXPENSES:			
Real Estate Taxes (Note 2)	\$ 69,002.99		
Salaries	31,980.88		
Interest	6,074.40		
Rent (Note 6)	4,100.00		
State Income Taxes (Note 2)	1,249.00	112,407.27	
PROVISION FOR GROUP HOSPITALIZATION, INC. ADJUSTMENT (Note 8)			133,000.00
NOTES PAYABLE (Schedule A-2)			295,852.18
LEASE AGREEMENT (Note 7)			280,000.00
BONDS PAYABLE - 6% INTEREST PER ANNUM			403,500.00
ADVANCE DEPOSITS:			
Federal Health Insurance Program - Medicare	\$ 53,000.00		
Group Hospitalization, Inc.	28,000.00		
FUNDS HELD IN ESCROW			32,311.12
Total Liabilities			\$1,773,520.65
DEFICIT:			
Operating (Schedule A-3)	(\$251,997.67)		
Donated Capital	20,051.15	(231,946.52)	
TOTAL LIABILITIES AND DEFICIT			\$1,541,574.13

TAUBER 43862

JAPP. 3115

JEFFERSON MEMORIAL HOSPITALSTATEMENT OF INCOMEFOR THE YEAR ENDED OCTOBER 31, 1968REVENUE FROM SERVICES TO PATIENTS(Schedule B-1):

Routine Services	\$1,409,622.65	
Special Services	<u>681,452.57</u>	\$2,091,075.22

DEDUCTIONS FROM REVENUE:

Adjustments and Allowances:

Contracting Agencies	\$ 165,010.29	
Non-Contractual Patients	14,668.90	
Employees and Professional Courtesy	1,381.89	
Provision for Uncollectible Accounts	115,821.12	
Gain on Medicare (Note 9)	<u>(75,269.00)</u>	221,613.20

Net Revenue from Services to Patients		\$1,869,462.02
---------------------------------------	--	----------------

OTHER OPERATING INCOME:

Sale of Meals	\$ 24,497.39	
Television	10,810.22	
Telephone	14,849.34	
Commissions	1,291.41	
Transcripts	826.00	
Sale of Supplies	<u>397.79</u>	52,672.15

Total Operating Income		\$1,922,134.17
------------------------	--	----------------

OPERATING EXPENSE (Schedule B-2):

Salaries and Wages	\$ 940,707.63	
Supplies and Expense	853,190.77	
Rent of Land, Building and Equipment	101,658.00	
Taxes on Land and Building	23,330.48	
Depreciation	<u>24,108.24</u>	1,942,995.12

Net Operating Loss		(\$ 20,860.95)
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OTHER INCOME AND EXPENSE (Schedule B-3)

NET INCOME		<u>\$ 15,358.74</u>
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TAUBER 43863

J.APP. 3116

JEFFERSON MEMORIAL HOSPITALNOTES RECEIVABLEOCTOBER 31, 1968

<u>Description</u>	<u>Interest Rate</u> <u>Per Annum</u>	<u>Amount</u>
<u>HELD FOR COLLECTION BY FIRST NATIONAL</u>		
<u>BANK OF MARYLAND:</u>		
Dr. Dan Periozi	5-1/2%	\$10,500.00
Dr. Cesare Luccioli	5-1/2%	9,062.50
Dr. James Scully	5-1/2%	9,000.00
Dr. George Ware	5-1/2%	7,500.00
Dr. Mounger Sibay	5-1/2%	6,000.00
Dr. Roy Nicholson	5-1/2%	5,937.50
Dr. Michael Corrado	5-1/2%	5,625.00
Dr. Reginald McManus	5-1/2%	<u>1,875.00</u>
		\$ 55,500.00
<u>HELD FOR COLLECTION BY PUBLIC NATIONAL</u>		
<u>BANK:</u>		
Dr. Leslie Peters	6%	64,181.81
<u>HELD BY HOSPITAL:</u>		
Dr. Melvin Small	6%	\$34,000.00
Jefferson Memorial Hospital Associates	6%	20,000.00
Dr. George Ware	6%	18,119.82
Dr. Leslie Peters	6%	16,708.34
Dr. Melvin Small	6%	15,365.02
Dr. George Ware	5-1/2%	3,000.00
Dr. Michael Corrado	6%	<u>1,036.17</u>
		108,229.35
<u>TOTAL</u>		<u>\$227,911.16</u>

TAUBER 43864

J.APP. 3117

JEFFERSON MEMORIAL HOSPITALNOTES PAYABLEOCTOBER 31, 1968

<u>Creditor</u>	<u>Interest Rate</u>	<u>Amount</u>
Public National Bank	5%	\$ 71,900.00
Dr. Laszlo Tauber	6%	70,000.00
Public National Bank	8%	59,000.00
First National Bank of Maryland	5-1/2%	50,000.00
Gerald Hopkins (Secured by Land)	6%	12,265.54
Irvin Berman (Secured by Land)	6%	11,333.32
George Hurwitz (Secured by Land)	6%	11,333.32
Public National Bank	6-1/2%	10,000.00
TOTAL		<u>\$295,852.18</u>

TAUBER 43865

JAPP.3118

JEFFERSON MEMORIAL HOSPITALCAPITAL - OPERATINGOCTOBER 31, 1968

Balance, November 1, 1967

(\$305,802.51)

ADD:

Net Income for Year Ended

October 31, 1968 (Exhibit B)

\$15,358.74

Adjustment to Accounts Receivable for
Prior Years

43,369.00

Reduction of Amount due Radiologist
for Years Prior to 196730,082.30 38,310.04

(\$216,992.47)

DEDUCT:Group Hospitalization, Inc., Liability for
the Period July 1, 1966 to December 31, 196635,005.20

BALANCE, OCTOBER 31, 1968

(\$251,997.67)

TAUBER 43866

J.APP.3119

JEFFERSON MEMORIAL HOSPITALREVENUE FROM SERVICES TO PATIENTSFOR THE YEAR ENDED OCTOBER 31, 1968

	<u>Total</u>	<u>Inpatient</u>	<u>Outpatient</u>
<u>ROUTINE SERVICES:</u>			
Room and Board	\$1,398,082.40	\$1,398,082.40	\$ -
Emergency Room	11,540.25	-	11,540.25
 Total Routine Services	<u>\$1,409,622.65</u>	<u>\$1,398,082.40</u>	<u>\$11,540.25</u>
<u>SPECIAL SERVICES:</u>			
Operating Room	\$ 200,833.35	\$ 186,723.35	\$14,105.00
Recovery Room	44,236.45	42,718.95	1,517.50
Medical and Surgical Supplies	52,018.19	50,189.37	1,828.82
Intravenous	14,973.43	14,663.68	309.75
Pharmacy	190,556.95	185,821.67	4,735.28
Anesthesiology	94,674.95	90,002.45	4,672.50
Electrocardiology	46,963.50	44,901.50	2,062.00
Radiology	22,514.00	17,357.00	5,157.00
Blood	10,458.75	10,405.00	53.75
Transfusion Trays	4,223.00	4,216.00	7.00
 Total Special Services	<u>\$ 681,452.57</u>	<u>\$ 647,003.97</u>	<u>\$14,448.60</u>
 TOTAL REVENUE FROM SERVICES TO PATIENTS	<u>\$2,091,075.22</u>	<u>\$2,045,086.37</u>	<u>\$45,988.85</u>

TAUBER 43867

J.APP. 3120

JEFFERSON MEMORIAL HOSPITALOPERATING EXPENSEFOR THE YEAR ENDED OCTOBER 31, 1968

	Total	Salaries and Wages	Supplies and Expense
Administration and General	\$ 328,365.19	\$170,958.83	\$157,406.36
Dietary	220,847.79	17,176.61	203,671.18
Housekeeping	95,939.33	-	95,939.33
Laundry and Linen	64,526.32	8,924.53	55,601.79
Maintenance of Personnel	1,250.00	-	1,250.00
Operation of Plant	57,316.27	5,477.87	51,838.40
Repairs and Maintenance	52,602.51	34,685.70	17,916.81
Nursing Service	396,729.45	392,068.72	4,660.73
Pharmacy	129,906.86	-	129,906.86
Medical Records and Library	27,223.58	23,523.68	3,699.90
Operating Room	127,618.11	89,365.50	38,252.61
Anesthesiology	47,322.19	32,200.25	15,121.94
Radiology	19,256.00	17,511.02	1,744.98
Laboratory	87.78	-	87.78
Electrocardiology	30,209.09	28,651.47	1,557.62
Physical Therapy	3,929.60	3,873.60	56.00
Blood Bank	4,019.27	-	4,019.27
Recovery Room	22,101.56	21,918.87	182.69
Central Supply	57,127.84	16,830.21	40,297.63
Intensive Care	77,240.34	72,484.98	4,755.36
Emergency Room	5,754.43	5,055.79	698.64
Medical and Surgical Service	24,524.89	-	24,524.89
Total	\$1,793,898.40	\$940,707.63	\$853,190.77
Rent of Land, Building and Equipment	101,658.00		
Taxes on Land and Building	23,330.48		
Depreciation	24,108.24		
TOTAL OPERATING EXPENSE	\$1,942,995.12		

TAUBER 43868

J.APP. 3121

JEFFERSON MEMORIAL HOSPITAL
OTHER INCOME AND EXPENSE
FOR THE YEAR ENDED OCTOBER 31, 1968

INCOME:

Rents	\$81,254.41	
Interest	12,670.70	
Miscellaneous	<u>4,567.53</u>	\$98,502.64

EXPENSE:

Interest	\$56,422.16	
Miscellaneous	<u>5,860.79</u>	<u>62,282.95</u>

TOTAL OTHER INCOME

\$36,219.69

TAUBER 43869

J.APP. 3122

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Jefferson Memorial Hospital opened for occupancy in March, 1965 with a 96-bed capacity. The Hospital is a non-profit corporation managed by a board of directors consisting of 14 physicians. In 1968, an additional 24 beds were opened for occupancy bringing the total capacity to 120 beds.

NOTE 2 - TAX STATUS

The Hospital has qualified as a tax-exempt, non-profit institution under the Federal Tax Law. However, its state tax-exempt status is under negotiation and no final determination has been made by the State. Until such determination is made state and local taxes are being accrued on the Hospital's books.

NOTE 3 - PLANT AND EQUIPMENT

An appraisal of plant and equipment has been made by Marshall and Stevens, Incorporated as of October 31, 1967 and the valuation as determined by them on the property owned or under lease as explained in Note 6 is included in the accompanying Balance Sheet.

NOTE 4 - LEASE AGREEMENT - LAND

Two lease agreements have been made on the portion of land occupied by the Hospital. The term of one lease is for 99 years beginning January 1, 1966. Under the lease agreement the basic annual rental is \$15,600.00 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 is also for a period of 99 years with a rental of \$2,406.80 per annum.

TAUBER 43870

J.APP.3123

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LEASE AGREEMENT - BUILDING - ORIGINAL

The Hospital is leasing the building it occupies. The lease commenced on January 1, 1966 and is in effect for a period of 40 years with an option to renew for an additional 19 years. The basic annual rental is \$80,940.00 per annum with a provision that on each tenth anniversary of the commencement date of the lease the annual rental can be adjusted by a formula based on the wholesale price index. In addition, under the terms of the lease the Hospital will pay all maintenance, insurance and taxes on the property.

NOTE 6 - LEASE AGREEMENT - BUILDING - 1968 ADDITION

The Hospital leases the 20-bed addition completed in 1968. No final leasing agreement has been entered into at this time. However, based on the advice of the management an estimated accrual has been made in the amount of \$4,100.00 to cover the period of occupancy from June 19, 1968 through October 31, 1968.

NOTE 7 - LEASE AGREEMENT - EQUIPMENT

Under a refinancing arrangement using a sale and leaseback the Hospital has entered into a leasing of equipment in the amount of \$340,000.00. The lease commenced on January 2, 1966 and extends for a period of ten years, at which time the equipment will be contributed to the Hospital at no additional cost. Under the terms of the lease agreement the basic annual rental is \$17,500.00 for the first two years; \$25,000.00 for the second two years; and \$42,500.00 for the subsequent six years. In addition to the basic annual rentals, the Hospital shall provide and pay all maintenance, repairs, taxes and insurance on the equipment.

The leased equipment has been entered on the books of the Hospital at the value determined by Marshall and Stevens, Incorporated and is being depreciated in accordance with their report.

TAUBER 43871

J.APP.3124

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LEASE AGREEMENT - EQUIPMENT (Continued)

The corresponding liability for the leased equipment has similarly been entered on the books and appears on the accompanying Balance Sheet as "Lease Agreement".

NOTE 8 - PROVISION FOR GROUP HOSPITALIZATION, INC. ADJUSTMENT

The provision in the amount of \$133,000.00 is for an estimated liability to Group Hospitalization, Inc. under contract with the Hospital. An amount for reimbursement for services rendered to subscribers of GHI is determined for each calendar year by that organization in accordance with a specified cost formula. During the year payments are received from GHI as services are rendered to its subscribers but these payments exceed the actual allowable charges to GHI for services under its contract. Although this provision is based on the best information available from GHI and the Hospital's books and records it is not possible to determine the exact amount of this liability.

NOTE 9 - PROVISION FOR FEDERAL MEDICARE PROGRAM ADJUSTMENT

Reimbursement for services rendered to patients under the Federal Medicare Program is determined for each fiscal year ended October 31 in accordance with a specified cost analysis. During the year payments are received from Group Hospitalization, Inc., the intermediary for Medicare, as hospital services are rendered to the patients. However, for the year ended October 31, 1968 it cannot be determined until certain information is received from the intermediary and the cost analysis is completed whether or not the payments received from Medicare are in excess of, or are less than, the computed reimbursement.

TAUBER 43872

JAPP. 3125

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - PROVISION FOR FEDERAL MEDICARE PROGRAM ADJUSTMENT (Continued)

The completed cost analysis for the year ended October 31, 1967 indicated a receivable in the amount of \$75,269.00 which is shown on the accompanying balance sheet. This amount is subject to audit by Group Hospitalization, Inc.

TAUBER 43873

= J.APP. 3126

JEFFERSON MEMORIAL HOSPITAL
ALEXANDRIA, VIRGINIA

AUDIT REPORT
FOR THE YEAR ENDED OCTOBER 31, 1969

COUNCILOE, BUCHANAN & MITCHELL
CERTIFIED PUBLIC ACCOUNTANTS

DT000121

OUR REPORTS ARE ISSUED WITH THE UNDER-
STANDING THAT, WITHOUT OUR CONSENT, THEY
MAY BE REPRODUCED ONLY IN THEIR ENTIRETY.
SHOULD IT BE DESIRED TO ISSUE OR PUBLISH
A CONDENSATION OR A PORTION OF THIS REPORT
AND OUR NAME IS TO BE USED IN CONNECTION
THEREWITH, OUR APPROVAL MUST FIRST BE
SECURED.

COUNCILOR. BUCHANAN & MITCHELL

DT000123

I N D E X

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Schedule B-2 - Operating Expense For the Year Ended October 31, 1969	8
Schedule B-3 - Other Income and Expense For the Year Ended October 31, 1969	9
NOTES TO FINANCIAL STATEMENTS	10 - 13

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We have made an examination of the books and records of Jefferson Memorial Hospital for the year ended October 31, 1969 and submit herewith our report which includes the exhibits and schedules listed in the foregoing index. Our 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 we considered necessary in the circumstances.

In our opinion, subject to Notes 8 and 9 included in this report, the accompanying Balance Sheet and Statement of Income present fairly the financial position of Jefferson Memorial Hospital at October 31, 1969 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Council, Buchanan Mitchell

Certified Public Accountants

DT000125

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1991: 110-111

We have made an examination of the books and records of Jefferson Memorial Hospital for the year ended October 31, 1969 and submit herewith our report which includes the exhibits and schedules listed in the foregoing index. Our 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 we considered necessary in the circumstances.

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Council, Buchanan & Mitchell

Certified Public Accountants

DT000126

JEFFERSON MEMORIAL HOSPITAL

BALANCE SHEET

OCTOBER 31, 1969

ASSETS

CASH:

Checking Accounts	\$ 2,603	
Savings Accounts	17,249	
Held in Escrow	38,019	
Petty Cash	225	\$ 58,256

NOTES RECEIVABLE (Schedule A-1)

113,156

ACCOUNTS RECEIVABLE:

Patients	\$24,644	
Less Allowance for Doubtful Accounts	100,912	\$57,732
Jefferson Memorial Hospital Associates		20,613
Doctors		9,801
Other		1,291

609,401

A. J. J. INTEREST RECEIVABLE

9,801

INVENTORIES:

25,978

PLANT AND EQUIPMENT (Notes 3, 4, 5, 6, and 7):

	Cost	Accumulated Depreciation	Book Value	
Land	\$146,567	\$ -	\$146,567	
Land Improvements	1,277	1,479	2,691	
Fixed Equipment	116,591	24,999	91,591	
Major Movable Equipment	266,985	75,841	191,144	
Total	\$531,420	\$102,319	\$429,101	431,007

OTHER ASSETS:

Prepaid Expense	\$ 20,000	
Deposit - Marriott Hot Shoppes, Inc.	31,000	31,741

\$1,400,200

TOTAL ASSETS

LIABILITIES AND DEFICIT

ACCOUNTS PAYABLE:

Trade	\$125,607	
Contract Agencies	358,116	
Group Hospitalization, Inc.	114,590	
Jefferson Memorial Hospital Associates and Medical Associates	28,124	
Employees' Withholdings	22,056	
Prior-year P.I.C.A. Taxes	15,620	
Dietary - Marriott Hot Shoppes, Inc.	1,445	
Unclaimed Wages	314	
Federal Health Insurance Program - Medicare (Note 9)	10,000	\$ 736,922

ACCUMULATED EXPENSE:

Real Estate Taxes (Note 2)	\$101,503	
Salaries	40,907	
Interest	12,110	
Rent (Note 6)	15,132	
Taxes	4,292	174,032

PROVISION FOR GROUP HOSPITALIZATION, INC. ADJUSTMENT (Note 8)

12,000

NOTES PAYABLE (Schedule A-2)

192,100

LEASE AGREEMENT (Note 7)

290,000

BONDS PAYABLE - 0% INTEREST PER ANNUM

403,500

ADVANCE DEPOSITS:

Federal Health Insurance Program - Medicare	\$ 40,500	
Group Hospitalization, Inc.	52,000	92,500

FUND HELD IN ESCROW

607

DEFICIT:

Operating (Schedule A-3)	(\$579,875)	
Donated Capital	20,000	(559,875)

TOTAL LIABILITIES AND DEFICIT

\$1,400,200

JEFFERSON MEMORIAL HOSPITALSTATEMENT OF INCOMEFOR THE YEAR ENDED OCTOBER 31, 1969REVENUE FROM SERVICES TO PATIENTS(Schedule B-1):Routine Services
Special Services

\$1,652,618

984,960

32,537,578

DEDUCTIONS FROM REVENUE:

Adjustments and Allowances:

Contracting Agencies
Non-Contractual Patients
Employees and Professional Courtesy
Provision for Uncollectible Accounts

\$ 187,562

17,873

3,976

132,570

K 241,990

Net Revenue from Services to Patients

32,295,588

OTHER OPERATING INCOME:Sale of Meals
Telephone
Commissions
Transcripts
Sale of Supplies
Miscellaneous

\$ 30,383

2,500

905

1,328

560

893

26,560

Total Operating Revenue

32,332,157

OPERATING EXPENSE (Schedule B-2):Salaries and Wages
Supplies and Expense
Depreciation
Rent of Land, Building and Equipment
Taxes on Land and Building

\$1,159,926

1,195,512

25,650

115,462

22,500

12,529,130

Net Operating Loss

(3 136,973)

OTHER INCOME AND EXPENSE (Schedule B-3)

NET LOSS

26,201

32,332,157SEE PAGE 3
ADJ. 115C170 351
(149,257)
111,333
327,351

DT000128

JEFFERSON MEMORIAL HOSPITALNOTES RECEIVABLEOCTOBER 31, 1969

<u>Description</u>	<u>Interest Rate</u> <u>Per Annum</u>	<u>Amount</u>
<u>HELD FOR COLLECTION BY FIRST NATIONAL</u>		
<u>BANK OF MARYLAND:</u>		
Dr. Dan Periozi	5-1/2%	\$10,500
Dr. Cesare Luccioli	5-1/2%	1,813
Dr. James Scully	5-1/2%	1,500
Dr. George Ware	5-1/2%	3,000
Dr. Younger Sibay	5-1/2%	6,000
Dr. Roy Nicholson	5-1/2%	1,188
Dr. Michael Corrado	5-1/2%	1,125
Dr. Reginald McManus	5-1/2%	<u>375</u>
		\$ 25,501
<u>HELD FOR COLLECTION BY PUBLIC NATIONAL</u>		
<u>BANK:</u>		
Dr. Leslie Peters	6%	50,253
<u>HELD BY HOSPITAL:</u>		
Dr. Melvin Small	6%	\$34,000
Jefferson Memorial Hospital Associates	6%	16,000
Dr. George Ware	6%	16,301
Dr. Leslie Peters	6%	16,708
Dr. Melvin Small	6%	11,393
Dr. George Ware	5-1/2%	<u>3,000</u>
		97,402
TOTAL		<u><u>\$272,156</u></u>

DT000129

JEFFERSON MEMORIAL HOSPITALNOTES PAYABLEOCTOBER 31, 1969

<u>Creditor</u>	<u>Interest Rate</u>	<u>Amount</u>
Public National Bank	8 %	\$118,386
Public National Bank	5 %	54,500
First National Bank of Maryland	5-1/2%	10,000
Gerald Hopkins (Secured by Land)	6 %	<u>2,214</u>
TOTAL		<u>\$185,100</u>

DT000130

JEFFERSON MEMORIAL HOSPITALDEFICIT - OPERATINGOCTOBER 31, 1969

Balance, November 1, 1968

\$251,998

Add:

Net Loss for the Year Ended October 31, 1969
Prior Years' Settlement Under Terms of
Contract with Group Hospitalization, Inc.
Prior Year Balance Due Under Terms of
Medicare Program
Write-off of Over-accrual on 1967 Receivable
from Medicare
Additional Prior Years' F.I.C.A. Tax Due from
Internal Revenue Service Audit

\$170,682

107,683

10,981

21,593

15,388 327,327

BALANCE, OCTOBER 31, 1969

\$579,325

DTJ00131

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JEFFERSON MEMORIAL HOSPITAL
REVENUE FROM SERVICES TO PATIENTS
FOR THE YEAR ENDED OCTOBER 31, 1969

	<u>Total</u>	<u>Inpatient</u>	<u>Outpatient</u>
<u>ROUTINE SERVICES:</u>			
Room and Board	\$1,652,618	\$1,652,618	\$ -
Total Routine Services	\$1,652,618	\$1,652,618	\$ -
<u>SPECIAL SERVICES:</u>			
Operating Room	\$ 221,172	\$ 205,938	\$15,234
Recovery Room	46,295	45,081	1,214
Anesthesia Administration	126,679	122,292	4,387
Anesthesia Materials	55,649	52,005	3,644
Electrocardiology	74,519	71,464	3,055
Physical Therapy	40,347	32,216	8,131
Inhalation Therapy	81,722	81,524	198
Medical and Surgical Supplies	66,505	65,796	709
Pharmacy	234,632	229,477	5,155
Intravenous	18,516	18,153	363
Blood	13,815	13,815	-
Transfusion Trays	5,109	5,100	-
Total Special Services	\$ 984,960	\$ 942,970	\$42,000
TOTAL REVENUE FROM SERVICES TO PATIENTS	\$2,637,578	\$2,595,488	\$42,000

DT000132

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JEFFERSON MEMORIAL HOSPITALOPERATING EXPENSEFOR THE YEAR ENDED OCTOBER 31, 1969

	<u>Total</u>	<u>Salaries and Wages</u>	<u>Supplies and Expense</u>	<u>Depreciation</u>
Administration and General	\$ 389,148	\$ 185,406	\$ 200,496	\$ 3,246
Dietary	295,940	114,539	177,597	3,804
Housekeeping	125,493	-	125,287	206
Laundry and Linen	70,934	9,538	61,396	-
Maintenance of Personnel	1,300	-	1,237	63
Operation of Plant	48,681	6,511	42,111	59
Repairs and Maintenance	57,404	38,343	18,885	176
Nursing Service	516,581	501,064	12,136	3,381
Pharmacy	155,988	-	155,906	82
Medical Records and Library	30,679	26,910	3,217	552
Operating Room	179,692	119,968	55,914	3,810
Recovery Room	35,390	34,505	687	198
Intensive Care	90,733	84,392	4,865	1,476
Laboratory	672	-	340	332
Radiology	77	-	-	77
Physical Therapy	38,880	-	38,832	48
Inhalation Therapy	72,110	-	72,089	21
Anesthesiology	134,521	-	134,130	391
Electrocardiology	28,656	21,334	7,255	67
Central Supply	65,304	17,416	47,164	724
Medical and Surgical Service	28,362	-	28,362	-
Blood Bank	7,606	-	7,606	-
Emergency	446	-	-	446
Depreciation on Land Improvements and Fixed Equipment	6,491	-	-	6,491
Total	\$2,381,088	\$1,159,926	\$1,195,512	\$25,650
Rent of Land, Building and Equipment	115,462			
Taxes on Land and Building	32,520			
TOTAL OPERATING EXPENSE	<u>\$2,529,130</u>			

DT000133

JEFFERSON MEMORIAL HOSPITAL
OTHER INCOME AND EXPENSE
FOR THE YEAR ENDED OCTOBER 31, 1969.

INCOME:

Rents
Interest
Miscellaneous

Ln 7
\$74,350 ✓
15,237 ✓
3,274 ✓
\$93,473

EXPENSE:

Interest
Loss on Disposal of Equipment
Contribution
Miscellaneous

Ln 15
\$62,330 ✓
733 ✓
(100) m-1
\$4,010 ✓ \$67,182

NET OTHER INCOME

\$26,291

DT000134

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Jefferson Memorial Hospital opened for occupancy in March, 1965 with a 96-bed capacity. The Hospital is a non-profit corporation managed by a board of directors consisting of 14 physicians. In 1968, an additional 24 beds were opened for occupancy, bringing the total capacity to 120 beds.

NOTE 2 - TAX STATUS

The Hospital has qualified as a tax-exempt, non-profit institution under the Federal tax law. However, its state tax-exempt status is under negotiation and no final determination has been made by the State. Until such determination is made state and local taxes are being accrued on the Hospital's books.

NOTE 3 - PLANT AND EQUIPMENT DEPRECIATION

An appraisal of plant and equipment has been made by Marshall and Stevens, Incorporated as of October 31, 1967 and the valuation as determined by them on the property owned or under lease as explained in Note 6 is included in the accompanying Balance Sheet. Depreciation on this equipment is taken on the straight-line basis and the life years assigned is in accordance with the American Hospital Association guidelines of depreciable property.

Property below a cost of \$100 is expensed in the year acquired.

NOTE 4 - LEASE AGREEMENT - LAND

Two lease agreements have been made on the portion of land occupied by the Hospital. The term of one lease is for 99 years beginning January 1, 1966. Under the lease agreement the basic annual rental is \$15,600 with a provision that on each tenth anniversary of the lease commencement date the annual rental

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LEASE AGREEMENT - LAND (Continued)

can be adjusted by a formula based on the wholesale price index. The term of the other lease commenced on January 1, 1966 and is also for a period of 99 years with a rental of \$2,406.80 per annum.

NOTE 5 - LEASE AGREEMENT - BUILDING - ORIGINAL

The Hospital is leasing the building it occupies. The lease commenced on January 1, 1966 and is in effect for a period of 40 years with an option to renew for an additional 19 years. The basic annual rental is \$80,940 per annum with a provision that on each tenth anniversary of the commencement date of the lease the annual rental can be adjusted by a formula based on the wholesale price index. In addition, under the terms of the lease the Hospital will pay all maintenance, insurance and taxes on the property.

NOTE 6 - LEASE AGREEMENT - BUILDING - 1968 ADDITION

The Hospital leases the 20-bed addition completed in 1968. No final leasing agreement has been entered into at this time. However, the Hospital, based on the best information available, is accruing \$11,232 per annum to cover the amount when finally determined.

NOTE 7 - LEASE AGREEMENT - EQUIPMENT

Under a refinancing arrangement using a sale and leaseback the Hospital has entered into a leasing of equipment in the amount of \$340,000. The lease commenced on January 2, 1966 and extends for a period of ten years, at which time the equipment will be contributed to the Hospital at no additional cost. Under the terms of the lease agreement the basic annual rental is \$17,500 for the first two years; \$25,000 for the second two years; and \$42,500 for the subsequent six

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LEASE AGREEMENT - EQUIPMENT (Continued)

years. In addition to the basic annual rental, the Hospital shall provide and pay all maintenance, repairs, taxes and insurance on the equipment.

The leased equipment has been entered on the books of the Hospital at the value determined by Marshall and Stevens, Incorporated and is being depreciated in accordance with their report.

The corresponding liability for the leased equipment has similarly been entered on the books and appears on the accompanying Balance Sheet as "Lease Agreement".

NOTE 8 - PROVISION FOR GROUP HOSPITALIZATION, INC. ADJUSTMENT

The provision in the amount of \$12,000 is for an estimated liability to Group Hospitalization, Inc. under contract with the Hospital. An amount for reimbursement for services rendered to subscribers of GHI is determined for each fiscal year by that organization in accordance with a specified cost formula. During the year payments are received from GHI as services are rendered to its subscribers but these payments exceed the actual allowable charges to GHI for services under its contract. Although this provision is based on the best information available from GHI and the Hospital's books and records it is not possible to determine the exact amount of this liability.

NOTE 9 - PROVISION FOR FEDERAL MEDICARE PROGRAM ADJUSTMENT

Reimbursement for services rendered to patients under the Federal Medicare Program is determined for each fiscal year ended October 31 in accordance with a specified cost analysis. During the year payments are received from Group Hospitalization, Inc., the intermediary for Medicare, as hospital services are

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - PROVISION FOR FEDERAL MEDICARE PROGRAM ADJUSTMENT
(Continued)

rendered to the patients. However, for the year ended October 31, 1969 it cannot be determined until certain information is received from the intermediary and the cost analysis is completed whether or not the payments received from Medicare are in excess of, or are less than, the computed reimbursement.

A tentative settlement of the 1968 cost analysis prior to audit by the intermediaries of Medicare indicated a liability to Medicare in the amount of \$10,981 which is shown on the accompanying Balance Sheet.

DT000139