

BOARD MINUTES FOR 11/03/03

NOVEMBER 3, 2003

THE BOARD OF COUNTY COMMISSIONERS, IN AND FOR WASHINGTON COUNTY, MET ON THE ABOVE DATE AT 9:00 A. M. AT THE WASHINGTON COUNTY ANNEX, BOARD MEETING ROOM, 1331 SOUTH BOULEVARD, CHIPLEY, FLORIDA WITH COMMISSIONERS BROCK, HALL, COPE, CORBIN AND FINCH PRESENT. ATTORNEY HOLLEY, ADMINISTRATOR HERBERT AND DEPUTY CLERK CARTER WERE ALSO IN ATTENDANCE.

SHERIFF FRED PEEL PROCLAIMED THE MEETING WITH ATTORNEY HOLLEY OFFERING PRAYER. COMMISSIONER COPE LED IN THE PLEDGE OF ALLEGIANCE TO THE FLAG.

COMMISSIONER COPE OFFERED A MOTION, SECONDED BY COMMISSIONER HALL TO CLEAN UP GARBAGE DUMPED IN THE DRIVEWAY OF MACK MONK'S PROPERTY. COMMISSIONER FINCH EXPLAINED ELBERT LEWIS AND MACK MONK'S SISTER JOINTLY OWN THE PROPERTY AND THE HOUSE; MACK MONK AND HIS WIFE HAVE A LIFE ESTATE TO THE PROPERTY. MR. LEWIS HAD ADVISED COMMISSIONER FINCH THAT HE DIDN'T HAVE A PROBLEM WITH THE PROPERTY BEING CLEANED UP; HOWEVER, HIS EX-WIFE WAS THE ONE WHO PUT THE GARBAGE IN THE DRIVEWAY.

THE MOTION ON THE FLOOR CARRIED UNANIMOUSLY. CHAIRMAN CORBIN AGREED TO HAVE THE PARK AND RECREATION DIRECTOR USE THE INMATE CREWS WHEN THEY ARE IN WAUSAU TO CLEAN UP THE PROPERTY.

MARLENE AND DEREK BLOUNT ADDRESSED THE BOARD REQUESTING THE COUNTY NOT MAINTAIN THE ROAD JOHN CARTER HAD REQUESTED THEY GRADE DUE TO:

- A. THE ROAD GOES THROUGH THE MIDDLE OF THEIR PROPERTY
- B. THE CITY OF WAUSAU DOES NOT CLAIM IT AS A CITY STREET OR DOES NOT WANT TO GET INVOLVED
- C. WHEN THE COUNTY DID GRADE THE ROAD, THEY MADE IT WIDER AND WIDER; WATER IS STANDING ON THEIR PROPERTY AND DESTROYING IT
- D. THEY HAVE NOT GIVEN ANYONE A RIGHT OF WAY
- E. THE COUNTY DID NOT ORIGINALLY CONSTRUCT THE ROAD

DISCUSSION WAS HELD ON WHETHER THE COUNTY CONSTRUCTED THE ROAD. COMMISSIONER FINCH SAID THE COUNTY HAD DEFINITELY MAINTAINED THE ROAD FOR YEARS BUT HE DIDN'T KNOW ABOUT THE CONSTRUCTION OF THE ROAD.

CHAIRMAN CORBIN RECOMMENDED THE BLOUNTS GO BEFORE THE PLANNING COMMISSION, ADVERTISE FOR THE ABANDONMENT OF THE MAINTENANCE OF THE ROAD AND LET THE BOARD ACT ON IT.

DEREK PROVIDED THE BOARD A COPY OF THE FLORIDA STATUTES PERTAINING TO THEIR REQUEST AND ASKED THERE BE NO MORE EQUIPMENT PUT ON THE ROAD UNTIL EVERYTHING IS TAKEN CARE OF.

COMMISSIONER FINCH REFERENCED THE BOARD'S PREVIOUS ACTION WAS TO CONTINUE TO MAINTAIN THE ROAD AS THEY HAD IN THE PAST UNTIL THE ISSUE COULD BE RESOLVED. HE AGREED NOT TO MAKE THE ROAD ANY WIDER; HOWEVER, HE WOULD FIX THE ROAD, IF NEED BE, FOR THE SCHOOL BUS, EMERGENCY VEHICLES, ETC.

CHAIRMAN CORBIN REITERATED TO THE BLOUNTS THEY COULD GO THROUGH THE PROCEDURE TO HAVE THE MAINTENANCE ABANDONED ON THE ROAD AND THE BOARD WOULD BE PREPARED TO ACT AT THE PUBLIC HEARING ON THE ABANDONMENT.

SHERIFF PEEL UPDATED THE BOARD ON A PUBLIC SAFETY COUNCIL MEETING WHERE THE DEPARTMENT OF CORRECTIONS, WASHINGTON CORRECTIONAL INSTITUTION, HAD AGREED TO PROVIDE THE MANPOWER AND MATERIALS TO ENHANCE THE SAFETY OF THE WASHINGTON COUNTY COURTHOUSE AT NO COST TO THE COUNTY; HOWEVER, THEY WERE REQUESTING A LETTER OF SUPPORT FROM THE BOARD. HE REQUESTED THE BOARD PROVIDE THE LETTER OF SUPPORT AND ADVISED THAT HE, CLERK LINDA COOK, THE BAILIFF AND THE JUDGES WOULD DECIDE WHAT WAS NEEDED OR WANTED. COMMISSIONER COPE OFFERED A MOTION, SECONDED BY COMMISSIONER HALL AND CARRIED TO AUTHORIZE A LETTER BE WRITTEN REQUESTING WASHINGTON CI DO THE WORK TO ENHANCE THE SAFETY OF THE COURTHOUSE.

ADMINISTRATOR HERBERT UPDATED THE BOARD ON THE HUMANE SOCIETY HAVING WITHDRAWN FROM THE ANIMAL SHELTER; THEY ARE NOW HAVING TO RELY ON VOLUNTEERS OR INMATES TO KEEP THE SHELTER CLEAN. HE RECOMMENDED THE ANIMAL CONTROL OFFICER BE BROUGHT BACK UNDER THE COUNTY; RONEY WOULD THEN ALSO HAVE CONTROL OVER THE SHELTER.

SHERIFF PEEL FEELS THE ANIMAL CONTROL OFFICER BELONGS UNDER THE SHERIFF BECAUSE HIS OFFICE IS THE ONE THAT HANDLES THE COMPLAINTS; HOWEVER, IF THE ANIMAL CONTROL FACILITY CAN'T BE HANDLED WITHOUT RONEY, RONEY WOULD HAVE TO BE PUT BACK UNDER THE COUNTY'S UMBRELLA.

COMMISSIONER COPE OFFERED A MOTION, SECONDED BY COMMISSIONER HALL AND CARRIED TO PUT THE ANIMAL CONTROL OFFICER BACK UNDER THE BOARD OF COUNTY COMMISSIONERS. SHERIFF PEEL EXPLAINED HE CAN'T LEAVE TRUSTEES AT THE ANIMAL CONTROL FACILITY UNSUPERVISED WHILE RONEY IS ON CALL; HOWEVER, IT IS LOGICAL THE ANIMAL CONTROL OFFICER BE UNDER THE SHERIFF.

MATTHEW HAINLINE, PRESIDENT & CEO, OF BLACKHAWK HEALTHCARE LLC, ADDRESSED THE BOARD AND INTRODUCED DAN HONERBRINK, CHIEF FINANCIAL OFFICER, OF KENDRA HEALTH SERVICES AND DAVID BRYANT, PRESIDENT AND CEO OF KENDRA HEALTH SERVICES; THEY ARE TWO COMPANIES MAKING A PROPOSAL ON THE NORTHWEST FLORIDA COMMUNITY HOSPITAL.

HAINLINE WENT OVER THE INTENT OF THEIR PROPOSAL:

- A. RELIEVE THE COUNTY OF THEIR OPERATING RISK AT THE NWFCH
- B. RELIEVE THE COUNTY OF ALL EXISTING DEBT OBLIGATION
- C. PROVIDE A REVENUE STREAM BACK TO THE COUNTY
- D. PROVIDE HIGH QUALITY HEALTH SERVICES
- E. EXPAND SERVICES LOCALLY
- F. INCREASE ACCESS TO SPECIALTY SERVICES
- G. MAINTAIN LOCAL OVERSIGHT

HE THEN ADDRESSED THEIR PROPOSAL SUMMARY:

- A. THE LEASE WOULD BE \$500,000 PER YEAR
- B. THEY WOULD ASSUME EXISTING LIABILITIES AND DEBTS OF NWFCH
- C. PROVIDE A CAPITAL COMMITMENT OF \$3.5 MILLION OVER 36 MONTHS; THIS IS AN ESTIMATE AND COULD BE CONSIDERABLY MORE OR LESS
- D. CREATE AND MAINTAIN A COMMUNITY CONTROLLED HOSPITAL BOARD
- E. CONTINUE OPERATION OF NWFCH AS AN ACUTE CARE HOSPITAL
- F. THEY WOULD WANT THE OPTION TO PURCHASE FOR AN AMOUNT EQUAL TO THE DEBT OBLIGATION OF THE HOSPITAL; THEY WOULD NEGOTIATE A MINIMUM LEASE PERIOD SO THEY WOULDN'T LEASE IT ONE DAY AND ACQUIRE IT THE NEXT DAY

HAINLINE GAVE A BRIEF OVERVIEW OF HIS EXPERIENCE AS AN INVESTOR AND A REAL ESTATE DEVELOPER; OWNED A FAIRLY LARGE CONSTRUCTION COMPANY DEALING STRICTLY WITH MEDICAL FACILITIES; DEALT WITH A LOT OF FOR PROFIT HOSPITAL ORGANIZATIONS AND RAN THE COMPANY FOR ABOUT TWELVE YEARS; THROUGH THAT PROCESS HE DEVELOPED ABOUT \$75 MILLION IN HEALTHCARE FACILITIES OF ALL TYPES; CREATED BLACKHAWK HEALTHCARE IN 2002.

HAINLINE EXPLAINED THE STRATEGY OF BLACKHAWK HEALTH CARE WAS TO ACQUIRE SMALL RURAL HOSPITALS THAT HAVE CRITICAL ACCESS DESIGNATIONS; THEY PLAN ON ACQUIRING 15 TO 25 HOSPITALS WITHIN THE NEXT FIVE YEARS. HE ADVISED THEY SPEND A LOT OF TIME WITH LEGISLATION IN RESEARCH GATHERING DEMOGRAPHIC MONITORING AND REVIEWING THE IMPACT THE RURAL HOSPITALS HAVE.

HAINLINE ADDRESSED BLACKHAWK HAVING RECENTLY EXECUTED A DEFINITIVE ASSET PURCHASE AGREEMENT FOR A CRITICAL ACCESS FACILITY IN NEW MEXICO; THE WHOLE STRUCTURE OF THIS TRANSACTION COULD POSSIBLY BE PULLED OFF THE INTERNET. HE REPORTED ON WHAT THEY PAID FOR THE FACILITY AND WHAT THEY PLAN ON SPENDING FOR A REPLACEMENT FACILITY.

HE THEN ADDRESSED BLACKHAWK PROPOSING AN EXTENSIVE RENOVATION PLAN FOR THE NWFCH WHICH WOULD GIVE A SENSE OF A NEW HOSPITAL. HE POINTED OUT THEIR SUCCESS WAS DRIVEN BY THE COMMUNITY.

DAVID BRYANT WITH KENDRA HEALTH SERVICES ADDRESSED, REGARDLESS OF WHETHER THE BOARD WAS GOING TO SELL OR LEASE THE NWFCH, THERE WOULD ALWAYS BE THE CONCERN OF THE OPERATOR AND THE EXPERIENCE BEING THERE TO MAKE IT A SUCCESSFUL ONGOING FACILITY. HE UPDATED THE BOARD ON THERE BEING A LARGE MARKET OF CRITICAL ACCESS FACILITIES AND THIS WILL DEMAND SPECIALIZED SKILLS TO GO OUT INTO THE RURAL AREAS AND MANAGE THEM APPROPRIATELY AND IN THE BEST INTEREST OF THE COMMUNITY. HE ALSO POINTED OUT THERE WAS A POSITIVE TREND WITH REGARDS TO LEGISLATION; THEY ARE VERY SUPPORTIVE OF CRITICAL ACCESS HOSPITALS.

IN ADDRESSING THEIR OPERATING STRATEGIES, ONCE THEY GET INTO THE NWFCH, THEY WOULD PROVIDE RESOURCES AND SUPPORT, RETAIN THE EXISTING FORCE, INCREASE ACCESS TO SPECIALTY CARE, CONTINUE TO PROVIDE CARE TO INDIGENT PATIENTS AND HONOR THE ADMISSIONS IN THE HISTORY OF THE HOSPITAL.

BRYANT WENT OVER KENDRA'S OPERATING STRATEGIES; THEY HAVE BEEN ABLE TO PUT TOGETHER A GROUP OF PROFESSIONALS WITH LIKE MINDS AND DIVERSE BACKGROUNDS. HE PROVIDED BACKGROUND INFORMATION AS FAR AS EXPERIENCE ON THE SENIOR OFFICES OF KENDRA, BEGINNING WITH HIMSELF. HE ADDRESSED KENDRA HAVING PUT TOGETHER AN ADVISORY STAFF, THEY HAVE A GENERAL COUNSEL AND COMPLIANCE FIRM, A SPECIALIZED FIRM THAT DEALS WITH THE COST REIMBURSEMENT, AN ACCOUNTING FIRM AND A GOVERNMENTAL RELATIONS FIRM, A HOSPITAL BASED SKILLED NURSING FACILITY AND CONTINUOUS QUALITY IMPROVEMENT PERSONNEL.

DAN HONERBRINK PROVIDED THE BOARD WITH A BRIEF HISTORY ON HIS EXPERIENCE; HE POINTED OUT FROM AN OPERATING FOCUS, QUALITY HEALTH CARE WAS THE KEY AND KENDRA BELIEVES IF THEY TAKE CARE OF THE COMMUNITY, THE COMMUNITY WILL TAKE CARE OF THE FACILITY.

AS A BOARD, HONERBRINK POINTED OUT THEY EXPECTED THEIR HOSPITAL TO BE RUN EFFICIENTLY AND CORRECTLY; THIS MEANS DOING THE RIGHT THINGS FOR THE RIGHT REASONS AND UNDERSTANDING THE IMPACT TO THE OPERATIONS; THIS HAS BEEN KENDRA'S COMMITMENT.

ONE OF THE IMPORTANT THINGS FOR KENDRA IS AN ACTIVE STEWARDSHIP OF RESOURCES; THE COMMUNITY, CO-WORKERS AND TEAM MEMBERS OF THE NWFCH, HAS ENTRUSTED THEM WITH CRITICAL RESOURCES AND THEY TAKE THIS RESPONSIBILITY TO ACTIVELY MANAGE AND SHUFFLE RESOURCES AS BEING IMPORTANT.

ON COMPLIANCE, HE ADVISED KENDRA WOULD NEVER CUT CORNERS AND WOULD ABIDE BY THE LETTER OF THE LAW. HE ADDRESSED THEY WOULD GO AFTER THE INSURANCE COMPANIES FIRST TO TRY AND GET BALANCES OWED TO THE NWFCH BY INDIVIDUALS.

HE ADDRESSED PROCESS IMPROVEMENTS BEING CRITICAL; THE NEED FOR HEALTHCARE NEEDS TO BE TIED TO THE NEEDS OF THE COMMUNITY; COMMUNITY AND MARKET OUTREACH-KENDRA IS ALWAYS WORKING WITH THE COMPETITORS OF THE COUNTY HEALTH DEPARTMENT AND OTHER AGENCIES TO IDENTIFY OPPORTUNITIES TO TAKE CARE OF THE INDIGENT PATIENTS AND OTHER PEOPLE WHO HAVE SPECIAL NEEDS.

TEAM BUILDING AND EMPLOYEE DEVELOPMENT-IT IS IMPORTANT FOR THE COMMUNITY, HOSPITAL TEAM, COUNTY BOARD, ETC. TO KNOW WHAT DIRECTION THE HOSPITAL IS GOING FOR THE FUTURE OF HEALTH CARE; THEREFORE, IT IS CRITICAL TO KEEP THE LINES OF COMMUNICATION OPEN.

HE THEN ADDRESSED A QUESTION OFTEN ASKED AS TO WHAT WAS GOING TO HAPPEN TO THE MEDICAL STAFF. HE POINTED OUT THE IMPORTANCE TO MAINTAIN A GOOD WORKING RELATIONSHIP WITH THE PHYSICIANS; THEY PROVIDE A SERVICE TO THE PHYSICIANS ON HOW TO RUN A BUSINESS; THEY EMPHASIZE THE IMPORTANCE OF THE PHYSICIANS INTEGRATING AND PARTICIPATING IN THE COMMUNITY; THEY INTEND TO IDENTIFY THE PHYSICIANS CAPITAL NEEDS, EQUIPMENT NEEDS, TOOLS THEY MAY NEED, ETC. TO DO THEIR JOBS FOR THEIR PATIENTS; THEY ARE GOING TO MAKE A COMMITMENT TO \$3.5 MILLION CAPITAL IMPROVEMENTS TO THE NWFCH; THEY HAVE AN OBLIGATION TO REDUCE OR ELIMINATE THE TAXPAYER'S OBLIGATION; REDUCE THE FINANCIAL RISK OF THE COUNTY; EXPAND THE SERVICES AT THE NWFCH BY PROVIDING SPECIALTY SERVICES; RETAIN A LOCAL GOVERNING BOARD; COMMIT TO BE OPEN TO THE COMMUNITY'S CRITICISMS.

HAINLINE THEN READDRESSED THE BOARD TO ANSWER QUESTIONS.

ATTORNEY HOLLEY ADDRESSED CONCERNS ABOUT THE ANNUAL LEASE PAYMENT BEING ATTRACTIVE BUT BLACKHAWK HAVING THE RIGHT TO PURCHASE THE FACILITY IMMEDIATELY; HE REQUESTED THEY PROVIDE A GUARANTEE MINIMUM LEASE; RESPONSE: THEY REALIZED THIS AFTER THEY HAD ALREADY SUBMITTED THEIR PROPOSAL; THEY WOULD BE WILLING TO PROVIDE A GUARANTEE MINIMUM LEASE TERM.

ATTORNEY HOLLEY ADDRESSED FOUR MONTHS NEGOTIATIONS BEING TOO LONG AND WOULD PREFER 60 DAYS; RESPONSE: THEY WOULD BE WILLING TO AGREE TO THE 60 DAYS.

ATTORNEY HOLLEY ADDRESSED BLACKHAWK'S PROPOSAL TO LEASE INCLUDED THE AMBULANCE SERVICE AND IT WAS REQUESTING THE BOARD AGREE TO SUPPORT THE CONTINUING FINANCIAL SUPPORT AVAILABLE FOR LOCAL, STATE AND FEDERAL SERVICES; HE POINTED OUT AT THE PRESENT TIME THE BOARD WAS CONTRIBUTING ONE-HALF MILL OF TAX MONEY TO THE AMBULANCE SERVICE AND DOESN'T FEEL THE BOARD WOULD WANT TO CONTINUE TO DO THIS IF THEY LEASE THE FACILITY. HE SAID THE BOARD WOULDN'T HAVE A PROBLEM WITH ASSISTING IN SECURING ADDITIONAL FUNDING FROM OTHER SOURCES; RESPONSE: THEY THOUGHT THERE WAS ENOUGH ENCOURAGING THINGS ABOUT THE BASIC MODEL THEY COULD PURSUE WITH DUE DILIGENCE WITH THAT UNDERSTANDING; HOWEVER, THEY DON'T UNDERSTAND EVERYTHING THERE IS AT THIS POINT BUT FEEL POSITIVE THEY CAN MOVE TOWARD SOMETHING THAT COULD SATISFY THAT CONCERN.

ATTORNEY HOLLEY ADDRESSED THE PROVISION IN THE LEASE IF THE BOARD DECIDED TO ENTER INTO DUE DILIGENCE, BLACKHAWK WOULD SELECT THE MANAGER TO RUN THE HOSPITAL DURING THIS TIME PERIOD AND QUESTIONED IF THEY WERE REFERRING TO KENDRA HEALTHCARE; RESPONSE: IT WOULD BE KENDRA; IT WAS ESSENTIAL DURING THE DUE DILIGENCE PROCESS TO HAVE THAT KIND OF INSIGHT TO A FACILITY THAT IS GOING THROUGH SO MANY CHANGES.

ATTORNEY HOLLEY QUESTIONED IF THE GENERAL MANAGEMENT WOULD BE SUBJECT TO THE FINAL SAY SO OF THE PRESENT HOSPITAL BOARD OF TRUSTEES; RESPONSE: IT WOULD. ATTORNEY HOLLEY QUESTIONED WHAT THE COMPENSATION FOR THE GENERAL MANAGEMENT WOULD BE; RESPONSE: THE NET AFFECT ON THE CASH FLOW WOULD BE LESS THAN \$5,000 A MONTH BUT THE ACTUAL AMOUNT COULD BE DEFINED IN A FEW DAYS.

ATTORNEY HOLLEY REQUESTED AN OVERVIEW ON THE REPLACEMENT FACILITY COMPLEX ADDRESSED IN THEIR PROPOSAL; RESPONSE: DUE TO NWFCH BEING IN SUCH AN EXCELLENT LOCATION, THEY PREFER TO DO RENOVATIONS RATHER THAN BUILDING A REPLACEMENT FACILITY.

ATTORNEY HOLLEY REFERENCED BLACKHAWK HAVING STATED THEY HAD JUST FINALIZED A PURCHASE AGREEMENT IN NEW MEXICO AND REQUESTED HE BE PROVIDED A COPY OF THE AGREEMENT.

HAINLINE ADDRESSED THEY SPECIFICALLY CREATED LANGUAGE IN CONTRACTURAL LIABILITY TO THEM TO TRANSFER THE FACILITY WITH ALL THE DESIGNATIONS, PEOPLE, PAYROLL, STAFF, ETC, BACK TO THE BOARD SO THERE WOULDN'T BE A PROLONGED PROCESS; NOT THAT THEY FEEL THIS IS A CONCERN BUT FEEL IT IS A CONCERN OF THE BOARD THEY HAVE A WAY TO GET CONTROL.

ATTORNEY HOLLEY ADDRESSED PARAGRAPH 9 IN THEIR PROPOSAL ON EXPENSES AND ASKED IF BLACKHAWK WOULD BE WILLING TO NEGOTIATE THAT DIFFERENTLY, DUE TO THE COUNTY'S FINANCIAL STATUS NOT ALLOWING THEM TO PAY THE CLOSING COST AND LEGAL FEES, AS LONG AS IT IS A REASONABLE FIGURE; RESPONSE: THEY WOULD BE WILLING TO LOOK AT COMMITTING TO PAY AN ESTIMATED \$20,000 TO \$40,000 TOWARD CLOSING COST.

ATTORNEY HOLLEY QUESTIONED WHERE BLACKHAWK'S NEAREST FACILITY WAS LOCATED; RESPONSE: THEIR NEWEST FACILITY WAS IN NEW MEXICO AND THEY WERE CLOSING ON IT ON THE 15TH; THEY HAVE A LETTER OF INTENT ON A FACILITY IN LONG BEACH, CALIFORNIA AND IN NORTHERN TEXAS. HE STATED THE REASON THEY WERE ATTRACTED TO THE NWFCH WAS DUE TO THEIR CHIEF FINANCIAL OFFICER WANTING THEM TO FOCUS ON FLORIDA; FLORIDA IS A HIGH PRIORITY FOR BLACK HAWK.

COMMISSIONER FINCH ADDRESSED BLACKHAWK BEING ON TARGET WHEN THEY SAY THE NWFCH NEEDS A NEW LOOK AND THE COUNTY DOESN'T HAVE THE FUNDS TO MAKE THIS HAPPEN. HE QUESTIONED IF BLACKHAWK WAS WILLING TO COMMIT \$3.5 MILLION DOLLARS OVER THE NEXT 36 MONTHS IF THEY LEASE THE NWFCH; RESPONSE: APPROXIMATELY \$3.5

BUT THEY DON'T KNOW EXACTLY HOW THEY WOULD DO THIS; THEY WOULD BE WILLING TO COME TO AN AGREEMENT AND UNDERSTANDING TO DO THIS.

COMMISSIONER FINCH ADDRESSED THE NEED FOR WHOEVER TAKES OVER THE HOSPITAL TO DO A MAJOR MARKETING CAMPAIGN THAT COULD CAPTURE A BIGGER PERCENTAGE OF AVAILABLE PATIENTS FOR THE HOSPITAL.

COMMISSIONER FINCH ADDRESSED ONE OF THE MAJOR CONCERNS OF SOME OF THE BOARD WAS GOOD QUALITY HEALTH CARE AND ASKED HOW THEY FELT THEY COULD GIVE THE BEST QUALITY HEALTH CARE FOR THE FUTURE OF WASHINGTON COUNTY; RESPONSE: THEY WOULD RETAIN THE HIGHEST QUALITY EMPLOYEES THEY CAN GET THEIR HANDS ON; UNDER CRITICAL ACCESS DESIGNATION, THE HOSPITAL IS ALLOWED TO RECOVER MANY OF THOSE DOLLARS FOR THAT EXPENSE. THEY WANT TO KEEP AND PROVIDE TRAINING TO THE KEY QUALITY EMPLOYEES AT THE HOSPITAL; THEY WILL ALSO DO A SELECTIVE REVIEW OF THE PATIENTS LEAVING THE AREA, IDENTIFY THE SERVICES THE HOSPITAL COULD HAVE PROVIDED OR ALREADY HAVE, BRING THE PATIENTS BACK TO THE FACILITY AND MAKE SURE THEY ARE MAINTAINED IN THIS COMMUNITY TO THE EXTENT POSSIBLE WITHOUT TAKING ANY UNDUE RISK.

COMMISSIONER FINCH QUESTIONED IF BLACKHAWK WOULD HAVE A TIME LINE ON THE RECRUITMENT OF SPECIALITY DOCTORS; RESPONSE: THEY ARE WANTING TO IDENTIFY WHAT SPECIALTY DOCTORS ARE GOING TO TALLAHASSEE, DOTHAN, PANAMA CITY AND SEE IF ARRANGEMENTS CAN BE WORKED OUT WITH THEM TO COME TO THE NWFCH ON A SELECTIVE BASIS SO PEOPLE WOULDN'T HAVE TO COMMUTE. THEY WOULD IDENTIFY WHAT THE PHYSICIAN NEEDS ARE IN A RELATIVELY SHORT PERIOD OF TIME BY LOOKING AT THE STATISTICS AVAILABLE.

COMMISSIONER FINCH ADDRESSED ALL OF THE BOARD BEING CONCERNED ABOUT THE EMPLOYEES AT THE HOSPITAL AND QUESTIONED HOW THEY WOULD BE COMPENSATED FOR THE TIME THEY HAVE PUT IN AT THE NWFCH; HE REFERENCED CONCERNS OF SOME EMPLOYEES WHO HAVE BEEN OUT THERE FOR TWENTY YEARS AND HAVING TO START OFF WITH A BRAND NEW CONTRACT; RESPONSE: THEY WOULD MAINTAIN ALL EXISTING OBLIGATIONS TO THE EMPLOYEES THAT ARE CURRENTLY IN PLACE; MAINTAIN ALL EXISTING PAY PLANS CURRENTLY IN PLACE FOR THOSE EMPLOYEES. AS THEY ADD SERVICES AND TRY TO EXPAND, THEY WILL BE TRYING TO INCREASE THE STAFF BUT THEY HAVE NO INTENTION OF REDUCING OR CUTTING AWAY THE CURRENT STAFF. THEY WOULD BE PAYING FAIR WAGES AND WOULD TAKE CARE OF THE PEOPLE WHO ARE THERE; THEY CAN NOT PROVIDE QUALITY HEALTH CARE BY UNDERPAYING SOMEBODY.

COMMISSIONER FINCH ADDRESSED THE HOSPITAL HAVING RECENTLY GOTTEN THE CRITICAL ACCESS CLASSIFICATION AND QUESTIONED AS THE COMMUNITY BEGINS TO GROW, WOULD BLACKHAWK LOOK AT WORKING OUT OF CRITICAL ACCESS; RESPONSE: THERE WERE NO LIMITATIONS UNDER CRITICAL ACCESS DESIGNATION ON THE AMOUNT OF CARE THAT CAN BE PROVIDED; CRITICAL ACCESS IS A FUNDING MECHANISM. UNTIL THE HOSPITAL IS FINANCIALLY STABLE, IT WOULDN'T MAKE SENSE TO GET OFF OF CRITICAL ACCESS; THE ONLY THING THAT WOULD REQUIRE THEM TO GET OFF OF CRITICAL ACCESS IS IF THEIR CENSUS BECOMES HIGHER THAN WHAT IS LEGISLATIVELY MANDATED (NUMBER OF PATIENTS EXCEEDS THE LIMITS). CRITICAL ACCESS LEGISLATION WAS SPECIFICALLY DESIGNED TO MAKE SURE SMALL RURAL HOSPITALS DIDN'T CLOSE; IT WAS NEVER INTENDED TO LIMIT THE CARE PROVIDED AT THE HOSPITALS. THEY WOULD WELCOME CRITICAL ACCESS AND KEEP IT AS LONG AS POSSIBLE UNTIL THEY ARE POSITIVE THE HOSPITAL CAN WORK WITHOUT IT.

ATTORNEY HOLLEY ASKED THE RETIREMENT OF THE EMPLOYEES OF THE HOSPITAL BE ADDRESSED AS THEY ARE CURRENTLY UNDER THE FLORIDA RETIREMENT SYSTEM AND SOME ARE VERY CLOSE TO BEING VESTED; RESPONSE: THEY WOULD FUND THE REMAINING PORTION FOR THE EMPLOYEES BEING CLOSE TO BEING VESTED WITHIN A CERTAIN PERIOD OF YEARS, CAP THE REST OF IT AND START A NEW PLAN SO THE EMPLOYEES CONTINUE TO BE GRANDFATHERED IN WITH THEIR EXISTING PLAN BUT DIDN'T GET ANY MORE SENIORITY WITH THAT PLAN. AS FAR AS BENEFITS, IF THE STATE BENEFITS WERE FOR TWENTY YEARS, THEY WOULD SHOW UP ON THE NEW DOCKET FOR THE BENEFITS OF THE NEW FACILITY UNDER THE RESTRUCTURE WITH THAT SAME AMOUNT OF SENIORITY AND POSITION AND GET THE SAME PAY ALLOWANCES AS THEIR EXISTING POSITION.

COMMISSIONER COPE QUESTIONED IF THE HOSPITAL EMPLOYEES WOULD RECEIVE THE SAME HEALTH INSURANCE AS THEY PRESENTLY HAVE; RESPONSE: THEY HAVE NOT HAD A CHANCE TO GO THROUGH THE FULL DUE DILIGENCE AND WAS NOT SURE IF THIS WOULD BE COST EFFECTIVE. THEY WOULD COMMIT TO PROVIDE AS GOOD OF INSURANCE AS THE EMPLOYEES PRESENTLY HAVE WITH THE EMPLOYEES CONTRIBUTING TO THE HEALTH BENEFITS; HOPEFULLY, A SMALLER AMOUNT THAN THEY ARE CURRENTLY PAYING.

COMMISSIONER COPE QUESTIONED THE LEAVE TIME THE EMPLOYEES WOULD RECEIVE; RESPONSE: EMPLOYEES ARE PROVIDED 22 DAYS AFTER THE FIRST YEAR THEY ARE HIRED TO BE USED IN WHATEVER COMBINATION THEY MAY CHOOSE.

COMMISSIONER COPE QUESTIONED WHERE WOULD BLACKHAWK SEND THE PATIENTS THEY COULDN'T PROVIDE SERVICES FOR; RESPONSE: THEY WOULD SEND THEM WHERE THEY FELT THE BEST SERVICE WAS OFFERED FOR THE SERVICE NEEDED BY THE PATIENT.

COMMISSIONER COPE QUESTIONED IF THE EMERGENCY ROOM PERSONNEL WOULD BE BOARD CERTIFIED, ACLS OR ATLS; THEY GUARANTEED THIS AND SAID PART OF THE CRITICAL ACCESS DESIGNATION WAS TO MAINTAIN 24 HOUR EMERGENCY ROOM COVERAGE; PROVISIONS OF THE LAW ALLOW FOR NON- PHYSICIAN PROVIDERS; HOWEVER, THEY WOULD WANT TO KEEP PHYSICIANS ON BOARD 24 HOURS A DAY 365 DAYS A YEAR WITH PHYSICIAN EXTENDERS WORKING WITH THE DOCTORS. THERE WAS A HIGH PERCENTAGE OF PEOPLE WHO USE THE EMERGENCY ROOM FOR PRIMARY CARE WHICH IS REALLY THE MOST COSTLY PLACE TO DELIVER PRIMARY CARE; THEY WOULD LOOK AT THE OPTION OF WORKING WITH THEIR COMPETITORS TO IDENTIFY PRIMARY CARE OPTIONS FOR THOSE PATIENTS WHO USE THE EMERGENCY ROOM WHO ARE UNINSURED, INDIGENT OR UNDERINSURED.

COMMISSIONER COPE QUESTIONED IF THE BOARD WENT INTO DUE DILIGENCE WITH BLACKHAWK, WOULD THE MANAGEMENT FEES BE \$5,000; RESPONSE: BASICALLY THEY WOULD GO IN WITH A REQUEST TO MEDICARE TO DO AN INTERIM RATE ADJUSTMENT; ANY HOSPITAL UNDER CRITICAL ACCESS SHOULD HAVE A QUARTERLY COST REPORT TO IDENTIFY THE COST STRUCTURE AND CHANGES. THE REIMBURSEMENT FOR MANAGEMENT FEES IS ABOUT \$20,000.

COMMISSIONER COPE QUESTIONED WHAT THEY ARE CURRENTLY CHARGING THE HOSPITAL IN NEW MEXICO; RESPONSE: THEY WERE CHARGING THEM \$25,000 WITH MEDICARE REIMBURSING 80% OF THIS COST.

COMMISSIONER COPE QUESTIONED THE TIME FRAME FOR DUE DILIGENCE NEGOTIATIONS WITH THE NEW MEXICO HOSPITAL; RESPONSE: A LOT OF THINGS HAPPENED IN THIS TRANSACTION AND THEY DON'T HAVE CONTROL OF THE TIME FRAME IF THINGS GET CHANGED. HOWEVER, THEY WOULD COMMIT TO COMPLETING DUE DILIGENCE AND HAVING A FINAL OFFER WITHIN A 60 DAY TIME FRAME AND THE CLOSING PROCESS WOULD BE WHATEVER EVERYONE, AS A GROUP, COULD GET THROUGH.

COMMISSIONER COPE QUESTIONED IF BLACKHAWK CURRENTLY OWNED OR LEASED A HOSPITAL ANYWHERE; RESPONSE: NO.

COMMISSIONER COPE QUESTIONED IF KENDRA HEALTH CARE WAS A REGISTERED CORPORATION; RESPONSE: YES.

HAINLINE UPDATED THE BOARD ON HOW THE RELATIONSHIP BETWEEN KENDRA HEALTH CARE AND BLACKHAWK CAME ABOUT; WITH THEIR KNOWLEDGE BASE AND THEIR EXTENSIVE RESOURCES, THEY HAVE A HIGH DEGREE OF COMFORT THEY CAN MAKE THE NWFCH SUCCESSFUL. KENDRA AND BLACKHAWK ARE SEPARATE COMPANIES BUT WORK TOGETHER; HE ENGAGED KENDRA WITH A 25 YEAR MANAGEMENT CONTRACT.

COMMISSIONER COPE QUESTIONED WHAT PART OF THE \$3.5 MILLION WOULD GO FOR PHYSICIAN RECRUITMENT. RESPONSE: THIS COULD BE DEFINED IN THE DEFINITIVE AGREEMENT; THEIR SUCCESS IS DRIVEN BY THE PHYSICIANS AND BLACKHAWK IS ONLY AS SUCCESSFUL AS THE COMMUNITY THEY SERVE.

COMMISSIONER COPE QUESTIONED IF BLACKHAWK THOUGHT THERE WAS A NEED FOR AN ORTHOPEDIC, GENERAL SURGEON, AND PEDIATRIC; RESPONSE: THEY WOULD DEFINITELY LOOK AT A GENERAL SURGEON BUT AREN'T SURE IF THE VOLUME FOR PEDIATRIC SERVICES WOULD WARRANT A PEDIATRICIAN ON BOARD.

HONERBRINK ITERATED THE PHYSICIAN RECRUITMENTS MADE WOULD BOIL DOWN TO THE NEEDS ASSESSMENT; ONCE THEY IDENTIFY THE NEEDS OF THE COMMUNITY, PRIORITIZE THEM AND IDENTIFY A BUDGET TO FILL THE NEEDS. THE BOARD WOULD HAVE TO HAVE CONFIDENCE THE MANAGEMENT OF THE HOSPITAL WAS DOING THESE THINGS AS THEY DON'T

WANT PEOPLE TO LEAVE THE COMMUNITY FOR SERVICES THEY SHOULD BE PROVIDED AT NWFCH.

COMMISSIONER COPE QUESTIONED WHERE THE MONEY FOR THE LEASE PAYMENTS WOULD COME FROM; RESPONSE: SOME OF THE OPERATING PROFITS FROM NWFCH WOULD BE REINVESTED BUT A SUBSTANTIAL CASH INVESTMENT FROM BLACKHAWK WOULD BE USED.

CHAIRMAN CORBIN ADVISED COMMISSIONER FINCH, COMMISSIONER COPE AND ATTORNEY HOLLEY HAD COVERED A LOT OF HIS CONCERNS BUT REITERATED ATTORNEY HOLLEY'S CONCERN ABOUT BLACKHAWK'S OPTION TO PURCHASE AT ANY TIME AND THERE IS A DEFINITE NEED TO ARRIVE AT A FIGURE THEY WOULD GIVE THE BOARD IF THEY CLOSE WITHIN A YEAR OR SO; RESPONSE: THEY WOULD LOOK AT CREATING A MINIMUM LEASE TERM; EVEN IF THEY WERE TO ACQUIRE THE HOSPITAL SOONER, THEY WOULD PAY THE MINIMUM LEASE TERM; HOWEVER, THEY HAD NO DESIRE TO USE NWFCH FOR ANYTHING OTHER THAN A HOSPITAL.

CHAIRMAN CORBIN QUESTIONED IF BLACKHAWK WOULD HAVE ANY OBJECTION TO ONE COUNTY COMMISSIONER SETTING ON THE HOSPITAL BOARD OF TRUSTEES; RESPONSE: NO OBJECTION.

COMMISSIONER COPE QUESTIONED IF THE BOARD TOOK THE FOR SALE OPTION OUT, WOULD BLACKHAWK STILL BE INTERESTED IN THE NWFCH; RESPONSE: YES, THEY WOULD STILL BE INTERESTED.

COMMISSIONER BROCK QUESTIONED HOW BLACKHAWK COULD TAKE A HOSPITAL THAT IS LOSING MONEY AND PAY \$500,000 A YEAR LEASE PLUS \$25,000 A MONTH MANAGEMENT FEES AND MAKE MONEY; RESPONSE: THE COUNTY HASN'T BEEN OPERATING A FULL YEAR AS A CRITICAL ACCESS HOSPITAL; IN THEIR OPINION, THE HOSPITAL WOULD BE OPERATING AT A PROFIT.

HONERBRINK ITERATED BETWEEN COST BASE REIMBURSEMENT FOR ADDITIONAL COSTS AND BETTER UTILIZATION OF THE CAPACITY AT EACH OF THE FUNCTIONAL AREAS AT THE FACILITY, MONIES CAN BE MADE AT THE SMALLER HOSPITALS. HE ITERATED THEY WOULDN'T BE PRESENT WITH A PROPOSAL ON THE NWFCH IF THEY DIDN'T FEEL IT WAS POSSIBLE TO MAKE MONEY.

COMMISSIONER BROCK QUESTIONED HOW LONG BLACKHAWK HAD BEEN WITH KENDRA HEALTHCARE; RESPONSE: ONE YEAR.

HONERBRINK STATED HE HAD BEEN DOING HEALTH CARE FINANCE FOR ABOUT SEVEN YEARS AND DOING HEALTH CARE SINCE 1983; HE THEN WENT OVER HIS BACKGROUND AND EXPLAINED HOW KENDRA GOT WHERE THEY ARE.

COMMISSIONER BROCK QUESTIONED KENDRA HEALTH CARE BEING A NEWLY FORMED ORGANIZATION; HONERBRINK ADVISED IT WAS.

COMMISSIONER HALL ADDRESSED THE BOARD BEING IN THE SITUATION THEY ARE IN WITH THE HOSPITAL DUE TO SOME OF THE SITUATIONS MENTIONED BY BLACKHAWK AND KENDRA. HE REFERENCED THEM SAYING THEY WERE GOING TO RECRUIT PHYSICIANS AND QUESTIONED HOW THEY WERE GOING TO TREAT THE LOCAL DOCTORS THAT ARE HERE NOW; RESPONSE: THEY WILL WORK WITH THE PHYSICIANS TO HELP PRIORITIZE THEIR NEEDS ASSESSMENT; THEY DO NOT WANT TO CREATE AN ADVERSARY RELATIONSHIP BETWEEN THE DOCTORS.

COMMISSIONER HALL ADDRESSED HAVING FOUGHT THIS ISSUE ON EVERY LEVEL WITH THE LOCAL PHYSICIANS AND THE LOCAL PHYSICIANS DO NOT WANT ANY MORE SPECIALISTS OR DOCTORS TO COME IN.

HONERBRINK ADVISED THIS WAS WHERE THE EXPERTISE WILL COME IN; THEY WILL DEMONSTRATE TO THE PHYSICIANS WHAT THE OPPORTUNITIES ARE AND THEY WILL THEN BEGIN TO SUPPORT THE HOSPITAL. HE ADDRESSED THE NEED FOR THE PHYSICIANS TO BE MADE PART OF THE PROCESS AND NOT FEEL LIKE SOMETHING IS BEING PUSHED DOWN THEIR THROATS. HE POINTED OUT IF THERE IS 80% TO 90% OF THE POPULATION LEAVING THE AREA FOR HEALTH CARE, THERE IS A HUGE OPPORTUNITY FOR THE HOSPITAL AS WELL AS THE DOCTORS TO RECAPTURE THEM.

COMMISSIONER HALL ADDRESSED THE LOCAL DOCTORS HAVING HAD THE OPPORTUNITY TO CAPTURE THESE PATIENTS BUT THEY HAVE NOT.

HONERBRINK STATED AT THE END OF EACH DAY, THEY HAVE TO BE SUCCESSFUL AND THE HEALTH CARE IN THE COMMUNITY HAS TO REMAIN HIGH QUALITY EVEN IF THIS MEANS LOSING A PHYSICIAN.

COMMISSIONER HALL QUESTIONED HOW THEY WOULD DEAL WITH THE MEDICAL STAFF; RESPONSE: THEY WOULD WORK WITH THE MEDICAL STAFF TO IDENTIFY THE ISSUES. COMMISSIONER HALL QUESTIONED WHAT WOULD THEY DO WITH A PHYSICIAN THAT WAS DISRUPTIVE OR DIDN'T WANT TO DO WHAT THEY WANTED THEM TO DO; RESPONSE: THEY WOULD EXPLAIN TO THE MEDICAL STAFF THE IMPACT THIS WAS HAVING.

CHAIRMAN CORBIN QUESTIONED IF BLACKHAWK AND KENDRA WOULD HAVE THEIR OWN BYLAWS FOR NWFCH OR WOULD THEY USE THE BYLAWS ALREADY IN PLACE; RESPONSE: THE MEDICAL STAFF BYLAWS BELONG TO THE MEDICAL STAFF; WHETHER THEY WILL STRUCTURE THEIR OWN BYLAWS OR NOT USUALLY IS LOOKED AT DURING DUE DILIGENCE.

CHAIRMAN CORBIN VOICED HIS OPINION THAT PHYSICIANS WHO DON'T WORK WITH THE HOSPITAL OR PARTICIPATE IN THE HOSPITAL SHOULD BE REMOVED.

COMMISSIONER HALL REFERENCED THE HOSPITAL HAD WENT THROUGH THIS BEFORE; THE OLD BYLAWS PROVIDED THE PHYSICIANS WITH A LOT OF PROTECTION AND THEY DIDN'T WANT TO SIGN THE NEW BYLAWS BUT FINALLY REALIZED THEY HAD TO. HE ADDRESSED THE BOARD WANTING TO MAKE THE MEDICAL CARE IN THE COMMUNITY BETTER AND CAPTURE THE PEOPLE THAT ARE LEAVING THE AREA FOR THEIR MEDICAL NEEDS.

CHAIRMAN CORBIN QUESTIONED IF BLACKHAWK LEASED OR PURCHASED THE NWFCH, WOULD THEY CONTINUE WITH THE PRESENT BYLAWS OR WOULD THE BYLAWS BE REDRAFTED. ATTORNEY HOLLEY ADVISED BLACKHAWK WOULD HAVE THE AUTHORITY TO REDRAFT THE PRESENT BYLAWS.

CHAIRMAN CORBIN REFERENCED THE BOARD BEING TRAPPED IN SOME BYLAWS NOW AT THE HOSPITAL.

ATTORNEY HOLLEY ADDRESSED BLACKHAWK HAVING STATED THE EMERGENCY ROOM WOULD BE STAFFED WITH ACLS CERTIFIED PHYSICIANS, AND QUESTIONED IF THE DOCTORS LOCALLY ARE NOT AVAILABLE THAT HAVE THAT CERTIFICATION, HOW WOULD THEY STAFF THE EMERGENCY ROOM; RESPONSE: THERE ARE A LOT OF OPTIONS; THEY COULD BRING IN ADDITIONAL PHYSICIANS FOR DIFFERENT NEEDS BY CONTRACT OR AS FULL BLOWN RECRUITED PHYSICIANS; THEY WILL KNOW MORE ABOUT WHAT THE REQUIREMENTS AND CHALLENGES ARE ONCE THEY GET A LOOK AT THE OPERATIONS OF THE FACILITY.

COMMISSIONER HALL QUESTIONED IF THERE WERE ANY HIDDEN CHARGES INCLUDED IN THE \$500,000 ANNUAL LEASE PAYMENT; RESPONSE: NO HIDDEN CHARGES; \$500,000 WOULD BE PAID DIRECTLY TO THE COUNTY.

CHAIRMAN CORBIN STATED IN MAY OF 1999 THE BOARD ENTERED INTO A MANAGEMENT CONTRACT WITH SACRED HEART; AT THAT TIME, THE HOSPITAL HAD \$4,000,000; SHORTLY AFTER SACRED HEART COME ABOARD, THEY DECIDED TO MAKE SOME CHANGES TO THE EMERGENCY ROOM AND THE OLD PHYSICIANS DIDN'T WANT THE CHANGES AND HAVE BOYCOTTED THE HOSPITAL SINCE THEN. HE STATED THE \$4,000,000 DOLLARS IS GONE AND THE HOSPITAL NOW HAS \$3 TO \$5 MILLION DEBT; HE FEELS LIKE BLACKHAWK WOULD HAVE TO GET SOME BYLAWS WHERE IF THE DOCTORS WANTED TO PRACTICE AT NWFCH THEY COULD, BUT IF NOT, BLACKHAWK COULD MOVE ON.

HAINLINE STATED EVERYBODY'S MOTIVATIONS CAN BE ADDRESSED IN A SUCCESSFUL ORGANIZATION; EVERYBODY CAN WIN; BLACKHAWK COMES IN WITH A CLEAN SLATE AND SETS UP A RELATIONSHIP AND A CONTRACTURAL WAY OF DOING BUSINESS THAT WORKS FOR EVERYBODY.

COMMISSIONER HALL ADDRESSED WHEN SACRED HEART TOOK OVER THE MANAGEMENT OF THE NWFCH; THEY REALIZED SOME OF THE LOCAL DOCTORS WERE NOT CERTIFIED DOCTORS AND THEY WERE OFFERED A NEW CONTRACT TO STAY IN THE EMERGENCY ROOM WITH THEIR SCHOOLING TO GET PROPER TRAINING BEING PAID FOR THEM BUT THEY REFUSED TO GET THE TRAINING.

CHAIRMAN CORBIN VOICED HIS OPINION THE REASON THE COUNTY IS WANTING TO SELL OR LEASE THE NWFCH AT THIS TIME IS DUE TO IT ALWAYS HAVING BEEN SELF SUPPORTIVE AND FEELS IT IS ABOUT TIME THEY ARE GOING TO NEED COUNTY SUPPORT AND THE BOARD DOESN'T WANT TO DO IT. HE STATED THE HOSPITAL COULD BE A SUCCESS AND PROVIDE QUALITY MEDICAL CARE WITHOUT HAVING THE TAXPAYERS OF THE COUNTY HAVING TO FOOT THE BILL.

COMMISSIONER FINCH STATED HE FELT ALL THE BOARD WANTED QUALITY HEALTH CARE AND QUALITY HEALTH CARE IS GOING TO BE THE BUY IN TO THE COMMUNITY; THE LOCAL



DOCTORS ARE GOING TO HAVE TO BUY IN ON A PLAN. ALSO, IT COULD BE A MUCH BIGGER HOSPITAL THAN WHAT IS THERE TODAY WITH THE PROPER MANAGEMENT, BUY IN FROM THE COMMUNITY, BUY IN FROM THE LOCAL DOCTORS AND A COMMITMENT FROM A NEW OWNER TO REFURBISH AND UPDATE THE HOSPITAL.

HAINLINE ADDRESSED HEALTH CARE ACROSS THE UNITED STATES IN THE RURAL ATMOSPHERE HAS DETERIOATED AND ALL KIND OF HOSPITALS HAVE BEEN FORCED OUT OF BUSINESS; THE CURRENT LEGISLATION HAS JUST CREATED THE OPPORTUNITY TO MAKE IT A BUSINESS AND BLACKHAWK HAS CREATED A BUSINESS MODEL AND NWFCH HAS THE NECESSARY INGREDIENTS TO MAKE IT WORK.

ATTORNEY HOLLEY ADDRESSED THERE BEING A VERY SMALL AMOUNT OF RACE TAX MONIES COMING INTO THE HOSPITAL NOW THAT WOULD BE LOST IF IT WERE NO LONGER A COUNTY HOSPITAL. HAINLINE QUESTIONED IF THE HOSPITAL WERE LEASED IF THE RACE TRACK MONIES COULD REMAIN AT THE FACILITY; ATTORNEY HOLLEY WAS NOT SURE IF IT WAS BEING LEASED TO A PRIVATE COMPANY. THE HALF MILL THE BOARD PRESENTLY CONTRIBUTES TO THE AMBULANCE IS ALSO QUESTIONABLE IF IT CAN BE USED FOR A PRIVATE COMPANY. CHAIRMAN CORBIN SAID HE WAS HOPEFUL THE HALF MILL CONTRIBUTED TO THE AMBULANCE SERVICE COULD BE NEGOTIATED AND THE BOARD WOULD NO LONGER HAVE TO FUND THAT.

HAINLINE STATED IN ORDER TO MAKE THESE COMMITMENTS, HE WOULD NEED TO HAVE MORE INFORMATION AVAILABLE.

ATTORNEY HOLLEY AND CHAIRMAN CORBIN UPDATED HAINLINE ON THE BOARD HAVING OBLIGATED ONE-HALF ACRE OF PROPERTY ON THE HOSPITAL GROUNDS TO THE WASHINGTON COUNTY HEALTH DEPARTMENT FOR A NEW FACILITY.

COMMISSIONER FINCH ITERATED THE BOARD HAD VOTED THEY WOULD NO LONGER PURSUE THIS PIECE OF PROPERTY FOR THE HEALTH DEPARTMENT.

COMMISSIONER COPE QUESTIONED HOW BLACKHAWK FOUND OUT THE NWFCH WAS AVAILABLE; RESPONSE: TWO OF THEIR COLLEAGUES LET THEM KNOW AN RFP WAS OUT ON THE FACILITY.

COMMISSIONER COPE THEN QUESTIONED IF THEY WOULD HAVE BEEN INTERESTED IF THE HOSPITAL WERE NOT IN A CRITICAL ACCESS DESIGNATION; RESPONSE: THEY WOULD STILL BE INTERESTED IN THE SENSE IF THE HOSPITAL COULD BE DESIGNATED AS CRITICAL ACCESS AND THEY COULD PURSUE IT; CRITICAL ACCESS IS THEIR SPECIFIC BUSINESS MODEL.

RHONDA WILSON, EMPLOYEE WITH COMMUNITY HOME HEALTH CARE, QUESTIONED IF THE NEEDS ASSESSMENT WOULD TAKE PLACE DURING THE DUE DILIGENCE PHASE AND HOW LONG DOES A NEEDS ASSESSMENT USUALLY TAKE; RESPONSE: THE NEEDS ASSESSMENT WOULD TAKE PLACE DURING THE DUE DILIGENCE; IT STARTS WITH AN INTERNAL REVIEW AND A REVIEW OF THE STATE STATISTICS TO DETERMINE WHAT IS GOING OUT; THEY THEN ADDRESS THE NEEDS ASSESSMENT AND LOOK AT THE RESOURCES AVAILABLE TO PROVIDE SOME OF THE NEEDS, PRIORITIZE THEM BASED ON WHAT THEY FEEL THEY CAN CASH UP WITH THEIR RESOURCES. IT REALLY BOILS DOWN TO THE PHYSICIANS AND THE DEPARTMENTS AT THE HOSPITAL ON HOW THEY PRIORITIZE MEETING THOSE NEEDS AND THEY DON'T HAVE THE ANSWERS WITHOUT THE RESOURCES AVAILABLE. THE DUE DILIGENCE WOULD BEGIN, THE NEEDS ASSESSMENT WOULD GET STARTED AND THE PROCESS WOULD YIELD RESULTS.

WILSON ADDRESSED THE \$5,000 A MONTH IT WOULD COST THE COUNTY DURING THE DUE DILIGENCE PHASE AND THE NEEDS ASSESSMENT WOULD BE DONE DURING THIS TIME; SHE STATED SHE SAW A LOT OF MONEY INITIALLY THAT WOULD HAVE TO BE SPENT DURING THE DUE DILIGENCE PHASE; RESPONSE: IF THE BOARD WOULD GIVE THEM AN INITIAL EXCLUSIVE RIGHT OF 30 DAYS TO REVIEW AND DEFINE THEIR PROPOSAL THAT IS EXCLUSIVE TO THEM, THEY COULD DEFINE THOSE THINGS IN A WAY THAT WOULD MAKE SENSE TO EVERYONE; IF THEY WOULD GIVE THEM 30 DAYS EXCLUSIVE RIGHT TO DO PRELIMINARY THINGS WITHOUT A COST TO THE COUNTY.

CHAIRMAN CORBIN SAID IF THE BOARD DECIDED TO SELECT BLACKHAWK AT THE END OF THE DAY, THEY WOULD GIVE THEM THE 30 DAYS THEY ARE REQUESTING; HE WOULDN'T THINK OF ENTERING INTO DUE DILIGENCE WITH ANYONE WITHOUT DOING THAT.

WILSON THEN ADDRESSED HOME HEALTH CARE NOT BEING PART OF THE CRITICAL ACCESS DESIGNATION AND QUESTIONED HOW THEY WOULD HANDLE HOME HEALTH; RESPONSE:

THEY WOULD BE LOOKING AT MAXIMIZING THE POTENTIAL FOR BILLING FOR SERVICES THEY PRESENTLY PROVIDE BUT THEY DON'T PLAN ON DOING AWAY WITH HOME HEALTH.

BRENDA BOZARTH SAID SHE WAS CONFUSED ABOUT THE RELATIONSHIP BETWEEN BLACKHAWK AND KENDRA AND QUESTIONED IF KENDRA WAS A SUB-SIDIARY OF BLACKHAWK; RESPONSE: KENDRA IS NOT AFFILIATED WITH BLACKHAWK. SHE THEN QUESTIONED IF THE MANAGEMENT FIRM HAD TO BE KENDRA; RESPONSE: THE MANAGEMENT FIRM DID HAVE TO BE KENDRA.

BOZARTH THEN REFERRED TO IT HAVING BEEN SAID THEY WOULD NEGOTIATE WITH A REFERRAL CENTER TO RECEIVE THE PATIENTS AT NWFCH THEY CAN'T PROVIDE SERVICES FOR; BASICALLY, TELLING THE PATIENTS WHERE THEY WOULD HAVE TO GO; RESPONSE: THEY WOULD JUST MAKE SURE THEY ARE NOT HELD HOSTAGE BY OTHER HOSPITALS THEY ARE REFERRING TO; THEY ARE GOING TO CONTINUE WORKING WITH THE PHYSICIANS TO MAKE SURE THEY ARE GETTING FEEDBACK FROM THE REFERRAL FACILITIES AND THE PATIENTS KNOW WHICH REFERRAL FACILITIES ARE PROVIDING THE BEST RESPONSIVENESS TO THE PHYSICIANS AT NWFCH; THE PATIENTS WILL STILL HAVE A CHOICE.

BOZARTH QUESTIONED HOW THEY WOULD TELL THE PATIENTS WHICH FACILITY THEY THINK PROVIDES THE BEST CARE; RESPONSE: GENERALLY, THE PHYSICIANS WILL TELL THEM. BOZARTH REITERATED SOME PREVIOUS REMARKS ABOUT THE LOCAL PHYSICIANS NOT BEING ANXIOUS TO RISK DISRUPTING THEIR REFERRAL PHYSICIANS AND BRING IN SOMEONE NEW; RESPONSE: THEY DIDN'T HAVE ALL THE ANSWERS AND PATIENTS ALWAYS HAVE A CHOICE.

COMMISSIONER BROCK QUESTIONED IF THEY HAD BORROWED ANY MONEY FROM THE COUNTY FOR THE MANAGEMENT OF THEIR FACILITY SINCE APRIL; RESPONSE: THEY HAD BORROWED \$300,000 FOR PAYROLL AT THE SIERRA VISTA HOSPITAL. THE REASON FOR HAVING TO BORROW THE MONEY WAS DUE TO A CONVERSION IN THE BILLING SOFTWARE; CASH THAT HAD ALREADY BEEN BILLED UNDER THE OLD SYSTEM WAS COMING IN; AT THE END OF FIVE WEEKS THEY SAW A BIG DECREASE IN THE AMOUNT OF DAILY CASH, IT LEVELED OFF AND THEN AT THE END OF SEVEN WEEKS THE CASH DRIED OUT; THEY WENT BACK IN AND IDENTIFIED THE ISSUES, REBILLED THE OLD ACCOUNTS AND THERE WERE \$2.8 MILLION CHARGES THAT HAD BEEN UNBILLED AS A FUNCTION OF THE CONVERSION. THEY IDENTIFIED THE PROBLEM WITH THE BILLING, WHEN IT WAS GOING TO BE FIXED, PLANNED IT ALL OUT, PRESENTED IT TO THE BOARD OF COUNTY COMMISSIONERS THROUGH THE ADMINISTRATION OF THE HOSPITAL AND THEY PROVIDED THEM WITH A SHORT TERM LOAN. THEY ARE IN THE PROCESS OF PAYING THIS BACK NOW.

HAINLINE EXPLAINED THE BOARD HAD MADE A STATEMENT THE PROBLEM WITH THE SOFTWARE CONVERSION AND THE PROBLEM WITH THE BILLING WAS THEIR INTERNAL PROBLEM AND NOT KENDRA'S. BLACKHAWK WENT AND REQUESTED THE MONEY ON BEHALF OF THE BOARD TO HELP SOLVE THE PROBLEM AND NOT ON BEHALF OF KENDRA; THE PROBLEM HAS BEEN SOLVED, THE MONIES HAVE ALMOST BEEN PAID BACK AND THINGS ARE OPERATING MUCH HEALTHIER.

CHAIRMAN CORBIN EXPRESSED THE BOARD'S APPRECIATION TO BLACKHAWK AND KENDRA FOR MAKING THEIR PRESENTATION. HE INFORMED THEM ADMINISTRATOR HERBERT WOULD BE CONTACTING THEM TO LET THEM KNOW WHAT DECISION THE BOARD MADE.

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

CHAIRMAN CORBIN CALLED THE MEETING BACK TO ORDER AT 1:00 P.M. COMMISSIONERS COPE, HALL, CORBIN, FINCH AND BROCK WERE PRESENT ALONG WITH ATTORNEY HOLLEY, CLERK LINDA COOK, ADMINISTRATOR PETER HERBERT AND DEPUTY CLERK DIANNE CARTER.

PHILLIP EASTMAN WITH RESURGENCE HEALTH GROUP ADDRESSED THE BOARD ON HIS PROPOSAL. HE WAS OFFERING TWO OPTIONS; TO PURCHASE OR LEASE WITH THE RIGHT TO PURCHASE ALL REAL ESTATE AT FAIR MARKET VALUE; IT WOULD BE A 20 YEAR LEASE WITH THE LEASE PAYMENTS TO BE EQUAL TO MONTHLY DEBT SERVICE PAYMENTS TO BE PAID DIRECTLY TO THE DEBT OR PAID TO THE COUNTY DIRECTLY FOR THEM TO PAY; THEY WILL PUT \$1.8 MILLION TOWARD CAPITAL IMPROVEMENTS OF THE FACILITY; THEIR NET WORKING CAPITAL WOULD BE \$43,000 (RECEIVABLES LESS PAYABLES) WITH THE ASSUMPTION OF ALL OTHER EMPLOYEE COST INCLUDED SUCH AS SICK LEAVE, ANNUAL LEAVE, ETC.

EASTMAN THEN ADDRESSED WHY THE BOARD SHOULD SELECT RESURGENCE:

1. THEY HAVE FIFTEEN YEARS EXPERIENCE; THEY ARE FAR MORE

- EXPERIENCED AND MORE QUALIFIED THAN OTHER PROPOSERS
2. MALPRACTICE INSURANCE IS AVAILABLE WITH RESURGENCE
  3. CAPITAL RESERVES ARE GREATER
  4. THEY ARE THE HIGHEST BIDDER
  5. THEIR LEASE PROPOSAL IS FOR 20 YEARS VERSUS 25 TO 40 YEARS
  6. THEY WILL TAKE OVER AMBULANCE SERVICE
  7. 10 YEAR NET TAXPAYER BENEFIT WILL BE APPROXIMATELY \$7 MILLION

EASTMAN PROVIDED THE BOARD WITH A HANDOUT SHOWING THE COST TO TAXPAYERS UNDER EACH OF THE PROPOSALS WITH NORTHWEST FLORIDA HEALTH CARE HAVING A NET TAXPAYER BENEFIT OF \$4 MILLION DEFICIT AND BLACK HAWK HAVING A NET TAXPAYER BENEFIT OF APPROXIMATELY \$5 MILLION.

ATTORNEY HOLLEY ADDRESSED THE \$250,000 ANNUAL DEBT BEING INCLUDED IN THE CALCULATIONS PROVIDED BY EASTMAN ON THE COST TO TAXPAYERS UNDER EACH PROPOSAL AND POINTED OUT THE REVENUE ASSETS SHOULD COME INTO THE CALCULATIONS FOR RESURGENCE AS THE MEDICAL OFFICE BUILDING BRINGS IN REVENUE.

ATTORNEY HOLLEY ALSO ADDRESSED THE CLOSING COST NOT BEING INCLUDED IN THE PROPOSAL SUBMITTED BY RESURGENCE THIS TIME; EASTMAN ADVISED THIS WAS IMMATERIAL.

COMMISSIONER FINCH ADDRESSED THE BIGGEST DIFFERENCE IN RESURGENCE PROPOSAL AND BLACK HAWKS FINANCIALLY IS BLACKHAWK IS NOT ACCEPTING THE AMBULANCE SERVICE.

COMMISSIONER COPE ADDRESSED CONCERNS ABOUT THE QUALITY OF SERVICE IN THE EMERGENCY ROOM. EASTMAN ADVISED HIS PROPOSAL FOR THE LEVEL OF EMERGENCY ROOM SERVICES WAS NO DIFFERENT THAN WHAT IS PRESENTLY BEING PROVIDED AT THE EMERGENCY ROOM; IT WOULD BE A MEDICAL STAFF DECISION AS TO THE EMERGENCY ROOM STAFFING CRITERIA .

COMMISSIONER COPE QUESTIONED THE EMPLOYEES BEING ABLE TO KEEP THE SAME LEVEL OF INSURANCE AND PAID DAYS OFF. EASTMAN ADVISED THAT EMPLOYEES WOULD KEEP ALL THEIR CURRENT BENEFITS, SENIORITY AND EVERYTHING IN PLACE. AS FAR AS INSURANCE, RESURGENCE PRESENTLY OFFERS BLUE CROSS AND BLUE SHIELD OF GEORGIA AND ALABAMA AND WOULD NOT EXPECT THIS TO CHANGE.

COMMISSIONER COPE QUESTIONED RESURGENCE'S PLAN FOR RECRUITMENT OF PHYSICIANS. EASTMAN ADVISED THEY WOULD EVALUATE WHAT THE PHYSICIAN NEEDS ARE FOR THE HOSPITAL STATING RECRUITING IS CHEAP BUT UNDERWRITING IS WHAT IS EXPENSIVE.

COMMISSIONER COPE QUESTIONED IF THE BOARD DECIDED TO ENTER INTO DUE DILIGENCE, HOW LONG DID EASTMAN FEEL LIKE IT WOULD TAKE; EASTMAN ADVISED 30 DAYS WAS TYPICAL FOR DUE DILIGENCE BUT IT WOULD PROBABLY TAKE 60 TO 90 DAYS FOR THE TOTAL TIME FRAME TO CLOSE.

COMMISSIONER COPE QUESTIONED THE ADMINISTRATION OF THE HOSPITAL DURING DUE DILIGENCE; EASTMAN ADVISED THE PRESENT ADMINISTRATION COULD CONTINUE TO MANAGE THE FACILITY DURING DUE DILIGENCE; NO MANAGEMENT FEE WOULD BE CHARGED EXCEPT FOR THE COST OF THE ADMINISTRATOR WHICH WOULD BE PAID LOCALLY.

COMMISSIONER BROCK ADDRESSED THE MANAGEMENT FEES BEING CHARGED AT OTHER FACILITIES RESURGENCE IS AFFILIATED WITH AND REFERENCED THE INDEBTEDNESS OF THE NWFCH REVERSING SINCE THEY HAD THE CRITICAL ACCESS DESIGNATION.

COMMISSIONER HALL QUESTIONED IF RESURGENCE'S PROPOSAL STILL INCLUDED THE OPTION TO BUY THE HOSPITAL; EASTMAN ADVISED IT DID ALLOW THEM TO PURCHASE THE FACILITY AT FAIR MARKET VALUE.

COMMISSIONER HALL ADDRESSED THE INFORMATION SUBMITTED BY EASTMAN SHOWING LEASE PAYMENTS OF \$10 TO THE COUNTY BY NORTHWEST FLORIDA HEALTHCARE; HE POINTED OUT THAT NORTHWEST FLORIDA HEALTHCARE WAS GOING TO ACCEPT ALL THE INDEBTEDNESS OF THE COUNTY ALSO.

COMMISSIONER BROCK QUESTIONED THE LEASE PAYMENTS BEING MADE BY RESURGENCE GOING TOWARD THE INDEBTEDNESS OF THE COUNTY; EASTMAN ADVISED THEY WERE.

COMMISSIONER COPE ADDRESSED RESURGENCE HAVING SOLD HOSPITALS PREVIOUSLY WITH EASTMAN EXPLAINING THIS WAS DUE TO ONE OF THE PARTNERS HAVING TO PULL OUT.

ATTORNEY HOLLEY ADDRESSED BLACKHAWK'S PROPOSAL ON THE AMBULANCE NOT BEING RELECTED ACCURATELY ON THE COST TO TAXPAYERS INFORMATION SUBMITTED BY EASTMAN.

EASTMAN ADDRESSED A QUESTION PERTAINING TO WHAT THEY WOULD DO WITH PATIENTS THEY CAN'T PROVIDE SERVICES FOR; RESURGENCE WOULD TRANSFER THEM TO ANOTHER FACILITY THAT CAN PROVIDE THE NECESSARY SERVICES. HE INDICATED THERE MAY WIND UP BEING SEVERAL TRANSFER ARRANGEMENTS DEPENDING ON THE DIFFERENT TYPE OF SERVICES NEEDED.

EASTMAN QUESTIONED WHAT THE PROCEDURES WERE AT THIS POINT. CHAIRMAN CORBIN ADVISED EASTMAN THE BOARD COULD VOTE AT THE END OF THE DAY ON A PROPOSAL OR TABLE IT UNTIL THEY DO FURTHER RESEARCH.

CHAIRMAN CORBIN CALLED FOR A TEN MINUTE RECESS.

PURSUANT TO A RECESS, CHAIRMAN CORBIN CALLED THE MEETING BACK TO ORDER. PAT SCHLENKER, NORTHWEST FLORIDA HEALTH CARE, PRESENTED HIS PROPOSAL. HE BEGAN BY SHARING HIS FORMAL EDUCATION AND HEALTH CARE EXPERIENCE OF 39 YEARS. HE POINTED OUT THE NORTHWEST FLORIDA HEALTH CARE CORPORATION WAS A NEWLY FORMED CORPORATION AND HE WOULD BE RESIGNING HIS POSITION AT SACRED HEART. HE ADVISED HE WOULD BE GOING OVER HIS TEAM, THE HIGHLIGHTS OF HIS PROPOSAL AND WHY HIS PROPOSAL IS BEST FOR THE FUTURE HEALTH CARE OF WASHINGTON COUNTY. SCHLENKER WENT OVER HIS EXPERIENCE WITH NORTHWEST FLORIDA COMMUNITY HOSPITAL, HIS EXPERIENCE IN DEVELOPMENT OF DIFFERENT INSTITUTIONS INCLUDING GULF COAST HEALTH TECHNOLOGIES WHICH WAS ESTABLISHED FOR SACRED HEART IN 1986 AND WAS VOLUNTARY DISSOLVED; ANOTHER HEALTH CARE FIRM WHICH WAS SOLD TO A MANAGEMENT PARTNER AND THE CORPORATION WAS DISSOLVED.

SCHLENKER WENT OVER HIS TEAM MEMBERS AND THEIR EXPERIENCE:  
LEGAL TEAM-HARRISON, RIVARD, ZIMMERMAN & BENNET  
FINANCIAL ADVISORY TEAM-ERIC NICHOLSON; ACCOUNTING OPERATIONS-  
JIM SPEED OF SALTMARSH, CLEVELAND & GUND; BRADLEY & ASSOCIATES-  
MR. SKANDER NASSER III  
PHYSICIAN ADVISORS-THOSE PHYSICIANS AND EXTENDERS THAT SUPPORT  
THE HOSPITAL  
NURSING ADVISOR-WIFE, NICKI  
POSITION DEVELOPMENT AND RECRUITMENT ADVISOR-NEIL ANDERSON-  
PRESIDENT OF ECB MEDSEARCH

SCHLENKER ADDRESSED THEM INITIALLY PROJECTING THE RECRUITMENT OF SEVEN PHYSICIANS WHICH WILL COST ON AN AVERAGE OF \$1.5 MILLION.

HIGHLIGHTS OF HIS PROPOSAL:

- A. IT IS A LEASE AND NOT A PURCHASE
- B. IT ASSUMES ALL ENTITIES
- C. IT ASSUMES ALL CURRENT LIABILITIES AND DEBT SERVICES
- D. IT REQUIRES NO DUE DILIGENCE; ALL THAT IS NEEDED IS TO MOVE FORWARD, PREPARE THE LEASE, MOVE FORWARD AND GET THE LEASE SIGNED

WHY HIS PROPOSAL IS BEST FOR THE FUTURE OF HEALTH CARE OF WASHINGTON COUNTY:

1. IT REQUIRES THE HIGHEST INFUSION OF CAPITAL INTO THE FUTURE HEALTH CARE NEEDS OF THE COMMUNITY; \$3.2 MILLION WOULD BE AN INVESTMENT TO THE FUTURE OF HEALTH CARE FOR WASHINGTON COUNTY
2. THE COUNTY WILL GET BACK IN THE END THE ASSETS PURCHASED WITH THE \$3.2 MILLION; IT IS A PARTNERSHIP FOR THE FUTURE OF HEALTHCARE FOR THE COUNTY WITH COUNTY PUTTING IN \$3.2 MILLION AND NORTHWEST FLORIDA HEALTHCARE MATCHING THE \$3.2 MILLION
3. THE MOST IMPORTANT ASSET OF THE NWFCH IS THE 233 DEDICATED EMPLOYEES; HIS PROPOSAL OUTLINES SOME DETAILS ON THE BENEFITS THEY WILL RECEIVE AND IT IS HIS DESIRE TO WORK WITH THE BOARD ON A PLAN TO PROTECT THE STATE RETIREMENT OF THE LONG TERM EMPLOYEES
4. PROPOSAL REQUIRES NO DUE DILIGENCE WHICH WILL REDUCE COST AND THE TIME INVOLVED WITH DUE DILIGENCE
5. HE IS A KNOWN ENTITY AND THE BOARD WILL KNOW WHO THEY ARE

DEALING WITH

6. HE WILL PROVIDE A SAFE, COMPASSIONATE, ASSESSIBLE QUALITY HEALTH CARE
7. THE LEASEE WILL BE IN HOUSE, ON CAMPUS AND MANAGING THE HOSPITAL ON A DAILY BASIS
8. PROPOSES NO ADDITIONAL UNDUE BURDEN ON AN ALREADY FINANCIALLY FRAGILE HOSPITAL IN THE FORM OF LEASE PAYMENTS
10. NORTHWEST FLORIDA HEALTH CARE WILL PAY TAXES ON THE HOSPITAL;  
THIS WILL BE AN ADDITIONAL BURDEN THEY HAVE NOT HAD TO PAY IN THE PAST
11. THE BOARD HAS TO MAKE THE MOST IMPORTANT DECISION THEY HAVE HAD TO MAKE DURING THE TERM OF THEIR OFFICE; THE FUTURE HEALTHCARE OF WASHINGTON COUNTY. THEY HAVE TO ASK WHICH PROPOSAL WILL GIVE THEM THE HIGHEST PROBABILITY FOR LONG TERM SUCCESS IN TERMS OF FINANCIAL STABIITY, NEW SERVICES, IMPROVED ACCESS TO CARE AND FOR OVERALL QUALITY OF CARE TO BE PROVIDED
12. ACCESS TO CAPITAL AND MANAGEMENT EXPERTISE ARE TWO ELEMENTS THAT WILL BE ABSOLUTELY CRITICAL TO THE FUTURE SUCCESS OF NWFCH
13. THEY KNOW WHICH PROPOSAL WOULD BE THE MOST PROFITABLE;

IF

5. HIS PROPOSAL IS SELECTED, THEY KNOW HIS QUALIFICATIONS TO MANAGE THE HOSPITAL. IT MAY NOT BE POLITICALLY POPULAR; BUT, SELECTING NORTHWEST FLORIDA HEALTHCARE'S PROPOSAL WOULD BE THE BEST DECISION FOR THE FUTURE OF THE HEALTHCARE OF WASHINGTON COUNTY.

ATTORNEY HOLLEY QUESTIONED IF THE IMPROVEMENTS TO BE MADE TO THE FACILITY WITH THE \$3.2 MILLION SCHLENKER IS REQUESTING FROM THE COUNTY WILL BE LAID OUT IN THE LEASE DOCUMENT; SCHLENKER ADVISED A LIST OF CAPITAL IMPROVEMENTS TO BE MADE WOULD BE MADE PART OF THE LEASE AGREEMENT.

ATTORNEY HOLLEY QUESTIONED IF THE \$3.2 MILLION NORTHWEST FLORIDA HEALTHCARE WAS MATCHING WOULD BE USED FOR CAPITAL IMPROVEMENTS AND PHYSCIAN RECRUITMENT; SCHLENKER SAID THIS WAS CORRECT.

ATTORNEY HOLLEY QUESTIONED HOW THE EMERGENCY ROOM WOULD BE HANDLED; SCHLENKER ADVISED IT WOULD BE MAINTAINED AT THE SAME LEVEL AND SAME CLASSIFICATION AND SAME EXPERTISE OF THE PHYSICIANS THAT ARE ALREADY IN THERE; BOARD CERTIFIED OR BOARD ELIGIBLE PHYSICIANS THAT HAVE THE BEST TRAUMA LIFE SUPPORT, THE BEST CARDIAC LIFE SUPPORT AND PEDIATRIC LIFE SUPPORT TRAINING.

ATTORNEY HOLLEY ADDRESSED THE INITIAL SACRED HEART PROPOSAL INCLUDED \$68,000 OF THE \$3.2 MILLION THE COUNTY WOULD BE PROVIDING WOULD BE USED TO PAY COMMISSIONER HALL BACK FOR PAVING THAT WAS DONE AT THE MEDICAL FACILITY; SCHLENKER ADVISED THIS WAS AN OVERSIGHT AND SHOULD HAVE BEEN INCLUDED IN HIS PROPOSAL.

COMMISSIONER FINCH ADDRESSED HIM BEING ASKED BY DIFFERENT PEOPLE WHY WOULD WASHINGTON COUNTY CONSIDER DEALING WITH SCHLENKER OR SACRED HEART AND GIVE THEM \$3.2 MILLION WHEN THERE IS TWO OTHER COMPANIES WHO WILL GIVE THE COUNTY MONEY. ALSO, HE POINTED OUT IT SEEMED SCHLENKER HAD THE BEST ADVANTAGE ON PREPARING A PROPOSAL ON THE NWFCH DUE TO HIM KNOWING ALL THE INS AND OUTS OF THE HOSPITAL. HE ASKED SCHLENKER TO RESPOND AS TO WHY THE COUNTY SHOULD CONSIDER HIS PROPOSAL.

SCHLENKER STATED THE COUNTY WOULD WANT TO BE ABLE TO HAVE A HEALTH SYSTEM THAT HAS THE HIGHEST PROBABILITY FOR FUTURE SUCCESS; CAPITAL AND MANAGEMENT EXPERTISE IS THE TWO KEY ELEMENTS IN MAKING THE HOSPITAL A SUCCESS. HE ALSO ADDRESSED THE NEED NOT TO OVERBURDEN THE HOSPITAL WITH ADDITIONAL COST AND REFERENCED THE \$500,000 LEASE PAYMENTS AND THE \$25,000 MANAGEMENT FEES; HE STATED HE WOULDN'T HAVE ANY MANAGEMENT FEES AS HE WOULD BE THERE AS THE ADMINISTRATOR OF THE FACILITY. HE ADDRESSED CRITICAL ACCESS BEING THE KEY TO THE HOSPITAL'S FUTURE SUCCESS; 70% OF THEIR PATIENTS ARE COST BASED REIMBURSED

AND WHAT THEY HAVE TO WORRY ABOUT IS THE OTHER 30%. HE VOICED HIS OPINION, IN HIS YEARS OF EXPERIENCE, THERE WAS NO WAY TO MAKE THE AMBULANCE SERVICE OPERATE WITHOUT THE SUBSIDY FROM THE COUNTY.

COMMISSIONER FINCH SAID THIS WOULD BE THE PROBLEM OF THE PROPOSER OFFERING TO TAKE OVER THE AMBULANCE SERVICE WITHOUT THE COUNTY HAVING TO SUBSIDIZE IF THEY ENTERED INTO A CONTRACT AGREEING TO DO THIS. HE POINTED OUT THE \$250,000 A YEAR WAS A LOT OF MONEY FOR THE COUNTY TO OBLIGATE WHEN THERE IS A PROPOSER WILLING TO TAKE OVER THIS OBLIGATION.

COMMISSIONER FINCH ADDRESSED NORTHWEST FLORIDA HEALTH CARE'S LEASE TERM BEING TWICE AS LONG AS THE OTHER PROPOSERS; SCHLENKER ADVISED THIS WOULD BE NEGOTIABLE.

COMMISSIONER FINCH ADDRESSED HIM NOT IMAGINING THE BOARD ACCEPTING SCHLENKER'S PROPOSAL WITH NO DUE DILIGENCE; SCHLENKER SAID HE HAD BEEN THROUGH ALL THE DUE DILIGENCE ALREADY WITH SACRED HEART AND THAT IS WHY THE SEPTEMBER 30TH YEAR END AUDITED FINANCIALS WOULD BE THE BEST TIME FOR HIS PROPOSAL.

COMMISSIONER FINCH ADDRESSED SCHLENKER'S PROPOSAL STATING \$2.7 MILLION OF THE \$3.2 MILLION THE COUNTY IS GOING TO GIVE NORTHWEST FLORIDA HEALTHCARE WOULD BE USED FOR CAPITAL IMPROVEMENTS WITH THE REMAINING .5 MILLION BEING USED FOR PHYSICIAN RECRUITMENT. HE REFERENCED THE WAY THE LOAN WAS STRUCTURED, HE UNDERSTOOD IT ALL HAD TO BE SPENT FOR CAPITAL IMPROVEMENTS OR A PUBLIC HEARING WOULD HAVE TO BE HELD. HE QUESTIONED SCHLENKER IF THE PUBLIC HEARING WAS SOMETHING HE WOULD BE AGREEABLE TO OR ALLOW TO HAPPEN; SCHLENKER AGREED THIS WAS NEGOTIABLE AND POINTED OUT THE REASON HE WANTED THE .5 MILLION DESIGNATED FOR PHYSICIAN RECRUITMENT WAS BECAUSE ALL THE MONEY THE HOSPITAL PUTS INTO PHYSICIAN RECRUITMENT IS A NON ALLOWABLE COST AS FAR AS BEING REIMBURSABLE.

COMMISSIONER FINCH REFERENCED AN ARTICLE IN THE NEWSPAPER REGARDING AN ENTITY SCHLENKER WAS INVOLVED WITH HAD FILED BANKRUPTCY; SCHLENKER CLARIFIED AND SAID THERE WAS NO BANKRUPTCY FILED.

COMMISSIONER FINCH ADDRESSED THE EMERGENCY ROOM DOCTORS AND QUESTIONED IF SCHLENKER WAS PLANNING TO CONTINUE TO USE THE DOCTORS THAT ARE PRESENTLY THERE THAT SACRED HEART HAS BEEN FURNISHING OR WAS HE GOING TO BE RECRUITING OTHER DOCTORS WITH THE SAME CREDENTIALS. SCHLENKER ADVISED FOR THE SHORT TERM, HE WOULD CONTINUE TO USE THE DOCTORS PRESENTLY ON STAFF UNLESS THERE IS A VALID REASON THEY ARE NOT PERFORMING WELL.

COMMISSIONER FINCH QUESTIONED IF THE EMERGENCY ROOM STAFF CONTRACT WAS SEPARATE FROM THE MAIN CONTRACT; SCHLENKER ADVISED IT WAS A HOSPITAL CONTRACT. COMMISSIONER FINCH QUESTIONED IF THE MAIN CONTRACT CEASED WOULD THE HOSPITAL CONTRACT STILL BE IN AFFECT; SCHLENKER ADVISED THIS WOULD BE AT SACRED HEART'S DISCRETION AND HE SUSPECTED SINCE THE MANAGEMENT CONTRACT WOULD BE CEASING, THAT CONTRACT WOULD BE CEASING ALSO.

COMMISSIONER FINCH ADDRESSED THERE HAD BEEN A LOT OF DISCUSSION ABOUT THE LEVEL OF SERVICES AT THE NWFCH AND HE AGREED THE LEVEL OF SERVICES IS BETTER TODAY THAN IT WAS YEARS AGO; HOWEVER, THERE ARE STILL HORROR STORIES WHERE PEOPLE DON'T FEEL THEY GOT THE PROPER CARE AND JUST BECAUSE THERE ARE CERTIFIED DOCTORS DOESN'T MEAN EVERYBODY CAN WALK OUT FEELING THEY GOT THE SERVICE THEY NEEDED. SCHLENKER INFORMED COMMISSIONER FINCH THIS WAS CORRECT AND REFERENCED THERE BEING A SPARSE STAFF SOMETIMES AND IT TAKING TIME FOR PATIENTS TO BE SEEN, ESPECIALLY IF TWO AMBULANCES CAME IN AT ONE TIME.

COMMISSIONER FINCH ADDRESSED SCHLENKER'S PROPOSAL REFERRING TO HIS LEGAL TEAM, HARRISON AND RIVARD, AND QUESTIONED IF HE HAS A HISTORY WITH THEM OR IS THIS JUST SOMETHING THAT HAS HAPPENED WITHIN THE LAST YEAR OR SO; SCHLENKER ADVISED HE HAD WORKED WITH THEM DURING ALL THE DEALINGS WITH SACRED HEART SO IT HAS BEEN MORE THAN A YEAR AGO.

COMMISSIONER COPE ADDRESSED SCHLENKER HAVING SAID IT WOULD PROBABLY TAKE OVER \$1.5 MILLION FOR PHYSICIAN RECRUITMENT AND HE WAS ASKING IN HIS PROPOSAL FOR \$500,000 OF THE \$3.2 TO BE USED FOR THAT PURPOSE AND QUESTIONED WHERE THE OTHER WOULD COME FROM. SCHLENKER SAID HE WOULD HAVE TO BRING THIS TO THE TABLE;

THAT IS WHY HE ASKED FOR THE INITIAL \$500,000 SO IT COULD BE DESIGNATED BECAUSE WHAT HE BRINGS TO THE TABLE, HE WILL NOT BE ABLE TO GET IT REIMBURSED IMMEDIATELY.

COMMISSIONER COPE QUESTIONED SCHLENKER'S PLAN ON HOSPITAL EMPLOYEES ON FLORIDA STATE RETIREMENT. SCHLENKER SAID HE WOULD PROPOSE, BUT THIS WOULD HAVE TO BE CHECKED OUT WITH ATTORNEY HOLLEY, SETTING UP A SEPARATE DEPARTMENT AT THE COUNTY LEVEL AND PLACE THOSE LONG TERM EMPLOYEES THERE WITH THE HOSPITAL LEASING THEM FOR COST BACK TO THE HOSPITAL; IT WOULD THEN BE TRANSPARENT THOSE EMPLOYEES WITH 25 YEARS AND ABOVE WOULD BE ABLE TO MAINTAIN THEIR STATE BENEFITS.

SCHLENKER ADDRESSED OTHER EMPLOYEES HE WOULD WANT TO PROTECT, WHICH WAS BROUGHT TO HIS ATTENTION AFTER HE SUBMITTED HIS PROPOSAL, WERE THOSE EMPLOYEES WHO WERE WITHIN FIVE YEARS OF RETIREMENT BUT HADN'T MADE THE 25 YEAR THRESHOLD; HE WOULD WANT THEM INCLUDED IN THE SEPARATE DEPARTMENT ALSO. HE STATED TO BUY THIS OUT WOULD COST APPROXIMATELY \$2.7 TO \$3 MILLION DOLLARS.

COMMISSIONER COPE REFERENCED SCHLENKER'S PROPOSAL SPELLING OUT WHAT HIS PLANS FOR PHYSICIAN RECRUITMENT WERE AND INCLUDED ORTHOPEDIC AND GENERAL SURGEONS AND BOARD CERTIFIED DOCTORS FOR THE EMERGENCY ROOM.

COMMISSIONER COPE ADDRESSED THE 40 YEAR LEASE UNDER SCHLENKER'S PROPOSAL COULD BE TERMINATED AT ANY TIME FOR CAUSE; SCHLENKER AGREED THIS WAS CORRECT WITH THE COUNTY COMMISSIONERS MONITORING THE LEASE AND IF NORTHWEST FLORIDA HEALTH CARE WAS NOT LIVING UP TO THE SPECIFICATIONS OF THE LEASE, THIS WOULD BE FOR CAUSE.

COMMISSIONER COPE ADDRESSED TWO MEMBERS OF THE HOSPITAL BOARD OF DIRECTORS WOULD BE APPOINTED BY THE BOARD. SCHLENKER AGREED AND PREFERRED THEY BE NON COUNTY COMMISSIONERS; ONE MEMBER WOULD BE THE MEDICAL DIRECTOR AND THE REMAINING MEMBERS WOULD BE SELECTED BY SCHLENKER WITH INPUT FROM THE PUBLIC AND INDIVIDUALS IN THE COMMUNITY WITH WHOM THE BOARD HAS RECOGNITIONS.

COMMISSIONER CORBIN ADDRESSED THE ADDITIONAL TWO TEN YEAR OPTIONS AND QUESTIONED IF THIS WOULD BE AN OPTION FOR THE COUNTY AS WELL AS SCHLENKER. SCHLENKER ADVISED HE DIDN'T HAVE ANYTHING IN HIS PROPOSAL ON TWO TEN YEAR OPTIONS; HIS LEASE WAS FOR FORTY YEARS. SCHLENKER ADVISED THE REASON FOR THIS WAS SHOULD THE BOARD DECIDE THEY WANTED TO CONSOLIDATE OR FINANCE NEW CONSTRUCTION IN THE FUTURE, THERE NEEDS TO BE "X" NUMBER OF YEARS; THEY WILL LOOK AT THE LEASE AND IF THE REMAINING NUMBER OF YEARS ON THE LEASE IS GREATER THAN THE USEFUL LIFE OF THE CAPITAL IMPROVEMENTS THEY WILL BE MAKING, THEY CAN GET IT FINANCED.

COMMISSIONER FINCH ADDRESSED IN SACRED HEART'S ORIGINAL PROPOSAL, THEY GAVE AN OPTION OF 7 AND 14 YEARS TO HAVE THE COUNTY REPURCHASE THE HOSPITAL. SCHLENKER ADVISED THIS WAS NEGOTIABLE IF THE BOARD WANTED TO ADDRESS IT BUT HE WOULD PREFER NOT TO.

SCHLENKER ADDRESSED THIS OPTION WAS ORIGINALLY SET UP WHERE IT WAS A ONE WAY OPTION WHERE THE OWNER (SACRED HEART) COULD RETURN THE ASSETS TO THE COUNTY AT THESE TIME FRAMES AND THE 20 YEAR WAS AN OPTION EITHER WAY WITH THE COUNTY HAVING THE OPTION TO PURCHASE THE HOSPITAL OR SACRED HEART HAVING THE RIGHT TO RETURN THE ASSETS TO THE COUNTY. WITH THE FORTY YEAR LEASE, HE WOULD BE WILLING TO GO ALONG WITH THE 7, 14 AND 20 YEAR OPTION EITHER WAY.

CHAIRMAN CORBIN ADDRESSED HIM NOT BEING ON THE BOARD WHEN SACRED HEART FIRST TOOK OVER THE MANAGEMENT OF NWFCH; HE REFERENCED THE HOSPITAL HAVING A LARGE AMOUNT OF MONIES WHEN SACRED HEART TOOK OVER AND FROM ALL REPORTS SCHLENKER DID A GOOD JOB WHEN HE INITIALLY CAME ON BOARD. HOWEVER, WHEN MR. ALLEN AND MS. SCHIROS MANAGED THE FACILITY, THINGS BEGAN TO DETERIORATE; CORBIN SAID HE WAS SATISFIED WITH THE WAY SCHLENKER WAS MANAGING THE HOSPITAL NOW BUT THE HOSPITAL IS CONTINUING TO LOSE MONEY AND QUESTIONED WHY. SCHLENKER ADVISED THE REASON THE HOSPITAL IS LOSING MONEY IS DUE TO ONE TIME ADJUSTMENTS TO THE FINANCIALS FOR THE MONTHS OF AUGUST AND SEPTEMBER. HE EXPLAINED WHEN SACRED HEART CAME IN AND DID THE TERMINAL AUDIT, THEY PICKED UP THAT ACCOUNTING FOR BAD DEBT HAD BEEN DONE INCORRECTLY AND THEY WERE NOT ACCRUING FOR SELF PAID BAD

DEBT; FROM DAY 1 TO DAY 120, THERE WAS A LOT OF BAD DEBT IN THE ACCOUNTS RECEIVABLES AND NOW THOSE HAVE BEEN TAKEN OUT; THERE WAS AN EXCESS OF \$460,000 WHICH WERE GOING TO BE BAD DEBTS THAT WAS IN THE ACCOUNTS RECEIVABLES AND IT WAS BETTER TO CLEAN THE BOOKS AND MAKE THE ACCOUNTS RECEIVABLES REALISTIC SO THEY WERE TAKEN OUT. HE STATED THESE ADJUSTMENTS WERE NON CASH ADJUSTMENTS; IF THEY WERE TAKEN OUT, THE HOSPITAL WOULD HAVE BROKEN EVEN FOR BOTH OF THOSE MONTHS. HE POINTED OUT HE HAD REDUCED THE ACCOUNTS PAYABLE FROM \$900,000 TO A LITTLE OVER \$600,000.

COMMISSIONER CORBIN SAID HE HAD HEARD A RUMOR THE HOSPITAL WAS OPERATING UNDER CATHOLIC PRINCIPLES; SCHLENKER STATED THIS WAS INCORRECT. CORBIN THEN QUESTIONED THE RUMORS THERE WOULD BE NO VASECTOMIES OR TUBULATIONS, ETC.; SCHLENKER ADVISED THIS WAS CORRECT UNDER THE PRESENT MANAGEMENT AGREEMENT. SCHLENKER SAID IF HIS PROPOSAL WAS ACCEPTED, HE WOULD NO LONGER BE UNDER SACRED HEART AND THERE WOULD BE NO PROHIBITION TO DO THESE THINGS. HE POINTED OUT IN 1999, HE COULDN'T FIND WHERE ANY HAD EVER BEEN DONE AND HE DOESN'T THINK THERE HAS BEEN ANY REQUESTS FOR THEM TO BE DONE SINCE THEN.

COMMISSIONER HALL REFERENCED COMMISSIONER FINCH ELUDING TO THE HALF MILL FOR THE AMBULANCE SERVICE; HE STATED THE AMBULANCE SERVICE ONLY GOT ONE QUARTER MILL AND THE FIRE SERVICES GOT ONE QUARTER MILL. COMMISSIONER HALL WAS CORRECTED AND ADVISED THE FIRE SERVICES AND AMBULANCE RECEIVED ONE HALF MILL EACH.

B. J. BRANNON ADDRESSED THE BOARD AND QUESTIONED SCHLENKER WHAT HAPPENED TO THE \$4 MILLION THE HOSPITAL HAD WHEN SACRED HEART TOOK OVER. SCHLENKER SAID HE COULDN'T GIVE EXACT DOLLAR AMOUNTS BUT COULD EXPLAIN EXACTLY WHAT HAPPENED TO THE MONIES.

BRANNON THEN QUESTIONED SCHLENKER WHAT HIS COMPENSATION WAS FOR HIS SERVICES HE IS PERFORMING AT THE HOSPITAL NOW. SCHLENKER ADVISED HE WAS GETTING \$0 COMPENSATION FOR THE SERVICES HE IS NOW DOING AT THE HOSPITAL UNDER SACRED HEART'S EMPLOYMENT; THE ADMINISTRATOR'S COMPENSATION IS GOING TO PAY A TERMINAL EMPLOYMENT AGREEMENT ON A PREVIOUS ADMINISTRATOR.

BRANNON QUESTIONED WHAT THE LAST ADMINISTRATOR'S COMPENSATION WAS; SCHLENKER ADVISED IT WAS APPROXIMATELY \$104,000 PER YEAR.

BRANNON QUESTIONED THE NUMBER OF PATIENTS IN THE HOSPITAL NOW AND REFERENCED THERE BEING APPROXIMATELY 200 EMPLOYEES; SCHLENKER ADVISED THERE WAS 4 TO 7 PATIENTS PRESENTLY IN THE FACILITY.

BRANNON REFERENCED SCHLENKER SAYING HE COULD PROVIDE BETTER HEALTH CARE AT THE HOSPITAL IF THE COUNTY GAVE HIM \$3.2 MILLION AND ASKED IF HE COULD PROVIDE EVEN BETTER HEALTH CARE IF THEY PROVIDED HIM \$4 MILLION.

SCHLENKER ADDRESSED THE HOSPITAL NEEDING IN EXCESS OF \$10 MILLION IN REPAIRS, CAPITAL, NEW EQUIPMENT, ETC. TO BRING IT TO STANDARDS TO PROVIDE THE HIGHEST QUALITY CARE SO THE ANSWER TO BRANNON'S QUESTION WOULD BE YES.

BRANNON QUESTIONED WHY HAD THERE BEEN A LOSS AT THE HOSPITAL SINCE 1999 WHEN IT WENT UNDER SACRED HEART'S MANAGEMENT; SCHLENKER ADVISED THE PRIMARY REASON WAS DUE TO REIMBURSEMENT FOR RURAL HOSPITALS HAVING NOT KEPT UP WITH EXPENSES.

COMMISSIONER BROCK POINTED OUT, FOR THE RECORD, NWFCH WAS LOSING MONEY WHEN STEVE MASON WAS THE HOSPITAL ADMINISTRATOR; THAT IS WHY THE COUNTY WENT INTO THE MANAGEMENT PLAN IN THE FIRST PLACE. COM- MISSIONER CORBIN SAID HE WAS ON THE BOARD UNTIL NOVEMBER OF 1999 AND HE KNOWS WHAT THE CASH ON HAND WAS AT THAT TIME WHETHER IT WAS BEING MADE BY THE HOSPITAL OR ON HOME HEALTH BUT IT WASN'T LOSING MONEY.

BRANNON THEN QUESTIONED SCHLENKER IF HE PLANNED ON KEEPING THE EBRO FUNDS AND THE ONE HALF MILL FOR THE AMBULANCE; SCHLENKER SAID HE WOULD KEEP THE HALF MILL FOR THE AMBULANCE AND WOULD HAVE TO REFER THE EBRO FUNDS TO ATTORNEY HOLLEY AS HE WAS NOT SURE IF IT WOULD BE LEGAL FOR HIM TO RECEIVE THE EBRO FUNDS. ATTORNEY HOLLEY ADVISED THIS HAD NOT BEEN RESOLVED AS OF YET.

COMMISSIONER FINCH QUESTIONED WHY SCHLENKER FELT HIS PROPOSAL WAS SO MUCH BETTER THAN WHAT SACRED HEART HAD OFFERED AND IF THERE WERE ANY MAJOR CHANGES AS



THE BOARD HAD BEEN TOLD FOR A LONG TIME THAT SACRED HEART HAD THE BEST PROPOSAL OUT.

SCHLENKER ADDRESSED THE MAJOR DIFFERENCE WAS THAT SACRED HEART SET ASIDE ALL THE DEBT, ALL THE ACCOUNTS RECEIVABLES, ALL THE ACCOUNTS PAYABLE, STARTED A NEW SET OF BOOKS AND THE BOARD WAS STILL RESPONSIBLE; HOWEVER THAT CAME OUT IN THE LONG RUN, THEY DID AGREE IF THEY COVERED THE DEBT, THEY WOULD TAKE IT OUT OF THE \$3.2 MILLION; SCHLENKER SAID HIS PROPOSAL ASSUMES THE DEBT, THE RECEIVABLES AND THE PAYABLES.

COMMISSIONER FINCH REFERENCED SCHLENKER'S PROPOSAL WHERE NORTH- WEST FLORIDA HEALTHCARE, INC. WOULD OBTAIN WRITTEN PERMISSION FROM THE BOARD OF COUNTY COMMISSIONERS PRIOR TO THE ADDITION OF ANY NEW BUILDINGS, RENOVATIONS, EXPANSIONS OR ALTERATIONS TO EXISTING BUILDINGS IN EXCESS OF \$2,000,000. SCHLENKER ADVISED THIS OFFICIALLY CAME UP DURING THE NEGOTIATIONS WITH SACRED HEART; THE COUNTY FELT LIKE BEFORE SOMEONE CAME AND STARTED TO BUILD A NEW FACILITY, THEY WOULD GET APPROVAL FROM THEM BECAUSE AT THE END OF THE LEASE, THE COUNTY WOULD HAVE THE RIGHT TO BUY IT BACK. THEREFORE, HE FELT LIKE THE COUNTY WOULD WANT SOMETHING IN THE LEASE AGREEMENT WHERE HE WOULD HAVE TO COME FORWARD IN THE FUTURE FOR BOARD APPROVAL.

COMMISSIONER FINCH STATED, AS HE SEES IT, THE BIGGEST DIFFERENCE IN NORTHWEST FLORIDA HEALTH CARE'S PROPOSAL AND THE OTHER TWO PROPOSALS IS THE \$3.2 MILLION AND THE AMBULANCE SERVICE SUBSIDY FROM THE COUNTY OF ONE HALF MILL.

SCHLENKER ADDRESSED THE \$3.2 MILLION WOULD GO TOWARD PURCHASING ASSETS; IT WILL BE RETURNED TO THE COUNTY AT THE END OF THE LEASE.

COMMISSIONER FINCH REFERENCED THE OTHER TWO PROPOSERS HAVING SAID THEY WERE GOING TO DO THE VERY SAME THING SCHLENKER IS PROPOSING TO DO FOR CAPITAL IMPROVEMENTS; HOWEVER, THEY ARE WILLING TO PAY FOR IT AND THIS IS WHERE HE IS HAVING A PROBLEM UNDERSTANDING.

SCHLENKER STATED HE WOULD AGREE WITH COMMISSIONER FINCH IF IT WERE RUNNING A BUSINESS; HOWEVER, THIS IS FOR A PUBLIC SERVICE AND TO BE ABLE TO GIVE THIS PUBLIC SERVICE THE GREATEST POTENTIAL POSSIBILITY FOR LONG TERM SUCCESS.

COMMISSIONER FINCH STATED HE COULDN'T SEE ANYTHING ON PAPER OR IN DISCUSSION WHERE SCHLENKER'S WOULD BE THE BETTER HEALTH CARE PROPOSAL.

COMMISSIONER COPE QUESTIONED SCHLENKER WHY HE WOULD LEAVE A POSITION WITH SACRED HEART TO COME TO NORTHWEST FLORIDA COMMUNITY HOSPITAL.

SCHLENKER STATED:

1. HE SEES A TREMENDOUS NEED FOR IMPROVEMENT FOR HEALTH CARE AND HE FEELS HE CAN BRING THE EXPERTISE TO MAKE THIS HAPPEN
2. THERE ARE WONDERFUL, DEDICATED, HARD WORKING, LOYAL EMPLOYEES AT THE NWFCH AND THEY HAVE BEEN THERE FOR HIM ON BOTH ENDS OF SACRED HEART'S MANAGEMENT CONTRACT AND HELPED HIM TURN THE FACILITY AROUND TWO TIMES AND FEELS IT IS TIME FOR HIM TO BE THERE FOR THESE EMPLOYEES
3. HE GREW UP IN A SMALL RURAL COMMUNITY, POOR, WENT TO WORK ON A DAIRY FARM WHEN HE WAS 12 YEARS OLD; FROM THE TIME HE GRADUATED FROM COLLEGE, HE WORKED IN THE MAJOR METROPOLITAN AREAS. BEING BACK IN THE RURAL COMMUNITY IS THE KIND OF ROOTS HE THOROUGHLY ENJOYS AND IT WOULD BE WONDERFUL TO END A CAREER COMING BACK WHERE HE STARTED FROM.

COMMISSIONER BROCK ADDRESSED COMMISSIONER FINCH KEEPS COMING BACK TO THE \$3.2 MILLION; TO HIM, \$3.2 MILLION DOESN'T GO VERY FAR IN THE MEDICAL FIELD AND REFERENCED THE NEED OF RENOVATIONS TO THE EMERGENCY ROOM AND EQUIPMENT THAT WAS NEEDED. HE POINTED OUT THE \$3.2 MILLION WOULD BE CAPITAL IMPROVEMENTS THAT WOULD BELONG TO THE COUNTY AT THE END OF THE LEASE. COMMISSIONER FINCH ADDRESSED THE COUNTY WAS PAYING THE \$3.2 MILLION UPFRONT TO SCHLENKER TO DO THESE CAPITAL IMPROVEMENTS.

COMMISSIONER BROCK QUESTIONED THE OTHER PROPOSERS IF THEY PURCHASED EQUIPMENT, THEY WOULD HAVE THE RIGHT TO TAKE IT WITH THEM WHEN THE LEASE EXPIRED; THEY ADVISED BROCK THE COUNTY WOULD HAVE THE RIGHT TO PURCHASE IT BACK.

COMMISSIONER CORBIN REITERATED THE ONLY PROBLEM WITH SCHLENKER'S PROPOSAL IS THE \$3.2 MILLION THE COUNTY IS GOING TO HAVE TO BORROW AND HIM BEING DISAPPOINTED THAT SACRED HEART LET THE MANAGEMENT CONTRACT GET IN THE SHAPE IT DID WHEN THEY BROUGHT SCHLENKER BACK. HE VOICED HIS OPPOSITION TO BORROWING \$3.2 MILLION AS HE CAN'T SEE PUTTING THE COUNTY IN THIS KIND OF DEBT WHEN OTHER PROPOSERS ARE GIVING THE COUNTY UPFRONT MONEY.

COMMISSIONER FINCH QUESTIONED IF THE RETIREMENT PLAN SCHLENKER ADDRESSED FOR THE HOSPITAL EMPLOYEES COULDN'T BE AVAILABLE THROUGH THE OTHER TWO PROPOSALS. SCHLENKER STATED HE WAS NOT AN ATTORNEY BUT ASSUMED IT COULD BE.

CHAIRMAN CORBIN ASKED IF THE BOARD WAS PREPARED TO ACT NOW OR DID THEY WANT TO WAIT TO MAKE A DECISION. THE BOARD REQUESTED A 15 MINUTE BREAK.

PURSUANT TO THE RECESS, CHAIRMAN CORBIN CALLED THE MEETING BACK TO ORDER AND QUESTIONED SCHLENKER IF THE INTEREST RATE ON THE \$3.2 MILLION LOAN EXCEEDED 4%, WOULD HE COMMIT TO ABSORB ANY INTEREST RATE OVER 4%; SCHLENKER SAID HE HAD RESEARCHED THIS TO SEE IF IT WOULD BE A COVERED CHARGE AND IT WOULD BE AND HE WOULD ACCEPT THIS COMMITMENT.

CHAIRMAN CORBIN THEN STATED THE BOARD HAD HEARD THE PROPOSALS FROM BLACKHAWK, RESURGENCE AND NORTHWEST FLORIDA HEALTH CARE AND ASKED IF THEY WERE PREPARED TO MAKE A DECISION ON WHO TO ENTER INTO A LEASE AGREEMENT WITH.

COMMISSIONER BROCK EXPRESSED HIS APPRECIATION FOR ALL THE PROPOSERS COMING AND STATED THIS WAS PROBABLY THE TOUGHEST, HARDEST DECISION HE HAS HAD TO MAKE DURING HIS TERM AS COUNTY COMMISSIONER. HE THEN OFFERED A MOTION, SECONDED BY COMMISSIONER COPE TO PICK NORTHWEST FLORIDA HEALTHCARE AS THE #1 PROPOSAL. ATTORNEY HOLLEY ADVISED THE MOTION SHOULD BE TO ENTER INTO NON-BINDING NEGOTIATIONS WITH NORTHWEST FLORIDA HEALTHCARE, INC.. COMMISSIONER BROCK AND COPE AGREED TO THE CHANGE IN THE MOTION.

COMMISSIONER FINCH STATED THIS WAS A BAD DECISION AND HE COULDN'T BELIEVE THE BOARD WAS GOING TO DO THIS; HE DIDN'T WANT HIS NAME DOWN IN THE HISTORY BOOKS ON EVEN VOTING ON THIS AND IF THIS IS WHAT THEY ARE GOING TO DO, HE SAID HE WOULD EXCUSE HIMSELF FROM THE COMMISSION. HE VOICED HIS OPINION THE BOARD WAS SELLING OUT THE COUNTY TODAY WHEN THEY HAD THE OPPORTUNITY TO GET THEM OUT OF DEBT AND PROVIDE HEALTH CARE FOR WASHINGTON COUNTY FROM NOW ON AND THEY WERE NOT REPRESENTING THE PEOPLE OF WASHINGTON COUNTY.

COMMISSIONER BROCK STATED THAT WAS FINCH'S OPINION AND WAS NOT FACT; HE THEN CALLED FOR THE QUESTION ON THE MOTION. CHAIRMAN CORBIN SAID THERE WERE FIVE PEOPLE ELECTED TO SERVE THE PEOPLE OF THE COUNTY; COMMISSIONER BROCK HAS THE RIGHT TO HIS OPINION AND COMMISSIONER FINCH HAS A RIGHT TO HIS. THE MOTION ON THE FLOOR CARRIED WITH COMMISSIONER FINCH AND CORBIN OPPOSED.

COMMISSIONER BROCK OFFERED A MOTION, SECONDED BY COMMISSIONER HALL FOR COMMISSIONER COPE TO BE LIASON TO DO DUE DILIGENCE WITH NORTHWEST FLORIDA HEALTHCARE, INC. THE MOTION CARRIED UNANIMOUSLY.

CHAIRMAN CORBIN QUESTIONED IF THE BOARD WANTED TO TAKE ACTION TO BORROW THE \$3.2 MILLION TODAY OR DO IT LATER. COMMISSIONER BROCK OFFERED A MOTION, SECONDED BY COMMISSIONER COPE AND CARRIED FOR ATTORNEY HOLLEY TO PROCEED WITH THE LOAN. COMMISSIONER FINCH OPPOSED.

SCHLENKER RECOMMENDED ATTORNEY HOLLEY BE PART OF THE NEGOTIATION TEAM ALSO. CHAIRMAN CORBIN SAID HE WAS GOING TO APPOINT ATTORNEY HOLLEY AND ADMINISTRATOR HERBERT ALONG WITH COMMISSIONER COPE TO BE PART OF THE NEGOTIATION TEAM.

COMMISSIONER BROCK RECOMMENDED LETTING AN EMPLOYEE OF THE HOSPITAL BE ON THE NEGOTIATION TEAM TO REPRESENT THE EMPLOYEES. CHAIRMAN CORBIN SAID HE DIDN'T FEEL LIKE THE EMPLOYEE SHOULD BE PART OF ALL NEGOTIATIONS, MAYBE JUST THE BENEFITS PORTION AND SUGGESTED THIS COME UNDER THE HOSPITAL BOARD.

COMMISSIONER FINCH ASKED ATTORNEY HOLLEY IF HE HAD HEARD ANYTHING ABOUT THE STATE AUDIT FOR THE HOSPITAL; ATTORNEY HOLLEY ADVISED HE HAD CHECKED ON IT AND SHOULD HAVE A RESPONSE SOON.

DON WALTERS ADDRESSED THE BOARD STATING HE HAD GIVEN AWAY A LOT OF THINGS IN HIS LIFE; BUT, HE CAN NEVER RECALL PAYING SOMEONE TO TAKE IT. HE REITERATED THE BOARD HAD JUST GAVE THE HOSPITAL AWAY AND PAID SOMEONE TO TAKE IT; IF THIS IS GOOD BUSINESS, EITHER HEALTH WISE OR BUSINESS WISE, SOMEBODY NEEDS TO GO BACK TO SCHOOL AND HE FEELS IT IS THE COMMISSIONERS. HE REFERENCED IT BEING A MATTER OF FACT THEY HAD BETTER PROPOSALS AND THEY KEEP WORKING WITH THE WORST PROPOSAL THEY CAN GET. HE SAID IT UPSET HIM GREATLY TO DO THE CITIZENS OF WASHINGTON COUNTY THAT WAY AND PROMISED THEM THERE WOULD BE AN ALTERNATIVE; HE THINKS AND ABOUT 98% OF THE CITIZENS OF WASHINGTON COUNTY THINKS THE BOARD HAS JUST DONE SOMETHING ILLEGAL AND WRONG AND THERE IS SOMETHING GOING ON THEY DON'T KNOW ABOUT BUT THEY ARE GOING TO FIND OUT.

THE BOARD'S CONSENSUS WAS TO HOLD THEIR REGULAR DECEMBER MEETING ON THE THIRD THURSDAY, DECEMBER 18TH, DUE TO THEIR REGULAR MEETING DATE BEING CHRISTMAS DAY.

CHAIRMAN CORBIN QUESTIONED WHAT THE BOARD WANTED TO DO ABOUT REORGANIZATION OF THE BOARD AS IT IS USUALLY DONE AROUND THE 20TH OF NOVEMBER. THE BOARD'S CONSENSUS WAS TO HOLD THE REORGANIZATION AT THEIR REGULAR NOVEMBER MEETING SCHEDULED FOR NOVEMBER 25TH.

ADMINISTRATOR HERBERT ADDRESSED CLERK LINDA COOK HAVING ADVISED SHE WAS PLANNING ON CLOSING THE COURTHOUSE AT 1:00 ON WEDNESDAY BEFORE THANKSGIVING UNTIL THE FOLLOWING MONDAY AND ASKED FOR DIRECTION FROM THE BOARD ON THE HOLIDAYS FOR THEIR EMPLOYEES IN ORDER FOR HIM TO LET THE REMAINING CONSTITUTIONAL OFFICERS KNOW WHEN THEY WOULD BE CLOSING. DISCUSSION WAS HELD ON THE CHRISTMAS HOLIDAYS WITH CLERK COOK ADVISING SHE WOULD BE CLOSING THE WEDNESDAY BEFORE CHRISTMAS AT 1:00 UNTIL THE FOLLOWING MONDAY. THE BOARD'S CONSENSUS WAS TO FOLLOW SUIT WITH THE CLERK'S HOLIDAY SCHEDULE FOR THANKSGIVING AND CHRISTMAS.

COMMISSIONER HALL QUESTIONED IF THE BOARD COULD START AN INTERN- SHIP IN THE COMPUTER DEPARTMENT IF SOMEONE IS GOING TO COLLEGE FOR A COMPUTER COURSE; THEY COULD WORK 10 TO 20 HOURS A WEEK TO GET THEIR INTERNSHIP CREDITS FOR COLLEGE IN THE COMPUTER DEPARTMENT AT NO COST TO THE COUNTY. THE BOARD'S CONSENSUS WAS TO APPROVE OF THE INTERN- SHIP CREDIT AS LONG AS THERE WAS NO COST TO THE COUNTY.

CLERK LINDA COOK INFORMED THE BOARD WHEN THE COURTHOUSE RENOVATIONS ARE COMPLETED, SHE WOULD LIKE TO CLOSE THE COURTHOUSE FOR A DAY SO IT CAN BE CLEANED UP AND ASKED FOR BOARD APPROVAL. CHAIRMAN CORBIN RECOMMENDED CLERK COOK NARROW IT DOWN TO WHAT DAY SHE WOULD WANT TO CLOSE AND LET THEM KNOW AT THEIR NOVEMBER 25TH MEETING.

DEPUTY CLERK CARTER REQUESTED AUTHORIZATION FOR THE CHAIRMAN AND CLERK TO SIGN THE FIRE DEPARTMENT AGREEMENTS THAT HAVE COME IN. COMMISSIONER COPE OFFERED A MOTION, SECONDED BY COMMISSIONER HALL AND CARRIED TO APPROVE OF THE REQUEST.

COMMISSIONER BROCK OFFERED A MOTION, SECONDED BY COMMISSIONER COPE AND CARRIED TO ADJOURN. ATTEST:\_\_\_\_\_

CLERK

CHAIRMAN

\*END OF MINUTES\* FOR 11/03/03