

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

Monday, June 26, 2000

10:30 P.M.

Closed Session

MINUTES AND GENERAL ACCOUNTS

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

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

Absent: None

Others Present: Interim County Manager Carolyn P. Titus, Deputy County Manager Wendell Davis, County Attorney Chuck Kitchen, and Clerk to the Board Garry E. Umstead

Duke and Durham County Hospital Corporation

The Board of County Commissioners adjourned to closed session pursuant to G.S. § 143-318.11(a)(3) in order to consult with an attorney and to preserve the attorney-client privilege regarding a claim concerning Duke and Durham County Hospital Corporation.

County Attorney Chuck Kitchen gave the Commissioners an overview of what occurred at the "meet and confer" session that was held on June 23, 2000.

A lengthy discussion was held about the claim.

The Commissioners reviewed the press release that was dated June 23, 2000.

The press release follows:

PRESS RELEASE

For Immediate Release
Deborah Craig-Ray, Public Information Director

Date: June 23, 2000
Phone: 560-0001 Fax: 560-0020
e-mail: dcraig-ray@co.durham.nc.us

Representatives of Duke University Health System, Durham County Hospital Corporation, and the County of Durham met today under the "Meet and Confer" provisions of the Hospital Lease Agreement.

Durham County Hospital Corporation has denied that there were any misrepresentations or errors in the financial documents which were presented to Duke. Price Waterhouse Coopers, the accounting firm hired by Durham County Hospital Corporation, continues to state that its audit was accurate and done in accordance with generally accepted accounting principles. Regardless of any alleged errors, complete disclosure of all financial documents was furnished to Duke prior to the closing of the hospital lease. If there were any errors in the financial documents, Duke should have found these errors in its "due diligence" efforts. Duke agreed to take full financial responsibility for Durham Regional Hospital in the lease documents.

There are not provisions in the lease documents which provide for a renegotiation of the lease terms. There is a statutory framework which was followed in awarding the lease to Duke which included public hearings and invitations for proposals. Any desire to renegotiate the terms would have to follow the same procedures to insure public input in any such process, and to insure protection of the taxpayers' dollars.

The lease provides that Duke will continue to serve the indigent population of Durham. Durham County expects Duke to comply with this provision, and does not expect any denial of service due to financial difficulties experienced by Duke. Durham County continues to expend millions of dollars in support of public health in Durham, including expenditures through its public health department, emergency medical services, nurses in the schools, and nurses at Lincoln Community Health Center.

Duke has informed the County that Durham Regional Hospital will "break even" this month and begin making a profit next month. Therefore, any cuts in programs at this time, when the financial picture at Durham Regional Hospital is improving, would only serve to increase the profits made by Duke.

Durham County will continue to work to protect the health services provided to its citizens. We will never "wash our hands" of the health care needs of our citizens. However, we do expect Duke to honor its commitments made to the County to revitalize Durham Regional Hospital as a viable full service hospital. We believe that Duke, through the lease agreement, has the authority and control necessary to fulfill this commitment. Durham County would urge Duke to exercise patience and restraint, and work closely with Durham County Hospital Corporation before making any ill-advised cuts in programs at Durham Regional Hospital which would harm the citizens of Durham.

The Commissioners provided direction to staff on follow-up communication to Duke on the lease agreement situation.

Adjournment

Chairman Black adjourned the meeting at 11:15 p.m.

Respectfully submitted,

Garry E. Umstead, CMC
Clerk to the Board