

February 23, 1998

**THE BOARD OF COUNTY COMMISSIONERS  
DURHAM, NORTH CAROLINA**

Monday, February 23, 1998

4:30 P.M. Worksession

(To consider the conveyance or lease of Durham Regional Hospital)

**MINUTES**

Place: Commissioners' Room, second floor, Durham County Government  
Administrative Complex, 200 E. Main Street, Durham, NC

Present: Chairman MaryAnn E. Black and Commissioners William V. Bell, Joe W.  
Bowser, Becky M. Heron, and Ellen W. Reckhow

Absent: None

Presider: Chairman Black

Chairman Black called the worksession to order.

Chairman Black asked County Manager David F. Thompson to begin his presentation.

County Manager Thompson said the Commissioners narrowed the proposal list from five entities to three entities at the January 27, 1998 Worksession. Public Consulting Group Inc. and the County Manager were then instructed to bring back a recommendation on this date as to the preferred proposal of either sale or lease of Durham Regional Hospital. Several events have occurred since this direction which have led Phil Gessinger, Public Consulting Group Inc., and Manager Thompson to the conclusion that a recommendation at this time would not be advisable.

Mr. Thompson outlined the various events.

County Manager Thompson asked that Mr. Gessinger present a revised summary of the submitted proposal as of February 23, 1998, a summary of responses to the recent round of questions, and an overview of what was discovered during site visits to Tenet, HMA, and Duke institutions.

Mr. Gessinger reviewed the following three documents contained in the booklet dated February 23, 1998 (all documents dated February 20, 1998):

Section I: Updated Summary of Submitted Proposals

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Section II: Summary of Clarifications and Responses to Proposal Assessment Questions

Section III: Summary of Findings and Assessments of Proposers Based Upon Site Reviews of Selected Provider Locations

The first document provided a very quick, high-level synopsis of what each of the three proposers have offered at this point. The second section summarized, on a comparative basis, the series of questions raised to Duke, HMA, and Tenet. The final document was a summarization of what was learned at each of the five sites visited during the past two weeks (two HMA sites, two Tenet sites, and a day-long session at Duke University Medical Center).

The Commissioners were told to ask questions as the presentation progressed.

The Commissioners asked several questions about the proposals to which Mr. Gessinger and County Manager Thompson responded.

County Manager Thompson said the County Administration has prepared a course of action for Commissioner consideration. The County Administration also has a three-year pro-forma financial statement provided by Duke University Medical Center.

County Manager Thompson said the Board must consider visiting Birmingham, AL and Gadsden, AL to observe HMA and Tenet facilities.

Chairman Black stated she would send a letter to George Quick, Chairman, Board of Trustees, Durham County Hospital Corporation, so he can decide who and how many people to send on the hospital visitation trip (at the hospital's expense).

County Attorney Chuck Kitchen and John Crill, Attorney for Durham County Hospital Corporation, discussed Lincoln Community Health Center (LCHC) grants. The attorneys can solve the grant problems/concerns so LCHC grants can continue regardless of which proposer the Board chooses.

Chairman Black asked the Commissioners to inform the County Manager of their intent to participate in the site visits so travel arrangements can be made.

The Commissioners were provided the following recommended course of action:

<u>Timing</u>	<u>Action</u>
Jan. 27	Completed discussions of the five proposers Rendered a decision on reducing the proposer list to three entities (DUMC, HMA, Tenet) County Manager and Public Consulting Group Inc. authorized to pursue due diligence with selected proposers

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Jan. 28 - Feb. 18	County Manager and Public Consulting Group Inc. completed verification and assessment of proposals
Feb. 23	Report by County Manager and Public Consulting Group Inc. as to results of site reviews and proposal clarifications County Commission authorizes and empowers County Manager and Public Consulting Group Inc. to continue due diligence with DCHC representatives and proposing organizations
Feb. 24, March 18	Authorize County Manager to conduct follow-up site visits at HMA and Tenet sites; conduct continuing discussions with DUMC; and, solicit input from DCHC physician community
To be determined	County Manager and Public Consulting Group Inc. present recommendation on preferred proposal for Commissioner discussion and authorization vote
Through May 31	Due diligence is conducted and completed with preferred vendor
June 1998	Legal documents and definitive agreements are completed
By July 1	DCHC operations are transferred to the new organization

No official action was taken at this worksession.

**Adjournment**

Chairman Black adjourned the worksession at 6:50 p.m.

Respectfully submitted,

Garry E. Umstead, CMC  
Clerk to the Board

GEU:VCS