

**PASQUOTANK COUNTY, NORTH CAROLINA
FEBRUARY 5, 2013**

The Pasquotank County Board of Commissioners and the Albemarle Hospital Authority Board of Commissioners held a joint meeting on Tuesday, February 5, 2013 at the College of The Albemarle Community Auditorium.

COUNTY COMMISSIONERS PRESENT: Jeff Dixon, Chairman, Joseph S. Winslow, Jr., Vice-Chairman, Lloyd E. Griffin, III, Cecil Perry, Dr. William R. Sterritt, Gary G. White, and Frankie Meads

COUNTY COMMISSIONERS ABSENT: None

HOSPITAL AUTHORITY COMMISSIONERS PRESENT: David Twiddy, Chairman, Bettie Jones Parker, Vice-Chair, Dr. Neil DeNunzio, Jeff Aldridge, John Aydlett, Mary Ann Keyes, Dr. Claudie Mackey, Bill Richardson, Ed Muzzelin, Lloyd E. Griffin, III, Joseph S. Winslow, Jr., Dr. David Carter, and Glover Shannon

HOSPITAL AUTHORITY COMMISSIONERS ABSENT: Althea Riddick and Ginger Parrish

OTHERS PRESENT:

Randy Keaton, County Manager
Rodney Bunch, Assistant County Manager
R. Michael Cox, County Attorney
Karen Jennings, Clerk to the Board
Jan King Robinson, Vice-President of Operations for Albemarle Health
Joseph Kahn, Legal Counsel for the Hospital Board
Bonnie Sanderlin, Director Executive Offices/Albemarle Health

County Commissioner Lloyd Griffin and Hospital Authority Board Chairman David Twiddy, Co-Chairs of the Hospital Joint RFP Task Force, called the meeting to order at 6:00 PM. Commissioner Griffin stated that the purpose of tonight's meeting is to hold a public hearing to receive comments on the proposals received in response to the Boards' Request For Proposals to lease, sell, or otherwise convey Albemarle Health's hospital and associated facilities.

Mr. David Twiddy explained that he would like to give an update on what has transpired since the first public hearing on the RFP was held on September 24, 2012. He reported that five responses to the RFP were received; three of them more detailed than the other two. He said he would like to make it clear that since the proposals have been received, there has not been any conversation with any of the five respondents. He stated that the proposals have been reviewed and summarized by Attorney Joe Kahn and his team from Nexsen Pruitt, and this summary is available on the "ahfuture.org" website. He said Dixon Hughes was hired to analyze the financial aspects of the proposals. Mr. Twiddy advised that three meetings have been held with 64 hospital supervisors and managers, over 100 employees, and 29 physicians. He stated that tremendous feedback has been provided by the medical community and the staff. He noted that all County Commissioner and Hospital Authority Commissioners have published their cell phone numbers and email addresses, and the employees and the public have been advised to contact any of them regarding their questions and concerns. Mr. Twiddy said there is no set period of time when this process must be completed as everyone wants to ensure that this process is handled correctly and that there has been a tremendous amount of detail in negotiating with the various respondents. He said some very strong proposals have been received and he believes the process will be very interesting.

Mr. Lloyd Griffin reviewed the guidelines for tonight's public hearing. He explained that comments from the public will be accepted even after the public hearing is over during the review period which could take several weeks. He declared the meeting to be a public hearing to receive comments on the proposals.

He first recognized Mr. Ernest Askew who congratulated the Hospital Commissioners and the County Commissioners on the strong proposals that have been received. He explained that he would not be here tonight if it were not for a Duke neurosurgeon who saved his life 35 years ago. He said the nursing force in this area is poorly trained and lacks the educational opportunities and clinical experience that is needed for a growing elderly population. He stated that the older the population grows, the more health problems it presents. He explained that nurses have to be the physicians' eyes, ears, nose, and hands and they report their patients' conditions to the physicians. He said it is critical to have a highly trained nursing force. Mr. Askew pointed out that the North Carolina Board of Nursing reports in its bulletin that of the 56% of nurses who become registered nurses, only 16% earn their four-year degree. He said it is hoped that number can increase to 28% by 2014. He said there is discrimination against male nurses in this area by Vidant and Sentara. He stated that when Vidant took over management of the hospital numerous male RN supervisors were released. He explained that Medicare and Medicaid funding is going to be reduced and it is going to be harder to recruit primary care physicians to rural areas. Mr. Askew said Duke University received a \$250 million federal grant to train nurse practitioners for rural areas. He pointed out that Duke has the best proposal on the table and needs a training facility. He said Duke is willing to make a large commitment to this community. He asked Commissioners to not be afraid of change, but to embrace it. He said to not ask the citizens to pay more property taxes when the best offer is refused. He urged the Commissioners to choose Duke.

Mr. Earl Rountree from Gates County explained that he does not work for Sentara Hospital and has no financial interest in Sentara Hospital. He said from what he has read in the newspaper it seems to him that the discussions so far have been about the money. He noted that one thing he has not read a great deal about is patient care. He said Albemarle Hospital serves a large area and the people in the entire area need to be considered in making this important decision. He pointed out that there is a great medical facility, Norfolk Sentara, just north of the area and it has been there for a number of years, starting out as Norfolk General Hospital. He said it only takes eighteen minutes for a helicopter to go from Albemarle Hospital to Norfolk Sentara and for someone with critical trauma this is very important. Mr. Rountree stated that both he and his wife have been in the hospital numerous times over the past few years. He said his wife had surgery at Norfolk Sentara and he had surgery at Obici Sentara and the staff and doctors were wonderful and they received quality patient care. He added that he had a hard time with the doctors in Greenville which is the reason he went to a doctor at Obici Sentara. Mr. Rountree said from a financial standpoint, it will take a lot of money to do what needs to be done at Albemarle Hospital. He said Sentara spent a lot of money at Obici Hospital in Suffolk when it took over Obici. He stated that Sentara has a very strong positive cash flow and will be investing millions of dollars to improve Albemarle Hospital. He said a facility 100 or 200 miles away is not needed when one of the best facilities on the east coast is only 18 minutes away by helicopter for a trauma patient.

Mr. Warren Green stated that he facilitates a prostate cancer support group in Elizabeth City and is a cancer survivor. He said cancer in Northeast North Carolina is epidemic with breast cancer rates among women the highest in the state and maybe in the country. He stated that prostate cancer rates in African American men in this region are the highest in the world. He explained that any provider will have to address this as the population gets older and there are more cancers. He said he did not see anywhere in the proposals that this problem has been addressed as it should be. He said he does not see how any hospital could be sustained without addressing the cancer epidemic in the area.

Ms. Doreen White stated that she is an employee of Albemarle Hospital and would like to see it become a regional referral center. She said Albemarle Hospital has a lot of opportunity for growth. She asked how anyone could be certain that Sentara would not take Albemarle and run it into the ground. She said from the summaries that have been provided she believes Duke which is a large teaching facility has a lot to offer. She stated from what she has seen, a lot of jobs, including hers, will be cut by some of the proposers. She said Albemarle Hospital cannot grow if jobs are cut. She noted that Duke can offer the physicians and specialists that are needed. She said Duke would not be flying people out, but would be treating them here at Albemarle. Ms. White stated that she wants to be part of that and she hopes the Commissioners take that into consideration when making their decision. She added that she has also been a customer of Albemarle Hospital and can say that it has great customer service.

Mr. James Kernitz from Camden County requested that the proposals not be looked at strictly from the money point of view, but from the point of view of the 50 to 70 employees, including his wife, who would be put out of a job when any of the hospitals come in. He stated that all of the hospitals would consolidate administrative staff, billing staff, finance staff, and medical services, so the individuals at Albemarle who work in these areas would lose their jobs. He said if Sentara comes in and consolidates positions and offers jobs, at least some employees would have a fighting chance of getting a position where they can stay in the community. He stated that it would not be easy for employees with families and children in school to just pack up and move to Greenville or Durham. He asked the Commissioners to take this into consideration.

Ms. Gretchen Ownley stated that she has been an employee of Albemarle Hospital for almost 27 years. She said money is important and patient care is important, but she asked that Commissioners think of the employees. She explained that when the Hospital Authority was created the employees had a choice in their retirement system benefits and had an option to remain with the State Retirement System or pull out. She said she chose to remain with the State Retirement System as did a lot of her co-workers. She stated with 27 years she would not want to start all over with a new retirement system. She requested that the Commissioners consider the benefits of the employees, especially the long-term employees.

Dr. Jessie John Morris stated that he feels deeply about Albemarle Hospital and was around when it was built at its current location. He said he would urge the Commissioners to think through what they are about to do. He stated that he has recently had three bad experiences with Albemarle Hospital's emergency room since it has been under Vidant's management and he requested that the Commissioners think twice before entering into an agreement with Vidant. He said Vidant is over-extended and is not qualified to provide what Albemarle Hospital needs. Dr. Morris stated that Albemarle Hospital needs to partner with a hospital that has the medical background to bring in outstanding physicians.

Ms. Mary Hadley Griffin explained that she arrived in Elizabeth City in 1960 and was delighted to see a new hospital and very outstanding physicians. She said through the years Albemarle Hospital has had wonderful physicians and the nurses could not be better. She stated that she would put Albemarle Hospital on a level with Chapel Hill and Duke when it comes to patient care. Ms. Griffin stated that she has had bypass surgery at Sentara and she believes the nursing staff at Albemarle Hospital puts the nursing staff at Sentara to shame. She said she has had some problems with Albemarle Hospital trying to get some bills paid, but everyone does, and must take the good with the bad. She pointed out that Duke is a "heck of a hospital" and she has a lot of respect for Duke. She added that the name Duke helped bring in the money to build Albemarle Hospital.

Dr. Scott Polsky advised that he is a physician with over 30 years experience in emergency medicine and he believes a question that needs to be addressed as officials are looking at the proposals is what each organization would bring to the table to make Albemarle Hospital the best hospital it can be. He said he has spoken with representatives from all three hospitals and he knows Duke University is an excellent facility, however Duke Lifepoint is a for-profit subdivision that is marrying an organization with Duke University where they each have partial ownership. Dr. Polsky said he has grave concerns about any organization that has to make a profit out of the community because it is less likely that the money would come back into the community. He said Sentara and Vidant are both not-for-profit and there is no question that Sentara is "right on our doorstep" and very convenient. He also said there is no question that Albemarle Hospital will continue to send a large number of patients to Sentara because of the convenience. He noted however that it is easier to get a really sick patient transferred to Pitt than to Norfolk Sentara unless it is a heart attack or a trauma patient. He said more importantly the issue is what the goal of each organization is and what they will do for Albemarle Hospital to make it the best hospital possible. He stated that Sentara already gets most of the sickest patients and he asked what their stimulus would be to improve Albemarle Hospital. He noted that Sentara does not have any reason to want Albemarle Hospital to grow and get better because it is not in its best interest. He said when looking at Vidant, they have a large overcrowded hospital at Pitt and a number of smaller hospitals north of them that send Albemarle some of their patients. He stated that Vidant does have an interest in having a stronger hospital in this community and would therefore have a stronger case for making Albemarle Hospital a better institution. Dr. Polsky said having worked with for-profit and not-for-profit hospitals in the past, he would hesitate to work with any for-profit system if he had an opportunity to work with a not-

for-profit. He said the goals of Vidant, when looking at their mission, is to take care of the poor and the people with inadequate healthcare in Northeastern North Carolina, as is the goal of Albemarle Hospital. He pointed out that Sentara's mission is not the same.

Ms. Marie Jones asked if anyone has made a list of what Vidant said it was going to do when it took over management of Albemarle Hospital, and what Vidant has actually done. She also asked if anyone has visited any of the towns where Duke Lifepoint has taken over a hospital to find out how the people in the community feel about the hospital.

Ms. Tanya Barclift stated that she works in nuclear medicine in the X-ray Department at Albemarle Hospital and has been there for eleven years. She said she loves her job, but is very concerned about the future and the growth of the hospital. She stated that she would like to see big things happen at Albemarle Hospital, but is a little concerned if the hospital is taken over by Sentara or Vidant that they will just transport patients out. Ms. Barclift added that new equipment is badly needed for the X-ray Department and she believes Duke would provide that equipment. She suggested that the Commissioners approve an agreement with Duke Lifepoint.

Ms. Ann Twiddy said she has been an employee of Albemarle Hospital for over 30 years and loves this area. She stated that Albemarle Hospital is a good hospital, but the employees are very concerned. She said they want to see the hospital grow, want to see new physicians, and want to see the hospital's equipment upgraded. She noted that the medical community and financial issues of healthcare today have changed over the last 30 years. She asked that the Commissioners consider the employees of Albemarle Hospital because they do not want to leave.

Ms. Carolyn Ellison stated that she is the Interim Executive Director of Gateway Community Health Center which is associated with Albemarle Hospital Authority. She said they are a community health center that is located in Gates County, but they serve Perquimans, Chowan and Gates County, and also pick up patients from the surrounding areas outside of that service area. She explained that Albemarle Hospital initiated going after federal funds in order to start the Community Health Center which is a federally qualified health center that provides primary care services primarily to individuals who are uninsured or underinsured or individuals on Medicaid or Medicare. Ms. Ellison said she is very interested in finding out what role the institution that partners with Albemarle Hospital will have for the Community Health Center. She said it is very critical because community health centers are actually being used as a foundation for healthcare reform in order to reach out and provide access to service to those individuals who currently do not have access to medical services. She noted that Gates County only has one physician and they are trying to do more in the community by recruiting another physician. She said they have a lot of people in need including a huge Medicare population. She stated that it is critically important to find out what role Gateway Community Health Center would play under the new partnership due to the federal funding they receive.

At the absence of further public comments, the public hearing was closed.

Commissioner Griffin asked Attorney Joe Kahn to explain how the criteria was established for the RFP. Mr. Kahn explained that this process is being conducted in accordance with North Carolina state law which requires authorities like the Albemarle Hospital Authority to pursue a public request for proposal process. He said this is one of the driving forces behind the protocols that both boards and the Task Force are following. He stated that he would commend the boards and the Task Force for going above and beyond what is required by statute in an attempt to make this as transparent of a process as possible. He said the RFP was submitted to entities that indicated an interest in pursuing an affiliation with Albemarle. The RFP indicated that while a long-term lease is proposed, other offers would be entertained. Mr. Kahn said it is the preference as indicated by the boards to pursue a long-term lease for the hospital with ownership of the assets in the hands of the county. He said now that the proposals have been received and the public and others have had an opportunity to weigh in the likely next step, although subject to the discretion of the boards, will be to start narrowing down the focus on the terms of the proposals themselves, most likely through follow-up interviews and discussions with the respondents. He stated that this will lead the boards to make a decision at some point toward likely entering into more exclusive negotiations with the selected party. He noted that all of this will be subject to the discretion of the boards which will undoubtedly be taking the feedback from the community and hospital employees into account during that process.

Commissioner Griffin explained that when the RFP process first began, the Hospital Authority approached the Board of Commissioners in July, 2012 about the long-term viability of a standalone hospital. He said as part of the long and arduous process, tonight's public hearing is the second of two that are required. He said he would like to respond to a question that has been asked tonight regarding whether the communities of the applicants would be visited. He responded that it has been discussed as the process moves forward and the applicants are narrowed down to visit the communities as well as the hospitals and talk to the residents of the communities and the employees of those hospitals.

Commissioner Griffin asked County Manager Randy Keaton to respond to questions raised tonight and in the employee meeting last week about retirement. Mr. Keaton stated that retirement has been one of the critical issues. He explained when the Hospital Authority was created in 2000, the employees were able to remain members of the Local Government Retirement System. At that time the employees had the option of staying with the Retirement System or going into a 401K plan. Mr. Keaton stated that employees chose to stay with the Retirement System and that is the way it has been operated since 2000. He said none of the entities that have submitted proposals are eligible to continue with the Local Government Retirement System so there will have to be some type of a change. He stated that he has submitted an inquiry to the State Retirement System as to whether hospital employees could move over to the county's retirement system and be somehow contracted with the new facility so that employees, especially those who are close to retirement, can stay in the system until they reach retirement age. He said he has not yet received an answer and does not know if it will be possible.

Commissioner Griffin stated that a question has been asked about the financial and long-term stability of the hospital. He said Albemarle Hospital is an asset of Pasquotank County and makes lease payments to Pasquotank County and makes payments for EMS services to Pasquotank County. He said the respondents who have submitted proposals and provided financial data have supported those commitments.

Commissioner Griffin advised that hospital administrative staff have been instrumental in ensuring that the public is notified of the entire RFP process through the website. He said the Dental Clinic and the Community Care Clinic are available because the Hospital has listened to the community about the need to provide those services. He stated that the Task Force, the Albemarle Hospital Authority Board of Commissioners, and the Pasquotank County Board of Commissioners will be responsible for making the long-term decision that is ahead of them.

Mr. Kahn said he has previously mentioned that the boards have done everything possible to make this process so far as transparent as possible. He said as they move into the next phase which includes more detailed conversations and negotiations with the respondents, undoubtedly some of those conversations will need to take place in closed session in order to maintain the integrity of the process and to protect the interests of Albemarle Hospital. He noted that this is an unusual situation whereby a public body competes in an extremely competitive market. He stated that no decision has been made at all regarding how this process will turn out, but in the meantime Albemarle Hospital has to continue as an ongoing viable operation and compete in this competitive market. He said if certain information were to be released publicly to competitors, it could put the hospital at a competitive disadvantage while the process plays out. He asked for everyone's indulgence and understanding during those periods of time when the boards have to consider some issues in closed session. He said he would assure that everything will be done to ensure that whatever needs to be in closed session is in closed session, but whatever can be in open session will be held in open session so that the community is informed. He stated that it is required before any contract is signed at the end of the process, that the contract and its terms will have to be made available for public review prior to the final vote of the boards. He said the public can rest assured that no deal will be done at the end of this process until the community has had an opportunity to understand what that deal is.

Mr. Twiddy advised that the next meeting of the RFP Task Force will be held next Monday, February 11, and hopefully by that time the Task Force will feel comfortable making a recommendation to the Hospital Commissioners and the County Commissioners on reducing the number of bidders in order to allow for more detailed due diligence. He said they plan to include hospital employees, doctors, nurses, County Commissioners, Hospital Board Members, and citizens of the community when they go to visit the various hospital facilities and talk to their

people. Mr. Twiddy stated that he has a tremendous amount of respect for the County Commissioners and appreciates the process they have allowed the Hospital Board to undertake. He said they have the foresight to realize that this is the right time to explore the future opportunities for healthcare in the seven-county region served by Albemarle Hospital, and he would like to commend the Commissioners. He stated that the Commissioners are not binding themselves, the county, or the citizens, but are exploring a process.

Chairman Jeff Dixon stated that he has given the charge to county staff and the County Manager to be looking at this from the county's viewpoint on a parallel line with the Task Force and with the Hospital Commissioners. He said everyone knows there are three elements that need to be considered including patient care, employees and physicians, and the lease payment to the county. He noted that \$1.2 million equals four cents of county property tax. He said if the lease payment goes away the Board of Commissioners will have no choice but to increase property taxes. He added that the Board is going to begin looking at the proposals from the county's perspective to make sure of a good fit. He noted that it is possible the Board of Commissioners would make a different choice than the Hospital Board.

Mrs. Jan King Robinson advised that tomorrow on the Hospital's intranet at the employees' request, will be placed a side by side comparison of all employee benefits from the five respondents for the employees' comparison and knowledge.

Dr. David Carter stated that he has been a physician in this area for 15 years and represents the physicians on the Hospital Board. He said he would like to make sure everyone understands that this is being done for the long-term care of the patients in Pasquotank County and the rest of the seven communities that Albemarle Hospital serves. He stated that part of the due diligence as this goes forward is to truly make sure that there is a viable good option of providing care in the community. He said this is the number one goal of this process and it is not for any other purposes. He stated that there have been many questions raised tonight which are good questions as this moves forward through the process, but the whole objective is to get better long term sustained care for the community.

Commissioner Griffin thanked everyone for coming out tonight and participating in the public hearing. He declared the public hearing closed and asked for a motion to adjourn.

Motion was made by Frankie Meads, seconded by Joe Winslow to adjourn the meeting. The motion carried and the meeting was adjourned at 7:05 PM.

Karen James
CLERK TO THE BOARD

Joe Winslow
CHAIRMAN