

BOARD MINUTES FOR 11/21/06

NOVEMBER 21, 2006

THE 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 COMMISSIONERS FINCH, HOLMAN, PATE, SAPP AND STRICKLAND PRESENT. ATTORNEY HOLLEY, CLERK COOK, ADMINISTRATOR HERBERT AND DEPUTY CLERK CARTER WERE ALSO IN ATTENDANCE.

CHAIRMAN SAPP OFFERED PRAYER AND LED IN THE PLEDGE OF ALLEGIANCE TO THE FLAG.

JUDGE COLBY PEEL SWORE INTO OFFICE COMMISSIONERS EDDY HOLMAN AND JOEL PATE. THE REORGANIZATION OF THE BOARD WAS HELD. COMMISSIONER SAPP ASKED FOR NOMINATIONS FOR A NEW CHAIRMAN OF THE BOARD.

COMMISSIONER STRICKLAND OFFERED A MOTION TO NOMINATE COMMISSIONER FINCH AS CHAIRMAN OF THE BOARD FOR THE NEXT YEAR. THE NOMINATION DIED FOR THE LACK OF A SECOND.

COMMISSIONER PATE OFFERED A MOTION TO NOMINATE JERRY SAPP AS CHAIRMAN OF THE BOARD FOR THE NEXT YEAR. COMMISSIONER HOLMAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

COMMISSIONER FINCH NOMINATED COMMISSIONER STRICKLAND AS VICE- CHAIRMAN OF THE BOARD FOR THE NEXT YEAR. COMMISSIONER HOLMAN SECONDED THE NOMINATION. THE NOMINATION CARRIED UNANIMOUSLY.

CHAIRMAN SAPP READ A LIST OF THE CURRENT LIASON APPOINTMENTS. HE QUESTIONED IF A SEPARATE MOTION WAS NEEDED FOR EACH LIASON APPOINTMENT FOR THE NEXT YEAR. ATTORNEY HOLLEY ADVISED HE THOUGHT CHAIRMAN SAPP HAD THE AUTHORITY TO MAKE THE APPOINTMENTS IF HE WANTED TO; HOWEVER, HE COULD GET A CONSENSUS OF THE BOARD IF HE WISHED.

1. BUILDING DEPARTMENT-ADMINISTRATOR HERBERT
2. BUILDING & MAINTENANCE-ADMINISTRATOR HERBERT
3. PARKS & RECREATION-ADMINISTRATOR HERBERT
4. COMPUTER DATA SERVICES-ADMINISTRATOR HERBERT
5. EMERGENCY SERVICES-ADMINISTRATOR HERBERT
6. PUBLIC WORKS DEPARTMENT-COMMISSIONER SAPP
7. RECYCLING-ADMINISTRATOR HERBERT
8. CORRECTIONS-COMMISSIONER STRICKLAND
9. AGRICULTURE CENTER-COMMISSIONER PATE
10. VETERANS SERVICE-ADMINISTRATOR HERBERT
11. LIBRARY-ADMINISTRATOR HERBERT
12. GASB-ADMINISTRATOR HERBERT
13. CARE-COMMISSIONER PATE
14. WASHINGTON COUNTY COUNCIL ON AGING-COMMISSIONER PATE
15. CAPITAL PROJECTS FINANCE AUTHORITY-COMMISSIONER PATE
16. SMALL COUNTY COALITION-ADMINISTRATOR HERBERT
17. SMALL COUNTY COALITION-ALTERNATE-COMMISSIONER FINCH
18. TRI-COUNTY COMMUNITY COUNCIL-COMMISSIONER STRICKLAND
19. WEST FLORIDA REGIONAL PLANNING COUNCIL-COMMISSIONER FINCH
20. TRANSPORTATION DISADVANTAGE-COMMISSIONER HOLMAN (AS REQUESTED BY COMMISSIONER FINCH WHO PREVIOUSLY SERVED AS LIASON)
21. INDIGENT PATIENT COMMITTEE-COMMISSIONER HOLMAN
22. PANHANDLE PUBLIC LIBRARY CORPORATE SYSTEM-ADMINISTRATOR HERBERT
23. CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD-ADMINISTRATOR HERBERT
24. FLORIDA ASSOCIATION OF COUNTIES TRUST-ADMINISTRATOR HERBERT
25. TDC-COMMISSIONER FINCH
26. PUBLIC SAFETY-COMMISSIONER HOLMAN

IT WAS THE CONSENSUS OF THE BOARD TO APPROVE THESE APPOINTMENTS.

COMMISSIONER HOLMAN OFFERED A MOTION, SECONDED BY COMMISSIONER PATE FOR DISCUSSION TO RETAIN ATTORNEY HOLLEY AS COUNTY ATTORNEY.

COMMISSIONER PATE COMMENTED HE WOULD LIKE FOR ATTORNEY HOLLEY TO BE MORE PROACTIVE ON SOME OF THE CONTROVERSIAL ISSUES.

COMMISSIONER SAPP QUESTIONED ATTORNEY HOLLEY IF THERE WOULD BE ANY FEE CHANGES FOR HIS SERVICES. ATTORNEY HOLLEY ADVISED THERE WOULD BE NO INCREASE IN FEES FOR HIS SERVICES. THE MOTION CARRIED UNANIMOUSLY.

COMMISSIONER FINCH OFFERED A MOTION, SECONDED BY COMMISSIONER PATE AND CARRIED FOR THE COUNTY COMMISSION MEETING DATE AND TIME TO REMAIN AS THEY ARE; THE FOURTH THURSDAY AT 1:00 P.M. WITH PUBLIC HEARINGS TO BE HELD ON THE FOURTH THURSDAY AT 5:00 P.M.

DISCUSSION WAS HELD ON RETAINING ADMINISTRATOR HERBERT. COM- MISSIONER FINCH ASKED IF HERBERT'S CONTRACT WAS UP NOW. ADMINISTRATOR HERBERT ADVISED IT WAS AND IT WOULD NEED RENEWING FOR ONE YEAR.

CHAIRMAN SAPP TURNED THE CHAIR OVER TO VICE-CHAIRMAN STRICKLAND AND OFFERED A MOTION TO ENTER INTO A CONTRACT WITH PETER HERBERT FOR ANOTHER YEAR AS ADMINISTRATOR FOR WASHINGTON COUNTY. COMMIS- SIONER PATE SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

ATTORNEY HOLLEY ADVISED HE WOULD NEED TO PREPARE A CONTRACT WITH THE DATES TO BE CHANGED FOR PETER HERBERT AS ADMINISTRATOR FOR WASHINGTON COUNTY.

ATTORNEY HOLLEY UPDATED THE BOARD ON THE PROPERTY APPRAISER HAVING ADVISED THE BOARD NEEDED AN ORDINANCE IMPLEMENTING THE REFERENDUM THAT PASSED ON THE ADDITIONAL HOMESTEAD EXEMPTION FOR SENIORS. HE ADVISED IF THE BOARD AUTHORIZED THE ADVERTISING, HE WOULD PREPARE THE ORDINANCE.

COMMISSIONER PATE OFFERED A MOTION, SECONDED BY COMMISSIONER FINCH AND CARRIED TO ADVERTISE A PUBLIC HEARING ON AN ORDINANCE FOR THE NEW ADDITIONAL HOMESTEAD EXEMPTION FOR SENIORS.

DEPUTY CLERK CARTER ASKED IF THE BOARD WANTED TO DO THE NEW \$25,000 HOMESTEAD EXEMPTION IN INCREMENTS OR GIVE THE TOTAL AMOUNT AT ONE TIME. ATTORNEY HOLLEY UPDATED THE BOARD ON THIS BEING AN OPTION.

DEPUTY CLERK CARTER ADVISED THE BOARD IT WAS AN OPTION IF THEY EVEN WANTED TO GRANT THE \$25,000 ADDITIONAL HOMESTEAD EXEMPTION FOR SENIORS.

ATTORNEY HOLLEY ADVISED THAT WAS CORRECT AS THERE WAS A REFERENDUM PASSED THAT ENABLED THE BOARD TO GRANT THE NEW SENIOR EXEMPTION.

COMMISSIONER FINCH OFFERED A MOTION, SECONDED BY COMMISSIONER PATE AND CARRIED TO GIVE THE ENTIRE \$25,000 HOMESTEAD EXEMPTION FOR SENIORS THE FIRST YEAR.

PAT SCHLENKER, NORTHWEST FLORIDA HEALTHCARE, ADDRESSED THE BOARD TO DO A SUMMATION OF WHY HE IS BACK BEFORE THE BOARD TODAY:

1. HE IS REQUESTING APPROVAL OF TWO DOCUMENTS BEQUIRED FOR THE HOSPITAL CORPORATION TO EXECUTE AND APPROVE \$1.5 MILLION SMALL BUSI- NESS ADMINISTRATION LOAN.

2. THE COLLATERAL FOR THE LOAN IS ACCOUNTS RECEIVABLE AND INVENTORIES BELONGING TO THE HOSPITAL CORPORATION; IN ADDITION THE LOAN IS SECURED BY HIS PERSONAL GUARANTEE.

3. THE LOAN DOES NOT ENCUMBER ANY COUNTY ASSETS OR NEGATIVELY IMPACT THE COUNTY IN ANY WAY.

4. THE REASON SBA REQUIRES THESE TWO DOCUMENTS IS BECAUSE THEY NEED TO KNOW THE HOSPITAL CORPORATION IS NOT IN DEFAULT OF THE LEASES AND THEY NEED A LEGAL MEANS OF SECURING THE COLLATERAL IN THE EVENT OF DEFAULT.

5. THE HOSPITAL HAS BEEN NOTIFIED THEY HAVE BEEN APPROVED FOR A \$1.2 MILLION MITIGATION GRANT TO REPLACE THE ROOF AND WINDOWS TO BRING THEM UP TO HURRICANE CODE. THIS WILL HARDEN THE BUILDING SO IT WILL QUALIFY AS A MEDICAL SHELTER DURING FUTURE HURRICANES.

6. THE MITIGATION GRANT WILL REQUIRE A 25% MATCH; FEMA WILL PAY \$900,000 AND THE HOSPITAL WILL PAY \$300,000.

6. A PORTION OF THE \$1.5 MILLION SBA LOAN PROCEEDS WILL BE UTILIZED FOR THE \$300,000 MITIGATION GRANT MATCH; THIS WILL NOT MAKE THE COUNTY RESPONSIBLE FOR THE \$300,000 EVEN IN THE EVENT OF DEFAULT.

7. IF THE HOSPITAL CORPORATION DEFAULTS, THE COUNTY GETS A \$1.2 MILLION UPGRADE TO ITS HOSPITAL BUILDING FREE AND CLEAR BECAUSE THE LOAN, INCLUDING THE \$300,000, IS SECURED BY THE HOSPITAL CORPORATION'S COLLATERAL.

8. BOTH THE COUNTY AND THE HOSPITAL ARE REQUIRED TO APPROVE TWO DOCUMENTS IN ORDER TO EXECUTE THE SBA LOAN:

1. LANDLORD AGREEMENT-IT BASICALLY STATES THE TENANT IS IN LAWFUL POSSESSION OF THE PREMISES; WHICH THEY ARE. THE LOAN COLLATERAL IS PERSONAL PROPERTY BELONGING TO THE TENANT, WHICH IT IS. IF TENANT DEFAULTS ON LOAN OR LEASE, SBA HAS THE RIGHT TO PROMPTLY REMOVE THE COLLATERAL FOR A REASONABLE PERIOD OF TIME; THEY WILL PAY LANDLORD, WASHINGTON COUNTY, FOR ANY DAMAGE THEY MAY CAUSE.

2. ASSIGNMENT OF REAL ESTATE LEASE AND AGREEMENT-IT STATES SBA HAS AUTHORIZED THE LOAN; THE LOAN BENEFITS BOTH THE LEASEE AND LEASOR BECAUSE IT IS BASICALLY TO THE HOSPITAL WHICH IS ESSENTIALLY A PUBLIC SERVICE. THE LEASEE, WITH THE CONSENT OF THE LEASOR, ASSIGNS THE LEASE TO SBA TO SECURE THE COLLATERAL OWNED BY THE HOSPITAL CORPORATION.

MR. SCHLENKER ADVISED, AS ATTORNEY HOLLEY HAD POINTED OUT PREVIOUSLY, THE ASSIGNMENT IS ONLY FOR SBA BEING ABLE TO COME IN AND COLLECT THE COLLATERAL, WHICH IS THE ACCOUNTS RECEIVABLE AND INVENTORY. HE REITERATED NONE OF THE COUNTY'S PROPERTY IS COLLATERAL FOR THE LOAN; COLLATERAL FOR THE LOAN IS ACCOUNTS RECEIVABLE AND INVENTORY.

THE ASSIGNMENT AGREEMENT FURTHER STATES THE LEASEE IS NOT INVOLVED WITH THE LEASE; EXCEPT AS AUTHORIZED LEASEE AND LEASOR WILL NOT AGREE TO TERMINATE THE LEASE WITHOUT CONSENT OF SBA, WHICH MEANS FOR SOME REASON OTHER THAN WHAT IS IN THE LEASES THEMSELVES, IF THEY WERE TO GET TOGETHER AND DECIDE THEY WERE GOING TO TERMINATE THE LEASE, THEY WOULD HAVE TO NOTIFY SBA. IN THE EVENT OF DEFAULT, SBA WILL BE GIVEN SIXTY DAYS TO CURE, WHICH HE BELIEVES IN THE CONTRACT IS THE SAME LENGTH OF TIME THE CORPORATION WILL BE GIVEN TO CURE ALSO, AND ENTER THE PREMISES AND DO THE FOLLOWING: REMOVE THE COLLATERAL, SELL THE COLLATERAL OR TRANSFER ASSIGNMENT OF LEASES TO PARTIES SATISFACTORY TO SBA AND THE LEASOR AND ALL THE PROVISIONS OF THE LEASE WILL BE BINDING ON THE TRANSFERREE; THEY WOULD COME IN BASICALLY AND CURE THE DEFAULT AND TAKE ON ALL THE RESPONSIBILITIES OF THE LEASES.

THE AGREEMENT ALSO STATES NONE OF THE COLLATERAL OF THE LOAN ARE FIXTURES OR REAL PROPERTY; THE REASON IT STATES THAT IS BECAUSE THE FIXTURES AND REAL PROPERTY BELONG TO THE COUNTY. IN EVENT OF DEFAULT, IT REQUIRES THE COUNTY TO GIVE SBA THIRTY DAYS NOTICE AND UP TO NINETY DAYS TO SECURE THE COLLATERAL.

COMMISSIONER STRICKLAND OFFERED A MOTION, SECONDED BY COMMISSIONER FINCH TO WAIT UNTIL AFTER THE FIRST OF THE YEAR BEFORE APPROVING ANYTHING.

MR. SCHLENKER SAID THE APPROVAL HE HAS IS THROUGH THE 30TH OF NOVEMBER; IF THE BOARD WAITS UNTIL AFTER THE FIRST OF THE YEAR, HE WOULD LOSE THE ABILITY TO SECURE THE LOAN.

COMMISSIONER FINCH SAID HIS RESPONSE TO THAT IS IF IT IS AT THAT POINT, WHY DIDN'T MR. SCHLENKER COME EARLIER. HE SAID HE WAS NOT REALLY SATISFIED WITH THE TIME THE BOARD HAD TO RESEARCH EXACTLY WHAT SCHLENKER IS ASKING THE BOARD TO DO. HE SAID THEY GOT A LIST OF EQUIPMENT AT THE NOVEMBER 16TH MEETING WITH NO VERIFICATION OR PAPER TRAIL ON HOW THE EQUIPMENT WAS PURCHASED; IF IT WAS PURCHASED WITH ANY COUNTY FUNDS OR NOT. HE ADDRESSED SCHLENKER HAVING SAID IT WAS NOT PURCHASED WITH ANY COUNTY FUNDS AND HE DOESN'T HAVE ANY REASON NOT TO BELIEVE THAT; HOWEVER, THE BOARD DOESN'T HAVE ANYTHING TO VERIFY THIS. HE SAID THE BOARD SHOULD HAVE A TOTAL LISTING OF EQUIPMENT AT THE HOSPITAL AND SOME PAPER TRAIL AND RECEIPT SHOWING OWNERSHIP AS TO HOW THE EQUIPMENT WAS PURCHASED AND EXACTLY WHO IT BELONGS TO. HE SAID RIGHT NOW, THEY HAVE NOTHING BUT MR. SCHLENKER'S WORD AND A PIECE OF PAPER. HE SAID HE DIDN'T UNDERSTAND THE ROOF

AND WINDOWS; HE THOUGHT THIS WAS TO BE DONE WITH PART OF THE ORIGINAL \$3,000,000 THE COUNTY HAD PROVIDED. THROUGH THE SPREAD SHEETS AND THE QUARTERLY REPORTS, HE SAID HE THOUGHT THE ROOF AND WINDOWS WAS LISTED TO BE DONE WITH THAT ORIGINAL MONEY.

MR. SCHLENKER SAID THAT WAS NOT CORRECT; HE HAD A LIST OF THE PROJECTS THAT WERE PRIORITIZED AND APPROVED AND STATED THE ROOF AND THE WINDOWS WERE NOT PART OF THEM.

COMMISSIONER FINCH SAID HE GUARANTEED IF SCHLENKER WENT BACK TO THE MINUTES, IT WAS ORIGINALLY IN THE MINUTES HE WAS GOING TO REPAIR THE ROOF AND DO THE WINDOWS USING THOSE FUNDS THE COUNTY PROVIDED.

MR. SCHLENKER QUESTIONED WHAT MINUTES. COMMISSIONER FINCH ADVISED IN THE BOARD OF COUNTY COMMISSION MINUTES AND THE HOSPITAL MINUTES.

MR. SCHLENKER SAID HE WENT OVER THE APPROVED LIST THAT WAS SUBMITTED TO THE COUNTY AND THE WINDOWS AND ROOF WERE NEVER ON THAT LIST AND HE HAD A COPY THAT WAS SUBMITTED.

COMMISSIONER FINCH REITERATED HE DIDN'T KNOW IF THE BOARD CAN COMFORTABLY MAKE THAT DECISION AT THIS TIME.

COMMISSIONER PATE SAID HE HAD A PROBLEM LAST THURSDAY NIGHT WITH THIS ISSUE BEING PASSED ON TO THE NEW MEMBERS COMING ON THE BOARD. HOWEVER, HE HAS WORKED DILIGENTLY PREPARING INFORMATION AND HAS GOTTEN ABOUT ALL THE INFORMATION HE CAN FIND. HOWEVER, HE STILL HAD RESERVATIONS. HE REFERRED TO EQUIPMENT THE COUNTY HAD LEASED TO NORTHWEST FLORIDA HEALTHCARE BUT IT WAS NOT GIVEN TO THEM. HE ADDRESSED A LETTER DATED AUGUST 24, 2005 DETAILING HOW THE ORIGINAL \$3,000,000 WAS SPENT AND THE LIST COMMISSIONER FINCH MENTIONED.

COMMISSIONER PATE SAID HE HAD TOLD MR. SCHLENKER HE DID NOT KNOW HOW TO VOTE AND HE DIDN'T KNOW NOW HOW HE SHOULD VOTE. HE SAID THERE WERE SEVERAL THINGS OUT THERE NOW BESIDES THE FACTOR THEY NEED TO CLEAR THIS UP AND THEY DO; HOWEVER, HE MENTIONED A COUPLE OF SCENARIOS. HE QUESTIONED, IF THE BOARD DOESN'T APPROVE SCHLENKER GETTING THE LOAN, HOW LONG COULD THE HOSPITAL LAST AND IS THE BOARD TO TAKE OVER THE HOSPITAL NOW AND RUN IT. HE SAID THERE WOULD BE TWO OPTIONS; SBA WILL COME IN AND TRY AND HELP THE COUNTY FIND SOMETHING AND IN THE MEANTIME THE COUNTY HAS TO TRY AND KEEP THE DOORS OPEN AT THE HOSPITAL. HE REFERRED TO BILLS BEING OWED AND SOME MAY CAN BE PUT OFF AND SOME MAY NOT. HE SAID THERE WERE A LOT OF THINGS THE BOARD HAS TO LOOK AT AND THEN A QUESTION CAME TO HIS MIND LAST NIGHT THAT REALLY DISTURBED HIM. HE SAID HE HAS NOT ENJOYED THIS AND HE DIDN'T ENJOY THURSDAY NIGHT WHEN IT WAS DONE TO THE TWO NEW MEMBERS EITHER. HOWEVER, THE BOARD IS GOING TO HAVE TO MAKE A DECISION ONE WAY OR THE OTHER AND THE QUESTION IS, IF IT GOES TO DEFAULT AND THE HOSPITAL SHUTS DOWN AND IF IT IS OPENED UP AGAIN, IT WILL COST A \$50,000 DEPOSIT JUST FOR THE ELECTRICITY TO BE TURNED ON. HE ADDRESSED THE WAY THE BEDS ARE DIVIDED UP THERE ARE 25 BEDS FOR CRITICAL ACCESS, 34 BEDS ON THE THIRD FLOOR AND 22 IN STORAGE. HE SAID HE WASN'T SURE HOW MUCH THE CITY OF CHIPLEY WILL CHARGE AND DOESN'T KNOW HOW MANY EMPLOYEES WORK AT THE HOSPITAL; THE BIGGEST QUESTION IS WILL THE COUNTY BE ABLE TO GET BACK THEIR 22 BEDS WHATEVER THE BOARD DECIDES. HE SAID THERE WERE SEVERAL THINGS THAT GO INTO THIS DECISION INSTEAD OF THE EMOTIONAL THINGS THAT BROUGHT ALL THIS ON. HE SAID HE DOESN'T KNOW AND DOESN'T MIND SAYING HE DOESN'T KNOW; HE SAID HE WAS IN AN UNCOMFORTABLE POSITION AND HE REALLY DOESN'T LIKE IT. HE REFERRED TO THE NEW BOARD MEMBERS BEING THE TWO LEAST KNOWLEDGABLE PEOPLE ON WHAT WENT ON OTHER THAN WHAT THEY HAVE HEARD ON THE STREETS. HE SAID IF THERE WAS ENOUGH TIME TO FIND OUT ANSWERS, SUCH AS THE BED ISSUE, AND SAID HE DIDN'T THINK IT WOULD TAKE UNTIL THE FIRST OF THE YEAR; HOWEVER, THE PROBLEM IS FOR ANYTHING TO BE DONE, IT HAS TO BE DONE BY THE 21ST. HE SAID THEY HAVE TWO DAYS TO DO IT AND HE DOESN'T KNOW IF THAT IS ENOUGH TIME AND THEN SCHLENKER HAS TO RUSH THROUGH THIS. HE REITERATED HE STILL HASN'T MADE UP HIS MIND AND APOLOGIZED TO THE PEOPLE; HOWEVER, THIS IS A DECISION THAT WILL AFFECT THE LIVES OF WASHINGTON COUNTY AND THE HEALTH CARE OF WASHINGTON COUNTY.

COMMISSIONER STRICKLAND ADDRESSED TWO YEARS AGO, HE, COMMISSIONER SAPP AND FINCH WERE RIGHT THERE WHERE COMMISSIONER PATE AND HOLMAN WERE TODAY ON MAKING A DECISION ABOUT THE HOSPITAL.

COMMISSIONER FINCH ASKED COMMISSIONER PATE WHY HE THOUGHT THERE WOULD BE A \$50,000 DEPOSIT REQUIRED TO BE PUT UP IF THE ELECTRICITY WAS SHUT OFF. FINCH SAID THIS HAS NEVER HAD TO BE DONE BEFORE AND ASKED WHY HE RECKONED THIS WOULD HAVE TO BE DONE NOW.

COMMISSIONER PATE SAID IT WAS PROBABLY NEW POLICY. COMMISSIONER FINCH SAID HE IMAGINED DEALING WITH HAVING ACCOUNTS GOING BEYOND WHAT THEY SHOULD BE.

COMMISSIONER HOLMAN COMMENTED HE WAS NEW AT THIS; BUT, HE STATED WHAT SCHLENKER WAS REQUESTING WAS A SMALL BUSINESS TRANSACTION. HE SAID HE DIDN'T ASK FOR THIS; BUT, HE GOT IT. HE SAID THE HOSPITAL HAS COME A LONG WAY AND FOR HIM, EXCEPT FOR MR. SCHLENKER, HE DOESN'T SEE ANYBODY IN HERE THAT IS KNOWLEDGABLE ENOUGH OR CAPABLE OF RUNNING AN EMERGENCY OR MEDICAL CENTER, ETC. HE SAID HE KNEW HE WAS NOT.

COMMISSIONER HOLMAN SAID A FEW YEARS AGO, HE WAS UNCOMFORTABLE IN GOING TO THE MEDICAL CENTER OR EMERGENCY ROOM, ETC.; THE TRANSACTION MADE WITH NORTHWEST FLORIDA HEALTH CARE ON THE HOSPITAL, HE WAS UNCOMFORTABLE WITH. HOWEVER, HE SAID TODAY HE OR HIS FAMILY HAS NO PROBLEM, IF THE NEED AROSE, TO BE TRANSPORTED THERE TO GET MEDICAL ATTENTION. HE ADDRESSED THE COUNTY NOT BEING IN THE BUSINESS OF TRYING TO RUN A HOSPITAL.

AFTER ASKING QUESTIONS AND TALKING WITH MR. SCHLENKER, ATTORNEY HOLLEY, ADMINISTRATOR HERBERT AND LOOKING OVER THE INFORMATION PROVIDED ON SCHLENKER'S REQUEST, BY THE BOARD APPROVING THE LOAN, HOLMAN SAID IT WON'T FALL BACK IN THE BOARD'S LAP. HE SAID HE HAS NO PROBLEM IN SEEING WHY THE BOARD CAN'T GO AHEAD AND APPROVE THE TWO DOCUMENTS REQUESTED BY MR. SCHLENKER; BY TRYING TO PROLONG IT IS NOT GOING TO HELP THE MATTER AT ALL. HE SAID THE BOARD NEEDS TO MOVE FORWARD AND REFERRED TO THERE BEING PEOPLE FOR SOME REASON THROUGHOUT THE COUNTY AND THROUGHOUT THE COUNTRY, THERE IS ALWAYS THAT GROUP THAT WANTS TO TRY TO, IN ESSENCE, STIR UP TROUBLE, CAUSE PROBLEMS. HE SAID THE COUNTY NEEDS TWO THINGS; THEY NEED A GOOD SCHOOL SYSTEM AND A GOOD MEDICAL FACILITY THEY ARE ABLE TO GO TO. WITHOUT THESE TWO THINGS, HOLMAN SAID THERE WOULDN'T BE INDUSTRY OR GROWTH IN THE COUNTY. HE ADDRESSED THE COUNTY NEEDING TO BE WILLING TO ACCEPT CHANGE AND MOVE FORWARD. HE SAID HE DIDN'T SEE ANY REASON TO KEEP PROLONGING THIS ISSUE.

MR. SCHLENKER READDRESSSED THE BOARD STATING IN MANY RESPECTS HE IS JUST A SMALL BUSINESS OPERATOR AND WAS HERE TO ASK THE BOARD TO APPROVE AND SIGN TWO DOCUMENTS THAT HAVE NEGATIVE IMPACT TO THE COUNTY. HE REITERATED IF THE BOARD APPROVES THE DOCUMENTS, THE COUNTY WILL RECEIVE A \$1.2 MILLION ENHANCEMENT TO THEIR FACILITY REGARDLESS TO WHETHER HE IS THERE SIX MONTHS, A YEAR, A YEAR AND A HALF. HE STATED IT WAS A NO BRAINER; HE WAS JUST ASKING THE BOARD TO DO SOMETHING THAT HAS NO IMPACT YET THE COUNTY AND THE CITIZENS OF WASHINGTON COUNTY ARE GOING TO GAIN. HE SAID EVERY BIT OF THE \$1.5 MILLION IS GOING TO GO TO THE ENHANCEMENT OF HEALTH CARE IN WASHINGTON COUNTY.

COMMISSIONER SAPP SAID HE WOULD POLL THE BOARD ON EXTENDING SCHLENKER'S REQUEST FOR A LONGER TERM AND REVISIT IT ANOTHER DATE OR NOT. HE SAID A YES VOTE WOULD BE TO EXTEND THE REQUEST AND A NO VOTE WOULD BE TO REACH OUT ON THIS DECISION TODAY.

COMMISSIONER STRICKLAND VOTED YES, COMMISSIONER PATE VOTED NO, COMMISSIONER SAPP VOTED NO, COMMISSIONER FINCH VOTED YES AND COMMISSIONER HOLMAN VOTED NO.

COMMISSIONER HOLMAN OFFERED A MOTION TO APPROVE AND SIGN THE LANDLORD AGREEMENT AND ASSIGNMENT OF REAL ESTATE LEASE AND AGREEMENT REQUESTED BY PAT SCHLENKER, NORTHWEST FLORIDA HEALTHCARE.

COMMISSIONER SAPP PASSED THE GAVEL TO VICE-CHAIRMAN STRICKLAND AND SECONDED THE MOTION FOR DISCUSSION.

COMMISSIONER SAPP ASKED ATTORNEY HOLLEY TO REITERATE, ON BEHALF OF THE BOARD, ALL THE INFORMATION MR. SCHLENKER HAS PASSED ON TO THEM AND THAT HOLLEY

HAS TOLD THEM ALSO, IT IS JUST A POSITIVE IMPACT TO THE COUNTY AND NOT A NEGATIVE IMPACT. COMMISSIONER SAPP SAID AS FAR AS HE CAN SEE, THE COUNTY IS GAINING A NEW ROOF ON THE BUILDING, STORM SHUTTERS ON THE WINDOWS, ETC. TO THE POINT IT WILL BE A STORM SAFETY BUILDING.

MR. SCHLENKER STATED IT WOULD BE NEW WINDOWS AND NOT STORM SHUTTERS.

ATTORNEY HOLLEY SAID HE HAD LOOKED OVER THE DOCUMENTS SEVERAL TIMES; THE FIRST DOCUMENT, THE LANDLORD AGREEMENT DEFINES WHAT THE COLLATERAL IS THAT SBA WILL HOLD AS COLLATERAL FOR THE LOAN. HE SAID IT IS DEFINED AS ALL INVENTORY EXCLUDING AUTOMOTIVE NOW OWNED, HEREAFTER ACQUIRED OR PURCHASED IN WHOLE OR PARTS OF THE PROCEEDS OF THE SBA LOAN AND THE DISPOSITION OF ANY SUCH COLLATERAL. UNDER THE DISPOSITION PORTION, IT TALKS ABOUT IF SCHLENKER DEFAULTS, SBA CAN COME IN, TAKE THE COLLATERAL, SELL IT AND APPLY IT TOWARD THE LOAN.

HOLLEY SAID IT REQUIRES, IN THE EVENT THAT SCHLENKER DEFAULTS ON THE LEASE, THE COUNTY TO GIVE SBA THIRTY DAYS WRITTEN NOTICE PRIOR TO TERMINATING THE LEASE. HE SAID THAT IS THE SAME NOTICE THE COUNTY IS REQUIRED TO GIVE THE COMPANY IF THEY DEFAULT. ADDITIONALLY, IF SCHLENKER DEFAULTS ON THE LOAN, SBA HAS A RIGHT TO ENTER THE PREMISES AND REMOVE THE COLLATERAL, ENTER THE PREMISES AND SELL THE COLLATERAL FROM THE HOSPITAL, OR WHAT MOST LIKELY WOULD HAPPEN, IN HIS OPINION, SBA WOULD PROBABLY SELL IT TO THE COUNTY IF THE COUNTY NEEDED OR WANTED THE COLLATERAL BEFORE THEY WOULD SALE IT TO ANYBODY ELSE. THEY WOULD PROBABLY GIVE THE COUNTY FIRST CHOICE ON IT.

ON THE LEASE AGREEMENT, HOLLEY SAID IT WAS A COLLATERAL ASSIGN- MENT OF THE LEASE THAT ASSIGNS CERTAIN SPECIFIED RIGHTS TO SBA. IT PROVIDES THAT IN THE DEFAULT BY SCHLENKER'S COMPANY ON THE LEASE, THE COUNTY WOULD HAVE THE RIGHT TO TERMINATE THE LEASE IN ACCORDANCE WITH THE TERMS OF THE LEASE THE COUNTY IS NOW HOLDING. THE COUNTY WOULD BE REQUIRED TO GIVE SBA SIXTY DAYS WRITTEN NOTICE OF THE DEFAULT AND SBA WOULD HAVE SIXTY DAYS TO CURE THE DEFAULT TO PRESERVE THEIR LOAN. IN THE EVENT SCHLENKER'S COMPANY DEFAULTS ON THE LOAN, SBA CAN ENTER THE PREMISES AND DO ONE OF THE FOLLOWING THREE THINGS:

1. REMOVE THE PROPERTY OF THE TENANT THAT IS SECURITY FOR THE LOAN; IF THEY REMOVE IT FROM THE HOSPITAL AND DO ANY DAMAGE TO THE HOSPITAL, SBA WILL PAY FOR IT. HE ADDRESSED THE EQUIPMENT BEING TALKED ABOUT IS NOT ATTACHED TO THE HOSPITAL AND IS PORTABLE EQUIPMENT; THEREFORE, THERE SHOULDN'T BE ANY DAMAGE.

2. SELL THE PROPERTY OF THE TENANT ON THE PREMISES

3. WORK WITH THE COUNTY AND SCHLENKER'S COMPANY IN A THREE WAY VENTURE, SBA, THE COUNTY AND THE LESSEE TO BRING ANOTHER PARTY AGREED UPON TO OPERATE THE HOSPITAL. HOLLEY EXPLAINED ANYBODY BROUGHT IN TO OPERATE THE HOSPITAL WHILE THEY STILL HAVE THEIR LOAN OUTSTANDING, HAS TO BE AGREED ON BY SBA AND THE COUNTY. HE SAID HE HAS ASKED SCHLENKER ON SEVERAL OCCASIONS AND HE MENTIONED HERE BEFORE, THE COLLATERAL, AND REFERRED TO IT BEING MENTIONED ABOUT THE PAPER TRAIL ON A LIST, HE HASN'T SEEN A PAPER TRAIL EITHER, DOES NOT INCLUDE ANYTHING PURCHASED WITH THE COUNTY'S \$2.8 MILLION LOAN. IN HIS OPINION, HOLLEY SAID IF THEY ENDED UP WITH SOMETHING LIKE THIS ON THEIR LIST, THE COUNTY'S RIGHT WOULD PREVAIL OVER THEIR RIGHTS BECAUSE THE COUNTY'S LEASE SPECIFICALLY DEALS WITH THAT ISSUE. HE SAID HE DIDN'T THINK SCHLENKER COULD VIABALLY GIVE SBA A LIEN ON ANYTHING PURCHASED WITH THE COUNTY'S \$2.8 MILLION LOAN.

HOLLEY SAID SCHLENKER WAS BASICALLY MAKING THE SBA LOAN BASED ON THE COLLATERAL HE OWNS, THE ACCOUNTS RECEIVABLES HE WOULD OWN AT THE TIME AND THE PERSONAL GUARANTEE OF BOTH SCHLENKER AND HIS WIFE. THE MONEY THAT WOULD GO TOWARD MATCHING THE GRANT WITH FEMA, HOLLEY SAID HIS UNDERSTANDING IS SCHLENKER IS GOING TO USE PART OF THE LOAN PROCEEDS TO MATCH THE GRANT; ONCE THAT MONEY IS SPENT ON THE HOSPITAL AND THE ROOF, WINDOWS AND STORM SHUTTERS ARE ATTACHED, THERE IS NO WAY SBA CAN REMOVE THAT AS THEY ARE AFFIXED TO THE PREMISES AND COUNTY PROPERTY FROM THAT TIME FORWARD.

COMMISSIONER FINCH QUESTIONED WHAT WOULD HAPPEN IF SCHLENKER GETS THE SBA LOAN, TAKES \$300,000 AND MATCHES THE FEMA GRANT; HOW WOULD SBA RECOUP THAT MONEY. HE ADDRESSED SBA COULDN'T RECOUP THE MONIES FROM THE WINDOWS AND ROOF.

ATTORNEY HOLLEY SAID ALL SBA HAS TO RECOUP ANY OF THE LOAN MONIES IS THE COLLATERAL AND SCHLENKER'S PERSONAL GUARANTEE.

COMMISSIONER FINCH ASKED IF SBA WAS GOING TO LOAN MONEY KNOWING SCHLENKER IS GOING TO INVEST THE MONIES IN PLACES WHERE SBA CAN'T COME BACK AND RECOUP IT. FINCH SAID THAT DIDN'T MAKE ANY SENSE.

ATTORNEY HOLLEY SAID HE PRESUMED SBA KNEW THIS; HOWEVER, SBA CAN'T COME BACK AGAINST THAT.

SCHLENKER STATED THE WHOLE \$1.5 MILLION LOAN IS SECURED BY ACCOUNTS RECEIVABLE, ANY INVENTORY AND HIS PERSONAL GUARANTEE; THE \$300,000 IS PART OF THE \$1.5 MILLION LOAN. HE SAID SBA WOULD COME BACK IN, IF HE DEFAULTS ON THE LOAN, AND TAKE \$1.5 MILLION WORTH OF ACCOUNTS RECEIVABLE, INVENTORIES AND WHAT THAT DIDN'T COVER, COME AFTER HIM FOR IT. HE SAID SBA WOULD RECOUP THE \$300,000.

COMMISSIONER FINCH QUESTIONED IF THE THINGS SCHLENKER OWNS ALREADY SUPPOSED THAT HE HAS BOUGHT WITH \$1.2 MILLION, AND THE BOARD IS TAKING HIS WORD THAT IS WHERE THAT CAME FROM, THAT WOULD BE LIABLE ALONG WITH THE THINGS HE PURCHASES WITH THE LOAN.

ATTORNEY HOLLEY ADVISED THAT WAS CORRECT OTHER THAN THE ROOF AND THE STORM SHUTTERS.

COMMISSIONER FINCH ADDRESSED THERE BEING A LOT OF EQUIPMENT AT THE HOSPITAL; IF SCHLENKER CLAIMS SOME AND THE BOARD CLAIMS SOME, THE EQUIPMENT SCHLENKER CLAIMS IS THE ONE THAT IS GOING TO BE LIABLE TO PAY THE LOAN.

ATTORNEY HOLLEY SAID WHAT WOULD BE LIABLE IS THE EQUIPMENT UNDER THE LEASE WITH SCHLENKER WHEN THE LEASE EXPIRES, THAT IS THE EQUIPMENT IF THE COUNTY WANTS IT, THEY WILL HAVE TO BUY IT BACK FROM HIM. HE SAID IT IS SCHLENKER'S PROPERTY AND THE COUNTY WILL HAVE TO BUY IT BACK FROM HIM WHEN THEIR LEASE EXPIRES IF THEY WANT TO KEEP IT.

COMMISSIONER SAPP ASKED IF ANYBODY FROM THE AUDIENCE HAD ANY COMMENTS OR ANY DISCUSSION ON SCHLENKER'S REQUEST.

COMMISSIONER PATE ADDRESSED HIM HAVING MET WITH MR. SCHLENKER TWICE. PATE SAID HE WAS ALWAYS GOING TO TRY AND TREAT EVERYBODY FAIRLY AND ASKED SCHLENKER TO SHARE IN ROUND FIGURES WHAT THE HOSPITAL'S ACCOUNT RECEIVABLE IS NOW.

SCHLENKER STATED THEIR ACCOUNTS RECEIVABLE IS A LITTLE OVER \$4,000,000. HE ADDRESSED THIS AMOUNT FLUCTUATED BASED ON BILLINGS AND COLLECTIONS.

COMMISSIONER PATE QUESTIONED IF THE BOARD COULD SAY, WHERE THINGS ARE COMING IN AND OUT, THE HOSPITAL IS AT APPROXIMATELY \$3,000,000 ACCOUNTS RECEIVABLE. MR. SCHLENKER ADVISED THAT WAS CORRECT.

COMMISSIONER PATE REFERRED TO COMMISSIONER FINCH HAVING SAID THERE WAS ABOUT \$1.26 MILLION WORTH OF EQUIPMENT. SCHLENKER SAID THERE WAS APPROXIMATELY \$130,000 TO \$135,000 WORTH OF INVENTORY IN THEIR WAREHOUSE WHICH WOULD BE PART OF THAT, WHICH IS MEDICAL SUPPLIES, ETC.

COMMISSIONER SAPP QUESTIONED IF THE BOARD WOULDN'T HAVE THE OPTION TO REIMBURSE THE PURCHASES, PAY OFF THE LOAN THEMSELVES, AND INHERIT THE ACCOUNTS RECEIVABLE TO PAY OFF THE DEBT. WHATEVER IS OVER AND ABOVE ANY DEFAULT, SAPP SAID HE WAS SURE IT WOULD BE REIMBURSED TO THE RIGHTFUL OWNER, WHETHER IT BE THE HOSPITAL INDEBTEDNESS AGAINST THEIR LOAN. HE SAID IF THE HOSPITAL OWED \$1.5 MILLION AND THEIR ASSETS WERE \$4,000,000, WHEN THEY GOT THROUGH SETTLING UP, THE HOSPITAL WOULD GET THE BALANCE OF THE MONEY TO KEEP. ATTORNEY HOLLEY ADVISED THAT WAS CORRECT.

COMMISSIONER SAPP SAID HE DIDN'T SEE A LIABILITY STANDPOINT WHATSOEVER TO THE COUNTY OTHER THAN IT WILL BE AN ASSET TO THE COUNTY AS FAR AS THE \$1.2 MILLION ROOF STRUCTURES, ETC. HE SAID IT WOULD BE A DIFFICULT ISSUE IF THE COUNTY HAD TO PUT ON LINE THEIR OWN MONIES TO LOAN TO THE HOSPITAL.

COMMISSIONER FINCH SAID THE BOARD HAS BEEN THERE. COMMISSIONER SAPP AGREED; BUT, THEY DON'T WANT TO GO BACK THERE. HE SAID THE BOARD WANTED TO KEEP A SOLID SOUND HOSPITAL AND A GOOD OPERATION OF IT. HE SAID EVERY BUSINESS AROUND PROBABLY AT SOME TIME HAD TO GO BACK AND ASK THE BANKER FOR SOME MONIES TO OPERATE ON AT DIFFERENT TIMES. SAPP ADDRESSED THE WAY HE SEES THIS IT IS A LEGITIMATE BUSINESS DECISION FOR THE OPERATION OF THE HOSPITAL AND IT WOULD BE VERY IMPORTANT TO THE COUNTY TO PICK UP PART OF THE GOVERNMENT PROCEEDS OF THE GRANT.

COMMISSIONER STRICKLAND ASKED IF ANYONE IN THE AUDIENCE HAD ANYTHING TO SAY ON SCHLENKER'S REQUEST. THERE WAS NO RESPONSE.

COMMISSIONER SAPP POLLED THE BOARD ON APPROVING AND SIGNING THE TWO DOCUMENTS BEING REQUESTED BY MR. SCHLENKER FOR THE \$1.5 MILLION SBA LOAN; THE LANDLORD AGREEMENT AND THE ASSIGNMENT OF REAL ESTATE LEASE AND AGREEMENT.

COMMISSIONER HOLMAN VOTED YES, COMMISSIONER FINCH VOTED NO, COMMISSIONER SAPP VOTED YES, COMMISSIONER PATE VOTED YES AFTER STATING HE WAS STILL UNDECIDED BUT HE WOULD HAVE TO VOTE ONE WAY OR THE OTHER. HE REITERATED HE PERSONALLY RESENTED HAVING TO MAKE A VOTE ON THIS. COMMISSIONER STRICKLAND VOTED NO. CHAIRMAN SAPP ADVISED THE MOTION CARRIED THREE TO TWO.

COMMISSIONER FINCH QUESTIONED IF THEY WERE GOING TO INTRODUCE THE HUMAN RESOURCE OFFICER. CHAIRMAN SAPP REQUESTED HEATHER INTRODUCE HERSELF TO THE BOARD.

HEATHER SHAY FINCH INTRODUCED HERSELF AND STATED SHE WAS HONORED TO BE GIVEN THE OPPORTUNITY AND IS LOOKING FORWARD IN ASSISTING THE COUNTY IN GETTING THE HUMAN RESOURCE DEPARTMENT CENTRALIZED, ESPECIALLY HELPING EMPLOYEES AND ANY NEWCOMERS COMING TO THE COUNTY TO WORK FOR THE BOARD OF COUNTY COMMISSIONERS.

CHAIRMAN SAPP ADJOURNED THE BOARD MEETING.

---

DEPUTY CLERK

---

CHAIRMAN

\*END OF MINUTES\* FOR 11/21/06