

**PASQUOTANK COUNTY, NORTH CAROLINA
FEBRUARY 18, 2013**

The Pasquotank County Board of Commissioners met on Monday, February 18, 2013 in a special work session in the Community Room at the W.C. Witherspoon Memorial Library.

MEMBERS PRESENT:

Jeff Dixon, Chairman
Joseph S. Winslow, Jr., Vice-Chairman
Dr. William R. Sterritt
Gary G. White
Frankie Meads

MEMBERS ABSENT:

Lloyd E. Griffin, III (*Out of Town*)
Cecil Perry

OTHERS PRESENT:

Randy Keaton, County Manager
Rodney Bunch, Assistant County Manager
R. Michael Cox, County Attorney
Karen Jennings, Clerk to the Board

Chairman Dixon called the meeting to order at 2:30 PM. He stated that the purpose of today's work session is to discuss the Hospital RFP process as it relates to the county's budget.

County Attorney Mike Cox provided historical information regarding the Hospital Authority and the lease with the county. He explained that the Hospital Authority was created in 2000 and the initial lease began in September, 2000 for a 15 year term. The Hospital Authority had the right to extend that term for an additional 15 years. Mr. Cox said when some financing was completed by the hospital about five years ago, the lease was extended to a maximum of 40 years. The lease is now in its thirteenth year. Mr. Cox noted that the lease payments have changed from the initial lease agreement.

Mr. Cox stated that the management agreement with Vidant was signed in 2009 and included a 180 day out-clause for either party.

County Manager Randy Keaton presented a spreadsheet summarizing the amounts the county has received from the hospital over the years for debt relief, lease payments, and the sale of property. He also projected what the lease payments would be for the remaining years of the current lease based on a 2.5% CPI.

Mr. Cox noted that he and Hospital Attorney Joe Kahn believe that the Board of Commissioners and the Hospital Authority need to agree on the selection of a hospital to partner with Albemarle Hospital. He explained that once a decision has been made on a lease agreement with one of the three hospitals that have submitted proposals, the current lease would be terminated and replaced with a new lease.

The Board discussed the current financial condition of Albemarle Hospital. Chairman Dixon said he feels confident that Albemarle Hospital will not be able to survive in the long term if it maintains its independence. He clarified some of the questions that have been asked about the current management agreement Vidant. He stated that the Hospital Authority wanted the management agreement to be very loose so as to not tie the hospital's hands and so either party could get out of the agreement if they wanted to. He said the most beneficial part of the agreement has been shared resources. Vice-Chairman Joe Winslow added that changes have been made recently that will save a lot of money for the hospital.

The Board agreed that the major issues to consider in negotiating a new lease with the respondents would be the lease payments, investments, accounts receivable, accounts payable, and the length of the lease.

The Board discussed a proposal to hire attorney Bob Wilson to review the financial aspects of the proposals that were received in response to the hospital RFP. Commissioner Gary White said

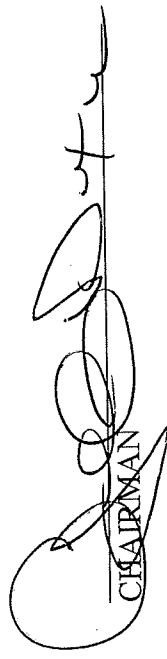
Commissioner Lloyd Griffin, who could not be here today, asked him to speak on his behalf regarding this issue. He said Commissioner Griffin expressed that he is not supportive of hiring Mr. Wilson to represent the county on this RFP review because of his previous work on the management agreement. Mr. Cox explained that Mr. Wilson was the attorney hired by the county in 2000 to assist the County Attorney at that time when the hospital became an authority. The county has used Mr. Wilson two additional times since then. Mr. Cox said as mentioned previously the management agreement was a very broad, generic, and loose management agreement which is how the Hospital Board requested that it be crafted. He stated that Mr. Wilson represented Beaufort County in its hospital management agreement about a year ago and he has contacted the Beaufort County Manager's Office to inquire about Mr. Wilson's work, however he has not yet received a call back.

The Board agreed to defer action on the agreement with Attorney Bob Wilson until the County Attorney can talk with the Beaufort County Manager.

The Board also agreed that there are a lot of negotiations that need to be held before any decisions can be made regarding the hospital lease agreement.

Motion was made by Gary White, seconded by Joe Winslow to adjourn the work session. The motion carried and the work session was adjourned at 3:50 PM.


CLERK TO THE BOARD


CHAIRMAN