

BOARD MINUTES FOR 04/07/03

APRIL 7, 2003

PURSUANT TO A RECESS FROM THE APRIL 1, 2003 MEETING, THE WASHINGTON COUNTY BOARD OF COUNTY COMMISSIONERS, IN AND FOR WASHINGTON COUNTY, MET ON THE ABOVE DATE AT 8:00 A.M. AT THE WASHINGTON COUNTY ANNEX, BOARD MEETING ROOM, 1331 SOUTH BOULEVARD, CHIPLEY, FLORIDA WITH COMMISSIONES BROCK, COPE, CORBIN, FINCH AND HALL PRESENT. ATTORNEY HOLLEY, COUNTY ADMINISTRATOR HERBERT AND DEPUTY CLERK CARTER WERE ALSO IN ATTENDANCE.

CHAIRMAN CORBIN CALLED THE RECESSED MEETING TO ORDER. ATTORNEY HOLLEY OFFERED PRAYER WITH COMMISSIONER COPE LEADING IN THE PLEDGE OF ALLEGIANCE TO THE FLAG.

ADMINISTRATOR HERBERT UPDATED THE BOARD ON TWO ITEMS WHICH ATTORNEY HOLLEY HAD REVIEWED AND HAD NO PROBLEM WITH:

1. THE BOARD HAD APPROVED TO TAKE OWNERSHIP OF SOME PROPERTY AT GAP POND. THE STATE HAS ADVISED IT WOULD BE A DRAWN OUT PROCESS IF THE COUNTY TAKES OWNERSHIP OF THE LAND; THEY WERE IN AGREEMENT TO LEASE THE LAND TO THE COUNTY FOR TWENTY YEARS AT NO COST. THE BOARD WOULD NEED TO TAKE ACTION TO CHANGE FROM TAKING OWNERSHIP OF THE PROPERTY TO LEASING IT; THE PARK AND RECREATION DEPARTMENT IS PREPARING A RESOLUTION TO PROCEED WITH THE APPLICATION FOR LEASING. COMMISSIONER FINCH OFFERED A MOTION, SECONDED BY COMMISSIONER COPE AND CARRIED TO APPROVE THE RESOLUTION AUTHORIZING TO PROCEED WITH THE APPLICATION FOR LEASING THE PROPERTY AT GAP POND.
2. HEALTH CARE ADMINISTRATION CONTACTED THE BOARD ABOUT A DATA SHARING AGREEMENT PERTAINING TO HEALTH INSURANCE AFFORDABILITY AND ACCOUNTABILITY ACT; THEY HAVE REQUESTED THE BOARD IDENTIFY A CUSTODIAN AND APPROVE THE AGREEMENT. DISCUSSION WAS HELD WITH JUDY SCHIRAH, HOSPITAL ADMINISTRATOR, INFORMING THE BOARD, THE HOSPITAL BOARD HAD APPOINTED CINDY MATHIS AS THEIR PRIVACY OFFICER. SHE SUGGESTED IN ORDER TO BE CONSISTENT, THE BOARD OF COUNTY COMMISSIONERS MAY WANT TO APPOINT MATHIS AS THEIR OFFICER. COMMISSIONER COPE OFFERED A MOTION, SECONDED BY COMMISSIONER BROCK AND CARRIED TO APPROVE OF THE AGREEMENT AND THE APPOINTMENT OF CINDY MATHIS.

PHILLIP EASTMAN, REPRESENTING RESURGENCE HEALTH GROUP, LLC., ADDRESSED THE BOARD GIVING THEM A BRIEF DESCRIPTION OF HIS EXPERIENCE IN OPERATING SMALL HOSPITALS AND HIS COMPANY'S EXPERIENCE. HE BEGAN TO ACQUIRE RURAL HOSPITALS IN 1989 AND HAS BEEN MANAGING AND OPERATING FACILITIES EVER SINCE; HIS COMPANY HAS NEVER MANAGED A RURAL HOSPITAL AND DESIRES ONLY TO OWN AND OPERATE THEM. THEY HAVE HAD AS MANY AS TEN RURAL HOSPITALS.

EASTMAN ADDRESSED THERE BEING A DIFFERENCE IN PHILOSOPHY AND APPROACH IN RUNNING A RURAL HOSPITAL VERSUS A LARGE HOSPITAL: THERE WERE TWO ELEMENTS THEY HAD FOUND THAT ALLOW RURAL HOSPITALS TO SUCCEED:

1. PHYSICIAN RECRUITMENT
2. EXPENSE MANAGEMENT

HE ADDRESSED SACRED HEART NOT BEING ABLE TO BENEFIT FROM THE SALES OF THIS ORGANIZATION; THEY ARE HERE AS GOOD SHEPHERDS OF HEALTH CARE IN THE COUNTY. HE STATED HE THOUGHT, IN ORDER FOR THE NWFCH TO GO FORWARD, THE BOARD NEEDED AN ORGANIZATION THAT HAS DIFFERENT VIEW POINTS. HE REFERENCED THE FINANCIAL POINTS AT THE HOSPITAL; THE DECLINE IN REVENUES, THE INCREASE IN EXPENSES; FOUR YEARS AGO, THERE WAS APPROXIMATELY \$4,000,000 IN THE BANK AND NOW THERE IS ABOUT

\$500,000 WITH A NEGATIVE CASH FLOW OF ABOUT \$1,000,000 PER YEAR. THE BOARD HAS ABOUT A SIX MONTH WINDOW, MORE OR LESS, WHERE EMPLOYEES WILL NOT BE RECEIVING THEIR PAYROLL CHECK.

EASTMAN THEN ASKED THE BOARD TO CONSIDER RESURGENCE HEALTH GROUP, CONTACT THEIR REFERENCES, AND GIVE THEM A CHANCE; THEY HAVE A GREAT REPUTATION.

HE STATED THEIR PROPOSAL WAS OFFERING TO ASSUME ALL THE DEBT AND MAKE ALL THE CAPITAL IMPROVEMENTS THAT HAVE BEEN STIPULATED; THE CAPITAL IMPROVEMENTS TOTAL \$3.2 MILLION DOLLARS.

HE THEN WENT OVER THE BOARD OF TRUSTEES FOR THE FACILITY ADVISING THERE WOULD ONLY BE ONE PERSON FROM RESURGENCE TO SET ON THE BOARD OF TRUSTEES WITH THE REMAINDER BEING LOCAL CITIZENS.

HE WENT OVER THE OTHER BUSINESS MODEL THE BOARD HAD IN FRONT OF THEM; SACRED HEART: THEY HAVE ASKED THE COMMUNITY TO CONTINUALLY STAND BEHIND THE HOSPITAL AND THAT IS WHY THEY HAVE ASKED FOR MONEY UPFRONT TO PAY FOR THE LOSSES. THAT IS ALSO WHY IN SEVEN AND FOURTEEN YEARS THERE WILL BE A \$1 PURCHASE OPTION; IF THIS HOSPITAL SUCCEEDS, THE MONEY WILL STAY LOCALLY AND IF IT DOES NOT SUCCEED, THE LOCAL RESIDENTS WILL BE ASKED TO CONTINUE TO PAY FOR ITS LOSSES. HE QUESTIONED IF THE BOARD WANTED TO CONTINUE TO UNDERWRITE THE COST OF HEALTH CARE IN THE COMMUNITY OR DO THEY WANT SOMEONE ELSE TO BEAR THAT BURDEN; RESURGENCE IS PREPARED TO BEAR THAT BURDEN.

HE ADDRESSED THE HOSPITAL SHOULD NOT HAVE TO BE SUBSIDIZED ONCE IT GETS ABOVE EIGHT PATIENTS A DAY; RESURGENCE WILL PROVIDE INDIGENT CARE AND RECRUIT SPECIALISTS.

HE ALSO ADDRESSED RESURGENCE'S PROPOSAL OFFERING TO PAY THE COUNTY \$3.2 MILLION AND BE RESPONSIBLE FOR ALL THE DEBT; SACRED HEART'S PROPOSAL ASKS THEY BE PROVIDED \$3.2 MILLION AND THE COUNTY ABSORB THE DEBT FOR A TOTAL PRICE TAG TO THE COUNTY OF 5.2 MILLION DOLLARS TO PAY SOMEONE TO OPERATE THE HOSPITAL.

CHAIRMAN CORBIN REQUESTED EASTMAN TAKE THE AD IN THE NEWSPAPER AND GO OVER ITEMS 1 THRU 14 AND EXPLAIN WHAT RESURGENCE IS GOING TO DO FOR EACH ITEM:

1. RESURGENCE IS GOING TO PURCHASE ALL THE REAL AND PERSONAL PROPERTY OF THE NWFCH AS WELL AS ALL THE ASSETS.
COMMISSIONER FINCH QUESTIONED IF RESURGENCE WOULD BE TAKING OVER THE AMBULANCE SERVICE; EASTMAN ADVISED THEY WOULD BE.
2. THIS IS LEGAL ISSUES FOR THE ATTORNEYS; RESURGENCE WILL PREPARE IT AND BE THE MANAGER; THEY WILL HAVE A SUBSIDIARY THEY WILL CREATE FOR THE PURPOSE OF PURCHASING THE HOSPITAL; THEY WILL TAKE EACH INDIVIDUAL FACILITY AND HAVE MALPRACTICE INSURANCE TO MAKE SURE EACH ENTITY IS PROTECTED.
3. PURCHASER QUALIFICATIONS--HE ADVISED HE HAD ALREADY DESCRIBED HIS QUALIFICATIONS; HIS BACKGROUND INCLUDED A MASTERS DEGREE IN HOSPITAL ADMINISTRATION; MOST OF HIS CAREER HAS DEALT WITH FINANCE, REIMBURSEMENT, ACQUISITION, DEBT RESTRUCTURING ON FACILITIES THEY BUY. HIS PARTNER, ANN THOMPSON, HAS A DUKE UNIVERSITY MASTERS DEGREE AND WENT TO GEORGIA BAPTIST IN ATLANTA, WAS AN ASSISTANT ADMINISTRATOR AND WAS A HOSPITAL ADMINISTRATOR IN JASPER, GEORGIA AT THE AGE OF 27; SINCE THAT TIME, SHE HAS BEEN AT THAT HOSPITAL AS REGIONAL DIRECTOR OF OPERATIONS AND HE HAS WORKED WITH HER FOR FIFTEEN YEARS. HE ADVISED THEIR ORGANIZATION HAD HUMAN RESOURCES PERSONNEL, ACCOUNTANTS, REIMBURSEMENT EXPERTS, ETC.
ON PHYSICIAN RECRUITING, THEY HAVE RECRUITED 750 PHYSICIANS FOR VARIOUS HOSPITALS, ETC.; ABOUT 37 PHYSICIANS PER ENTITY.
4. TYPE OF TRANSACTION--THEY ARE PROPOSING TO BUY THE ASSETS OF THE HOSPITAL WITH THOSE ASSETS BEING DEFINED; THE HOSPITAL, SKILLED NURSING FACILITY ON THIRD FLOOR, HOME HEALTH, AMBULANCE, THE LAND, THE BUILDINGS, HEALTH OFFICE COMPLEX; EVERYTHING WITHIN THE JURISDICTION AND CONTROL OF THE BOARD.

- HE ALSO ADDRESSED NETWORKING CAPITAL BEING THE ACCOUNTS RECEIVABLE LESS THE ACCOUNTS PAYABLE; CURRENTLY THE HOSPITAL HAS A NEGATIVE BALANCE; HOWEVER, RESURGENCE IS GOING TO ACCEPT ALL THE ACCOUNTS RECEIVABLE AND ALL THE ACCOUNTS PAYABLES OF THE HOSPITAL AS PART OF THIS TRANSACTION.
5. CONSIDERATION IS BROKEN DOWN INTO TWO CATEGORIES: SELLER BENEFITS--THEY WILL CONTINUE TO MAKE PROMISES THEY WILL BE HELD ACCOUNTABLE IN THE FUTURE; INDIGENT CARE LOCAL CONTROL BY VOTE OF THE TRUSTEES, ESTABLISHMENT OF OUTLYING CLINICS, RURAL OUTREACH PROGRAMS, CONTINUED OPERATION OF EMERGENCY ROOM SERVICES. COMMISSIONER FINCH REQUESTED EASTMAN ELABORATE MORE ON WHAT WAS BEING REFERRED TO ON THE ESTABLISHMENT OF SECONDARY LEVEL OF SPECIALTY CLINICS. EASTMAN ADVISED RESURGENCE WOULD BRING IN SPECIALITY PHYSICIANS, ESTABLISH A CLINIC, PUT NURSING STAFF THERE, SCHEDULE PATIENTS WITH PHYSICIANS FOR A HALF DAY A WEEK TO THREE DAYS A WEEK, DEPENDING ON VOLUME AND ROTATE THE MULTI-SPECIALISTS. THIS WOULD BE ONE WAY TO GENERATE REVENUE FOR THE HOSPITAL AND ALLOWS THE PHYSICIANS IN ADJOINING COMMUNITIES TO EXPAND THEIR PRACTICE. COMMISSIONER FINCH THEN ASKED EASTMAN TO ADDRESS ITEM B: EASTMAN ADVISED THERE WOULD BE A CONTINUANCE OF REFERRAL RELATIONSHIPS BETWEEN LOCAL RURAL HOSPITALS AND LARGER HOSPITALS. BUSINESS ENTERPRISE VALUE--TOTAL PURCHASE PRICE AMOUNTS TO THE ASSUMPTION OF ALL THE DEBTS AND PAYMENT OF ALL THE CAPITAL EXPENDITURES NECESSARY TO GET THE HOSPITAL UP TO A MODEREN LEVEL; THEY HAVE 1.8 MILLION DOLLARS BUDGETED AT THE MOMENT. EASTMAN ADVISED IN A DIFFERENT TYPE OF ENVIRONMENT, HE WOULD WRITE A \$3.2 MILLION DOLLAR CHECK TO THE BOARD, THE BOARD WOULD PAY OFF ALL THEIR DEBTS, REPAIR THE ROOF AND PUT ALL THE EQUIPMENT IN THE HOSPITAL THAT SHOULD HAVE BEEN THERE TO BEGIN WITH. HOWEVER, IN THIS CASE, RATHER THAN SWAPPING CHECKS, RESURGENCE IS GOING TO ASSUME THAT RESPONSIBILITY. CHAIRMAN CORBIN PROVIDED EASTMAN WITH A COPY OF THE FINANCIAL STATUS OF THE HOSPITAL AT THE PRESENT TIME AND ASKED HIM TO MAKE SURE OF WHAT HE WAS COMMITTING TO. EASTMAN REVIEWED THE REPORT AND THE ONLY ITEM THAT APPEARED TO BE UNFAMILIAR TO HIM SINCE THE REPORT THEY WERE GIVEN IN JANUARY WAS THE \$560,000. CHAIRMAN CORBIN ADVISED EASTMAN THERE WAS APPROXIMATELY \$800,000 TO \$900,000 AVAILABLE NOW IN THE TREASURY; HE ALSO ADDRESSED THE \$565,000 LOAN HAVING TO BE REPAID IMMEDIATELY IF THE BOARD WERE TO SELL THE HOSPITAL. EASTMAN ADVISED IN HIS PROSPECTIVE, IT IS PROBABLY A WASH; WHEN CASH COMES IN FROM A LOAN, UNLESS SOMEONE PUTS IT IN THEIR POCKET, BILLS GET PAID. THEREFORE, THE TOTAL DEBT SHOULD REMAIN ABOUT THE SAME.
6. RESURGENCE'S RESPONSES TO SATISFACTION OF SELLER REQUIREMENTS:
- A. RESURGENCE IS GOING TO PAY ALL THE WORKING CAPITAL AND ALL THE DEBTS.
 - B. RESURGENCE WILL ASSUME ACCOUNTS RECEIVABLES, INCLUDING LEASE PAYMENTS.
 - C. RESURGENCE INTENDS TO INCREASE THE LEVEL OF SERVICES

AT THE HOSPITAL WITH SPECIALTY PHYSICIAN RECRUITMENTS. THEY WILL DO AN ANALYSIS OF PHYSICIAN NEEDS; PROVIDE A TIMEFRAME IT WILL TAKE TO RECRUIT THE PHYSICIANS AND THEN IT WILL BE IMPLEMENTED BY THE CEO OF THE HOSPITAL.

- D. RESURGENCE WILL OPERATE EMERGENCY ROOM WITH PHYSICIAN STAFFING, 24 HOURS A DAY, 7 DAYS A WEEK. THEIR PREFERENCE WOULD BE TO HAVE THE LOCAL PHYSICIANS WORK WITH THEM IN STAFFING THE EMERGENCY ROOM; IF THEY CHOOSE NOT TO, RESURGENCE WILL ENGAGE A QUALIFIED EMERGENCY PHYSICIAN STAFFING COMPANY.
- COMMISSIONER COPE QUESTIONED IF THE PHYSICIAN STAFFING FOR THE EMERGENCY ROOM WOULD BE CERTIFIED ACLS AND ATLS. EASTMAN ADVISED THEY CURRENTLY SEEK TO GET THESE CERTIFICATIONS; THIS IS WHERE THEY WANT TO BE BUT THEY ARE NOT THERE NOW.
- CHAIRMAN CORBIN QUESTIONED EASTMAN IF A BRANCH OF RESURGENCE WOULD BE HANDLING THE STAFFING OF THE EMERGENCY ROOM SHOULD THE LOCAL DOCTORS CHOOSE NOT TO. EASTMAN ADVISED THERE WERE COMPANIES THEY WOULD HIRE TO TAKE CARE OF THE STAFFING.
- E. RESURGENCE WILL CONTINUE TO PROVIDE SERVICES TO THE INDIGENT RESIDENTS OF WASHINGTON COUNTY.
 - F. RESURGENCE WILL AGREE TO PUT IN WRITING IN A CONTRACT, OR WHATEVER THE ATTORNEY MAY WANT, TO COMMIT TO CONTINUE TO USE THE NWFCH AS AN ACUTE CARE HOSPITAL.
 - G. RESURGENCE WILL BE RESPONSIBLE FOR ALL THE TAXES, MAINTENANCE INSURANCE COVERAGE ON REAL PROPERTY, GENERAL LIABILITY, MALPRACTICE LIABILITY OR ANY OTHER TYPE OF INSURANCES NEEDED TO RUN A HOSPITAL.
 - H. RESURGENCE IS PROPOSING TO PURCHASE, NOT LEASE, THE NWFCH; THEREFORE, ITEM 8 PERTAINING TO THE ADDITION OF NEW BUILDINGS ON THE PROPERTY OR EXPANSIONS OR ALTERATIONS OF EXISTING BUILDINGS DOES NOT APPLY.
 - I. RESURGENCE EXPECTS THE SELLER TO INDEMNIFY THEM FOR ANY DEBTS THEY DIDN'T ASSUME AND RESURGENCE WILL INDEMNIFY THE SELLER FOR ANY DEBTS THEY DID ASSUME PLUS OTHERS INCURRED ON BOTH. THEY WILL PROVIDE A SCHEDULE WITH THE PURCHASE AGREEMENT SHOWING THE DEBT AND THE LIABILITY AND THE BUYERS STATEMENT SAYING ANYTHING NOT ON THE LIST THEY WILL ASSUME RESPONSIBILITY FOR; THEY WILL ALSO HAVE A SIMILAR CONTRACT WHICH WILL SAY THEY WILL INDEMNIFY THE SELLER.
 - J. THIS ITEM REFERS TO A MANAGEMENT OR LEASE AGREEMENT AND DOES NOT APPLY TO RESURGENCE'S PROPOSAL TO PURCHASE HOSPITAL.
 - K. REFERS TO PROPOSER MAINTAINING AN APPROPRIATE LEVEL OF OPERATING CAPITAL IN THE HOSPITAL ACCOUNTS DURING ANY LEASE OF THE FACILITY; THIS DOES NOT APPLY TO RESURGENCE'S PROPOSAL TO PURCHASE THE HOSPITAL.
 - L. REFERS TO MANAGING OR LEASING AND IS NOT APPLICABLE TO RESURGENCE'S PROPOSAL TO PURCHASE THE HOSPITAL; HOWEVER, THEY FEEL CONVERTING THE HOSPITAL TO CRITICAL ACCESS STATUS IS BEST THING TO DO AND THEY WOULD CONTINUE WITH THE APPLICATION FOR THIS PROCESS.
 - M. REFERS TO PROPOSER MANAGING OR LEASING AND IS NOT APPLICABLE TO RESURGENCE'S PROPOSAL TO PURCHASE HOSPITAL; HOWEVER, THEY WOULD LIKE TO KEEP THIRD FLOOR OPEN FOR EXTENDED CARE BEDS.
 - N. RESURGENCE COMMITS TO WORK WITH THE BOARD TO OBTAIN ANY

LEGISLATIVE CHANGES AS OUTLINED IN THIS SECTION.

0. RESURGENCE ACKNOWLEDGES THEIR RESPONSIBILITY FOR ALL THE PERMITS NECESSARY TO OPERATE THE HOSPITAL.

P. REFERS TO LEASING OR MANAGEMENT AND IS NOT APPLICABLE TO RESURGENCE'S PROPOSAL TO PURCHASE HOSPITAL.

Q. PURCHASER INTENDS TO RETAIN ALL EXISTING EMPLOYEES WHICH ARE NEEDED AND NECESSARY TO OPERATE THE HOSPITAL AND THEY HAVE A 401-K RETIREMENT PLAN FOR QUALIFIED EMPLOYEES.

R. RESURGENCE AGREES NOT TO DISCLOSE ANY INFORMATION OBTAINED BY IT TO ANY THIRD PARTY AND TO USE IT ONLY FOR THE PURPOSE OF PREPARING ITS PROPOSAL.

7. RESURGENCE AGREES TO PREPARE A DEFINITIVE AGREEMENT OR PURCHASER AGREEMENT

8. RESURGENCE WOULD LIKE TO HAVE ACCESS TO SELLER'S ACCOUNTANTS BOOKS AND RECORDS IN ORDER FOR THEM TO COMPLETE ITS DUE DILIGENCE REVIEW BEFORE CLOSING

9. AS FAR AS RESURGENCE KNOWS, EXCEPT FOR THE LIENS AND LIABILITIES THEY KNOW ABOUT HAVE SIGNIFIED A TRANSACTION, EVERYTHING WILL BE FREE AND CLEAR. 10. RESURGENCE IS REQUESTING THE BOARD CONFIRM THEY WILL NOT CHANGE THE WAY THEY ARE RUNNING THE HOSPITAL; NOT INCUR MORE DEBT, WON'T SELL ANY MORE ASSETS, ETC. WITHOUT PRIOR WRITTEN CONSENT OF PURCHASER. 11. RESURGENCE WILL PAY THEIR RESPECTIVE CLOSING COSTS. 12. RESURGENCE IS PROPOSING 120 DAYS AFTER THE EXECUTION OF THE AGREEMENT AND THE SATISFACTION OF CONDITIONS OF CLOSING. 13. RESURGENCE IS GOING TO GET ALL THE NECESSARY GOVERNMENTAL APPROVALS, MEDICARE TRANSFERS AND ALL GOVERNMENTAL AND OTHER LOOPS THEY HAVE TO GO THROUGH TO PURCHASE THE HOSPITAL. 14. RESURGENCE IS PROPOSING TO HELP THE HOSPITAL IN CASE THERE IS ANY COST REPORT ADJUSTMENTS FOR MEDICARE WHICH NEED TO BE DONE AFTER THE ACQUISITION OF THE HOSPITAL. 15. RESURGENCE IS ASKING, AFTER THEY PURCHASE THE HOSPITAL, THE COUNTY NOT TURN AROUND AND BUILD ANOTHER FACILITY TO COMPETE WITH THEM. 16. THIS IS CLOSING PARAGRAPH FOR SIGNATURES.

ATTORNEY HOLLEY REFERENCED EASTMAN HAVING PURCHASED HOSPITALS IN THE PAST WHEN THEY WERE IN TROUBLE, GOT THEM ON A PROFIT AND RESOLD THEM; HE QUESTIONED IF THAT WAS THE PLAN FOR THE NORTHWEST FLORIDA COMMUNITY HOSPITAL.

EASTMAN ADVISED THAT WOULDN'T EXACTLY WHAT HAD HAPPENED; THEY SOLD THE ENTIRE COMPANY IN 1996 DUE TO ONE OF THE PARTNERS IN THE BUSINESS HAVING A HEALTH PROBLEM AND WANTED TO RETIRE. HE ADVISED THEY DON'T BUY AND SELL AND FLIP; THAT TRANSACTION WAS SEVEN YEARS AGO.

ATTORNEY HOLLEY QUESTIONED THE TEN DAYS STATED ON THEIR LETTER OF INTENT HAD ALREADY EXPIRED AND QUESTIONED EASTMAN IF IT WAS GOING TO BE EXTENDED. EASTMAN AGREED TO EXTEND THE PROPOSAL FOR 30 DAYS.

COMMISSIONER FINCH DIDN'T HAVE ANY QUESTIONS AT THE PRESENT TIME AS EASTMAN ANSWERED MOST OF HIS QUESTIONS WHEN GOING OVER HIS PROPOSAL.

COMMISSIONER COPE ADDRESSED RESURGENCE HAVING PURCHASED NINE HOSPITALS AND HAVE TWO RIGHT NOW.

EASTMAN ADVISED HE ACTUALLY THOUGHT THEY HAD PURCHASED TEN HOSPITALS; THEY HAVE TWO NOW AND HAVE SIGNED A LETTER OF INTENT TO PURCHASE ONE AND JUST BEEN APPROVED TO PURCHASE ANOTHER ONE.

COMMISSIONER COPE QUESTIONED THE SIZE OF THE HOSPITALS. EASTMAN ADVISED A 60 BED FACILITY WAS THE LARGEST FACILITY WITH A 25 BED FACILITY BEING THE SMALLEST.

COMMISSIONER COPE QUESTIONED WHO PAYS THE BILL ON INDIGENT CARE. EASTMAN ADVISED NO ONE PAYS FOR INDIGENT CARE BUT IF THEY FOUND SOME TYPE OF REIMBURSEMENT PROGRAM AT A FEDERAL LEVEL, THEY WOULD PARTICIPATE.

COMMISSIONER COPE QUESTIONED EASTMAN IF THEY WOULD BILL THE COUNTY. EASTMAN ADVISED THEY WOULD NOT BILL THE COUNTY FOR INDIGENT CARE AND WOULD BE WILLING TO PUT THIS IN THE AGREEMENT.

COMMISSIONER BROCK QUESTIONED IF THE TWO HOSPITALS THEY ARE TRYING TO GET WERE COUNTY HOSPITALS; EASTMAN ADVISED THE ONE IN WILLISTON WAS NOT; THEY CALL COUNTY HOSPITALS HOSPITAL AUTHORITIES IN GEORGIA; ABOUT HALF OF RESURGENCE'S HOSPITALS ARE HOSPITAL AUTHORITIES; THEY ARE NOT FOR PROFIT SELLERS AND PRIVATE COMPANY/ PRIVATE INDIVIDUAL SELLERS.

COMMISSIONER BROCK QUESTIONED IF THE HOSPITALS RESURGENCE HAD WERE MAKING MONEY, WHY DID THEY SELL THEM. EASTMAN REITERATED HIS PARTNER HAVING HEALTH CONDITIONS AND NEEDED TO RETIRE.

COMMISSIONER BROCK ADVISED THE BOARD WAS RESPONSIBLE FOR PROVIDING THE BEST HEALTH CARE FOR THE PEOPLE OF THE COMMUNITY; WHEN THERE IS A TREND IN BUYING AND SELLING GOING ON, IT SHOWS UP ON A TRACK RECORD.

COMMISSIONER BROCK QUESTIONED IF RESURGENCE WAS GOING TO SUBCONTRACT WITH THE PHYSICIANS FOR THE EMERGENCY ROOM; EASTMAN ADVISED THEY WOULD EMPLOY A STAFFING COMPANY WHO WILL THEN HIRE THE LOCAL DOCTORS TO STAFF THE EMERGENCY ROOM.

COMMISSIONER BROCK QUESTIONED IF RESURGENCE HAD SOME TYPE OF FINANCIAL STATEMENTS FROM A YEAR AGO OR ANY TRACK RECORD OF FINANCING. EASTMAN ADVISED THEY WERE IN THE PROCESS OF HAVING AN AUDIT DONE ON THE HOSPITALS IN MONTEZUMA, TATTNALL COUNTY AND THE PARENT COMPANY FOR RESURGENCE AND IT SHOULD BE PREPARED BY APRIL.

COMMISSIONER HALL QUESTIONED IF RESURGENCE WAS PLANNING ON PURCHASING THE MEDICAL OFFICE FACILITY. EASTMAN ADVISED THEY HAD INCLUDED THE PURCHASE OF THE MEDICAL OFFICE FACILITY IN THEIR PROPOSAL. IN REFERENCE TO THE PURCHASE PRICE:

CAPITAL EXPENDITURES BUDGET	1.8 MILLION
LONG TERM DEBT	1.2 MILLION
TRADE CREDITORS AS OF JANUARY 2003	1.6 MILLION
TOTAL	4.6 MILLION
ACCOUNTS RECEIVABLE	1.4 MILLION
INVENTORY	400,000
NET AMOUNT OUTSTANDING DEBT	3.2 MILLION

EASTMAN ADVISED RESURGENCE WOULD NOT BE WRITING A CHECK FOR \$3.2 MILLION; THEY WILL BE DOING THE CAPITAL EXPENDITURES, PAYING OFF THE DEBT AND KEEPING THE RECEIVABLES.

ATTORNEY HOLLEY ADDRESSED THE MEDICAL OFFICE BUILDING LEASE INCOME PAYS FOR THE DEBT ON THE FACILITY AND GENERATES ABOUT \$100,000 NET EVERY YEAR. HE ADDRESSED THE BIGGEST PART OF THE MEDICAL OFFICE BUILDING BEING USED FOR A THERAPY CENTER AND THE CONTRACT FOR THAT SHOULD BE HONORED WITH EASTMAN AGREEING.

ATTORNEY HOLLEY QUESTIONED IF RESURGENCE'S PROPOSAL INCLUDED THE DIALYSIS CENTER; EASTMAN ADVISED IT DID.

MS. AYSHIA HATCHER, QUESTIONED IF THE EMERGENCY ROOM PHYSICIANS WOULD BE ATLS AND ACLS CERTIFIED AND WILL THEY BE REQUIRED TO HAVE ANY SPECIFIC TYPE OF BOARD CERTIFICATION.

EASTMAN ADVISED MANY TIMES THE PHYSICIANS WHO STAFF THE EMERGENCY ROOM ARE NOT BOARD CERTIFIED EMERGENCY ROOM PHYSICIANS BUT ARE BOARD CERTIFIED IN ANOTHER SPECIALTY; HOWEVER, THE ANSWER WOULD BE NO TO THE QUESTION WOULD THEY ALL BE EMERGENCY ROOM BOARD CERTIFIED PHYSICIANS.

HATCHER QUESTIONED HOW SOME OF RESURGENCE'S OTHER HOSPITALS ARE RUNNING NOW IN EMERGENCY ROOMS; ARE THEY USING LOCAL PHYSICIANS IN THEIR EMERGENCY ROOMS OR ARE THEY USING ALL CONTRACTURAL LABOR.

EASTMAN ADVISED TATTNAL HAVING A COUPLE OF ITS LOCAL PHYSICIANS STAFFING ITS EMERGENCY ROOM AS WELL AS PHYSICIANS IN THE ADJOINING COMMUNITIES OBTAINED BY THE STAFFING COMPANY; IN MONTEZUMA, ALL OF THE PHYSICIANS ARE STAFFED BY THE LOCAL PHYSICIANS; ONE OF THE LOCAL PHYSICIANS IS THE MEDICAL DIRECTOR OF THE FACILITY.

HATCHER QUESTIONED IF RESURGENCE WOULD USE EXTENDERS, NURSE PRACTITIONERS, PA'S ; EASTMAN ADVISED NO. HOWEVER, SOMETIMES NURSE PRACTITIONERS AND PA'S ARE USED FOR THE STAFF OF THE EMERGENCY ROOM BUT NOT FOR THE PURPOSE OF THE PROFESSIONAL WHO IS LEADING THE EMERGENCY ROOM WHICH IS ALWAYS A PHYSICIAN. EASTMAN AGREED RESURGENCE WOULD HIRE EXTENDERS IF AN ER PHYSICIAN WAS AT THE EMERGENCY ROOM; BUT THEY WOULD NOT HIRE THEM IN PLACE OF THE ER PHYSICIAN.

HATCHER REFERENCED TATTNAL BEING A 40 BED HOSPITAL WITH 83 EMPLOYEES AT ONE POINT; NWFCH HAS A SIGNIFICANT NUMBER OF INCREASE IN EMPLOYEES AND QUESTIONED IF RESURGENCE WOULD RETAIN ALL OF THESE EMPLOYEES. EASTMAN ADVISED THEY WOULD RETAIN ALL EMPLOYEES.

MR. PAUL SMITH ADDRESSED RESURGENCE GETTING THE HOSPITAL AND QUESTIONED WHAT WAS THE COUNTY GOING TO GET; HOW MUCH MONEY WAS GOING TO CHANGE HANDS. EASTMAN ADVISED THERE WOULD BE NO CASH CHANGING HANDS; RESURGENCE WOULD BE DOING ABOUT 1.8 IN NEW RENOVATIONS, NEW ADDITIONS AND CAPITAL EXPENDITURES; PAYING OFF THE DEBT OF THE HOSPITAL. RESURGENCE WOULD BE GETTING THE RECEIVABLES AND THE INVENTORY LEAVING A NET TO THE COUNTY OF 3.2 MILLION.

JERRY HINSON ADDRESSED THE BOARD QUESTIONING IF THERE WERE ANY PENALTIES FOR SACRED HEART IF THEY DON'T DO WHAT THEY SAY THEY ARE GOING TO DO IN THEIR PROPOSAL. CHAIRMAN CORBIN REQUESTED HINSON ADDRESS THIS ISSUE WHEN SACRED HEART PRESENTS THEIR PROPOSAL AT 1:00 P.M. HINSON THEN QUESTIONED IF THIS WOULD BE A PLAN OF THE BOARD'S TO PUT A PENALTY IN THE CONTRACT IF THEY DON'T DO WHAT THEY PROMISE. THE BOARD AGREED THEY WOULD PUT A PENALTY IN A CONTRACT NO MATTER WHICH PROPOSAL THEY ACCEPT.

BRENDA BRYANT ASKED WHAT CHECK WOULD BE WRITTEN TO THE COUNTY FROM RESURGENCE. EASTMAN ADVISED THERE WAS APPROXIMATELY \$3.2 MILLION DOLLARS IN OUTSTANDING DEBT AT THE HOSPITAL NOW; THEY WILL WRITE THE COUNTY A CHECK FOR \$3.2 MILLION WITH THE COUNTY PAYING OFF THE OUTSTANDING DEBT OR RESURGENCE WILL ASSUME THE DEBT WITH THE BALANCE BEING ZERO TO THE COUNTY.

EASTMAN ADDRESSED THE BIG EXPENDITURE ITEMS IN THE CAPITAL IMPROVEMENTS BUDGET FOR THE HOSPITAL FOR 2003 WHICH HAD BEEN PROVIDED TO HIM BY THE HOSPITAL ADMINISTRATOR, JUDY SCHIRAH:

1. SPRINKLER SYSTEM	\$300,000
2. ROOF	\$500,000
3. WINDOWS	\$400,000
4. PARKING	\$150,000
5. MEDICAL	\$ 5,000

HE PROVIDED THE BOARD WITH A COPY OF THE LIST OF THE CAPITAL IMPROVEMENTS WHICH RESURGENCE IS AGREEING TO DO.

DON WALTERS ADDRESSED THE BOARD ON HIS UNDERSTANDING OF THE PROPOSAL SUBMITTED BY RESURGENCE HEALTH GROUP:

RATHER THAN THE COUNTY BORROWING \$3.2 MILLION DOLLARS AND STILL OWING ALL OF IT UNDER THE OTHER PROPOSAL THEY RECEIVED, THE COUNTY WOULD NOT OWE THE \$3.2 TO DO THE CAPITAL IMPROVEMENTS AND RUN THE HOSPITAL. THEREFORE, WALTERS STATED IT WOULD NOT BE A ZERO BALANCE.

COMMISSIONER HALL ADDRESSED THE BOARD HAVING A WAY TO PAY THE DEBT NOW; BUT, IF THEY GIVE RESURGENCE THE MEDICAL OFFICE BUILDING, THEY WILL HAVE A \$565,000 DEBT WITH NO WAY TO PAY IT. EASTMAN ADVISED THE \$565,000 WOULD BE ASSUMED BY RESURGENCE.

CHAIRMAN CORBIN ASKED ATTORNEY HOLLEY TO EXPLAIN WHAT THE BOARD HAS HEARD TODAY FROM EASTMAN ON RESURGENCE'S PROPOSAL:

ATTORNEY HOLLEY ADVISED IF THEY ACCEPT RESURGENCE'S PROPOSAL, THE BOARD WILL NOT GO FORWARD WITH THE \$3.2 MILLION DOLLAR LOAN; THE ITEMS THAT WERE GOING

TO BE TAKEN CARE OF WITH THE \$3.2 MILLION THEY WERE GOING TO BORROW WILL BE PAID FOR BY RESURGENCE ALONG WITH THE \$560,000 LOAN FROM ENTERPRISE FLORIDA WHICH WAS NOT ON THE ORIGINAL LIST OF DEBTS PROVIDED TO RESURGENCE. HOLLEY ADVISED RESURGENCE WOULD PAY OFF ALL THE DEBT OF THE HOSPITAL, PUT A ROOF, THE WINDOWS AND SPRINKLER FOR THE HOSPITAL AND PAY FOR IT; THE COUNTY WILL RECEIVE NO MONEY BUT THEY WANT ENTER INTO THE \$3.2 MILLION DOLLAR LOAN.

ATTORNEY HOLLEY QUESTIONED IF RESURGENCE EVER DECIDED TO SELL THE HOSPITAL, IF IT WAS IN THEIR PROPOSAL FOR THE COUNTY TO HAVE THE RIGHT OF FIRST REFUSAL. EASTMAN ADVISED HE WASN'T AWARE IF IT WAS IN THE PROPOSAL OR NOT BUT THAT WAS ALMOST A STANDARD OPERATING PROCEDURE FOR RESURGENCE AND AGREED TO PUT THIS IN THE CLOSING DOCUMENTS. EVERY TIME THEY HAVE PURCHASED A FACILITY FROM A MUNICIPALITY, THE RIGHT TO FIRST REFUSAL WAS PART OF THE TRANSACTION.

COMMISSIONER FINCH ADDRESSED SACRED HEART ASKING FOR TAIL INSURANCE TO BE PAID BY THE COUNTY IN THEIR PROPOSAL AND RESURGENCE DID NOT. EASTMAN CLARIFIED THERE WERE TWO ISSUES: THE RESPONSIBILITY FOR LIABILITY AND HOW DO YOU SATISFY THE LIABILITY. RESURGENCE HAS PROPOSED THE BOARD WILL BE RESPONSIBLE FOR THE PRIOR PERIOD LIABILITY AND IF THEY WANT TO PURCHASE TAIL COVERAGE TO COVER THAT PERIOD, IT WOULD BE THEIR DECISION; TAIL COVERAGE IS VERY EXPENSIVE.

PAUL SMITH READDRESSSED THE BOARD WANTING CLARIFICATION THE TAXPAYERS WILL BE ABLE TO AVOID A \$3.2 MILLION DOLLAR DEBT WITH RESURGENCE'S PROPOSAL AND WITH SACRED HEART'S PROPOSAL THE SAME THING WILL HAPPEN WITH THE HOSPITAL AS FAR AS OPERATING, ETC. BUT IT WILL COST THE TAXPAYERS \$3.2 MILLION.

COMMISSIONER FINCH AND CORBIN REITERATED WITH SACRED HEART'S PROPOSAL, THE BOARD WOULD HAVE TO PAY SACRED HEART \$3.2 MILLION DOLLARS AND ASSUME ALL THE OTHER DEBTS.

CHAIRMAN COBIN ADDRESSED EVERYONE UNDERSTANDING THE \$3.2 MILLION DOLLARS IN RESURGENCE PROPOSAL WAS TO GO TOWARD PAYING THE LIABILITIES OF THE HOSPITAL AND QUESTIONED WHAT WOULD HAPPEN IF IT DON'T COVER ALL THE LIABILITIES. EASTMAN ADVISED THE NUMBERS SHOULDN'T VARY THAT MUCH FROM THE JANUARY FINANCIAL STATEMENT THEY HAD USED IN PREPARING THEIR PROPOSAL AS RESURGENCE PUT IN THEIR PROPOSAL FOR THE HOSPITAL NOT TO BORROW ANY MORE MONEY OR SALE ANY ASSETS.

CHAIRMAN CORBIN ADDRESSED HIM GIVING THE FINANCIAL STATEMENT TO EASTMAN SHOWING ACCOUNTS PAYABLE AND LIABILITIES \$1,372,378 AND LONG TERM DEBT \$1,835,381; THIS AMOUNT TOTALS OVER THE \$3.2 MILLION AND RESURGENCE WOULD STILL HAVE THE RESPONSIBILITY TO PUT THE ROOF ON, REPAIR WINDOWS, ETC.

EASTMAN REITERATED THE NEED FOR THE BOARD TO ADD UP ALL THE DEBT PLUS THE \$1.8 MILLION FOR CAPITAL IMPROVEMENTS AND TAKE INTO CONSIDERATION THE ACCOUNTS RECEIVABLES; RESURGENCE WAS GOING TO PAY APPROXIMATELY \$4.5 MILLION AND WILL ASSUME THE NUMBER AT CLOSING, ASSUMING THE HOSPITAL DOESN'T GO OUT AND BORROW A LOT MORE DEBT. WHEN THE CLOSING IS DONE, THE BOARD WILL NOT HAVE ANY MORE DEBT ASSOCIATED WITH THE HOSPITAL AND RESURGENCE WILL SPEND \$1.8 MILLION FOR CAPITAL IMPROVEMENTS.

CHAIRMAN CORBIN ASKED ATTORNEY HOLLEY TO EXPLAIN ONCE AGAIN WHAT EASTMAN HAD SAID AS HE IS THRILLED TO KNOW THE BOARD WAS NOT GOING TO HAVE TO BORROW \$3.2 MILLION DOLLARS FOR THE TAXPAYERS OF THE COUNTY.

ATTORNEY HOLLEY ADVISED, AS HE UNDERSTANDS IT, IF THE COUNTY WENT WITH RESURGENCE'S PROPOSAL, THIS IS WHAT IT WOULD INCLUDE:

1. COUNTY WOULD NOT PROCEED FORWARD WITH THE \$3.2 MILLION DOLLAR LOAN
2. IN CLOSING, RESURGENCE WOULD COMMIT TO MAKING THE CAPITAL IMPROVEMENTS ON THE LIST PROVIDED AT THEIR EXPENSE
3. RESURGENCE WOULD TAKE OVER HOSPITAL ACCOUNT RECEIVABLES AND COLLECT THEM
4. RESURGENCE WOULD ASSUME THE HOSPITAL'S ACCOUNT PAYABLES; LONG TERM AND SHORT TERM
5. THE NET AFFECT IN CLOSING WOULD BE THE COUNTY WOULD NOT RECEIVE ANY MONEY BUT WOULD GET THEIR BILLS PAID

EASTMAN AGREED WITH ATTORNEY HOLLEY'S INTERPRETATION OF RESURGENCE'S PROPOSAL.

CHAIRMAN CORBIN CALLED FOR A TEN MINUTE BREAK.

PURSUANT TO A RECESS, CHAIRMAN CORBIN CALLED THE RECESSED MEETING BACK TO ORDER. CHAIRMAN CORBIN POINTED OUT ATTORNEY HOLLEY HAD ADVISED HIM THIS MEETING WAS MORE OF A NEGOTIATING MEETING AND IF THERE ARE ANY CHANGES RESURGENCE WOULD LIKE TO MAKE, THEY NEED TO DO SO.

EASTMAN REQUESTED CLARIFICATION. HE ONLY HAD THE BENEFIT OF THE JANUARY FINANCIAL STATEMENT WHEN PREPARING HIS PROPOSAL; THERE WAS A DIFFERENCE IN LIABILITIES OF \$300,000 ON THE FEBRUARY FINANCIAL STATEMENT HE HAD BEEN PROVIDED:

\$1,776,000 LONG TERM DEBT
\$1,432,000 SHORT TERM LIABILITIES/ACCOUNTS PAYABLE
\$3,208,000 TOTAL

COMMISSIONER COPE REQUESTED SINCE RESURGENCE'S PROPOSAL INCLUDED ALL THE LAND, THE BOARD MAY NEED TO DISCUSS THIS ISSUE DUE TO THE POSSIBILITY THE WASHINGTON COUNTY HEALTH DEPARTMENT MAY BE WANTING TO PUT A NEW FACILITY ON A PORTION OF THE LAND.

CHAIRMAN CORBIN ADVISED EASTMAN SHOULD THE NEW HEALTH DEPARTMENT LOCATE ON THE PROPERTY, IT WOULD BE DIRECTLY WEST OF THE NEW MEDICAL OFFICE BUILDING. EASTMAN AGREED IT WOULD NOT AFFECT RESURGENCE'S PROPOSAL.

EASTMAN CONTINUED WITH HIS CLARIFICATION ON THE FINANCIALS:

\$3,208 LIABILITIES THEY WOULD PAY OFF AT CLOSING
\$1.8 CAPITAL IMPROVEMENTS
\$5 MILLION IS TOTAL CONSIDERATION RESURGENCE WILL BE TENDERING AS PART OF THE PURCHASE; IN EXCHANGE, THEY WILL GET LAND, BUILDINGS, ACCOUNTS RECEIVABLE AND ALL THE OTHER ASSETS, ETC. AT TIME OF PURCHASE.

COMMISSIONER COPE QUESTIONED THE AMBULANCES; EASTMAN ADVISED THE AMBULANCES WERE INCLUDED IN THEIR PROPOSAL AND WOULD BELONG TO RESURGENCE.

CHAIRMAN CORBIN ADDRESSED SOME OF THE AMBULANCES HAVING BEEN PURCHASED WITH GRANT MONIES AND ASKED HOW THIS WOULD AFFECT RESURGENCE'S PROPOSAL IF THEY COULD NOT BE DEEDED TO THEM.

EASTMAN ADDRESSED HIM HAVING DEALT WITH THIS AT OTHER FACILITIES; IF THE BOARD CAN'T DEED RESURGENCE THE AMBULANCES, THEY WILL LEASE THEM FOR \$1 PER YEAR, ETC. OR FIND A WAY TO DEAL WITH THE ISSUE; THERE WOULDN'T BE A PROBLEM.

EASTMAN REITERATED HE WOULD PUT IN WRITING THE COUNTY WOULD HAVE THE RIGHT TO FIRST REFUSAL SHOULD RESURGENCE EVER SELL THE HOSPITAL; THEY WOULD CONTINUE TO PROVIDE INDIGENT CARE AT NO COST TO THE COUNTY; THEY ARE NOT GOING TO BE SEEKING THE HOSPITAL OPERATE ANY AD VALOREM TAX FOR PURPOSES OF THE HOSPITAL; IF THERE IS ANY CASE LAW THAT ALLOWS THIS TO APPLY TO PUBLIC/PRIVATE FACILITIES, THEY WILL RECLAIM THOSE RIGHTS.

COMMISSIONER HALL QUESTIONED HOW RESURGENCE WOULD COME UP WITH THE REPURCHASE PRICE. EASTMAN ADVISED WHAT THEY HAVE DONE IN THE PAST IS USE APPRAISERS; RESURGENCE WOULD GET AN APPRAISAL AND THE HOSPITAL WOULD GET AN APPRAISAL; IF NEITHER PARTY LIKES THE NUMBERS THE TWO APPRAISERS SELECTS A THIRD APPRAISER AND BOTH PARTIES ARE BOUND BY THAT.

ATTORNEY HOLLEY QUESTIONED IF RESURGENCE WOULD AGREE TO PAY THE COUNTY'S CLOSING COST; EASTMAN AGREED RESURGENCE WOULD PAY.

EASTMAN READDRESSSED THE PURCHASE PRICE ISSUE, HE ADVISED THE PURCHASE PRICE WOULD BE DETERMINED BY SOME THIRD PARTY DUE TO THE COUNTY HAVING THE RIGHT TO FIRST REFUSAL.

ATTORNEY HOLLEY EXPLAINED THE MEANING OF THE RIGHT TO FIRST REFUSAL. CHAIRMAN CORBIN QUESTIONED IF IT COULD BE STIPULATED IN THE DEED, THE HOSPITAL WOULD ALWAYS BE AN ACUTE CARE HOSPITAL.

ATTORNEY HOLLEY ADVISED THERE WOULD HAVE TO BE LANGUAGE IN THE DEED, SHOULD THIS BE SOLD TO A THIRD PARTY, SOME OF THE ISSUES INVOLVED WOULD SURVIVE; IT COULD BE DONE.

EASTMAN ADVISED HE HAD CONTRACTURALLY AGREED TO DO THIS IN THE LETTER OF INTENT STATING ANY SUBSEQUENT PURCHASER WOULD BE BOUND TO THE PROVISIONS IN THE AGREEMENT.

COMMISSIONER HALL QUESTIONED IF ANOTHER COMPANY PURCHASED THE HOSPITAL FROM RESURGENCE AND THEN FILED BANKRUPTCY, WHAT RECOURSE WOULD THE COUNTY HAVE THEN. ATTORNEY HOLLEY ADVISED THEY WOULD NOT HAVE ANY WITH CHAIRMAN CORBIN STATING THEY COULD ACQUIRE PROPERTY THROUGH BANKRUPTCY PROCEEDINGS.

DR. HATCHER ADDRESSED THE BOARD QUESTIONING THE TIME FRAME FOR CAPITAL IMPROVEMENTS AND IF RESURGENCE HAD THE MONEY TO REPLACE THE ROOF, SPRINKLER SYSTEM WITHIN THE NEXT SIX MONTHS; IS THERE A SCHEDULE FOR THE IMPROVEMENTS TO BE MADE OR WAS RESURGENCE GOING TO JUST SAY SOMETIME IN THE FUTURE CAPITAL IMPROVEMENTS WOULD BE DONE.

EASTMAN ADVISED HE HAD A LIST OF THE CAPITAL EXPENDITURES THAT HAD BEEN PROVIDED TO HIM THAT HAD BEEN INCLUDED IN THE HOSPITALS CAPITAL IMPROVEMENT BUDGET; HE HAS NO IDEA OF WHAT DEPARTMENTS THEY WILL OFFSET OR HOW COMPLICATED THE PROJECTS WILL BE. HE ADVISED HE WOULD HAVE TO RELY UPON THE ATTORNEY TO MAKE SURE THERE IS LANGUAGE WHERE THERE WILL BE TIME FRAMES THAT ARE REASONABLE FOR THESE ISSUES TO BE ADDRESSED; NO WAY TO GIVE DEFINITE ANSWER AS TO WHETHER THE PROJECTS WOULD BE COMPLETED WITHIN SIX MONTHS.

DR. HATCHER QUESTIONED IF THERE WOULD BE A LINE OF CREDIT TO CONTINUE OPERATIONS AND LEVEL OF DEBT OF THE HOSPITAL, ANY BOND SHOWING TO MAKE CAPITAL IMPROVEMENTS OR DOES THE BOARD JUST TAKE HIS WORD FINANCING WOULD BE AVAILABLE. HE QUESTIONED IF TATTNALL, GEORGIA FACILITY WAS PROFITABLE NOW. EASTMAN ADVISED TATTNALL FACILITY MADE \$180,000 TO \$200,000 LAST YEAR.

DR. HATCHER ADDRESSED THE SITUATION WITH THE EMERGENCY ROOM STAFFING; HE STATED THERE HAD BEEN A LOT OF CONFIDENCE IN THE ER IN THE LAST FOUR YEARS SINCE SACRED HEART TOOK OVER. HATCHER QUESTIONED IF THE ER SERVICES WOULD GO BACK TO THE WAY THEY WERE PRIOR TO SACRED HEART TAKING OVER. EASTMAN ADVISED HE WOULD PROVIDE A LIST OF REFERENCES ON THE DOCTORS AND STAFFS AT THEIR OTHER FACILITIES.

DR. HATCHER QUESTIONED THE ELIGIBILITY FOR THE HOSPITAL STAFF TO PARTICIPATE IN THE 401-K PLAN OFFERED BY RESURGENCE. EASTMAN ADVISED THERE WERE TAX LAWS THAT INDICATE ELIGIBILITY.

DR. HATCHER QUESTIONED WHO WAS THE PROVIDER OF THE HEALTH INSURANCE COVERAGE FOR THEIR EMPLOYEES. EASTMAN ADVISED BLUE CROSS AND BLUE SHIELD OF GEORGIA BUT WAS NOT SURE WHO WILL BE PROVIDER HERE.

DR. HATCHER QUESTIONED WHO MADE UP THE BOARD OF TRUSTEES FOR THEIR HOSPITALS. EASTMAN ADVISED THE CHIEF EXECUTIVE OFFICER, CHIEF OF MEDICAL STAFF STAFF, ONE ADDITIONAL MEMBER MEDICAL STAFF, MEMBER FROM RESURGENCE AND THREE TO FIVE MEMBERS FROM THE LOCAL COMMUNITY.

DR. HATCHER QUESTIONED THE TIME FRAME FOR RECRUITMENT OF A GENERAL SURGEON AND ORTHOPEDIC SURGEON AS THERE WERE PROBABLY 70% OF GENERAL SURGEON CASES TURNED AWAY FROM THE HOSPITAL. EASTMAN ADVISED IT WOULD TAKE 90 TO 120 DAYS TO FAMILIARIZE THEMSELVES WITH ISSUES; THEY WOULD ACTIVELY PURSUE A GENERAL SURGEON. DR. HATCHER ADDRESSED RESURGENCE BEING IN EXISTENCE SINCE 2001. EASTMAN REITERATED HE WAS INVOLVED WITH PREVIOUS COMPANIES THAT HAD TEN HOSPITALS. DR. HATCHER THEN ADDRESSED SEVEN OF THOSE HOSPITALS WERE SOLD IN 1996. EASTMAN AGAIN REITERATED THIS WAS DUE TO THE HEALTH OF HIS PARTNER AND HIS PARTNER NEEDING TO RETIRE.

DR. HATCHER QUESTIONED IF LOCAL PHYSICIANS WOULD HAVE TO BE LTS CERTIFIED TO WORK IN THE EMERGENCY ROOM. EASTMAN ADVISED THIS WOULD BE A PREFERENCE BUT THIS WOULD BE A MEDICAL STAFF ISSUE.

COMMISSIONER BROCK QUESTIONED WHO WAS RESURGENCE HEALTH GROUP AND IF IT WAS OWNED BY A GROUP OF STOCKHOLDERS.

EASTMAN ADVISED HE FOUND RESURGENCE HEALTH GROUP IN 1999 AND IS PRESIDENT AND CHIEF EXECUTIVE OFFICER; PRIOR TO RESURGENCE, HE WAS CO-FOUNDER OF SOUTHERN HEALTH CORPORATION; DUE TO HEALTH OF PARTNER AND PARTNER HAVING TO RETIRE, THIS CORPORATION DISSOLVED AND FOR LIABILITY REASONS HE AND ANN THOMPSON, WHO WAS VICE PRESIDENT FOR DEVELOPMENT OF SOUTHERN HEALTH CORPORATION, AND WHOM HE HAD BEEN AFFILIATED WITH SINCE 1992, FOUNDED RESURGENCE HEALTH GROUP. HE ADVISED HE HAD NEVER HAD A HOSPITAL CLOSE OR NOT MAKE MONEY.

COMMISSIONER BROCK QUESTIONED INDIGENT CARE. EASTMAN REITERATED RESURGENCE WOULD TAKE CARE OF INDIGENT PATIENTS.

COMMISSIONER BROCK QUESTIONED IF RESURGENCE WOULD COMMIT TO RUN THE AMBULANCE SERVICE AS A LIFE SUPPORT SERVICE. EASTMAN ADVISED HE WOULD HAVE NO PROBLEM AGREEING TO THIS AND AGREED TO PROVIDE THE SAME LEVEL OF AMBULANCE SERVICE AS CURRENTLY PROVIDED.

CHAIRMAN CORBIN RECESSED THE MEETING UNTIL 1:00 P.M.

PURSUANT TO A RECESS, CHAIRMAN CORBIN CALLED THE MEETING BACK TO ORDER AND TURNED IT OVER TO SACRED HEART REPRESENTATIVES, ROBERT GRANGER, CHIEF FINANCIAL OFFICER, PETER HEKATHORN, SENIOR VICE- PRESIDENT, PATRICK SCHLENKER, VICE- PRESIDENT FOR REGIONAL DEVELOPMENT AND JUDITH SCHIRAH, NWFCH ADMINISTRATOR, TO PRESENT THEIR PROPOSAL ON THE SALE, LEASE OR MANAGEMENT OF NORTHWEST FLORIDA COMMUNITY HOSPITAL. GRANGER SHOWED A FILM PRESENTATION ON:

- A. WHO IS SACRED HEART
- B. HISTORY TOGETHER
- C. PROPOSAL FOR FUTURE
- D. WHY SACRED HEART

GRANGER PROVIDED INFORMATION ON SACRED HEART:

- A. THEY HAVE BEEN IN EXISTENCE FOR 89 YEARS IN PENSACOLA, THEY HAVE RECENTLY OPENED UP EMERALD COAST CAMPUS IN SAND DESTIN.
- B. NATIONAL HEALTH CARE CORPORATION SURVEY SHOWS SACRED HEART HAVING BEST OVERALL QUALITY IN MOST PREFERRED HOSPITAL, BEST DOCTORS PRACTICING, AND MARKET LEADER IN BALDWIN, OKALOOSA, WALTON, SANTA ROSA, ESCAMBIA COUNTIES
- C. IN MAY OF 1999, THEY TOOK OVER THE MANAGEMENT OF NWFCH; THEY HAVE A FIVE YEAR MANAGEMENT AGREEMENT WHICH WILL EXPIRE MAY OF 2004. THEY HAVE HAD SOME SUCCESSES AND SOME FAILURES. DESPITE THE CHANGES IN THE MEDICARE REIMBURSEMENT AND THE ENVIRONMENT FOR RURAL HEALTH CARE HAVING NEVER BEEN MORE DIFFICULT, THEIR SUCCESSES INCLUDED THREE SUCCESSFUL JOINT COMMISSION SURVEYS, MEDICAL OFFICE FACILITY IS COMPLETED, THEY HAVE BROUGHT IN PRIMARY CARE PHYSICIANS; ER PHYSICIANS, A DIALYSIS UNIT, IMPLEMENTED SUPPLY PROGRAM, VERNON RURAL HEALTH CLINIC, CRITICAL ACCESS IS UNDERWAY, EMPLOYEE SATISFACTION HAS IMPROVED BY 30%, IN PROCESS OF BRINGING AREA AMBULANCE ACCESS TO RURAL COMMUNITIES
- D. HE WENT OVER AUDITED FINANCIAL RESULTS OF NWFCH; THE DETERIORATING FINANCIAL CONDITIONS MANDATED ACTION DUE TO CHANGE OF ENVIRONMENT IN RURAL AREAS; A STRATEGIC PLAN WAS PRESENTED TO THE HOSPITAL BOARD.
- E. WHY \$1-SACRED HEART IS A NOT FOR PROFIT MODEL THAT MANDATES ALL SURPLUSES GENERATED IN THE FUTURE DURING THEIR OWNERSHIP REMAINS WITH THE CITIZENS OF WASHINGTON COUNTY; THERE WILL BE NO ECONOMIC VALUE WITH ASSETS; NO SURPLUS FUNDS WILL BE TRANSFERRED TO OTHER SACRED HEART ORGANIZATIONS; PRESERVES THE COUNTY'S OPTION TO RE-ACQUIRE FACILITY AT SPECIFIC POINTS AT MINIMAL COST
- F. WHY \$3.2 MILLION INVESTMENT FROM COUNTY-TO ADDRESS CAPITAL NEEDS, PHYSICIAN RECRUITMENT & RETENTION, ONGOING NEEDS OF COMMUNITY, OPERATIONAL CHALLENGES OF HOSPITAL, INDIGENT

- CARE, ETC. WITH THE SURPLUSES GENERATED REMAINING IN THE COMMUNITY, COUNTY SHOULD FUND EFFORTS WITH ROOF, WINDOWS EMERGENCY ROOM, NEW PHYSICIANS AND TOOLS; INCREASING UN-COMPENSATED CARE MUST BE FUNDED DURING INITIAL YEARS OF OPEARATION; IN FUTURE, SACRED HEART FEELS THEY WILL BE ABLE TO GENERATE ENOUGH SURPLUS TO FUND OTHER HEALTH CARE NEEDS FOR THE ENTIRE COMMUNITY AS THEY CAN DETERMINE THEY ARE ECONOMICALLY VIABLE AND ARE NEEDED IN THE COMMUNITY.
- G. COUNTY WILL HAVE OPTION TO REPURCHASE AFTER 20 YEARS.
 - H. SACRED HEART HAS OPTION TO REQUIRE THE COUNTY TO BUY BACK THE FACILITY AFTER 7, 14 AND 20 YEARS
 - I. DURING ENTIRE 20 YEARS, SACRED HEART CAN NOT SELL TO ANOTHER PURCHASER
 - J. SACRED HEART'S TRANSACTION WILL BE A PRIVATE NOT FOR PROFIT STRUCTURE.
 - K. THERE WILL BE A POSITIVE CASH FLOW TO WASHINGTON COUNTY; EX-ISTING ASSETS WILL COVER ALL EXISTING LIABILITIES UPON LIQUIDATION OF THE CURRENT FACILITY.
 - L. SACRED HEART'S VISION IS NWFCH SHOULD BE PREMIER RURAL HOSPITAL IN PANHANDLE WITH INVESTMENT OF \$3.2 MILLION AND CONTINUED INVOLVEMENT WITH SACRED HEART.
 - M. ALL BASIC MEDICAL AND SURGICAL SERVICES SHOULD BE AVAILABLE WITH FUNDS DESIGNATED FOR PHYSICIAN RECRUITMENT AND BRINGING IN ADDITIONAL PHYSICIAN SERVICES. OVER TIME, WITH GROWTH, NWFCH SHOULD BECOME A MORE REGIONAL REFERRAL FACILITY. HOW CAN IT BE DONE:
 - 1. COMPLETE CRITICAL ACCESS CONVERSION
 - 2. ENTER INTO AGRESSIVE PHYSICIAN RECRUITMENT AND RETENTION PROGRAM
 - 3. INTERGRATE INTO FULL OPERATIONS OF SACRED HEART TO REDUCE OVERHEAD
 - 4. NEW OWNERSHIP WILL PROVIDE OPPORTUNITY FOR FRESH START FOR COMMUNITY, MEDICAL COMMUNITY, CITIZENS AND HOSPITAL
- WHY SACRED HEART:
- 1. IT IS A NOT FOR PROFIT MODEL-THEIR PROPOSAL REQUIRES THEY ESTABLISH A COMMUNITY BOARD THAT WILL HAVE MAJORITY OF MEMBERS BE RESIDENTS OF WASHINGTON COUNTY
 - 2. STRONG REGIONAL AND NATIONAL PRESENCE TO BUILD UPON
 - 3. STRONG ORGANIZATION AND CORE VALUES
 - 4. TRANSACTION WILL PROVIDE ONGOING CASH FLOW TO COUNTY
 - 5. DEMONSTRATED COMMITMENT FOR IMPROVED HEALTH CARE TO WASH-INGTON COUNTY OVER LAST FOUR YEARS.

ATTORNEY HOLLEY QUESTIONED IN THE EVENT SACRED HEART OPTED TO REQUIRE THE COUNTY TO TAKE THE HOSPITAL BACK, WOULD THE COUNTY HAVE TO BUY BACK THE ACCUMULATED CASH.

GRANGER ADVISED THE COUNTY WOULD NOT BE REQUIRED TO BUY BACK THE SURPLUS CASH NOR WOULD IT BE TRANSFERRED TO THE COUNTY DIRECTLY; IF SACRED HEART AGREED, IT COULD GO BACK TO THE COUNTY OR HOSPITAL.

COMMISSIONER FINCH QUESTIONED THE PART OF SACRED HEART'S PROPOSAL WHERE THEY COULD REQUIRE THE COUNTY TO TAKE BACK THE HOSPITAL AT THE END OF 7 AND 14 YEARS AND AT THE END OF 20 YEARS, THE COUNTY WOULD HAVE THE OPTION TO PURCHASE IT BACK FOR \$1. HE ASKED GRANGER IF THE COUNTY WAS GOING TO GET THE SAME DEAL AS SACRED HEART WITH SACRED HEART GIVING THE COUNTY \$3.2 MILLION IF THE COUNTY BUYS IT BACK FOR \$1. GRANGER ADVISED SACRED HEART WOULD NOT BE GIVING THE COUNTY \$3.2 MILLION.

COMMISSIONER FINCH REFERRED TO SACRED HEART AGREEING FUTURE PROFITS THE HOSPITAL WOULD GENERATE WOULD BE APPLIED FOR REFURBISHING; HE QUESTIONED IF

SACRED HEART WANTED TO GO AHEAD AND COMMIT FUNDS TO DO THE ROOF REPAIRS, WINDOWS, ETC. OR WILL THEY WAIT UNTIL MONIES COME IN TO DO THESE PROJECTS. GRANGER ADDRESSED HIM HAVING REFERRED TO THE SURPLUS FUNDS BEING RETAINED FOR THE HEALTH CARE NEEDS OF THE COMMUNITY; HE WAS TRYING TO MAKE SURE THE BOARD UNDERSTANDS THE SURPLUS FUNDS WOULD BE AVAILABLE AT NWFCH AND PROFITS MADE WOULD NOT BE TRANSFERRED OR USED IN ANOTHER COMMUNITY AT ANOTHER CENTER. HE REITERATED SACRED HEART'S COMMITMENT TO KEEP THE SURPLUSES AVAILABLE FOR THE HEALTH CARE NEEDS OF THE COMMUNITY; IF THE BIGGEST PRIORITY FOR THOSE HEALTH CARE NEEDS WAS THE FACILITY, THIS IS WHAT WOULD BE DONE WITH THE SURPLUS FUNDS. HE ADVISED, INITIALLY, THEY WOULD MAKE THE INVESTMENTS AS THEY CAN FOR THE FACILITY. HE ALSO ADDRESSED THE NEED TO DO A THOROUGH DUE DILIGENCE OF ALL THE FACILITY, SEE WHAT THEIR SPENDING PLAN IS, AND REVISIT THESE DISCUSSIONS TO SEE EXACTLY WHAT THEIR TIMING WOULD BE. HE WAS NOT PREPARED TO ADDRESS WHEN AND WHERE THESE IMPROVEMENTS WOULD BE MADE BUT BELIEVES THEY WOULD BE DONE SOON.

COMMISSIONER FINCH QUESTIONED IF THE RECONSTRUCTION WOULDN'T NECESSARILY COME OUT OF THE \$3.2 MILLION THE COUNTY WOULD BE OBLIGATED TO GIVE SACRED HEART IN THE TRANSACTION. GRANGER ADVISED THEY MAY USE THESE FUNDS FOR THIS PURPOSE.

COMMISSIONER FINCH ADDRESSED THIS BEING A BIG ISSUE WITH RESURGENCE THIS MORNING; USING THE WORDS SHOULD, MAY, OPPORTUNITY FOR, ETC. NOT TYING ANYTHING DOWN; IN ALL FAIRNESS TO RESURGENCE, HE WANTED TO MENTION, THOSE TERMS ARE BEING USED NOW AND SACRED HEART HAS NO DEFINITE PLANS. GRANGER ADDRESSED THIS ISSUE WOULD BE IN THE DEFINITIVE AGREEMENT AS FAR AS WHAT THEIR PLAN WOULD BE; HOWEVER, THEY ARE NOT PREPARED TO SPEAK ON THIS TODAY. HE ALSO ADDRESSED SACRED HEART'S PROPOSAL WAS STATING THEIR PLAN WAS TO BE AT THE NWFCH FOR 20 YEARS; THEY HAVE ASKED FOR OPTIONS TO BE ABLE TO GO BACK AND STEP AWAY BUT THEY ARE LOOKING AT THIS AS A 20 YEAR INVESTMENT IN THE WASHINGTON COUNTY COMMUNITY, DOING, SPENDING, INVESTING THE CAPITAL THEY CAN AND SHOULD TO MAKE THE FACILITY AS SUCCESSFUL AS IT POSSIBLY CAN BE OVER THAT PERIOD OF TIME.

COMMISSIONER FINCH ADDRESSED HIM UNDERSTANDING SACRED HEART'S PROPOSAL EXCLUDING THE WELLNESS CENTER, PHYSICIANS OFFICE, AMBULANCE SERVICE, ETC. GRANGER STATED THEIR PROPOSAL STATED THEY WERE IN AGREEMENT TO MANAGE MEDICAL OFFICE FACILITY AND THE AMBULANCE SERVICE UNDER A MODEST AGREEMENT SHOULD THE COUNTY DESIRE TO DO THIS; THERE WERE VERY STRONG BENEFITS IN KEEPING THE AMBULANCE SERVICE SEPARATE, PRIMARY RELATING TO THE EMT'S AND THEIR RETIREMENT PROGRAM. AS FAR AS THE BUILDING, SACRED HEART FEELS THIS IS A NECESSARY OPTION TO PROVIDE A POSITIVE CASH FLOW TO THE COUNTY.

COMMISSIONER FINCH ADDRESSED SACRED HEART'S PROPOSAL AGREEING TO PROVIDE THE SAME AMOUNT OF INDIGENT CARE AS CURRENTLY BEING PROVIDED BY THE HOSPITAL; THERE WOULD BE NO LIMIT ON SACRED HEART'S ABILITY TO SEEK AVAILABLE SOURCES OF FUNDING FOR INDIGENT CARE. COMMISSIONER FINCH REQUESTED GRANGER ADVISE HIM OF WHAT HE WAS REFERRING TO.

GRANGER ADVISED THERE WERE NUMEROUS SOURCES SACRED HEART WOULD LIKE TO GO AFTER TO TRY AND ATTRACT FUNDS TO THE COMMUNITY TO HELP FUND INDIGENT CARE. HE ALSO ADDRESSED THE POSSIBILITY THEY MAY HAVE TO COME BACK WITH INFORMATION IN THE FUTURE IF THEY CAN'T GENERATE ENOUGH SOURCES TO FUND INDIGENCY; THEY ARE NOT SAYING THEY WILL NEVER COME BACK BUT WOULD NOT ANTICIPATE COMING BACK FOR THE NEXT SEVEN YEARS.

COMMISSIONER FINCH REQUESTED GRANGER EXPLAIN HOW SACRED HEART AND ASCENSION HEALTH TIES TOGETHER. GRANGER ADVISED ASCENSION HEALTH WAS SACRED HEART'S NOT FOR PROFIT CORPORATE PARENT; SPONSORED BY THE DAUGHTERS OF CHARITY AND SISTERS OF JOSEPH. SACRED HEART WORKS WITH THEM ON EXECUTING THEIR MISSION; THEY DO CERTAIN FUNCTIONS FOR SACRED HEART ON A NATIONAL BASIS THAT ALLOWS THEM TO EXERCISE INTRICATE BENEFITS AND SAVINGS. HE REFERENCED THEIR SUPPLY PROGRAM; NWFCH WILL NOT BE GETTING THE BENEFIT OF SUPPLY SAVINGS FROM SACRED HEART'S SUPPLY PURCHASING BUT FROM 50 TO 51 FACILITIES.

COMMISSIONER FINCH ADDRESSED SACRED HEART'S PROPOSAL, SINCE THEY ARE A NOT FOR PROFIT ENTITY, BEING CONTINGENT ON THEM BEING EXEMPT FROM PAYING AD VALOREM TAXES TO THE COUNTY; GRANGER ADVISED THIS WAS CORRECT.

COMMISSIONER COPE QUESTIONED IF THE RURAL HEALTH CLINIC IN VERNON WOULD REMAIN THE SAME.

GRANGER ADVISED SACRED HEART'S PROPOSAL WAS TO INCLUDE TO OPERATE THIS FACILITY AS OUTLINED IN THEIR PROPOSAL.

COMMISSIONER COPE QUESTIONED IF THE AMBULANCE PERSONNEL WOULD REMAIN ON THE FLORIDA RETIREMENT SYSTEM; GRANGER ADVISED THEY WOULD.

COMMISSIONER COPE QUESTIONED SACRED HEART MANAGING THE MEDICAL OFFICE FACILITY AND THE AMBULANCE SERVICE; GRANGER ADVISED THEY DID AGREE IN THEIR PROPOSAL TO MANAGE THESE FACILITIES FOR WHATEVER MINIMUM FEE THEY COULD LEGALLY CHARGE.

COMMISSIONER BROCK REFERENCED ONE OF GRANGER'S REMARKS DURING HIS PRESENTATION ABOUT WASHINGTON COUNTY COULD BE THE HOSPITAL OF NORTHWEST FLORIDA FOR THE FUTURE. COMMISSIONER BROCK QUESTIONED IF GRANGER WAS SPEAKING OF IT BECOMING A REGIONAL HOSPITAL AND HOW MANY YEARS, IN HIS ESTIMATION, WOULD THIS TAKE.

GRANGER ADVISED HE WAS SPEAKING OF IT BECOMING A REGIONAL HOSPITAL AND AS FAR AS HOW MANY YEARS WOULD IT TAKE FOR IT TO BECOME A REGIONAL HOSPITAL, IT WOULD BE DIFFICULT TO RESPOND TO THIS AS IT DEPENDS ON THE GROWTH IN THE COMMUNITY AND THE GROWTH OF THE POPULATION IN THE PANHANDLE. HE EMPHASIZED ONE OF THE BIGGEST REASONS THERE ISN'T ALREADY A REGIONAL FACILITY BETWEEN CRESTVIEW AND TALLAHASSEE ALONG THE I-10 CORRIDOR IS DUE TO THE POPULATION TODAY NOT BEING THERE TO SUPPORT THIS.

IT WAS ALSO ADDRESSED THAT ONLY 8% OF THE ADMISSIONS OF PEOPLE WHO ARE ADMITTED IN THE COUNTY ARE ADMITTED AT THE NWFCH; THE MORE COMPLETE AND CAPABLE THE FACILITY IS, THE MORE PEOPLE STAY HOME AND GET HEALTH CARE HERE; MONEY AT THE PRESENT TIME IS GOING OUT OF THE COUNTY AND SACRED HEART BELIEVES OVER TIME, RESOURCES CAN BE PULLED BACK IN AND HAVE ECONOMIC GROWTH.

GRANGER ADDRESSED IT TAKING TIME TO MAKE THE COMMUNITY FEEL CONFIDENT IN THE PHYSICIANS AND THE KEY BEING PHYSICIAN RECRUITMENT.

COMMISSIONER BROCK STATED APPROXIMATELY 19% OF THE PEOPLE IN THE COUNTY USE THE NWFCH FOR BLOODWORK AND XRAYS AND THEN THEY ARE REFERRED TO ANOTHER FACILITY OUT OF THE COUNTY. HE ADDRESSED THE NEED TO TRY AND KEEP ALL THE HEALTH CARE IN THE COUNTY RATHER THAN HAVING REFERRALS TO OTHER FACILITIES, SUCH AS ORTHOPEDIC SURGERY, HIP REPLACEMENT, ETC.

GRANGER STATED ORTHOPEDIC SURGERY DESCRIBED BY COMMISSIONER BROCK SHOULD ALREADY BE BEING DONE AT NWFCH TODAY AND THAT IS WHAT THE MAJORITY OF THE \$3.2 MILLION IS GOING TO BE USED FOR, PHYSICIAN RECRUITMENT; BY DOING THIS, THE COUNTY WOULD HAVE 70% OF THEIR ADMISSIONS COMING TO NWFCH RATHER THAN 8%.

CHAIRMAN CORBIN STATED SACRED HEART HAD BEEN UNDER THE HOSPITAL BOARD OF TRUSTEES FOR THE LAST FOUR YEARS AND QUESTIONED IF THE BOARD HAD BEEN COOPERATIVE WITH THEM. GRANGER ADVISED SACRED HEART AND THE BOARD OF TRUSTEES HAVE HAD A GOOD WORKING RELATIONSHIP THE MAJORITY OF THE TIME. CORBIN THEN QUESTIONED WHY SOME OF THE ISSUES BEING OUTLINED NOW HASN'T COME ABOUT IN THE LAST FOUR YEARS.

GRANGER STATED SACRED HEART HAS COME A LONG WAY IN MAKING SIGNIFICANT PROGRESS IN MANY OF THE AREAS THAT HAVE BEEN ADDRESSED; THE HOSPITAL IS WELL ON ITS WAY TOWARD A MAJOR TURN AROUND BUT IT IS NOT COMPLETED YET. HE REFERENCED THE HOSPITAL HAVING INVESTED OVER \$3 MILLION DOLLARS IN THE IMPROVEMENT OF ITSELF, ITS FACILITIES AND ITS INFRASTRUCTURE. SACRED HEART IS NOT PROPOSING TO STEER THE COURSE DIFFERENTLY; THEY ARE PROPOSING TO ACCELERATE QUICKER.

CHAIRMAN CORBIN REFERENCED THE HOSPITAL SHOWING A SMALL PROFIT LAST MONTH AND CRITICAL ACCESS SUPPOSE TO BE COMING IN AROUND JUNE OF 2003; HE QUESTIONED WHY THE BOARD SHOULD SELL THE HOSPITAL TO SACRED HEART OR WHY THEY SHOULDN'T CONTINUE AS THEY ARE AND BENEFIT FROM ALL THE FRUITS THEY PUT OUT EARLIER.

GRANGER STATED THIS WAS CERTAINLY AN OPTION FOR THE BOARD, THE COUNTY AND THE HOSPITAL BOARD. CHAIRMAN CORBIN QUESTIONED WHAT BENEFITS THE BOARD WOULD GET BY SELLING TO SACRED HEART THEY COULDN'T DEVELOP ON THEIR OWN AND KEEP THE HOSPITAL.

GRANGER ADDRESSED IT WOULD BE DIFFICULT TO EXECUTE AND DIDN'T FEEL THEY COULD TRULY GET ALL OF THE BENEFITS UNLESS THEY AFFILITATE THEMSELVES MORE DIRECTLY WITH A LARGER FACILITY SUCH AS SACRED HEART OR THE OTHER FACILITY OFFERING A PROPOSAL.

CHAIRMAN CORBIN QUESTIONED WHY THE HOSPITAL BOARD HASN'T RECEIVED ALL THE SERVICES THEY WERE PROMISED; GRANGER STATED THEY HAD RECEIVED ALL THEY WERE PROMISED AND THEN SOME.

CHAIRMAN CORBIN REFERENCED A PREVIOUS STATEMENT GRANGER HAD MADE THAT IF THERE WAS A MISTAKE MADE, IT WAS NOT PURSUING CRITICAL ACCESS SOONER. GRANGER ADMITTED HE MADE THIS STATEMENT; SACRED HEART HAD SPOKE TO THE HOSPITAL BOARD MANY TIMES ABOUT CRITICAL ACCESS BUT THEY WERE RELUCTANT TO MOVE IN THAT DIRECTION, NOT BECAUSE THEY WERE UN- COOPERATIVE BUT BECAUSE THEY WERE UNSURE OF WHAT IT MEANT AND WHAT THE IMPLICATIONS WERE.

GRANGER STATED SACRED HEART'S OBJECTIVE IS TO BE OUT OF THE CRITICAL ACCESS HOSPITAL STATUS WITHIN TWO TO THREE YEARS AND HAVE A LARGER CENSUS THAN YOU CAN HAVE UNDER A CRITICAL ACCESS STATUS; HE DOESN'T FEEL THIS COULD BE ACCOMPLISHED ON A STAND ALONE BASIS.

CHAIRMAN CORBIN REFERENCED THE PORTION OF THE PROPOSAL WHERE SACRED HEART HAS THE RIGHT TO GIVE IT BACK TO THE COUNTY AT THE END OF SEVEN YEARS AND FOURTEEN YEARS; HOWEVER, THE COUNTY DOESN'T HAVE THE RIGHT TO SAY THEY WANT IT BACK UNTIL THE END OF TWENTY YEARS. HE QUESTIONED GRANGER ON HOW THEY ARRIVED AT THIS DECISION.

GRANGER STATED SACRED HEARD LOOKED AT THE AMOUNT OF ECONOMIC RISK THEY WERE WILLING TO TAKE IN THIS TRANSACTION BECAUSE THERE IS NO ECONOMIC BENEFIT COMING TO SACRED HEART FROM THIS TRANSACTION; THE SURPLUS FUNDS THEY GENERATE FROM THIS PROPOSAL WILL REMAIN FOR THE CITIZENS OF WASHINGTON COUNTY. HE POINTED OUT THERE WAS NO REASON FOR SACRED HEART TO TAKE ANY RISK; THEY ARE WILLING TO TAKE A SEVEN YEAR RISK BECAUSE OF THEIR MISSION WHICH DRIVES THEM TO LOOK FOR OPPORTUNITIES WHERE THEY CAN TO DO THINGS BETTER AND IMPROVE HEALTH CARE IN COMMUNITIES.

CHAIRMAN CORBIN REFERENCED HIM HAVING ALWAYS BEEN TOLD THAT NON PROFIT ORGANIZATIONS NEVER MAKE A PROFIT BECAUSE THEY GIVE AWAY THAT INCOME TO CORPORATE CEO'S BONUSES AND SALARIES.

GRANGER ADVISED THEY DON'T GIVE AWAY ANYTHING TO ANYBODY, HOWEVER, NOT FOR PROFIT FACILITIES DO GENERATE A SURPLUS. THEY HAVE TO GENERATE A SURPLUS IN A FACILITY IN ORDER TO GENERATE LONG TERM VIABILITY AND FUNDS TO RESTORE AND MAINTAIN THE PHYSCIAL PLANT OVER TIME. HE POINTED OUT THE DIFFERENCE IN THE NOT FOR PROFIT VERSUS A FOR PROFIT: IN A NOT FOR PROFIT SETTING, NONE OF THE SURPLUS OR NONE OF THE OPERATIONS OF THE FACILITY CAN ENURE FOR THE PRIVATE BENEFIT OF ANY OF THE BOARD MEMBERS, OFFICERS, ADMINISTRATORS, ETC.

CHAIRMAN CORBIN ADDRESSED IT LOOKED LIKE IT WOULD BE A GOOD WAY TO SHOW THERE WAS NOT A PROFIT IF NON PROFIT FACILITIES GAVE BONUSES TO THE MEMBERS OF THE CORPORATION. GRANGER ADVISED IF ADMINISTRATORS OR OFFICERS OF THE CORPORATION WERE PAID IN EXCESS OF THE FAIR MARKET VALUE OF THEIR WORKLOAD, THIS WOULD BE A VIOLATION OF THE LAW AND WOULD BE CAUSE TO BE SUBJECTED TO SIGNIFICANT IRS PENALTIES.

COMMISSIONER FINCH ADDRESSED SOME OF THE PROJECTIONS GRANGER HAD MADE AND POINTED OUT MOST OF THE PROJECTIONS SACRED HEART HAS ALREADY GIVEN SINCE HE HAS BEEN ON THE HOSPITAL BOARD HAS NOT COME TRUE.

COMMISSIONER FINCH ADDRESSED HIM NOT SEEING ANYWHERE IN SACRED HEART'S PROPOSAL WHERE THEY COULDN'T, IN SIX MONTHS OR SO, SELL THE HOSPITAL TO ANOTHER ENTITY AND MAKE ANOTHER \$3.2 MILLION DOLLARS.

GRANGER ADVISED THIS WAS NOT THEIR INTENT AND THEY WOULD BE WILLING FOR THIS STIPULATION TO BE PUT IN THE DEFINITIVE DOCUMENTS.

CHAIRMAN CORBIN ADDRESSED THE INFORMATION HE HAD SHOWED ACCOUNTS PAYABLE AT THE NWFCH BEING \$1,372,378 WITH THE LONG TERM DEBT SHOWING \$1,835,381; HE QUESTIONED HOW THE BOARD OF COUNTY COMMISSIONERS WOULD PAY THIS DEBT IF THEY HAVE ALREADY BORROWED ALL THEY CAN AND OBLIGATED THEMSELVES TO THE HILT.

GRANGER ADVISED CORBIN HE THOUGHT HE WAS EXCLUDING THE ACCOUNTS RECEIVABLE AND CASH FROM THE ANALYSIS; \$1 MILLION DOLLARS OF THE DEBT WOULD REMAIN WITH THE MEDICAL OFFICE FACILITY AND WOULD BE FUNDED WITH THE OPERATIONS OF THE FACILITY; THE REMAINDER, IF SACRED HEART IS SUCCESSFUL IN WORKING WITH THE BOARD AND LIQUIDATING OUT THE EXISTING CORPORATION, HE BELIEVED THERE WOULD BE POSITIVE FUNDS FOR THE COUNTY ONCE THE RECEIVABLES ARE COLLECTED. SACRED HEART WILL CONTINUE TO MONITOR THIS BUT THEY BELIEVE THIS WILL HAPPEN BASED ON THE FINANCIAL STATEMENTS THAT HAVE BEEN AUDITED; THE CURRENT ASSETS EXCEED THE CURRENT LIABILITIES FOR THE HOSPITAL.

CHAIRMAN CORBIN QUESTIONED GRANGER IF HE BELIEVED IT STRONGLY ENOUGH TO ACCEPT THE LIABILITIES OF THE HOSPITAL; GRANGER ADVISED SACRED HEART WAS NOT WILLING TO TAKE THAT ECONOMIC RISK AGAIN BECAUSE THEY ARE NOT TAKING ANY ECONOMIC BENEFIT FROM THE TRANSACTION. HE ADDRESSED SACRED HEART BEING MORE CONCERNED ABOUT THE UNKNOWN LIABILITIES THAN THEY ARE WITH THE KNOWN ONES.

COMMISSIONER FINCH QUESTIONED GRANGER WHERE SACRED HEART'S LIABILITY IS IF THE COUNTY GIVES THEM \$3.2 MILLION DOLLARS AND OBLIGATES THEMSELVES FOR ALL THE LIABILITIES OF THE HOSPITAL.

GRANGER ADVISED SACRED HEART WOULD HAVE A SIGNIFICANT AMOUNT OF LIABILITY AND EXPOSURE; THEY ARE COMMITTING TO A MINIMUM OF OWNING AND OPERATING THE FACILITY FOR THE SEVEN YEARS REGARDLESS OF WHAT HAPPENS AND GIVEN THE STATUS OF RURAL HEALTH CARE AND STATUS OF FEDERAL FUNDING, THIS IS A HUGE RISK. SACRED HEART ALSO WILL HAVE NO OPPORTUNITY FOR SIGNIFICANT PROFIT FOR THE NEXT SEVEN YEARS; THEY ARE HERE TODAY TO SUGGEST THERE IS A DIFFERENT MODEL TO MAKE GOOD SENSE TO ACHIEVE THE OBJECTIVES OF BETTER IMPROVED HEALTH CARE FOR THE CITIZENS OF WASHINGTON COUNTY. GRANGER ADVISED THERE MAY BE OTHER MODELS THAT ARE SHORT RUN THAT ARE BETTER ECONOMICALLY.

COMMISSIONER FINCH REFERENCED SACRED HEART'S PROPOSAL STATING THEY WOULD STRONGLY ENCOURAGE THE BOARD TO CAREFULLY EXAMINE ALL AVAILABLE OPTIONS; HE DOESN'T UNDERSTAND THIS IF SACRED HEART IS SERIOUSLY INTERESTED IN GETTING THE HOSPITAL.

GRANGER ADVISED SACRED HEART HAD A SPLIT PERSONALITY ON THIS PROPOSAL AS THEY ALSO HAVE A ROLE AS MANAGEMENT FOR THE HOSPITAL AND AS THEY WERE WORKING TO WRITE THEIR PROPOSAL, THEY CAN'T IGNORE THEIR MANAGEMENT RESPONSIBILITY TO STRONGLY ADVISE THE BOARD OF ALL THEIR OPTIONS AND ALTERNATIVES AND DON'T WANT THERE TO BE ANY DOUBT OR CONCERNS OF THOSE WHO WILL MAKE THE DECISION ON THE HOSPITAL.

COMMISSIONER FINCH QUESTIONED GRANGER IF IT DIDN'T SEEM STRANGE THERE WERE COMPANIES WHO PROPOSED TO GIVE THE COUNTY MONEY OR ASSUME ALL THE LIABILITIES OF THE HOSPITAL BUT SACRED HEART FEELS THIS IS TOO BIG OF A RISK FOR THEM.

GRANGER ADDRESSED HIM HAVING UNDERSTOOD THERE WERE SOME DIFFERENCES IN HOW THE BOARD INTERPRETED THOSE PROPOSALS; THOSE WHO ARE INVESTING, DO NOT HAVE NEAR THE KNOWLEDGE OF THE FACILITY AND OPERATIONS THAT SACRED HEART DOES AND ARE MORE LIKELY TO HAVE DIFFICULTY DURING THE DUE DILIGENCE PROCESS AND FIND THINGS THEY ARE NOT AWARE OF THAN SACRED HEART. ALSO, THE ISSUE THE BOARD HAS BEFORE THEM IS A FOR PROFIT MODEL VERSUS A NOT FOR PROFIT MODEL; A FOR PROFIT MODEL IS STRUCTURED BY INVESTORS WHO ARE GOING TO BE MAKING INVESTMENTS IN THE COMMUNITY WHICH IS A GOOD THING; BUT FOR THAT ECONOMIC INVESTMENT, THEY ARE GOING TO EXPECT GOOD RETURNS.

HOW THEY GENERATE THAT RETURN WILL BE DIFFERENT AND OPERATING THE FACILITY DIFFERENTLY, NOT NECESSARILY BETTER OR NOT NECESSARILY WORSE, BUT IT WILL BE OPERATED DIFFERENTLY WITH DIFFERENT OBJECTIVES.

SACRED HEART'S MODEL WILL BE A NOT FOR PROFIT MODEL WHICH IS OPERATED FOR THE BENEFIT OF THE COMMUNITY AND THE BENEFIT OF THE HEALTH CARE NEEDS OF THE COMMUNITY WITH THESE NEEDS BEING PUT FIRST BEFORE ECONOMICS AS THEY HAVE FOR 89 YEARS IN PENSACOLA.

STEVE MASON, ADMINISTRATOR OF THE MARINER FACILITY IN BONIFAY, FLORIDA ADDRESSED THE BOARD AS A WASHINGTON COUNTY RESIDENT, HOMEOWNER AND TAXPAYER AND REFERENCED HIM HAVING SERVED AS THE NWFCH ADMINISTRATOR FOR SIX YEARS.

MASON PROPOSED QUESTIONS FOR THE BOARD TO CONSIDER:

1. THEY HAVE A PROPOSAL WHERE SOMEONE WILL PAY THEM \$3.2 MILLION
2. ON THE OTHER HAND, THEY HAVE A PROPOSAL TO PAY SACRED HEART \$3.2 MILLION DOLLARS PLUS \$1.8 MILLION IN PAYABLES PLUS \$1,049,000 IN LONG TERM DEBT WITH RECEIVABLES TOTALLING \$800,000; THEY WILL HAVE APPROXIMATELY \$5.2 MILLION DOLLARS LIABILITIES IF THEY SELL TO SACRED HEART. CONSIDERING THE INTEREST, IT WOULD COST AN ADDITIONAL \$500,000 PER YEAR FOR TWENTY YEARS. MASON ALSO ADDRESSSED HIM UNDERSTANDING THE STATE IS CUTTING FUNDING TO THE COUNTIES OF ABOUT \$1.4 MILLION TO WASHINGTON COUNTY WHICH THE COUNTY WILL HAVE TO ABSORB OUT OF THEIR OPERATIONS.
3. HE MISSED RESURGENCE'S PRESENTATION ON THEIR PROPOSAL; THEREFORE, HE HAS NO KNOWLEDGE OF THE QUALITY OF THEIR PROPOSAL OR COMPANY. HE FELT LIKE THERE SHOULD BE SOME DEEP INVESTIGATION BEFORE THEY SIGN AN AGREEMENT ON THE HOSPITAL.
4. HE ADDRESSSED THE EXPENSE OF TAIL COVERAGE FOR PROFESSIONAL AND GENERAL LIABILITY INSURANCE WITH NEITHER PROPOSAL WANTING TO ABSORB THESE COST; HE SUGGESTED THE BOARD SHOULD BE ABLE TO GET A BETTER DEAL FROM BOTH OF THE PROPOSERS. THE AGREEMENT SHOULD STATE THE COUNTY HAS THE OPTION TO PURCHASE THE TAIL INSURANCE AT THE END OF CERTAIN INTERVALS AND AT A PRICE STIPULATED; THE PROPOSER SHOULDN'T REQUIRE THE COUNTY TO PURCHASE IT.
5. THE ONLY DIFFERENCE IN A FOR PROFIT AND NOT FOR PROFIT COMPANY IS THE NOT FOR PROFIT DOESN'T HAVE TO PAY TAXES.
6. SACRED HEART HAS LOST \$3.8 MILLION DOLLARS OVER THE LAST THREE YEARS PER THEIR AUDIT; IT WAS QUOTED THERE WAS \$900,000 IN OPERATIONS IN THE \$3.8 MILLION AND THAT IS NOT A VERY GOOD TRACK RECORD.

MASON REFERENCED SACRED HEART HAVING JUST BUILT A 60 BED FACILITY IN DESTIN AND THERE WAS A SUGGESTED REASON WHY THEY MAY WANT THE NWFCH; THEY ARE LOOKING AT NWFCH FOR A REFERRAL. HE RECOMMENDED THE BOARD, NO MATTER WHAT THEY DO, GIVE IT CAREFUL THOUGHT BECAUSE IF THEY GO WITH SACRED HEART'S PROPOSAL AS IS, THEY WILL MORTGAGE THE FUTURE OF WASHINGTON COUNTY.

6. HE RECOMMENDED THE BOARD GET AN INDEPENDENT PROFESSIONAL TO GIVE THEM ADVICE ON THE PROPOSALS BEFORE TAKING ANY ACTION.

JERRY HINSON, EMPLOYEE OF WASHINGTON COUNTY CONVALESCENT CENTER, ADDRESSSED THE BOARD SPEAKING AS A WASHINGTON COUNTY CITIZEN. HE SUGGESTED THE BOARD SET GOALS IN THE CONTRACT SACRED HEART HAS TO MEET WITHIN THE TIME FRAMES IN THEIR PROPOSAL AND SET PENALTIES WITHIN THOSE GOALS IF THEY DON'T MEET THEM. AS THEIR PROPOSAL STATES, SACRED HEART HAS THE RIGHT TO GIVE THE HOSPITAL BACK TO THE COUNTY AT THE END OF SEVEN YEARS IF THEY DON'T LIKE THE OPERATION.

HINSON ADDRESSSED HIS UNDERSTANDING SACRED HEART WILL NOT ASK FOR ANY FUTURE SUBSIDIES FROM THE COUNTY FOR SEVEN YEARS; HE HAS WORKED

CLOSELY WITH THE HOSPITAL FOR THE LAST FOUR YEARS AND SEES KNOW ADVANCES IN THE CARE THAT IS BEING GIVEN TODAY THAN THEY

WAS WHEN STEVE MASON WAS THERE. HE STATED IF SACRED HEART COULDN'T ADVANCE THE HOSPITAL IN FOUR YEARS, WHY ARE THEY GOING TO ADVANCE NOW.

DR. HATCHER ADDRESSED THE BOARD ON HIS CONCERN WITH RESURGENCE IS THEY ARE UNKNOWN; THEY HAVE BEEN IN BUSINESS FOR TWO YEARS AND FEEL THEY CAN COME IN AND TAKE OVER WITHOUT MONEY BEING EXCHANGED AND MAKE A SUCCESS OF THE HOSPITAL, TAKE CARE OF THE IMPROVEMENTS WHICH NEED TO BE MADE AND PROVIDE OPERATIONAL COSTS IN THE SHORT TERM OR MEDIUM TERM, WHATEVER IT TAKES TO REACH PROFITABILITY. HE REFERENCED HAVING HEARD SOMEONE ON THE BOARD STATING IN JEST THEY COULD TAKE IT OVER IF IT WENT INTO RECEIVERSHIP; IF THE BOARD IS ENTERING INTO AN AGREEMENT WITH SOMEONE THEY HAVE TO THINK IN THE BACK OF THEIR HEADS, COULD THEY GO BANKRUPT, THEY NEED TO THINK CAREFULLY IF THEY REALLY WANT TO ENTER INTO IT.

DR. HATCHER HAD DONE RESEARCH ON RESURGENCE AND COULDN'T FIND A LOT BUT HE HAD TWO PAGES ON ASCENSION HEALTH CARE:

1. ASCENSION IS WHO MANAGES SACRED HEART
2. ASCENSION'S OPERATING ASSETS AS OF 12-31-02 WAS \$8.5 BILLION; TOTAL ASSETS OF 2.6 BILLIONS; THEY HAVE OVER 100,000 EMPLOYEES; THEY HAVE 84,000 FTE EMPLOYEES, 15,000 BEDS, 67 HOSPITALS, 2 LONG TERM CARE HOSPITALS, 4 REHAB HOSPITALS, 4 PSYCHIATRIC HOSPITALS, 37 LONG TERM CARE FACILITIES, 13 ADULT RESIDENTIAL FACILITIES, 14 HEALTH CARE CENTERS, 40 HOME HEALTH FACILITIES AND 60 CLINICAL FACILITIES
3. IN 2002, THEY HAD 4,087,489 HOSPITAL PATIENT DAYS; 13,675,378 OUTPATIENT VISITS AMONG THEIR FACILITIES
4. THEY ARE AA BOND RATED; THEY ARE PROBABLY AS CREDITABLE AS THE FEDERAL GOVERNMENT AS FAR AS BOND RATING
5. ANYONE WHO IS SAYING THEY ARE COMING IN AND REQUESTING THE COUNTY INVEST FUNDING UPFRONT TO COVER SOME OF THE MISTAKES IN THE PAST TO GET THINGS GOING; THEY ARE ABLE TO COME UP WITH THE MONEY TO KEEP THE HOSPITAL OPERATIONS GOING, TO RECRUIT THE DOCTORS NEEDED, TO PURCHASE THE EQUIPMENT NEEDED AND TO PROVIDE FOR THE STAFF OF 200 PEOPLE.

HE VOICED HIS OPINION RESURGENCE MIGHT HAVE BIT OFF MORE THAN THEY COULD CHEW. HOWEVER, IF ASCENSION HEALTH GROUP WANTS TO MAKE A GO OF IT, THEY WILL.

HE REFERENCED A STATEMENT THAT WAS MADE ABOUT SACRED HEART USING THE NWFCH AS A REFERRAL; HE STATED THIS WAS LAUGHABLE AS REFERRALS TEND TO BE SENT TO A NEARBY FACILITY. HE MADE REFERENCES TO REFERRALS BEING SENT TO DOTHAN, MOBILE, SACRED HEART, ETC. AND THIS PROBABLY WANT CHANGE. HIS OPINION WAS SACRED HEART WAS WANTING TO LEND NWFCH A HELPING HAND WITH THE UNDERSTANDING THERE IS SOME RISK.

DR. HATCHER QUESTIONED IF RESURGENCE HAD EXPERIENCE; HE STATED THIS WAS QUESTIONABLE. HE QUESTIONED IF RESURGENCE HAD THE MONIES; HE STATED THIS WAS VERY QUESTIONABLE. HE STATED HE WANTED WHAT WAS BEST FOR HIS COMMUNITY AND WANTED TO BE ABLE TO PRACTICE HERE FOR THE NEXT THIRTY YEARS AND RETIRE; A SIMPLE FACT IS HE WANTS NWFCH TO CARE FOR HIS FRIENDS, FAMILY, PATIENTS AND THE MEMBERS OF WASHINGTON COUNTY.

CHAIRMAN CORBIN QUESTIONED DR. HATCHER HOW SACRED HEART ACCUMULATED ALL OF THEIR GROWTH WITHOUT MAKING A PROFIT; CORBIN THEN STATED THEY PUT THEIR PROFIT INTO THE GROWTH.

DR. HATCHER BEGAN EXPLAINING HOW THE COUNTY WAS A PIECE OF DIRT AT ONE TIME AND HOW IT BEGAN TO GROW; CHAIRMAN CORBIN ASKED HIM NOT TO CONTINUE THAT DISCUSSION.

CHAIRMAN CORBIN QUESTIONED DR. HATCHER ON WHO RECRUITED HIM TO NWFCH AND WHO PAID FOR HIS MOVE HERE. DR. HATCHER ADVISED JUDITH SCHIRAH RECRUITED HIM TO WASHINGTON COUNTY AND SACRED HEART PAID FOR HIS MOVE. HE QUESTIONED CHAIRMAN CORBIN IF HE KNEW WHAT THE TYPICAL PHYSICIAN GETS GUARANTEED TO COME TO A COMMUNITY; HATCHER STATED APPROXIMATELY \$140,000 AND HE ONLY REAPED \$35,000 AS FAR AS SALARY GUARANTEES OR MOVING EXPENSES.

DON WALTERS ADDRESSED THE BOARD STATING SACRED HEART HAS HAD FOUR YEARS TO TURN THE HOSPITAL AROUND AND IT HAS GONE DOWN, DOWN, DOWN MONETARILY. HE MADE SEVERAL STATEMENTS PERTAINING TO SACRED HEART:

1. POSSIBILITY HEALTH SERVICES HAS IMPROVED AT HOSPITAL
2. NEVER BEEN TRUTHFUL ANSWER ON MONIES THEY SAID WERE SPENT FOR EQUIPMENT
3. NEVER BEEN A SATISFACTORY EXPLANATION ON WHERE THE 4.1 MILLION WAS SPENT

HE STATED THE COUNTY WAS GOING TO BE IN DEBT FOR A LOT OF MONEY THEY WON'T BE ABLE TO RECOVER WITHOUT PASSING IT ON TO THE PEOPLE OF WASHINGTON COUNTY. HE AGREES WASHINGTON COUNTY RESIDENTS SHOULD HAVE THE BEST HEALTH CARE; HOWEVER, THEY NEED TO HAVE THE BEST HEALTH CARE THE COUNTY CAN AFFORD.

HE POINTED OUT RESURGENCE HEALTH GROUP PROMISED TO RECRUIT DOCTORS AND DO SOME OF THE SAME THINGS SACRED HEART DID. THEY DIDN'T PROMISE TO BE A NON PROFIT ORGANIZATION OR KEEP ALL THE MONEY IN WASHINGTON COUNTY LIKE SACRED HEART DID BUT HE FEELS SURE SACRED HEART, ONCE THEY OWN THE HOSPITAL, WILL PUT PROFITS IN THEIR CORPORATE OFFICE TO USE IT FOR EXPANSIONS.

HE REITERATED WASHINGTON COUNTY CANNOT AFFORD TO PAY SOMEONE TO TAKE AN ASSET; NOT WHEN THEY HAVE AN OFFER FROM SOMEONE TO PAY THEM FOR THE ASSET AND GET THE SAME SERVICES.

HE EMPHASIZED THE NEED FOR THE BOARD TO COME UP WITH AN EXPLANATION OF WHERE THE \$3.2 MILLION IS GOING OTHER THAN JUST SAY IT IS GOING TO SACRED HEART.

COMMISSIONER FINCH REFERENCED DR. HATCHER'S STATEMENTS PRAISING ASCENSION HEALTH CARE AND READ WHERE THEY HAD JUST SETTLED A \$2.7 MILLION U. S. TREASURY INVESTIGATION BY THE INTERNAL REVENUE SERVICE IN 1999; THE ARTICLE DID STATE THEY HAD APPARENTLY DONE NOTHING WRONG BUT THERE WERE LOOPHOLES THEY TOOK ADVANTAGE OF IN THE LAW. HE STATED IT WAS NOT ALL PRAISE WHEN YOU START ULLING UP INFORMATION.

STEVE MASON READDRESSED THE BOARD ON SACRED HEART'S PROPOSAL:

1. UNLESS THE TENANTS OF THE MEDICAL OFFICE COMPLEX HAS SECURITY THEY WILL HAVE A CONTINUING RELATIONSHIP WITH SACRED HEART, THE COUNTY COULD END UP WITHOUT TENANTS. CHAIRMAN CORBIN ADVISED MASON THE BOARD UNDERSTOOD THIS.
2. MASON HAD MADE A COUPLE OF PHONE CALLS TO OTHER COMPANIES BUT THEY WERE UNABLE TO PREPARE PROPOSALS ON THE HOSPITAL IN TIME; LIFE POINT AND HOSPITAL MANAGEMENT ASSOCIATES.
3. MASON STATED IT WAS HIS PROFESSIONAL OPINION, THE NWFCH CAN MAKE A PROFIT; THE ONLY TIME THE HOSPITAL HAS EVER GOT IN TROUBLE IS WHEN THE BOARD GOT SOMEONE ELSE TO RUN IT; WHEN THE COUNTY OPERATED IT, THE HOSPITAL RUN IN THE BLACK. HE FEELS IF SACRED HEART PURCHASES IT, IT WILL GO IN ARREARS IN EXCESS OF \$1,000,000 PER YEAR BUT THEY POSSIBLY CAN TURN IT AROUND. HE RECOMMENDED TO THE BOARD THEY NOT ENTER INTO A DEAL WITH ANYONE IMMEDIATELY AS THEY PROBABLY CAN GET A BETTER DEAL, EVEN FROM SACRED HEART. HE STATED HE HAD NOTHING AGAINST SACRED HEART; IT WAS A FINE HOSPITAL AND GOOD ORGANIZATION BUT THE BOARD COULD GET A BETTER DEAL.

COMMISSIONER COPE QUESTIONED MASON IF THE HOSPITAL HAD MADE MONEY OR DID HOME HEALTH MAKE THE MONEY TO SUPPORT THE HOSPITAL WHEN HE WAS ADMINISTRATOR. MASON ADVISED THE HOSPITAL WAS LOSING ROUGHLY \$100,000 PER YEAR AND THE AMBULANCE SERVICE ABOUT \$250,000; THIS WAS SUBSIDIZED BY HOME HEALTH. HOWEVER, WHEN HE WAS RUNNING THE HOSPITAL, THE BOARD WAS NOT LOOKING AT MAXIMIZING PROFIT BUT LOOKING TO PROVIDE JOBS AND PROBABLY HAD MORE STAFF THAN WAS NEEDED. HE THEN STATED THE HOSPITAL WASN'T LOSING AS MUCH MONEY AS THEY ARE NOW WHEN HE WAS ADMINISTRATOR.

CHAIRMAN CORBIN ASKED MASON HOW MUCH MONEY WAS IN THE HOSPITAL TREASURY UNINCUMBERED WHEN HE LEFT AS HOSPITAL ADMINISTRATOR; MASON ADVISED THERE WAS APPROXIMATELY \$4.1 MILLION. CHAIRMAN CORBIN POINTED OUT \$4.1 MILLION CASH WAS AT THE HOSPITAL WHEN MASON LEFT WHETHER HOME HEALTH MADE THE MONEY OR THE HOSPITAL MADE IT.

COMMISSIONER HALL STATED WHEN HOME HEALTH WENT AWAY, THE CASH WENT AWAY.

DR. JAMES CLEMMONS ADDRESSED THE AMBULANCE SERVICE, HOSPITAL AND HOME HEALTH BEING SEPARATED FOR A NUMBER OF YEARS; DURING THOSE YEARS THE HOSPITAL WOULD BASICALLY BREAK EVEN OR SLIGHTLY LESS. HE STATED NOW THE HOSPITAL COMPONENT LOSES ABOUT \$1,000,000 A YEAR AND NOW THERE IS NO MONIES TO BE PICKED UP BY HOME HEALTH.

DR. CLEMMONS QUESTIONED MR. GRANGER WHAT TYPE OF JOB CUTTING, COST CUTTING, INTERGRATION, ETC. WOULD SACRED HEART BE DOING SHOULD THE BOARD APPROVE OF THEIR PROPOSAL.

GRANGER ADDRESSED THEIR DESTIN FACILITY VERSUS THE CHIPLEY HOSPITAL; IN DESTIN, SACRED HEART DOES NOT HAVE A CHIEF FINANCIAL OFFICER OR A LOCAL BILLING OFFICE AS THESE FUNCTIONS ARE DONE FROM THEIR PENSACOLA OFFICE AND CHARGED AT THE CORRECT COST FOR THAT PHASE OF THE PROGRAM. THIS IS DEFINITELY A LESS COSTLY OPERATION.

GRANGER ITERATED TO THE EMPLOYEES OF THE HOSPITAL IT WAS NOT SACRED HEART'S GOAL TO CUT JOBS; IT IS THEIR GOAL TO PROMOTE BUSINESS. THEIR OBJECTIVE IS NOT TO CUT THEIR WAY TO PROFITABILITY BUT TO GROW THEIR WAY TO PROFITABILITY.

CHAIRMAN CORBIN ASKED IF SACRED HEART WAS GUARANTEEING TO KEEP ALL THE EMPLOYEES CURRENTLY AT THE HOSPITAL. GRANGER STATED SACRED HEART'S PROPOSAL OFFERED TO HIRE ALL THE EMPLOYEES THEY FEEL IS NECESSARY TO OPERATE THE HOSPITAL EFFECTIVELY AND DOES NOT GUARANTEE ALL CURRENT EMPLOYEES JOBS AT THE FACILITY.

MICKEY KNAPP, WASHINGTON COUNTY CITIZEN, ADDRESSED THE BOARD ON HIS CONCERNS ABOUT THE POSSIBILITY OF SOME OF THE HOSPITAL EMPLOYEES LOSING THEIR JOBS. HE STATED THE BOARD WAS LOOKING AT GIVING AWAY A HOSPITAL THE PEOPLE IN THE COUNTY HAD WORKED REAL HARD TO HAVE. ANOTHER ISSUE HE ADDRESSED WAS THE COUNTY LOSING THE FUNDING FROM HOME HEALTH FOR ALMOST A YEAR BEFORE ANYONE REALIZED IT WAS AVAILABLE.

KNAPP THEN STATED HE WAS NOT SURE WHAT THE COUNTY WOULD BE BUYING BACK FROM SACRED HEART; WOULD THEY BE BUYING ANY IMPROVEMENTS, ALL IMPROVEMENTS OR RE-BUYING THE WHOLE HOSPITAL AND WILL IT HAVE TO BE BROUGHT BACK TO THE LEVEL IT IS NOW IF SACRED HEART LETS IT RUN DOWN.

CHAIRMAN CORBIN EXPLAINED TO KNAPP WHAT SACRED HEART'S PROPOSAL OFFERED ON THE COUNTY REPURCHASING THE FACILITY.

KNAPP VOICED HIS OPINION THERE HAD TO BE A BETTER DEAL THAN WHAT IS BEING OFFERED, EVEN WITH SACRED HEART.

CHAIRMAN CORBIN EXPRESSED HIS CONCERNS WITH THE COUNTY BORROWING \$3.2 MILLION AND HAVING TO ASSUME LIABILITY FOR AN ADDITIONAL \$3 MILLION IN HOSPITAL DEBTS. KNAPP QUESTIONED HOW THE BOARD WAS GOING TO PAY THESE DEBTS AND IS THE COUNTY GOING TO HAVE TO CUT BACK ON ALL THE OTHER SERVICES THEY PROVIDE IF THEY ACCEPT SACRED HEART'S PROPOSAL.

CHAIRMAN CORBIN STATED IF THE COUNTY HAS A \$1.4 MILLION CUTBACK IN STATE FUNDS AND THEY HAVE TO PAY OFF THE HOSPITAL LIABILITIES, HE DOESN'T HAVE ANY IDEA HOW WASHINGTON COUNTY WILL PAY IT.

KNAPP QUESTIONED IF THE COUNTY WAS GOING TO BE IN RECEIVERSHIP WHEN THEY GET THROUGH WITH THE DEAL WITH SACRED HEART. THE BOARD IS NOT SHOWING THE PEOPLE HOW SACRED HEART'S PROPOSAL IS GOING TO WORK.

CHAIRMAN CORBIN STATED GRANGER HAD COMMITTED THAT SACRED HEART WOULD NOT USE THE 5 MILLS AVAILABLE FOR A COUNTY HOSPITAL FOR AT LEAST SEVEN YEARS; NO ONE KNOWS IF THEY WOULD DO IT LATER OR NOT.

KNAPP REFERENCED IT NOT BEING A COUNTY HOSPITAL IF SACRED HEART WAS AWARDED THEIR PROPOSAL; THEREFORE, THEY WOULD NOT BE ABLE TO GET THE FIVE MILLS.

ALBERT DAVIS ADDRESSED THE BOARD STATING HE HAD SERVED ON THE WASHINGTON COUNTY BOARD OF COUNTY COMMISSIONERS FOR 16 YEARS AND ON THE HOSPITAL BOARD OF TRUSTEES FOR MOST OF THAT TIME. HE ADVISED THE BOARD, WHATEVER THEY DO, NOT TO KEEP PART OF THE HOSPITAL ENTITIES; GET RID OF IT ALL INCLUDING THE AMBULANCE SERVICE, ETC. HE ALSO STATED HE DIDN'T KNOW WHERE THE COUNTY WOULD GET THE MONEY TO RUN THE AMBULANCE SERVICE DUE TO THE DIFFICULTY THERE IS WITH BALANCING THE BUDGET.

COMMISSIONER BROCK ASKED COMMISSIONER DAVIS IF HE SEEN THINGS BEGIN TO GO DOWN AT THE HOSPITAL ABOUT FIVE YEARS AGO AND THE BOARD WAS TOLD THE SELL THE HOSPITAL BECAUSE IT WAS GOING IN THE RED; HE QUESTIONED IF MR. MASON WAS ADMINISTRATOR THEN.

MR. DAVIS STATED THE BOARD HAD AN OFFER OF \$25,000,000 FOR THE HOSPITAL THEN AND HE PRESENTED IT TO THE HOSPITAL BOARD AT THAT TIME BECAUSE HE SEEN WHERE THE HOSPITAL WAS GOING.

CHAIRMAN CORBIN REITERATED THERE BEING \$4.1 MILLION AT THE HOSPITAL WHEN SACRED HEART TOOK OVER. COMMISSIONER BROCK AGREED BUT STATED SOMETIMES MONEY HAS TO BE PUT BACK INTO A FACILITY TO BRING IT UP TO GUIDELINES AND THERE WAS AUDITS THAT HAD BEEN DONE THAT SHOWED THESE MONIES WENT BACK INTO THE FACILITY.

DAVIS ADDRESSED THE BOARD NOT MAKING HARD DECISIONS THAT WERE NECESSARY AT THAT TIME BECAUSE THEY HAD A LOT OF KIN PEOPLE WHO WORKED AT THE HOSPITAL. HE ALSO STATED THE LAST TWO YEARS HE WAS ON THE BOARD, THE HOSPITAL WAS MAKING AROUND \$500,000 A YEAR PROFIT AND HE LEFT TWO YEARS PRIOR TO MR. MASON LEAVING.

BENTLEY JENSON QUESTIONED IF THE COUNTY COULD AFFORD TO HAVE ITS OWN HOSPITAL AND KEEP IT OPEN. IF NOT, THE ONLY ALTERNATIVE IS FOR THE COUNTY NOT TO HAVE A HOSPITAL.

CHAIRMAN CORBIN STATED, FOR INFORMATION TO THE AUDIENCE, THE TAXPAYERS HAS NEVER PUT ANY MONEY INTO THE HOSPITAL EXCEPT THE UPFRONT MONEY WHEN IT WAS BUILT AND \$50,000 ON A ROOF; THEY HAVE FUNDED A PORTION OF THE AMBULANCE SERVICE.

CHUCK SMITH QUESTIONED IF SACRED HEART HAD THE OPTION ANYTIME PRIOR TO THE SEVEN YEARS TO HAND THE HOSPITAL BACK OVER TO THE COUNTY; GRANGER ADVISED THEY WERE MAKING A COMMITMENT FOR SEVEN YEARS.

SMITH QUESTIONED IF SACRED HEART HAD ENOUGH CONFIDENCE IN THE MANAGEMENT PEOPLE TO MAKE A COMMITMENT FOR 14 YEARS; GRANGER ADVISED IT WAS NOT ABOUT CONFIDENCE; IT WAS ECONOMIC RISKS AND ECONOMIC RETURNS THAT HAD TO BE LOOKED AT AND THEY HAVE A THIRD ELEMENT WHICH IS THEIR MISSION ELEMENT TO DO THINGS FOR THE COMMUNITY. HE ADVISED THEY WERE WILLING TO TAKE ECONOMIC RISKS FOR SEVEN YEARS BUT NOT FOR FOURTEEN YEARS; THEY TRULY BELIEVE THIS WILL WORK OUT BENEFICIAL FOR EVERYONE OVER 20 YEARS.

SMITH ADDRESSED SACRED HEART COMMITTING TO SEVEN YEARS AND IF THE HOSPITAL IS SUCCESSFUL, THEY WILL COMMIT TO ANOTHER SEVEN YEARS; IF THE HOSPITAL IS NOT SUCCESSFUL AT THE END OF SEVEN YEARS, THEY CAN JUST WALK WAY FROM IT AND HAND IT BACK TO THE COUNTY.

GRANGER STATED THE HOSPITAL PROBABLY WOULD NOT BE AT THE POINT WHERE IT WOULD BE GENERATING A SURPLUS AT THE END OF THE SEVEN YEARS; SACRED HEART AND ASCENSION IS PROPOSING THAT ALL THE ECONOMIC BENEFITS WILL REMAIN IN A SUBSIDIARY CORPORATION FOR THE BENEFIT OF THE HEALTH CARE NEEDS FOR THE PEOPLE OF WASHINGTON COUNTY. HE ADDRESSED THIS NOT BEING A TRADITIONAL BUSINESS MODEL SMITH IS LIKENING THE DECISION TO.

SMITH QUESTIONED IF SACRED HEART HAD ENOUGH PLANS TO CARRY ON FOR TWENTY YEARS AT THE HOSPITAL AFTER THE SEVEN YEARS. GRANGER ADVISED HEALTH CARE PLANNING BEING DIFFICULT TO DO AND IT IS PRETTY MUCH UNREALISTIC TO PLAN MUCH BEYOND TWO TO FOUR YEARS.

MS. JOSEPHINE ROBINSON ADDRESSED THE BOARD STATING SHE WAS NOT SURE THE BOARD HAS DONE THE GROUND WORK NEEDED AND HER CONCERN IS THE COMMISSIONERS NEED TO BE TOGETHER AND KNOW EXACTLY WHAT WE ARE GETTING INTO.

ROBINSON REFERENCED GRANGER'S STATEMENTS THAT ALL THE SURPLUSES WOULD BE INVESTED IN THE COUNTY; HOWEVER, FOR THE FOUR YEARS THEY HAVE BEEN MANAGING THE

HOSPITAL THERE HAS BEEN NO SURPLUS. SHE QUESTIONED WHAT MADE HIM FEEL THERE WOULD BE A SURPLUS NOW AT THE HOSPITAL, WHAT PLANS DOES SACRED HEART HAVE FOR THE HOSPITAL SO IT WOULD GENERATE A SURPLUS AND WHAT IS THE HOSPITAL APPRAISED FOR.

CHAIRMAN CORBIN ADVISED MS. ROBINSON THE HOSPITAL HAD NOT BEEN APPRAISED AND HE DOESN'T BELIEVE IF IT WAS APPRAISED AT \$25,000,000 IT WOULD CHANGE SACRED HEART'S MIND AND QUESTIONED GRANGER IF THIS WOULD MAKE ANY DIFFERENCE IN THEIR OFFER. GRANGER ADVISED IT WOULD NOT MAKE ANY DIFFERENCE IN WHAT THEY ARE PROPOSING.

CHAIRMAN CORBIN EXPLAINED TO ROBINSON THE BOARD ONLY ADVERTISED FOR PROPOSALS FOR THE SALE, LEASE OR MANAGEMENT OF THE HOSPITAL; THEY DIDN'T KNOW IF THEY WOULD RECEIVE ANY OR NOT. MS. ROBINSON QUESTIONED IF THIS WAS JUST THE BEGINNING OF THE PROCESS.

CHAIRMAN CORBIN ADVISED HER IT COULD BE THE BEGINNING OR THE END; IT WOULD BE UP TO THE BOARD OF COUNTY COMMISSIONERS AS THEY COULD VOTE ON THE ISSUE TODAY OR TABLE IT.

MR. JIM SAPP, RESIDENT AND TAXPAYER OF WASHINGTON COUNTY, ADDRESSED THE BOARD ON THE SPECTACULAR CARE HIS SON HAS RECEIVED AT THE NWFCH.

HE WENT OVER SACRED HEART'S PROPOSAL FOR THE COUNTY TO PAY THEM \$3.2 MILLION DOLLARS; THERE IS ALREADY \$3 MILLION DOLLARS DEBT AT THE FACILITY THE COUNTY WILL HAVE TO ASSUME; AT THE END OF THE SEVEN YEARS, SACRED HEART CAN REQUIRE THE COUNTY TO PURCHASE THE HOSPITAL BACK FOR \$1 PLUS ANY EXPENDITURES THEY PUT INTO IT. HE REFERENCED IF SACRED HEART DID THEIR BEST TO MAKE THE FACILITY WORK, PUT IN AN ADDITIONAL \$2,000,000 FOR EXPENDITURES AND AT THE END OF SEVEN YEARS WANTED THE COUNTY TO PURCHASE IT BACK AND THE COUNTY WOULD HAVE NO RECOURSE OR OPTION TO TURN THAT AWAY; THAT IS A TOTAL OF \$8.2 MILLION DEBT ON AN ASSET THE COUNTY ALREADY HAS. SAPP QUESTIONED HOW THE COUNTY WAS GOING TO PAY THIS DEBT. HE THEN WENT ON TO SAY IN BUSINESS, THERE IS A CALCULATED RISK IN EVERYTHING; THE COUNTY IS TAKING ALL THE RISK AND SPOTTING SACRED HEART \$3.2 MILLION DOLLARS AND A NO COST GET OUT AT THE END OF SEVEN YEARS.

SAPP NOTED IT APPEARED THE COUNTY WAS GETTING NO BENEFIT EXCEPT FOR GOOD HOSPITAL CARE WHICH WE ALL NEED. HE REFERENCED THE REMARK ABOUT CAN WE AFFORD HEALTH CARE AND QUESTIONED IF THE COUNTY CAN AFFORD HEALTH CARE THEY ARE WANTING OR AFFORD HEALTH CARE THEY NEED. HE DOESN'T SEE HOW SACRED HEART CAN LOSE.

GRANGER ADDRESSED SOME OF SAPP'S REMARKS; ON COMING INTO THE TRANSACTION, SAPP DIDN'T ADDRESS THE ASSET SIDE ONLY THE LIABILITIES. HE STATED IN EVERY LIKLIHOOD, THE HOSPITAL SHOULD BE ABLE TO COMPLETELY CLOSE THE BUSINESS ENTITY UP AND ERASE THE DEBT WITH THE CASH AND ACCOUNTS RECEIVABLE HE LISTED TODAY OTHER THAN THE DEBT FOR THE MEDICAL OFFICE BUILDING WHICH WILL BE PAID FROM THE FUTURE RENT PAYMENTS.

GRANGER AGREED THE RECAP OF SAPP'S NUMBERS WERE CORRECT; \$3.2 MILLION WILL BE COMING TO SACRED HEART FOR THE USES THEY HAVE IDENTIFIED BUT THERE IS NO LIMIT ON THE AMOUNT OF LOSSES THEY CAN SUSTAIN OVER A SEVEN YEAR PERIOD OF TIME; THEIR PLAN IS TO CONTINUE TO MAKE INVESTMENTS TO THE HOSPITAL. SHOULD SACRED HEART DECIDE AT THE END OF SEVEN YEARS THEY CAN NO LONGER STAY, IT DEFINITELY WOULD BE MORE THAN A \$1 PURCHASE PRICE FOR THE COUNTY; HOWEVER, IN THE END THE COUNTY WOULD HAVE A FACILITY THAT HAS BEEN MAINTAINED, WILL HAVE HAD SEVEN YEARS GOOD HEALTH CARE AND ALSO THE COMMITMENT FOR SEVEN YEARS, SACRED HEART WON'T BE BACK LOOKING FOR ADDITIONAL FUNDING. GRANGER ADVISED TODAY, THE COUNTY HAS NO COMMITMENT, THEY HAVE TO COVER 100% OF WHATEVER LOSSES OR FUTURE DEBTS THEY ARE. SACRED HEART IS ASKING FOR HELP TO TAKE OVER AND CONTINUE TO GROW THEIR HEALTH CARE IN THE COMMUNITY BUT THE COUNTY'S RISK IS CAPPED; IF THE COUNTY STAYS WHERE THEY ARE NOW THAT CAP IS NOT PERMANENT.

CHAIRMAN CORBIN ASKED GRANGER IF THE ACCOUNTS RECEIVABLE WOULD JUST ABOUT TAKE CARE OF ALL THE DEBTS EXCEPT THE MEDICAL OFFICE FACILITY; WHY DIDN'T SACRED HEART MAKE THE BOARD A PROPOSAL TO TAKE ALL THE ACCOUNTS RECEIVABLE AND THE

MONEY IN THE BANK AND TAKE CARE OF ALL THE LIABILITIES EXCEPT THE MEDICAL OFFICE FACILITY.

GRANGER ADVISED THAT WOULD BE BETTER DONE AND HANDLED LIQUIDATING THE EXISTING TRANSACTION AND TODAY THEY ARE NOT PREPARED TO TAKE THAT BUSINESS RISK. SACRED HEART FEELS SURE IT IS THERE AND PRIOR TO CLOSING, THERE WOULD BE A LOT OF ASSURANCES IT WOULD BE THERE SO THE COUNTY WOULD KNOW EXACTLY WHERE IT STOOD.

CHAIRMAN CORBIN CALLED FOR A RECESS. PURSUANT TO A RECESS, COMMISSIONER FINCH STATED IT HAD BEEN A PRODUCTIVE DAY AND HOPED THE BOARD WAS JUST NOT SPINNING THEIR WHEELS WAITING FOR THE TIME THEY COULD VOTE WITH THEIR MINDS ALREADY MADE UP. HE QUESTIONED, ASSUMING THE BOARD WENT WITH SACRED HEART'S PROPOSAL, HOW WOULD THEY FUND THE AMBULANCE SERVICE AND REFERENCED THE STRUGGLE LAST YEAR WHEN WORKING ON THE BUDGET TO FUND A PORTION OF IT. HE REFERENCED WITH RESURGENCE, THE COUNTY WOULD BE GAINING \$250,000 DUE TO THEM BEING WILLING TO TAKE OVER THE AMBULANCE SERVICE.

FINCH POINTED OUT THE BOARD OF COUNTY COMMISSIONERS HAS MAXED OUT THEIR BORROWING POWER NOW AND THERE IS NO MONEY IN THE BUDGET TO PAY IT. IF AT THE END OF SEVEN YEARS SACRED HEART ASKS THE COUNTY TO TAKE BACK THE HOSPITAL, THEY COULDN'T BECAUSE THEY COULDN'T AFFORD TO; SACRED HEART WILL BE MAKING IMPROVEMENTS AND THE BOARD, UNLESS THERE WERE SOME TAXES THAT COULD BE RAISED, COULDN'T AFFORD TO PAY FOR THESE IMPROVEMENTS.

FINCH STATED THAT SACRED HEART APPARENTLY DIDN'T HAVE THE CONFIDENCE IN NWFCH AS THEY DID IN DESTIN FOR APPARENT REASONS; THEY ARE NOT WILLING TO OBLIGATE ANY MONIES TO KEEP THE FACILITY GOING BUT ARE WANTING WASHINGTON COUNTY TO GIVE THEM \$3.2 MILLION.

GRANGER ADVISED THE AMBULANCE SERVICE IS CURRENTLY RECEIVING \$200,000 SUBSIDY FROM THE COUNTY; THAT, MAKES THE AMBULANCE SERVICE, PER ALL THE RECORDS THEY HAVE BEEN PRESENTED, BASICALLY BREAK EVEN. THERE IS NO REASON TO PRESUME IT WON'T CONTINUE TO OPERATE AT THAT LEVEL OVER TIME. GRANGER STATED HE FELT IT WAS INAPPROPRIATE TO CHARACTERIZE THAT AS AN INCREASE ON THE COUNTY; QUITE THE OPPOSITE, IT IS A NEUTRAL FOR THE COUNTY.

COMMISSIONER FINCH ADVISED HE UNDERSTOOD IT WAS COSTING MORE TO OPERATE THE AMBULANCE SERVICE.

GRANGER ADDRESSED THE FACILITY IN DESTIN; SACRED HEART DIDN'T INVEST IN THAT COMMUNITY WITHOUT A MATCH IN THAT COMMUNITY AS WELL; THE TOTAL INVESTMENT AND DEBT FOR THAT FACILITY WAS JUST UNDER \$50,000,000 AND THE COMMUNITY IS PAYING ONE HALF OF THIS. HE STATED THEIR NOT FOR PROFIT MODEL IS CONSISTENT; TO GO INTO A COMMUNITY, THEY HAVE TO HAVE THE SUPPORT OF THAT COMMUNITY.

COMMISSIONER FINCH STATED DESTIN'S SUPPORT WAS 50/50 WITH WASHINGTON COUNTY PAYING 100%. GRANGER STATED HE FELT SACRED HEART'S INVESTMENT WOULD BE MORE THAN THE \$3.2 MILLION THE COUNTY MAKES.

COMMISSIONER COPE QUESTIONED GRANGER IF THE 7, 14 AND 20 YEARS IN SACRED HEART'S PROPOSAL COULD BE NEGOTIATED; COULD THE 7 YEARS BE CHANGED TO 10 YEARS. GRANGER ADVISED SACRED HEART WOULD BE WILLING TO DISCUSS ANYTHING AND AS THEY GO THROUGH THE DUE DILIGENCE PHASE AND HAVE AN OPPORTUNITY TO WORK WITH THE BOARD'S REPRESENTATIVES, IF THERE IS A WAY TO STRUCTURE THE TRANSACTION IN A WAY IT WOULD BENEFIT WASHINGTON COUNTY A SLIGHT ADVANTAGE, IF THEY CAN GET COMFORTABLE THEY WOULD BE VERY OPEN TO IT. GRANGER STATED SACRED HEART'S OVERALL ECONOMIC PACKAGE WOULD HAVE TO BE SOMETHING THAT AGAIN MEASURES THE RISK SACRED HEART WOULD BE WILLING TO TAKE.

COMMISSIONER HALL ADDRESSED COMMISSIONER FINCH QUESTIONING HOW THE BOARD WAS GOING TO PAY FOR THE LIABILITIES AND DEBTS OF THE HOSPITAL AND STATED HIS UNDERSTANDING FROM WHAT GRANGER HAD SAID, ONCE THEY TAKE THE TOTAL ASSETS, PAY THE LIABILITIES, THAT WILL WIPE OUT THE \$1.8 DEBT; THEN THE MEDICAL OFFICE BUILDING TAKES IN \$250,000 PER YEAR FOR RENT AND WHEN THE DEBT ON IT IS PAID FOR THE YEAR, THERE IS A BALANCE OF \$120,000 THAT WILL MAKE THE PAYMENTS. THEREFORE, THERE SHOULD BE NO REASON FOR THE BOARD TO RAISE TAXES OR PEOPLE TO SAY THEIR TAXES ARE PAYING FOR THE HOSPITAL.

GRANGER ADVISED HIS UNDERSTANDING OF THE NUMBERS WAS THE SAME AS COMMISSIONER HALLS; DURING THE DUE DILIGENCE PHASE, IT WILL BE CRITICAL TO GO THROUGH THE NUMBERS TO MAKE SURE THIS IS THE CASE.

CHAIRMAN CORBIN STATED HE HAD SPOKEN WITH MR. GRANGER DURING BREAK AND ASKED HIM IF SACRED HEART WOULD BE WILLING TO TAKE THE LIABILITIES; GRANGER INFORMED HIM HE COULDN'T SAY THAT THEY WOULD BUT IT COULD BE DISCUSSED LATER AND WOULDN'T AGREE TO IT. CHAIRMAN CORBIN ASKED COMMISSIONER HALL TO KEEP IN MIND, GRANGER WAS NOT GUARANTEEING THE ASSETS WOULD TAKE CARE OF THE LIABILITIES AT THE HOSPITAL.

GRANGER AGREED HE BELIEVED THE ASSETS WOULD TAKE CARE OF THE LIABILITIES BUT HE CAN'T GUARANTEE IT TODAY.

SHERYL KEIGLER WITH THE WASHINGTON COUNTY NEWS ADDRESSED THE BOARD ON WHAT MR. GRANGER HAD SAID ABOUT THE RECEIVABLES AND PAYABLES; ACCORDING TO THE BALANCE SHEET PROVIDED, THE ACCOUNT RECEIVABLES WAS \$2,630,604 LESS ALLOWANCE FOR ALL UNCOLLECTED ACCOUNTS OF \$1,262,482 WHICH LEAVES \$1.4 IN RECEIVABLES AND ACCCOUNTS PAYABLES TOTALLED \$1,372,378. BASED ON THESE FIGURES AS OF FEBRUARY 28, 2003, THE RECEIVABLES WOULD BE MORE THAN THE PAYABLES AS GRANGER HAS STATED.

COMMISSIONER FINCH REITERATED THE BOARD HAVING AN OPPORTUNITY TO GET OUT OF THE AMBULANCE BUSINESS; AT THE PRESENT TIME THEY ARE FUNDING \$240,000 PLUS DOLLARS WHICH WILL BE A PLUS FOR THE BUDGET.

COMMISSIONER FINCH ADDRESSED THE NOT FOR PROFIT VERSUS THE PRIVATE FOR PROFIT; IF SACRED HEART'S PROPOSAL IS ACCEPTED, THEY WOULDN'T HAVE TO PAY AD VALOREM TAXES BUT WITH RESURGENCE'S PROPOSAL, THEY WOULD HAVE TO PAY AND THIS WOULD BE ADDITIONAL REVENUE FOR THE COUNTY.

CHAIRMAN CORBIN STATED THE AD VALOREM TAXES WOULD AMOUNT TO ABOUT \$125,000 PER YEAR BASED ON THE APPRAISAL VALUE OF \$4,000,000 FOR THE HOSPITAL AND \$1,000,000 FOR THE ASSETS; IF THE APPRAISAL DOUBLED, THE AD VALOREM TAXES WOULD DOUBLE.

ED PELLETIER ADDRESSED THE BOARD STATING THE AMBULANCE SERVICE HAS MADE MONEY OVER THE LAST TWO MONTHS; HOWEVER, IF RESURGENCE TAKES OVER THE AMBULANCE SERVICE, THEY PROBABLY WON'T HAVE ANYONE TAKING CARE OF THE FIRES AND ACCIDENTS. HE WAS REFERENCING SOME OF THE FIREMEN BEING EMS PERSONNEL ALSO.

DON WALTERS ADDRESSED MR. GRANGER STATING SACRED HEART WAS NOT FOR PROFIT AND ALL THE MONIES MADE REMAINS IN THE COMMUNITY; HE ASKED GRANGER HOW THE COMPANY HE REPRESENTS HAS GROWN TO \$8.7 BILLION DOLLARS IF THAT IS TRUE.

GRANGER INFORMED WALTERS THAT ASCENSION HEALTH WAS A GROUP OF ORGANIZATIONS IN THE COMMUNITIES THAT CONTINUE TO EARN SURPLUSSES OVER THE YEARS AND CONTINUE TO INVEST IN THEIR COMMUNITY; WHEN YOU ADD ALL THOSE 51 ORGANIZATIONS, THE \$8.5 BILLION IS THE MONEY IN EACH AND EVERY LOCATION DESIGNATED TO STAY IN THAT LOCATION.

WALTERS QUESTIONED IF THEY LEAVE ALL THE MONEY IN THE LOCATION IN WHICH THEY OPERATE, HOW DO THEY OPEN UP NEW HOSPITALS WITHOUT USING SOME OF THAT MONEY; WALTERS STATED IF THEY CAN DO THIS, HE WANTS TO GET IN THE HOSPITAL BUSINESS AND LIKE TO USE SOMEBODY ELSE'S MONIES TO. ALSO, WALTERS STATED HE DIDN'T BELIEVE EVERY COMMUNITY WAS LIKE WASHINGTON COUNTY WHERE THEY WERE GOING TO GIVE SACRED HEART SOMETHING TO TAKE THEIR ASSETS.

STEVE MASON ADDRESSED IF THE BOARD GOES WITH SACRED HEART'S PROPOSAL AND ENDS UP WITH A \$5 MILLION TO \$6 MILLION DEBT WHICH MAY BE \$500,000 A YEAR DEBT SERVICE, CAN THEY RAISE TAXES AND IF THEY CAN'T, HOW ARE THEY GOING TO BALANCE THE BUDGET AND WHAT SERVICES WILL THEY CUT FIRST.

CHAIRMAN CORBIN ADVISED THE \$3.2 MILLION DOLLAR LOAN WAS BEING FINANCED WITH A PREVIOUS DEBT THAT HAD BEEN RESTRUCTURED AND THE PAYMENTS WOULD NOT INCREASE; HOWEVER, THE INTEREST RATE IS A VARIABLE RATE OF 3.32% AND IF IT WENT UP, THE PAYMENTS WOULD INCREASE. WHEN QUESTIONED BY MASON ON THE TERM OF THE LOAN, CHAIRMAN CORBIN ADVISED HIM THE LOAN WAS FOR 25 YEARS.

MASON RECOMMENDED THE BOARD GIVE SACRED HEART THE PAYABLES AND RECEIVABLES BECAUSE EVEN IF THE COUNTY GETS THE RECEIVABLES, THEY WILL HAVE TO COLLECT THEM.

DUE TO THE COUNTY NOT BEING IN THE HOSPITAL BUSINESS, THEY WOULD HAVE TO TURN TO SACRED HEART TO ASSIST WITH COLLECTION OF THE RECEIVABLES AND THEY WILL CHARGE A FEE.

MASON THEN QUESTIONED WHY THEY WOULD PAY ANYONE \$3.2 MILLION TO ACCEPT THE HOSPITAL WHEN SOMEONE ELSE IS WILLING TO PAY THE COUNTY FOR IT. CHAIRMAN CORBIN RECESSED THE BOARD OF COUNTY COMMISSIONERS MEETING UNTIL 4:00 P.M.; AT THAT TIME THEY WILL MEET BACK WITH THE HOSPITAL BOARD OF TRUSTEES AND AT THAT TIME THE HOSPITAL BOARD OF TRUSTEES WILL MAKE A RECOMMENDATION TO THE BOARD OF COUNTY COMMISSIONERS ON THE HOSPITAL.

CHAIRMAN CORBIN CALLED THE RECESSED MEETING BACK TO ORDER AT 4:00 P. M. AND RECESSED THE MEETING AGAIN FOR COMMISSIONER BROCK TO CALL THE HOSPITAL BOARD OF TRUSTEES MEETING INTO SESSION. HE ADVISED THE BOARD OF COUNTY COMMISSIONERS WILL CONVENE THEIR MEETING IMMEDIATELY FOLLOWING THE HOSPITAL BOARD OF TRUSTEES MEETING.

PURSUANT TO THE HOSPITAL BOARD OF TRUSTEES MEETING ADJOURNING, CHAIRMAN CORBIN CALLED THE BOARD OF COUNTY COMMISSIONERS MEETING BACK TO ORDER. HE STATED THE HOSPITAL BOARD'S RECOMMENDATION WAS TO STAY WITH SACRED HEART AS THE MANAGEMENT FIRM FOR THE REMAINDER OF THEIR CONTRACT.

COMMISSIONER COPE QUESTIONED IF THE BOARD WAS STILL GOING TO BORROW THE \$3.2 MILLION TO KEEP THE HOSPITAL DOORS OPEN AND PAY THE PAYROLL. CHAIRMAN CORBIN AND FINCH STATED YES AS IT WAS ALREADY IN THE MINUTES AND A DONE DEAL.

CHAIRMAN CORBIN ADDRESSED IT BEING A SLAP IN THE FACE TO THE HOSPITAL BOARD OF TRUSTEES IF THEY DON'T APPROVE OF THEIR RECOMMENDATION DUE TO THEM HAVING BEEN VERY HONORABLE AND SERVED WITHOUT PAY.

COMMISSIONER FINCH OFFERED A MOTION TO ACCEPT THE RECOMMENDATION OF THE HOSPITAL BOARD OF TRUSTEES ON THE HOSPITAL. CHAIRMAN CORBIN TURNED THE CHAIR OVER TO VICE-CHAIRMAN BROCK AND SECONDED THE MOTION.

SOMEONE IN THE AUDIENCE MADE A STATEMENT BEFORE THE BOARD MADE A DECISION OF THIS MAGNITUDE OF SELLING THE HOSPITAL, IT SHOULD BE PUT BEFORE THE VOTERS OF THE COUNTY.

CHAIRMAN CORBIN SUGGESTED IF THE BOARD DIDN'T WANT TO PUT IT BEFORE THE VOTERS, THEY COULD AT LEAST HOLD A PUBLIC HEARING TO ALLOW THE CITIZENS OF THE COUNTY TO VOICE THEIR OPINION. HE THEN CALLED FOR THE QUESTION ON THE FLOOR.

ON A ROLL CALL VOTE, COMMISSIONER FINCH AND CORBIN VOTED FOR WITH COMMISSIONERS BROCK, HALL AND COPE OPPOSED; MOTION FAILED.

COMMISSIONER COPE OFFERED A MOTION TO APPOINT COMMISSIONER BROCK, AS CHAIRMAN OF THE HOSPITAL BOARD, TO GO INTO NEGOTIATIONS WITH SACRED HEART AND RESURGENCE TO SEE IF SOMETHING COULD BE WORKED OUT THAT EVERYBODY COULD LIVE WITH.

COMMISSIONER COPE REFERENCED HIM HAVING HEARD ALL DAY LONG THE MANAGEMENT OF SACRED HEART HADN'T WORKED IN FOUR YEARS AND NOW COMMISSIONER FINCH AND CORBIN HAS TURNED AROUND AND VOTED TO CONTINUE ON WITH SACRED HEART AS IS.

CHAIRMAN CORBIN STATED THE HOSPITAL HAS NOT HAD CRITICAL ACCESS UNTIL JUNE OF THIS YEAR; WE HAVE BEEN TOLD FOR THE LAST YEAR BY THE HOSPITAL ADMINISTRATOR, IF THE HOSPITAL GOT CRITICAL ACCESS, THINGS WOULD BE BETTER. HE ASKED THE HOSPITAL ADMINISTRATOR, JUDITH SCHIRAH, IF THIS WAS CORRECT.

SCHIRAH STATED BASED ON THE PRIOR YEARS COST REPORT AND UTILIZATION REMAINING CONSISTENT TO THAT, YES IT WOULD.

COMMISSIONER BROCK ADDRESSED ANOTHER CRITICAL ISSUE EVERYONE SEEMS TO BE FORGETTING IS THE TYPE OF MEDICAL SERVICE THAT CAN BE PROVIDED AT THE FACILITY; THE COUNTY HAS AN OPPORTUNITY TO ADVANCE THEIR MEDICAL SERVICES AND IF THEY DON'T GO FORWARD AND MAKE THAT STEP, THEY ARE RIGHT BACK WHERE THEY WERE AT: EMERGENCY ROOM AND REFERRALS.

CHAIRMAN CORBIN QUESTIONED COMMISSIONER BROCK IF HE WAS SAYING IF THE HOSPITAL REMAINED UNDER THE MANAGEMENT OF SACRED HEART, WASHINGTON COUNTY HAS NO CHOICE TO GET BETTER MEDICAL SERVICES AS THE MANAGEMENT WOULD BE EXTENDED ONE YEAR AND ONE MONTH MORE.

COMMISSIONER BROCK MADE A STATEMENT AS LONG AS ELECTED OFFICIALS AND POLITICS ARE INVOLVED WITH THE HOSPITAL, IT WILL NEVER GO ANY- WHERE BECAUSE POLITICS DICTATES WHAT HAPPENS OUT THERE AND IT IS TIME TO GET POLITICS OUT OF IT.

DON WALTERS RECOMMENDED THE APPOINTMENT OF BUSINESS PEOPLE ON THE BOARD INSTEAD OF THE PRESENT BOARD SETTING UP THERE AND GOING THROUGH THE SAME ISSUES EVERYTIME; THERE ARE SOME PEOPLE WHO KNOW A LITTLE ABOUT BUSINESS AND HAVE THE CITIZENS OF WASHINGTON COUNTY AT HEART FOR THEIR HEALTH CARE. WALTERS ADVISED COMMISSIONER BROCK IF HE FELT LIKE POLITICS SHOULD BE OUT OF THE HOSPITAL, HE SHOULD PUT SOME BUSINESS PEOPLE INTO A NEGOTIATING FRAME WITH THE PEOPLE MAKING THE OFFERS NOW.

JIM KENT ADDRESSED THE BOARD STATING THIS ISSUE HAS BECOME POLITICAL AND IT SHOULD BE PUT BACK TO THE VOICE OF THE PEOPLE IN WASHINGTON COUNTY; THIS IS THEIR HOSPITAL AND THEIR FAMILIES ARE WORKING THERE. HE VOICED HIS OPINION HE COULDN'T SEE MEDICAL CARE HAD IMPROVED ONE BIT SINCE SACRED HEART HAS BEEN MANAGING THE FACILITY AND THE COUNTY HAS LOST FINE PHYSICIANS BECAUSE OF THE CONDITION OF SACRED HEART.

THE QUESTION WAS CALLED ON THE MOTION. COMMISSIONER HALL SECONDED THE MOTION.

COMMISSIONER FINCH STATED HE DIDN'T UNDERSTAND WHY SOME OF THE BOARD WAS JUST SAYING RESURGENCE WASN'T GOING TO GIVE THE COUNTY GOOD MEDICAL CARE; THEY ANSWERED EVERY QUESTION ASKED IN THE PROPOSAL WITH A POSITIVE ANSWER. HE ITERATED THE MOTION WAS JUST A FOREST TO DELAY THE PROCESS.

MASON SUGGESTED THERE ARE PEOPLE IN THE COMMUNITY THAT COULD HELP THE BOARD MAKE THEIR DECISION AND GIVE A LIST OF QUESTIONS WHICH NEEDED TO BE ANSWERED.

COMMISSIONER FINCH ADDRESSED RESURGENCE INVITING THE BOARD TO CALL ALL THE DOCTORS, THEIR FACILITIES, ETC. TO ASK THEM HOW THEY FEEL ABOUT RESURGENCE.

CHAIRMAN CORBIN ADDRESSED COMMISSIONER COPE RECOMMENDING THE APPOINTMENT OF COMMISSIONER BROCK TO DO THE NEGOTIATING AND COM- MISSIONER BROCK HAS HIS MIND ALREADY MADE UP JUST LIKE COMMISSIONER COPE AND COMMISSIONER HALL HAS THEIR MINDS ALREADY MADE UP.

COMMISSIONER HALL AND COPE QUESTIONED COMMISSIONER CORBIN IF HE DIDN'T ALREADY HAVE HIS MIND MADE UP. COMMISSIONER CORBIN STATED HE COULDN'T SEE GIVING SACRED HEART \$3.2 MILLION TO TAKE THE HOSPITAL.

COMMISSIONER COPE REFERENCED COMMISSIONER CORBIN WAS WILLING TO BORROW THE \$3.2 MILLION AND LEAVE IT LIKE IT IS UNDER SACRED HEART; COMMISSIONER FINCH ITERATED THE BOARD BORROWED THAT MONEY.

CHAIRMAN CORBIN QUESTIONED WHY COULDN'T THE BOARD APPOINT ATTORNEY HOLLEY TO DO THE NEGOTIATIONS RATHER THAN APPOINT SOMEONE WHO HAS GOT THEIR MIND MADE UP.

COMMISSIONER BROCK SAID HE WAS TIRED AS HE HAS BEEN WORKING WITH THE HOSPITAL ISSUE FOR FIVE YEARS; HE HEARS THE SAME ISSUES OVER AND OVER; IT IS TIME TO MOVE ON. CHAIRMAN CORBIN ASKED COMMISSIONER BROCK IF HE WAS ASKING COMMISSIONER COPE TO WITHDRAW HIS MOTION AND COMMISSIONER HALL TO WITHDRAW HIS SECOND AND THEN MAKE A MOTION HIMSELF. COMMISSIONER BROCK SAID HE COULD DO THIS IF NECESSARY. COMMISSIONER COPE WITHDREW HIS MOTION. COMMISSIONER HALL STATED HE WANTED TO HEAR THE PROPOSALS. COMMISSIONER BROCK SAID HE WOULDN'T MIND HEARING THEM EITHER BUT HE WAS SORT OF BEING INSULTED BY CHAIRMAN CORBIN.

COMMISSIONER HALL CALLED FOR THE QUESTION. CHAIRMAN CORBIN ADVISED THAT COMMISSIONER COPE WITHDREW HIS MOTION WITH COMMISSIONER COPE STATING HE DIDN'T. CHAIRMAN CORBIN ADVISED HE DID AT ONE TIME BUT HAS PUT IT BACK NOW. ON A ROLL CALL VOTE, COMMISSIONER FINCH AND CORBIN VOTED NO WITH COMMISSIONERS COPE, BROCK AND HALL VOTING YES. THE MOTION CARRIED.

CHAIRMAN CORBIN ASKED AT WHAT TIME DOES COMMISSIONER BROCK COME BACK WITH A RECOMMENDATION AND WHO DOES HE MAKE IT TO. ATTORNEY HOLLEY ADVISED THE BOARD OF COUNTY COMMISSIONERS WILL MAKE THE ULTIMATE DECISION DUE TO THEM OWNING THE HOSPITAL.

ATTORNEY HOLLEY ALSO ADVISED IN NEGOTIATIONS, SOMEONE NEEDS TO GO AND VISIT THE RESURGENCE FACILITY AND TALK WITH SOME PEOPLE UP THERE. THE BOARD AGREED TO RECESS THIS MEETING UNTIL TWO WEEKS FROM TODAY WITH COMMISSIONER BROCK TO COME BACK WITH HIS RECOMMENDATION ON WHICH FACILITY HE CHOOSES.

COMMISSIONER COPE ASKED IF THE COMMISSIONERS COULD HAVE INPUT ON WHAT THEY WOULD LIKE TO SEE NEGOTIATED AS HE HAD SOME QUESTIONS TODAY WHICH THEY COULD NOT GIVE HIM AN ANSWER. ATTORNEY HOLLEY ADVISED THEY COULD GIVE COMMISSIONER BROCK A LIST OF QUESTIONS THEY WOULD LIKE ANSWERED IN NEGOTIATIONS.

MR. MASON RECOMMENDED THE QUESTION ON WHAT PROFESSIONAL AND GENERAL LIABILITY TAIL COVERAGE WILL COST IF IT IS AT ALL AVAILABLE AND ALSO WHAT THE LIABILITIES ARE. CHAIRMAN CORBIN ADVISED MASON THESE HAVE ALREADY BEEN ADDRESSED AND BEFORE ANYTHING IS CLOSED OUT, HE IS SURE THE ATTORNEY WILL ADVISE THEM ON TAIL COVERAGE.

MICKEY KNAPP ADDRESSED THE BOARD ON HAVING LISTENED TO THE PEOPLE IN THE AUDIENCE AND THE FIVE COMMISSIONERS AND PRETTY MUCH KNOW WHERE EACH OF THEM STAND; HE QUESTIONED WHY THE BOARD WAS SENDING COMMISSIONER BROCK BY HIMSELF TO NEGOTIATE AND WHY WOULDN'T THEY GO AND FIND SEVERAL BUSINESS PEOPLE IN THE COUNTY TO BE A PART OF THE NEGOTIATIONS SO IT WOULD BE UNBIASED. HE HAS NOTHING AGAINST COMMISSIONER BROCK BUT DOESN'T FEEL ONE PERSON DOING THE NEGOTIATING IS GOING TO GET THE COUNTY THE BEST THEY CAN.

DR. HATCHER QUESTIONED WHAT BOARD WOULD HAVE THE POWER TO ADD THREE OR FOUR COMMUNITY MEMBERS, TAX PAYING CITIZENS, WHO HAVE RUN SUCCESSFUL BUSINESSES IN A LEGAL MANNER, TO OFFSET THE FIVE BOARD OF COUNTY COMMISSIONERS WHEN IT WOULD BE POLITICALLY MOTIVATED TO ADD TO DR. CLEMMONS AND MR. BROWN ON THE HOSPITAL BOARD OF TRUSTEES. ATTORNEY HOLLEY ADVISED THAT NEITHER BOARD HAD THAT POWER; THEY CAN APPOINT CITIZENS TO REPLACE THEMSELVES BUT THE SIZE OF THE BOARD IS SET BY LAW.

CHAIRMAN CORBIN ITERATED A SPECIAL ACT OF LEGISLATIVE WAS PASSED WHEN THE BOARD OF COUNTY COMMISSIONERS DECIDED TO SELL TO NATIONAL HEALTH CARE; THEN THEY FOUND OUT THEY COULDN'T SELL IT SO SAM MITCHELL GOT A SPECIAL ACT PASSED THE BOARD COULD APPOINT TRUSTEES. EACH ONE OF THE COMMISSIONERS WAS REALLY SUPPOSE TO RECOMMEND TWO APPOINTMENTS WITH THE BOARD APPROVING ONE; HE WAS READY TODAY TO RECOMMEND SOMEONE IN HIS POSITION.

COMMISSIONER FINCH REFERENCED CORBIN MAKING THAT MOTION A FEW MONTHS AGO AND COMMISSIONER HALL AND COPE BOTH SAID AS LONG AS THEY SET ON THE BOARD OF COMMISSIONERS THEY WILL SET IN THEIR POSITION ON THE HOSPITAL BOARD OF TRUSTEES; NOW THEY WANT TO GET THE POLITICS OUT OF IT. COMMISSIONER FINCH SAID THE POLITICS COULD HAVE BEEN GOTTEN OUT OF THE HOSPITAL SEVERAL MONTHS AGO; IT WOULDN'T HAVE BOTHERED HIM TO SET SOMEONE ELSE IN HIS POSITION.

COMMISSIONER HALL QUESTIONED FINCH IF HE THOUGHT JUST BY APPOINTING SOMEONE ELSE TO THE POSITION WOULD GET THE POLITICS OUT OF THE HOSPITAL. COMMISSIONER FINCH SAID IT WOULD BE BETTER THAN THE COMMISSIONERS SETTING UP HERE VOTING ON THE HOSPITAL ISSUES. COMMISSIONER HALL STATED THAT WAS COMMISSIONER FINCH'S OPINION AND FINCH WAS ENTITLED TO HIS OPINION AND HE WAS ENTITLED TO HIS.

CHAIRMAN CORBIN ASKED IF THERE WAS ANYTHING ELSE CONSTRUCTIVE TO BE BROUGHT BEFORE THE BOARD; IF SO, HE WILL ACCEPT IT BUT HE IS NOT GOING TO ACCEPT AN ARGUMENT BETWEEN TWO MEMBERS.

CHAIRMAN CORBIN STATED THE BOARD WOULD RECESS THEIR MEETING UNTIL TWO WEEKS FROM THIS DATE AT 8:00 A.M. AT THE BOARD MEETING ROOM. SUSAN LAWSON, ADMINISTRATIVE SECRETARY, ADVISED THE BOARD THE TAX COLLECTOR WOULD BE HOLDING TAX CERTIFICATE SALES ON THE 21ST AND 22ND IN THE BOARD ROOM. DISCUSSION WAS HELD ON COMMISSIONER BROCK WAITING UNTIL THE REGULAR BOARD MEETING ON THE 24TH OF APRIL TO MAKE A RECOMMENDATION.

ATTORNEY HOLLEY ADVISED HE WAS PRETTY SURE HE WOULD NOT BE HERE ON APRIL 24TH AND APRIL 25TH.

ADMINISTRATOR HERBERT ADVISED THE BOARD THE 21ST OF APRIL WOULD BE OKAY TO HOLD THE MEETING; THE TAX COLLECTOR HAD ADVISED SHE WOULDN'T BE USING THE BOARD ROOM ON THAT DATE.

COMMISSIONER BROCK OFFERED A MOTION, SECONDED BY COMMISSIONER COPE TO RECESS THE MEETING UNTIL 8:00 A.M. ON THE 21ST OF APRIL.

ADMINISTRATOR HERBERT ADDRESSED A PROPOSAL FROM SOUTHEASTERN SURVEY ON A SURVEY FOR CHAIN LAKE ROAD FROM CARTER CIRCLE TO THE ENTRANCE OF LEISURE LAKES ESTATE FOR \$5,793.42. COMMISSIONER FINCH ADVISED THE BOARD HE WAS HOPING TO PAVE THIS ROAD AND THE SURVEY NEEDED TO BE DONE PRIOR TO THE PAVING.

CHAIRMAN CORBIN QUESTIONED IF THE COST OF THE SURVEY WOULD BE COMING OUT OF COMMISSIONER FINCH'S DISTRICT MONIES. COMMISSIONER FINCH ADVISED IT WOULD BE PAID FOR OUT OF PROFESSIONAL SERVICES. COMMISSIONER FINCH OFFERED A MOTION, SECONDED BY COMMISSIONER BROCK AND CARRIED TO HIRE SOUTHEASTERN SURVEYORS TO DO THE SURVEY WITH IT TO BE PAID FOR OUT OF PROFESSIONAL SERVICES.

ADMINISTRATOR HERBERT UPDATED THE BOARD ON THEIR HAVING DISCUSSED AT THEIR FEBRUARY BOARD MEETING RECREATION EQUIPMENT THAT WAS AVAIL- ABLE TO THE HEALTH DEPARTMENT AND THEY NEEDED TO IDENTIFY A LOCATION IN THE COUNTY TO PUT THE EQUIPMENT. THE HEALTH DEPARTMENT CONTACTED HIM AND THEY NEED TO KNOW TODAY THE LOCATION THE EQUIPMENT IS TO BE LOCATED DUE TO IT GETTING CLOSE TO THE END OF THEIR GRANT PERIOD.

COMMISSIONER FINCH ADVISED THE BOARD THE PARK COMMITTEE HAD RECOMMENDED PUTTING THE EQUIPMENT AT BLUE LAKE BUT THE BOARD NEVER DECIDED WHERE IT WAS TO BE PUT. COMMISSIONER FINCH OFFERED A MOTION, SECONDED BY COMMISSIONER COPE AND CARRIED TO BE IN ACCORDANCE WITH THE PARK COMMITTEE AND PUT THE RECREATION EQUIPMENT AT BLUE LAKE.

ADMINISTRATOR HERBERT ADVISED COMMISSIONER HALL HAD REQUESTED HIM TO GET A COUPLE OF ESTIMATES FOR STRIPING ON A COUPLE OF ROADS. COMMISSIONER HALL AGREED TO COVER THIS ISSUE LATER.

CHAIRMAN CORBIN ADDRESSED THERE WAS A PREVIOUS MOTION TO RECESS BUT REQUESTED THE MOTION BE RESTATED. COMMISSIONER BROCK OFFERED A MOTION, SECONDED BY COMMISSIONER COPE AND CARRIED TO RECESS UNTIL APRIL 21ST AT 8:00 A. M.

ATTEST: _____

DEPUTY CLERK

CHAIRMAN

END OF MINUTES FOR 04/07/03