

# Limestone Medical Properties, LLC

## Limestone Development, LLC

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### Annual Meeting of the Membership and the Management Committee Minutes

April 17, 2012

#### 1. Call to Order:

The annual meeting of the Membership and the Management Committee of Limestone Medical Properties, LLC (LMP) and Limestone Development, LLC (LP) was called to order on April 17, 2012 at 5:25 pm by Roger C. Stevenson, M.D., Co-Managing Member.

Attendees: Damian Andrisani, M.D.; Uma Chatterjee, M.D.; Heather Dealy, M.D.; Emmanuel Devotta, M.D.; Michael Guarino, M.D.; H. Lebowitz, M.D.; A. Radford MacFarlane, M.D.; Louis Martin, DDS; W. Nottingham, M.D.; Roger C. Stevenson, M.D., Co-Manager  
Guests/Staff: William J. Martin, Esq.; Frank DiGregorio, Manager; Jean Ackerman, Admin. Coordinator  
Excused: Michael Peters, M.D.; Rafi Soofi, M.D.; Pramod Yadhati, M.D.

#### 2. Approval of Minutes:

2.1 The minutes of the Membership meeting of February 21, 2012 were approved as written.

#### 3. Unit Activity:

3.1 *List of Members* - was distributed and noted as attached.

3.2 *Unit Purchase Activity* -

3.2.1 It was noted that Pulmonary and Sleep Consultants, LLC purchased 0.5 unit.

3.2.2 It was noted that Quan C. Nguyen, M.D. and Hao Nguyen purchased 3.0 units.

3.2.3 It was noted that Eric Kalish, M.D. purchased 1.0 unit effective today.

3.3 *Unit Buy-Back Activity* -

3.3.1 It was noted that the re-purchase of 20.0 units from the Estate of Thomas J. Maxwell had been completed.

3.3.2 Mr. DiGregorio announced that James H. Hays, M.D. has requested that LMP re-purchase 5.0 of his units leaving him with 5.0 units. Dr. Hays is leaving the Delaware Medical Group and starting his own practice effective July 1, 2012.

By proper motion, the Management Committee, and other Members present, unanimously approved to re-purchase 5.0 units from Dr. Hays.

3.4 The Management Committee proposed an increase in the maximum number of units an individual owner can purchase from 30 units to 35 units. There were no objections to this proposal.

3.5 Dr. Chatterjee announced that Pedro Dayrit, M.D., who is presently sharing office space with her and who also is approved to use the Limestone Surgery Center, has expressed interest in becoming a LMP owner. By proper motion, the Management Committee, and other Members present, unanimously approved Dr. Dayrit to purchase units in LMP.

**4. LMP Operating Agreement and LMP Tenant Lease – Continued Amendment Discussion:**

Mr. Martin presented a memorandum to the LMP Members dated April 15, 2012. In this memorandum, he outlined the proposed amendments to the LMP Operating Agreement (see attached Memorandum and draft copy of the Amended and Restated Operating Agreement. These two documents were distributed by e-mail to the Members prior to this meeting). He stated that this is the initial presentation and only for discussion at this time. A vote will be taken later this year after all Members have had an opportunity to consider the changes in detail.

- 4.1 *Election of a Management Committee and Delegation of Duties to that Committee* – Mr. Martin presented his draft amendment to the Operating Agreement reducing the size of the Management Committee to nine (9) Members and delegating much of the authority to manage LMP to the Management Committee as the governing body for LMP (and setting out the Management Committee’s protocols with respect to decision making). Those present at the meeting were in favor of the changes, although no specific vote was taken. The proposal will be submitted to the full Membership at an upcoming meeting. Please see the attached.
- 4.2 *Extended Timetable for Company to Respond in Event Member Proposes to Sell Membership Interest* – previously approved by the Management Committee.
- 4.3 *New Provisions providing for Redemption of Member’s Interests in the event of a Material Breach of a Lease and/or the Operating Agreement* – Mr. Martin reviewed the draft amendment to the Operating Agreement as attached. Dr. Devotta questioned how a potential bankruptcy would affect these terms. Mr. Martin explained how bankruptcy is conducted and how it would come into play in the contest of a Member’s interest in LMP and/or a Member’s lease. Those present at the meeting were in favor of the changes, although no specific vote was taken. The proposal will be submitted to the full Membership at an upcoming meeting. Please see the attached.
- 4.4 *Changes to the Payment Terms for Redeemed Membership Interests* – Mr. Martin explained that under the current terms of the Operating Agreement, the Company pays cash (or other immediately available funds) at time of Closing when it redeems a Member’s Interest. The LMP Management Team had expressed concern that this could “create significant cash flow disruptions” if a number of Members retired at the same time. The Committee held a lengthy discussion covering the proposal and various options, however there was no general consensus on the proposed change or any of the other options. As such, it was suggested that the redemption provisions (including “cash” payment of the purchase price at time of redemption) in the Operating Agreement be left “as-is” so that the Company can maintain the greatest amount of flexibility when deciding on buy-back requests. Mr. Martin will revise the Amendment accordingly.

**5. Election of the LMP Management Committee for 2012 – 2013:**

The following slate of nominations for election to the Management Committee from July 1, 2012 through June 30, 2013 was approved by proper motion to submit to the general Membership for ballot vote.

- |                                |   |            |
|--------------------------------|---|------------|
| 1. Bill Nottingham, M.D.       | - | Co-Manager |
| 2. Roger Stevenson, M.D.       | - | Co-Manager |
| 3. Damian Andrisani, M.D.      |   |            |
| 4. Uma Chatterjee, M.D.        |   |            |
| 5. Emmanuel Devotta, M.D.      |   |            |
| 6. Harry Lebowitz, M.D.        |   |            |
| 7. A. Radford MacFarlane, M.D. |   |            |
| 8. Rafi Soofi, M.D.            |   |            |
| 9. Pramod Yadhati, M.D.        |   |            |

**6. Financial Review and Approval:**

- 6.1 *Review of Financial Reports* – Mr. DiGregorio reviewed the LMP Cash Flow Statement (Summary) and the Cash Flow Budget vs. Actual from January through March 2012 as attached.

- 6.2 Second Quarter Unit Valuation from April 18, 2012 through June 30, 2012 – By proper motion, the LMP Management Committee, and other Members present, unanimously approved to increase the current valuation of a LMP unit from \$23,850 to \$24,500 based on the calculations presented by Mr. DiGregorio.
- 6.3 Review and Discussion of PNC Bank Loans – By proper motion, the Management Committee, and other Members present, approved to obtain a \$1,000,000 construction/term loan and a \$750,000 revolving line of credit in order to term out the current balance under the line of credit and Capital improvements. This decision was based on the fact that the LMC parking lot resurfacing will not take place in 2012.

**7. Tenant and Leasing Activity:**

7.1 *Limestone Medical Center (LMC) -*

- 7.1.1 It was noted that LMC has requested to lease Suite 107 once the current tenants have moved to Mill Creek Medical Center. LMC plans to move their endoscopy unit to that suite.
- 7.1.2 The Committee discussed LMC's interest to also expand the ASC to Suite 108 as well as into Suite 107.
- 7.1.3 It was noted that Dr. Michael Brooks has moved his satellite office to Suite 211 from Suite 203 by subletting from Van Buren Medical Associates.

7.2 *Mill Creek Medical Center (MCMC) -*

- 7.2.1 Suite 101 - Mr. DiGregorio announced that Dr. Erwin Suh, an ophthalmologist, has expressed interest in renting this suite and ownership in LMP. By proper motion, the Management Committee, and other Members present, regrettably declined to lease to this physician. The Committee noted that there are already two ophthalmology practices located within LMP.
- 7.2.2 Suite 202 A: Mr. DiGregorio announced that construction is proceeding for the practices of Dr. Carlos Reyes and Dr. Andrew Myers to move from their current suite at LMC to Suite 202a at MCMC.
- 7.2.3 Suite 202 B: no update was given at this time.

7.3 *Stanton Medical Center (SMC) -*

- 7.3.1 Suite 4 remains listed with Musi Commercial Realty.

**8. Building and Grounds:**

8.1 *Limestone Medical Center (LMC) -*

8.1.1 **Parking Lot Expansion Update:**

8.1.1.1 Mr. DiGregorio announced that LMP received approval for two variances with the New Castle County Board of Adjustment which were necessary for LMP to obtain before proceeding with the parking lot expansion. However, he further announced that in the next step of the approval process, the NCC Planning Board had denied revising the LMC deed restrictions.

8.1.1.2 Because of the Planning Board's decision and the high likelihood of a denial of LMP's proposal by the NCC Council, Mr. DiGregorio explained that LMP has requested that County Council's vote be put on hold in order for LMP to regroup and obtain

additional consultations. He recommended that LMP start over with the Planning Board approval process by obtaining the services of Mr. Larry Tarabicos, Esq., an attorney experienced in NCC land use procedures. Mr. DiGregorio stated that the LMP Co-Managers and management staff have met with Mr. Tarabicos to determine what can be done to change the Planning Board vote. Mr. Tarabicos recommended that LMP proceed with a new engineering firm, Duffield Associates, who would take the plans already created by Kercher engineering, and continue the planning process by creating architectural drawings, conducting a parking survey, and other documents as requested by Mr. Tarabicos.

By proper motion, the LMP Management Committee and other Members present unanimously approved proceeding with the plans to expand the parking lot at LMC and obtain the services of Mr. Larry Tarabicos, Esq. and Duffield Associates.

- 8.1.2 Because of the expansion delays, it was noted that the resurfacing of the existing LMC parking lot has been put on hold until 2013 and/or until the expansion has been completed if NCC approvals are obtained.
- 8.1.3 Landscaping and additional fencing will be discussed once the architectural drawings have been created for presentation to the Management Committee.
- 8.2 *Mill Creek Medical Center (MCMC) – TABLED.*

**9. Risk Management Report:**

- 9.1 **Webb vs. LMP Settlement** – It was reported that a tentative settlement of \$175,000 had been reached regarding this pending slip and fall case. The Management Committee reviewed documentation from KT&D Insurance Company indicating that this settlement was a factor in the increase in LMP's liability insurance premium for the coming year.

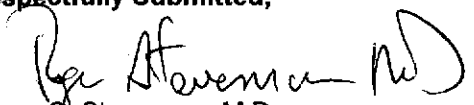
Dr. Stevenson proposed that the Management Committee look further into the actual proceedings and outcome of this lawsuit (as well as the liability insurance coverages taken out by the various parties involved in the suit). Mr. Martin stated that he had a conflict of interest, but he recommended that LMP obtain the services of Mr. Ed Tarlov, Esq. By proper motion, the Management Committee, and all Members present, approved this recommendation.

- 9.2 It was noted that the suspect who was accused of committing several burglaries in 2011 (in a doctor's office and parking lot at LMC) had the charges dismissed against him, even though the victims complained to the Court and the Delaware Department of Justice's office.

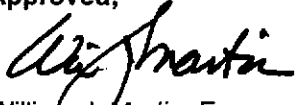
**10. Adjournment:**

There being no further business, the meeting was adjourned at 7:55 p.m. The next meeting of the Management Committee with all Members of LMP invited to attend will be held on Tuesday, June 19, 2012.

**Respectfully Submitted,**

  
Roger O. Stevenson, M.D.  
Co-Managing Member

**Approved,**

  
William J. Martin, Esq.