

VALENCIA COUNTY BOARD OF COMMISSIONERS

Special Meeting

August 22, 2007

PRESENT	ABSENT
Pedro G Rael, Chairman	
Georgia Otero-Kirkham, Vice-Chairman	
David R Medina, Member	
Ron Gentry, Member	
Lynette Pinkston, Member	
Eric Zamora, County Manager	
Cynthia R. Wimberly, County Attorney	
Sally Perea, County Clerk	
Press and Public	

1. The meeting was called to order by Chairman Pedro Rael at 3:30 PM.

2. Chairman Rael led the Pledge of Allegiance.

3. Approval of Agenda

Commissioner Pinkston moved for approval of the agenda. Seconded by Commissioner Gentry. Motion carried unanimously.

4. Consideration of Financing Mechanism for “Valencia County Hospital Project” – Duane Brown/Jim Wurts

Chairman Rael: Not only do we have a non commentary section because this is a special meeting and it is not on the agenda, we are going to go right on into the workshop type aspect of this meeting. So at this time I call on Duane Brown and Jim Wurts who are going to be the presenters of the consideration of financing mechanism for the hospital project item.

Duane Brown: Modrall Sperling, Roehl Harris & Sisk: I want to go over with the commissioners the draft memorandum, the final memorandum that we prepared and gave to you with respect to reviewing your options on financing in the proposal of the hospital. I want to start first by thanking Eric and Cynthia for all of their patience and time spent with us on meetings over the last couple of months reviewing what the goals of the county are. In looking at the other documents and also thanks to the representatives from Covenant, Robin Hunn and Jim Wurts for their assistance as well in working with them. What you have done so far with them and what they have done for you and I hope you all have had an opportunity to review this memorandum that we have prepared back on August 17, 2007 and sent down to the commissioners. I will go over it briefly with the you and then will stand for questions if they have any. What we perceived our task to be and I hope we have completed it satisfactorily, is to look at the state statutes and the other mechanisms that are available for a county such as Valencia County that wants to fund a hospital. We understand in this particular case you’ve done a lot of preliminary work as far as determining that you want a hospital, you have had the mill levy presented to the voters, that was approved last fall. We also understand that you have a contract with Covenant whereby they are providing a host of services to the county and assisting in trying to get this hospital off of the ground.

Mr. Brown: So you have to keep those things in mind as you look forward on this transaction, you’ve got an arrangement with Covenant with their agreeing to provide service and to assist in the financing mechanisms, construction of the hospital, and operation of the hospital. They have done a lot of things, preliminary if you will, making sure that you can get something done here. But what we did was we looked at, sort of taking a step back, looked at what some of the other options might be, I know that you have looked at the capability of using the mill levy that was approved as the financing mechanism for the hospital and because of its relatively short life, the voters only approved it for eight years which is the maximum allowed by statute. It really doesn’t serve to provide enough capital up front to build a hospital, so what we did was looked over at the special hospital district act, which is another statute. In the memo that is the first thing that we get to, we talked about the ability if you would receive a petition from the voters in the county saying we would like to consider formation of the special hospital district and then should you get that sort of petition you would then call an election and see if the district could be formed. However, one of the things that you run into along the way when you are looking at a special hospital district in trying to secure debt issue by that district general obligation bonds secured by property taxes. You have an assessed value limitation, as we calculate that you would only be able to raise a maximum amount of \$26 million to finance this hospital and you would have the special hospital district board in control of that hospital. That doesn’t really meet your needs. As we understand it, the cost of this facility is somewhere in the \$32 million range, maybe more, so that doesn’t seem to be really a good option for you at this point.

Mr. Brown: The other option that we looked at is whether or not you would want to go ahead and consider creation of a 501c3 corporation. Start that process underway and have a basically, you can

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use the industrial revenue bond act to issue bonds on behalf of this 501c3 corporation. The 501c3 corporation then is obligated to repay the bonds out of the net operating revenues of the hospital. It is off your balance sheet, it is not your debt, you can still serve as a conduit issuer. This 501c3 mechanism has been used for numerous other hospitals throughout the state of New Mexico and other places around the country and seems to work pretty well. And that is another option that we think the county should in fact and we end up concluding at the end of our analysis that is the best option for you at this point. So that you can create a 501c3 corporation and create it, issue the industrial revenue bonds on behalf of that and then enter into a contract, a health facilities contract under the state statute that allows you to take the proceeds of that previously approved mill levy, transfer that into the hospital and assist into the operating and maintenance cost and that mechanism has been used successfully throughout the state of New Mexico in other situations.

Mr. Brown: We looked at a couple of other options just because we thought we should. One of them was having the county commission say well, we are going to do a time-out here, we want to go back and see if our voters would approve a full general obligation bond issue to build this hospital. And one of the limitations that you run into under the constitution in the statutes, is that you may not issue a general obligation bonds in the amount in excess of 4% of the taxable value of the property within the county. Then that runs you into a total general obligation bonding capacity of \$32 million. However, the county has already issued \$22 million worth of general obligation bonds which leaves only a net bonding capacity of \$9 million. Again, while that would be an option, to where you want to back up and say we want to go that route, it wouldn't give you enough capital to complete the project probably, would be an inefficient way of trying to come up with just a component part of doing the bonds and completing the construction facility. The other way we look at this transaction was looking at traditionally our gross receipts tax revenue bonds, in that case have a pretty broad authority issue of bonds that are secured by your gross receipts tax revenues. Again, you are in a situation where the ordinance authorizing imposition of certain gross receipts taxes have a dedication clause that restrict purpose and in most cases you have in your ordinances, a restricted purpose on the proceeds of the money from the gross receipts tax revenues and you are using it now for county operations, and other bond issues, and other things that you have done. You have utilized that source of cash flow, if you will, for other county needs and based on that we have determined in fact that was probably also not a viable option for the county to proceed on any sort of basis with respect to doing a bond issue for the hospital. So we have that on the table as well, and really with that we came to a conclusion that the best thing for you to do is take the next step for you to take the 501c3 corporation, form a board, get a determination letter from the IRS, in fact you can do the hospital transaction, and then have the 501c3 corporation really be your entity to build the hospital and enter into a contract and move forward with the health facilities contract that you can get your mill levy money that you already have approved by the voters over into good use with the hospital operating.

Mr. Brown: With that Mr. Chairman and commissioners is the summary overview that we came up with and I would be happy to answer any questions at this time.

Commissioner Medina: The mill levy could only be used for operations and maintenance of the hospital. Is that correct?

Mr. Brown: That is correct. Under a traditional health facilities contract to where you have some other entity responsible for raising capital, to build the facility, then you transfer your mill levy monies over to subsidize operations and maintenance.

Commissioner Medina: Then it can be used for the construction of the facility.

Mr. Brown: Under this scenario no, we would not be pledging that as collateral for the bond issue.

Commissioner Kirkham: Mr. Brown, have you had other counties that have used the 501c3 mechanisms?.

Mr. Brown: I know that Dona Ana County and the City of Las Cruces used it for Memorial Medical Center for sometime, that facility has since then been purchased so it is no longer used in that capacity. McKinley County is using it currently, they have Rehoboth Christian Health Care Services out there and they have the mill levy in place there and they transfer it under an agreement to the 501c3 corporation. There are others as well, but none come to mind right now.

Chairman Rael I have a question as to a follow-up on Commissioner Medina's question on the mill levy. Are you telling us that the mill levy as it is presently structured can not be used at all for the construction of the hospital?

Mr. Brown: Mr. Chairman, I am going to give you a legal answer to that question. That is in Judge Olguin's jurisdiction right now and I do not want to tread in there.

Chairman Rael: Okay, I have some other questions, but I will defer to my fellow commissioners first and have them ask questions if they wish.

Commissioner Gentry: I will have some later, but go ahead because I want to hear what you have to say.

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Chairman Rael: That is fine, so you (Mr. Brown) indicated to Commissioner. Medina that as presently structured at least under your recommendations the mill levy would not be used for construction of the hospital.

Mr. Brown: That is correct.

Chairman Rael: The legal answer as you say, you, Mr. Brown, don't want to give a legal answer but at this point you want to recommend that under the present structure that you recommend it?

Mr. Brown: Under the structure we are recommending the 501c3 corporation, the 501c3 corporation would be obligated to make all of the debt service payments on the bond that would be issued on behalf of that 501c3 corporation out of the net operating revenues derived from its operations at the hospital.

Chairman Rael: Can the mill levy be used indirectly as collateral to acquire a loan to finance construction of a hospital?

Mr. Brown: That is the same answer I gave you on the first question.

Chairman Rael: Then we don't have an answer to those two questions. Can we use the mill levy in this manner, the mill levy that I am talking about is the one that was passed by the voters overwhelmingly by 80%, it was 76.3% that voted in favor of the mill levy. Under a contract to be able to turn over the mill levy to 501c3 corporation or some other entity to operate and maintain a hospital if the turnover is conditioned upon the hospital being constructed. Would that work under the scenario that you are posing here to the commission, that you are recommending?

Mr. Brown: I am not sure I understand your question, but Chairman Rael said say we have a mill levy, whatever the value is of that \$2.7 million a year, that is what the voters voted in favor of in taxing themselves for purposes of the hospital project of some sort, can we agree to give that to someone and say, we agree to this if you build a hospital, we will give it to you and operate it and maintain it but first you have to construct a hospital?

Mr. Brown: That is a fair condition to put on it.

Chairman Rael: Okay, my next question here you have already answered. Okay, that is all I have for now. Anybody else?

Commissioner Gentry: Duane, Mr. Brown, I would like to just go back and make it clear because I know what the argument is and what the lawsuit has been brought forward to try and stop us from utilizing and I don't want to put you on the spot to negotiate that case so I won't do that. But what you are explaining and I read the other alternatives that you have a special county district that creates a whole different set of things that is almost, the other two scenarios is that we almost have to start from square one again and start over in a different method with the hospital district or with a GO Bonds and so forth. But with this scenario it is my understanding, while you were talking I drew a flow chart of it that the county would authorize a 501c3 board which would be the basically the administration for the hospital and the contract, service the debt and oversee that, and that would be authorized by us, we wouldn't control that board, is the way I read it and I hope not and then that board would serve, basically as our hospital management board and then they would issue the industrial revenue bonds that the county would support and we would do the conduit, that is the way you referred to it, and that does not obligate the county taxpayers to any of the construction money. That is done by private bond purchasers and the industrial revenue bonds I've dealt with before, that is the real convenience of them that attacks benefits to the buyers. And then it doesn't put the county in any liability if something were to happen to the hospital and we are not successful, that bond indebtedness does not fall back on the county or its taxpayers.

Mr. Brown: That is correct, the industrial revenue bonds statute itself specifically provides that no county be obligated to operate the facility and if there is a default, you are not committing any of your county resources to do it. The bond holders have to pursue their separate remedy through the indentured trustee in the event of a payment default or other default by the 501c3 corporation.

Commissioner Gentry: So the benefit it doesn't put the taxpayers or the county in any legal default jeopardy, so that is the benefit that has been made with the industrial revenue bonding. Then they would take the 501c3 board which is not controlled by the county at that point, but then go into a contract and I think Covenant is our contract that has been on board, they would go in and do the build, construct and operate contract with the provider.

Mr. Brown: That is correct. The county would not be involved in that process.

Commissioner Gentry: That would be funded by the profits from the hospital, the income from the hospital so they provide for that operation and maintenance to the debt service anyway. And then we would take as a county which we have passed overwhelmingly a bond which or mill levy which I believe people intend that we will give them a hospital or medical facility for this, eight years indebtedness. The question has been brought up in the past and I want to clarify it to see if I am correct. For the eight years, we would be obligated to 2.75 mills and after that eight years there is no more, it doesn't extend, it just terminates.

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Mr. Brown: That is correct. A couple of details that I want to elaborate on with regard to your statement , first is the 2.75 mills is the maximum amount that you are authorized to impose as the county commission to use for that approved purpose. You may impose less if you want, if it is determined that you don't need that much to subsidize the operation maintenance of the hospital. The second is that you can at the eighth year, actually It is the seventh year, you can resubmit the question to the voters that is for further authorization to continue that mill levy in place. In other counties, and in particular in this case let's look at Bernalillo County, they use that operating mill levy in Bernalillo County pursuant with a contract with UNM Hospital. And every eight years the voters in Bernalillo County are presented with a question of will you extend the mill levy for another eight years but it has to go back to the voters and it doesn't or if the voters turn it down at the eighth year then you are right the mill levy terminates.

Commissioner Gentry: Under this scenario though, it does not obligate the taxpayers of the county anymore time than the eight years that they voted for it, so it doesn't just reoccur and doesn't disappear into the eighth year.

Mr. Brown: That is correct

Commissioner Gentry: That just limits the county's contributions to exactly the operation and maintenance subsidy you might call it, for eight years, and hopefully it is all up and going and self supporting and doing well. That would be the ultimate goal. That would be how it would work that way.

Mr. Brown: That is correct. What you have now is an eight year authorization and if the voters don't approve it, and don't need it thereafter, it is over.

Commissioner Gentry: But this one right here doesn't obligate us anymore than what was voted for.

Mr. Brown: That is correct.

Commissioner Gentry: By the way Mr. Brown, when we started through this we were negotiating with the and using counsel from the New Mexico Financing Authority and I just want to pass it on to you because a lot of times you get beat up on the recommendations but the people from the New Mexico Financing Authority specifically named you as probably the best expert in the state and the most credible and knowledgeable attorney in this field. I just thought I would pass that on to you, that is a pretty good compliment because they are extremely conservative.

Mr. Brown: Thank you.

Chairman Rael: Along those lines, I wished you would have answered my first two questions. But I have some other questions. Upon following your recommendation, if we create a 501c3 corporation, would that be a corporation that once created by the county that it would take on a life of its own, we would have nothing to do with it. Is that your recommendation, or would the county still control a non-profit organization?

Mr. Brown: There are different ways you can address that issue, the non-profit corporation could be created in a way where the members itself could be perpetuating on its own and its members are replaced pursuant to its articles of incorporation. It is possible that you could create something whereby the county would designate two members on the board or something of that nature. There are nuances that you could include in the articles of incorporation of the 501c3 corporation that would have the county appoint a couple of members of the board, if you wanted. And that model has been used elsewhere as well. Or you could say, we want this to be removed from the county and we want it to be separate and independent from the county.

Chairman Rael: In your report you indicate create, is it also feasible as part of your recommendation that an existing 501c3 be used?

Mr. Brown: Generally what you want in a 501c3 corporation, you want a corporation that is formed with a specific focus in mind. What you have to do when you form a 501c3 corporation is that you put the article together, you put together the original incorporators, then you submit that application to the Internal Revenue Service and ask them for a determination letter that in fact its mission is something that qualifies as a 501c3 corporation under the Internal Revenue code. And if you would take an existing 501c3 corporation that has possibly a different mission and try to expand that mission, you might jeopardize the ability for it to actually qualify under the Internal Revenue code as a 501c3 corporation. My recommendation is to start fresh and go that route.

Chairman Rael: Let me be very specific, I believe and Mr. Wurts is here to verify this that Covenant is for example 501c3 and I believe Presbyterian Hospital is a 501c3 and I believe there is another hospital in Albuquerque is a 501c3. They are all in the medical business. Can you tell me what the advantage is of creating and maybe I missed it somewhere but of reinventing the wheel and starting a brand new company when we have three that are already 501c3's in the medical business? Is there some reason why we shouldn't look to one of these other ones?

Mr. Brown: That is an option that you could consider based on our conversations with Covenant, we understand that they don't want to have the debt of this particular hospital be their debt. They want the arrangement they already got with you where they will be the operator but not the actual owning the party. With regard to the other potential users, that might be a possibility, I haven't considered that.

Chairman Rael: So at least nothing immediately comes to mind that would be objectionable from your analytical standpoint in this field to using one of the other local hospital organizations if Covenant as I understand it that if they don't want to be responsible for the debt, I can understand that, but if either people were approached and they would agree to do this, then you are saying that is something that you could consider.

Mr. Brown: That is correct, you could consider those other options.

Chairman Rael: If we go create a brand new company, because the 501c3 is a corporation, it is not for profit, am I correct?

Mr. Brown: That is correct.

Chairman Rael: If we create this company, I am asking you a question and I don't know if your expertise goes that far into the financing elements of this, but let's say we create a 501c3 and it is called Valencia Regional Hospital, a non-profit corporation that qualifies under the 501c3 but it is a piece of paper. What are the chances of that company acquiring the funds or convincing the for example, the legislature or the banks or New Mexico Financing Authority that it is going to be able to repay the debt. He can understand the county if we have the mill levy, say that we have this and we also have these taxes we can do other things and pledge those things as collateral, how can this brand new company come up with some sort of collateral, some sort of guarantee to the (inaudible) that we are going to fund this hospital. If the money goes to the 501c3, well then we won't have to worry about it, but what if we incur a debt that has to be paid back with a 501c3 that is brand new.

Mr. Brown: Let's leave a couple of those issues out. First the New Mexico Financing Authority is not authorized to make a loan to a 501c3 corporation so they wouldn't be there. As far as state funding you would also leave that off the table as well, just because of the difficulty of obtaining state funding. But in this situation what you have to rely on are feasibility studies and pro formas that you could say, here is what we expect this hospital's operation to be, here is what we expect their bottom line to be, here is the amount that we will expect they have available for debt service. And there are investment banks and companies around the country that are familiar with taking a brand new 501c3 corporation and health care field and obtaining capital based on those feasibility and pro forma studies.

Chairman Rael: So as I understand this route that you are looking at us to go toward private as far as acquisition as far as the funding goes, private sector, an acquired funding from that area?

Mr. Brown: That is correct, you would have to engage in an investment bank that would work with you. I work with 501c3 more accurately and not you as a county, but to do diligence and underwrite the bond issue.

Chairman Rael: How important if it goes in that direction, if we are getting funding from the private finance companies, if you will, is it for them to have the mill levy that has been passed by the voters of Valencia County to have that available to them. Is that a critical element on the scale of 1-10, what is your judgment on that?

Mr. Brown: I am going to give you the answer that I think that an investment bank would give you is that he would tell you that it is a 10, because when they do that feasibility study and the pro forma they are going to look at all types of revenues that can be used to support the operation of the hospital. They are going to want to make sure that is as secure as it can be. So it is very important.

Chairman Rael: So the mill levy is almost a do or die as far as it being available for somebody as operating cost to build hospital and finance that part.

Mr. Brown: That is correct, a health facility's contract would be a key element to this 501c3 being able to come up with the debt financing on their own.

Chairman Rael: Do we have your information that maybe this is beyond the information we have received, do we have, do you have the information that was in your area to make that call, do you have projections that show you that this can be done?

Mr. Brown: He doesn't have those projections, I know that Covenant and Jim Wurts and Robin Hunn have been working on those and he or she can answer those questions much better than he.

Chairman Rael: Fair enough, you are give us the financing mechanisms that are acceptable to you as an expert in the bond and financing field for the Council of Governments and non-profit organizations. Is that what we are looking at?

Mr. Brown: That is correct.

Chairman Rael: I have no further questions at this time. Any follow ups? Chairman Rael thanked Mr. Brown for his presentation, you have answered, not all of his questions, but you've answered enough of them to satisfy me that you know what you are talking about.

Mr. Brown: Thanks Mr. Chairman and commissioners.

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Jim Wurts, Senior Vice-President of regional operations for Covenant Health Systems out of Lubbock, Texas: We were selected several months ago by the developers of the new facility and ultimately have a management contract for its completion. I appreciate very much Duane's comments and probably more than anything else your practicality regarding the approach to this project. Over the past few weeks, a lot of people have been working on this longer than I, in terms of working with Duane and others, working with the potential finance sources, additionally the hospital advisory board has been very active in our potential medical comments participants. What we have wanted to do is give you a kind of a plan next steps regarding the approach that Mr. Brown has outlined. Robin is going to deliver this to you since she has done a lot of the work in putting it together and particularly working with the people and the community. And of course we are available to answer questions after her presentation. Again one more time, I am happy to be here, it is almost as hot here as it is in Lubbock today.

Robin Hunn: Thank you, members of the commission, I am going to pass around a handout which lays out our recommended plan for the next step going along with Mr. Brown's recommendation being that we all worked together on these things and with the hospital advisory board. This is laid out in simple steps how this would proceed forward from here on out and these are our recommendations. Not only from all of us but from all of the potential members from health commons, we have spoken with them and they are all in support of this plan. The first step that Duane mentioned was to establish a non-profit organization, we would recommend to do that very quickly. We want to catch up from the delay that we had over the past several months. What we recommend is sort of similar to how we set up the initial planning board, we would recommend a board to be comprised of seven members with a minimum of homeowners that are Valencia County residents, the selection process would be by the existing hospital planning board with a list of nominees and also nominees from the health commons participants. Public and non-private organizations such as UNM, First Choice, etc. that would be part of the ultimate medical complex and you have varied information about people with the right kinds of experience to run hospital in the county in the best manner. No board member would be able to have any kind of financial interest in the hospital, that would be the first step, and if we could complete that by September 15.

Ms. Hunn: The second step would be that the county would take whatever actions necessary (and she was working with staff today) to activate the mill levy for the hospital for 2007. And that would be in the time frame according to statute and in dealing with DFA.

The third step would be to file the necessary state and federal applications for non-profit and 501c3 status and we would then enter into the necessary contractual arrangement to fulfill what Mr. Brown has outlined and recommended. All necessary paperwork filed, the bylaws, officers, articles of incorporation which would specify the kind of detail that Duane was talking about and at the same time we would file the 501c3 application with the IRS. That process does take a bit longer than the state process but it can be done in a number of several months based on many conversations with people who recently started 501c3 from the state. Step (b) would be the county would enter into the contract with the non-profit to transfer the mill levy proceeds with the arrangement that Duane outlined for the eight year period. The mill levy proceeds would then remain in an escrow account prior to the hospital opening in that we would include provisions in the contract with you to outline what the mill levy proceeds were used for exactly in the operations of the hospital. Step (c) would be and some of these things would happen simultaneously, VIA as you know would donate the land for the hospital at the site that was selected by the commission, that would happen at the next step (d) the non-profit would enter into the contract with Covenant, essentially the same contract that you all are entered into with Covenant, that same contract would be entered into the 501c3. The next step would be the non-profit would enter into the private investment company to finance the project through tax-exempt bond mechanism that Duane outlined to you. I should mention that we have a letter already from a private financing company that very much wants to do this project which has done start up projects in the state with the 501c3 and we have a letter that they have read our feasibility studies and would like to do this project. The 501 would enter into an additional contract as necessary with health commons organization such as UNM, First Choice, The Cancer Center, The Heart Hospital, etc. and throughout the project we would recommend that both Covenant and 501c3 organization would provide monthly reports to the commission explaining exactly what is going on with the design, the development, the construction and operation of the hospital on an ongoing basis.

Ms. Hunn: I would be glad to answer any questions.

Commissioner Kirkham: There is a commitment letter, is that commitment go to the county or to Covenant?

Ms. Hunn: It goes to Covenant. We would be glad to give you a copy of it.

Chairman Rael: Could you please furnish each one of the commissioners and staff with a copy of that letter?

Ms. Hunn: I would but I just has one copy with me.

Commissioner Kirkham: Is there was a dollar amount on that?

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Ms. Hunn: The letter I think was up to an x amount of money, I forget what it was. Mr. Wurts said it was outlined at \$30 to \$32 million. Ms. Hunn said I thought they put in a higher number just to get flexibility. Mr. Wurts said the range of up to \$50 million.

Chairman Rael: Mr. Brown had indicated that one of the key elements is that the county agreed to give the entire mill levy that has been passed by the voters as collateral in some fashion to the 501c3. Is this letter conditioned upon that?

Mr. Wurts: Yes.

Chairman Rael: The selection process of the hospital members of this 501c3, is that step one where you are talking about the 501c3 board members?

Ms. Hunn: Yes.

Chairman Rael: We are not talking about the county commission, we are talking about a whole separate board members, those are going to be selected at least you are proposing the plan by existing hospital planning board, is that the existing hospital advisory board that we have been referred too, the same board?

Ms. Hunn: That is correct, that you all had appointments too, and most of the members have been involved since the development of the RFP project.

Chairman Rael: Is there a particular reason why they would be, because they were appointed by the county commission, that hospital advisory board, and now they are going to be appointing a 501c3 board of directors that the county commission is going to be turning loose with a lot of money. Is there a reason why the county commission shouldn't do that as opposed to the hospital advisory board?

Ms. Hunn: As I understand it the direction from the commission, in the meetings over the past number of months, was that it was the desire of the commission to privatize the hospital and have the county at the least risk and liability for the facility and so we believe, and our partners in the health commons believe this is the optimum mechanism to accomplish that to meet your goal.

Chairman Rael: So you are saying that it is the responsibility or liability question that the county commission is trying to avoid by not appointing persons to the 501c3 by allowing the hospital advisory board that the county commission appointed to appoint that other board.

Ms. Hunn: I am not saying that you are trying to avoid liability, I am saying that to try to limit the involvement of the commission which I felt was their directive and because the hospital planning board made them involved with this project since last September or even longer for some, in terms of getting to this point. They understand very well now from working extensively with Covenant the kinds of qualifications of individuals necessary to oversee the development and management of the hospital. And with additional input from our health commons partners.

Chairman Rael: I have another question regarding the county involvement. If I remember right this started out to be a full blown Valencia County Hospital originally, right?

Ms. Hunn: That is correct.

Chairman Rael: Now it is completely changed to where the county will have no involvement, is that what we are doing?

Ms. Hunn: It is my understanding that is what you wanted.

Chairman Rael: I don't remember exactly when that occurred and I don't remember a vote on that but nevertheless, the winds have shifted from full county blown to almost no county involvement is what I am pointing out. At what point in Step 3 (b) county enters into contract with non-profit to transfer mill levy proceeds for hospital operations for the eight year period. Is it at that point pretty much the county itself is out of the picture and then you have a 501c3 that is going to build a hospital and operate it, is that the point that we are at here?

Ms. Hunn: There would be a contract to transfer the mill levy to the non-profit. As I indicated, we would recommend that contract include the provision that they would document to the county regularly, monthly, or as frequent as you would like, exactly what those mill levy proceeds were spent on in the operations of the facility. This is just a matter of general reporting as well and Covenant would want to also make regular appearances before the commission just to talk to you about the progress of the hospital. All of the things that go along with the hospital operation.

Mr. Wurts: The other thing that I would say on this as well is that we will have the agreement between them and their entity, that agreement will govern the relationship (inaudible) and you put things in regarding the amount of indigent health care that is done, this agreement that we have not done yet, that is what holds the relationship, (inaudible) and whether the commission negotiates this is set (inaudible) relationship. And I can't tell you what that would be until we do it. I have experience with this kind of agreement, I have been to two county meetings this week regarding the indigent care program and everyone of them is a little bit different based on the expectations of the county.

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Chairman Rael: It is my understanding, you all didn't say this but I thought that Mr. Brown had eluded to it that Covenant would have no financial responsibility whatsoever if this plan is followed? Is that correct?

Ms. Hunn: I am going to let Jim address that because he is more familiar with that.

Mr. Wurts: There would be a contract for management, there is now eight contracts of this in place with other places. We would have a management contract in place one was done initially with the RFP that outlined all of the responsibilities as managers. Probably from the time this thing is done this contract will be changed and altered, if the new entity wanted to consider a (inaudible) we would look at it. If you wanted to look at a flat fee, we would do it. As a hospital manager, we have all kinds of responsibility, (inaudible) right now a community in New Mexico where there is a vicarious liability issue, (inaudible). With regard to the medical act, yes we will have responsibility.

Chairman Rael: Yes, I understand that the responsibility that I defined but the question is very simple. How much money if any is Covenant going to invest in the 501c3 venture?

Mr. Wurts: Again, the assumption we made would be similar to the arrangement we had with the county. Again in terms, we are providing the services.

Chairman Rael: Under that arrangement, we owe you guys money that would be a similar arrangement.

Mr. Wurts: We are not making a big deal out of that. We are doing great work for free, remember that.

Chairman Rael: I won't mention the half million, but the county is going to be, the 501c3 (inaudible) that is the relationship.

Mr. Wurts: That is the relationship.

Chairman Rael: Is there any reason why Covenant is not willing to put some money into the operation itself such as the finding of the banks and all those folks are.

Mr. Wurts: The answer is that we are a big complicated company, we are a ministry of the sisters of St. Joseph of Orange, which is a multi-billion dollar company based in California with 18 hospitals. Us taking on a new facility is part of their ministry is a big deal, it ultimately involves our congregation back in Orange, and if we want to take a year or two for us to figure that out, great, but the sense we have is that this community needs a hospital built. People are suffering, people are dying, this is something that I am passionate about, I didn't drive from Lubbock this morning after attending a 7 AM meeting and after staying in Littlefield, Texas until 11:00 last night for fun. I did it because I believe in this community and I believe in this hospital and again with particularly I talked with the people with the EMS Service, the people from the nursing homes, the people from the Home Health Agencies that are out there in the trenches of health care. They will tell you that this facility is needed and every day we wait, every week we wait, every year we wait, human beings are being impacted with the results of these delays. So again, the answer of us taking this hospital on in particularly with a (inaudible) health care system, as we are, it is a long complicated process that again if we want to wait it out, great, but he is not sure we have the time.

Chairman Rael: I understand your position. Thank you. (Applause from the audience) Any further questions of Mr. Wurts or Robin Hunn?

(Someone from the audience spoke (inaudible)).

Commissioner Gentry: I would just like to go over a few things, Robin if we could, number one from the beginning of this concept of putting in a health facility and hospital here, I believe a commission prior to the chairman being on the board we said, we were all pretty clear that we did not want to put the county in a lot of liability, we didn't want to put the county in debt, we didn't want the county to own and operate a hospital, we are not in the hospital business with this board. Most of all we didn't want to politically control this board with this hospital, we have seen failures by political control in the past in this county and I think that answers some of the questions as why we would like to have this done and why others have it done by professionals to avoid any political or legal wrangling, or political or profits, one way or the other amongst any of us. And as far as Covenant not wanting to own or manage the hospital, I don't think that we have asked them to buy the hospital number one, we have asked you to put it together, to help us, and to build and manage it. I believe that liability goes back on its operating boards, Presbyterian as I understand it is a 501c3 operation itself. And I am not sure but I suspect that they started much like we started this one. And it would be my thoughts that the reason you are going this way and the reason our advisory board of which we have tried to appoint and to keep our nose out of that one too, is so that they can go into a entity like that, I personally am very cautious about taking and declaring, I know Covenant said they are a 501c3 but they are not asking us to turn it over to them and I personally am very concerned with any proposal to say that we have picked an existing 501c3 and just give everything to them. I am really concerned about that, that is why I would like to see and I concur in reading this plan, anybody that can take and draw out the flow chart, it is very simple and it works very clean. The thing that would be if we have a and correct me if I am wrong Robin, but with this setup when we get through at the end of the day the hospital that is running with an independent

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hospital board, a 501c3 they can't sell this hospital to somebody else, it belongs to the 501c3, which is basically the people of this county and they control it and so it is not something that is up on the market to sell and make a profit, they can't, so would it not be that the hospital is very successful that it keeps building on itself and becoming bigger and better for it and the common partners around it. Is that the concept that your board advisory board is looking at?

Ms. Hunn: Most of our advisory board, members are here and I don't want to speak for them but I believe that is the concept that any profits from the hospital would be put back into a expand service starting out with excise of the hospital and then as the county grows and the needs grow, and our levies grow, we would expand the services available to the citizens of the county.

Commissioner Gentry: Robin, is it also correct and conceivable that we have a tax that we levy on our county people which is the indigent tax, we have done that so that we can provide service to indigent people in this county who can't afford health services and as we know it as commissioners every month we sign out about 80% of those funds go to Albuquerque companies. It is Valencia County tax money to provide services to Valencia County people. Is it in the concept and would it work, I think that we collect approximately \$800,000 a year or something like that, that is my recollection, that we spend mostly at Albuquerque hospitals, Albuquerque ambulance, Albuquerque treatment centers, that we could take that taxpayer money and contract with our own county hospital and physicians and the commons people, the heart the medical, First Choice, these people, contract with them to send our indigent people here into our county and spend our tax dollars in our county for a change?

Ms. Hunn: Absolutely, that is what is done in other counties that have a hospital, they use their indigent funds for care in their own county, their own hospitals, they also use it to access the sole community provider programs, (inaudible). We have had discussion with the partners with UNM about ways that in the interim prior to the hospital opening work with the county on the indigent fund to be able to bring services down. For example, it is my understanding that it is very difficult for new Medicaid patients to find a physician in the county right now that accept new patients. We could work out some type of arrangement immediately with UNM and First Choice to begin to expand the number of providers for home health care, pediatrics, ob, in the county right now.

Mr. Wurts spoke (inaudible)

Commissioner Gentry: Robin, one other area I would like to explore if we could and I know we have talked about it. A question was raised earlier what does this do about our capital contributions from the legislature going into this 5013c and the difference with the capital projects here and there was some concern, a line of thought that we wouldn't be getting the capital directly into that hospital because of the make-up of it. But would it not be possible, I know we've identified this for the last two to three years, a number one project, a need in our community, we have asked for \$11 something million dollars from the legislature and I believe that we have got some pretty heavy commitments this year from not only the Governor but other legislators in our District that have said that this year they would rise to the occasion and help us. If we have tighter financing and have gone ahead and let revenue bonds contracted with say this company, Stern Brothers, that say they would finance it and sell the bonds, then we are not building this and relying on legislature, but would it not be possible to take that legislative contribution back to the county and possibly develop within the commons area with the other common partners, develop a county facility for our EMS service and finally pay for a professional service and even an ambulance and delivery service to our hospital. We put out a tremendous amount of money each month from our indigent funds to our ambulance service at the tune of about 8 or 9 hundred dollars a trip with people to Albuquerque, would it not be possible to take that capital money and have the legislators work with us and fund that and put our EMS service up to a really standard, make that a professional pay, put a facility in and provide transportation for our people in Valencia County to our hospital utilizing our EMS services and paying them for it. Plus revenues that you have built that are for Medicaid and Medicare services not only the indigent fund, would that not be a possible capital project for our legislators that put in harmony with this hospital?

Ms. Hunn: I think certainly and all of the town hall meetings that we held, all of last fall and since then have always talked about integration of EMS system and integrating it with the health commons and getting emergency services that serve the entire county. So yes, the answer is yes to your question.

Commissioner Gentry: That all ties in with this whole plan of service to build and manage it.

Ms. Hunn: We have always discussed a comprehensive system for the county, yes.

Commissioner Medina: We have discussed and I can see where Commissioner Gentry is coming from, you know, we discussed looking at a hospital and then we also discussed plans of maybe we could open facilities throughout the county, other facilities of health care, like maybe an urgent care, on this side of the river, you know, so that is what maybe we can approach our legislators on when the funding comes in to possibly look at putting an emergency urgency care on this side of the county so, you know, the citizens out here wouldn't feel that they have been neglected, you know, kind of a satellite or something.

Mr. Wurts: There is all kinds of possibilities with this partnership with University of New Mexico, First Choice, we have some (inaudible) to do some of these types of things. If you read the fine print of that big thick report, we said openly that this facility needed a presence throughout the county. We need a

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presence out in Meadow Lake to care for that part, one thing about this capital outlay, we can use it creatively for EMS, for meeting some of the sufficient needs. This will only make the hospital stronger.

Commissioner Medina: Another thing we looked at, I think we downsized it to \$30 million.

Chairman Rael: I think originally it was \$40 to \$50 million, an estimate.

Commissioner Medina: Now we are looking at \$30 million and we are talking here of up to \$50 million, is there a possibility that we could use, if we get the \$50 million or so, we can use that funds to explore some facilities throughout the county?

Ms. Hunn: Absolutely and as I indicated we already have initiated discussions with UNM and First Choice to look at doing some of those kinds of things, definitely planning for them in anticipation of the hospital and the \$50 million, I am not sure how that was arrived at, I was not in on that discussion. But that would encompass some of those types of things, and certainly when we looked at the feasibility studies in the past we did not count on getting state funding so if we did that would increase the \$30 million to \$40 million or more to do the satellite clinics, EMS upgrade.

Mr. Wurts: (inaudible) that would make the hospital that much more successful.

Commissioner Kirkham: Again I am going to address the question of insurance, the county employees won't be able to use this hospital because they are all insured with Blue Cross or Presbyterian. I won't be able to use it because my insurance is Lovelace. So we need to address that question, we need to make sure that if we bring this hospital, we can use it. I have asked this question several times at several meetings, I have called my provider and they have said no, you have to use Lovelace up here, that says (inaudible) I will not be able to use.

Ms. Hunn: Absolutely, and we hope that would not be the situation, we did issue letters to all the health plans, the response in general is that we would have to look at that once the hospital is nearing opening and we can panel the providers and get the credentialing done and this is the process, they can't say yes before they know who the physicians are going to be and how the hospital is going to be staffed. But we are going to be engaging and have been engaging in conversations with all of the major health plans that was just a transition of leadership with Lovelace but we will be talking to the new director, shortly, we have been trading e-mails and that will be a positive discussion. It is my understanding that Covenant has been in conversations with Mr. Hinton shortly, we believe that it would be in the best interest of the health plan to utilize this hospital because they will be able to serve patients and first of all and get the patients needs but for the health plans it would be expensive for them to have needs met locally before they escalate into an emergency situation which would cost them much more money in Albuquerque.

Commissioner Kirkham: I agree with Robin, it would be in the best interest of the health plan, but I don't want the people in the audience to go out thinking that they are going to use the hospital tomorrow when they can not, unless their insurance provider provides them to use their insurance at the hospital. It is my understanding that (inaudible) that health care people would say let me see your insurance card (inaudible) how long would that (inaudible) .

Ms. Hunn: I am going to let Jim answer that and give you an example in Portales where they went through this exact same process. But I also want to mention too that I am involved with local efforts of the state level, it is highly likely within two to three years that we will have a significantly different landscape in health care coverage in New Mexico, the Governor has stated his intent to provide universal coverage as many of the legislators and Lt. Governor Denish and the state will be one of the first states that does achieve that in the next two to three years. At that point things will be very different, but let me let Jim explain how that worked in Portales.

Mr. Wurts: This is a chronological hospital with about six to eight months prior to opening, start contacting the management and start the process of negotiating the contract. They will get your position paneled, they will get the availability of services, and during this period of time have to negotiate weights. You have to get paid fairly and equitably for your services. In Portales, the same thing happened, being real blunt, there is a hospital in Clovis that is operated by Presbyterian, Portales is 20 something miles away, Presbyterian had closed the hospital in Portales, a group of citizens felt like that it was very important for the economic development of that community to care for the kids in college to have that hospital opened. A group of people took a little different stance, they formed a hospital district, came to Covenant for management services with the route of public financing, built a really nice facility, some of you might have actually seen, it was a tough negotiation, but again there are now participants in the Presbyterian Health Plan. And again that should be the process you use, it is a negotiation process. I asked our own health plan if someone came to you with a hospital that was ten years from being on line and wanted a commitment, what would you tell them? My health plan director said come to us in about a year and a half, and let us know what you are doing, what physicians you have and we will talk to you. Again, I am very hopeful that things are going to happen, as Robin said there is a lot that is going on, both federal and national level on health care right now, patient access issues, for what it is worth, our first care plan is licensed to do PPO, individual products in the state of New Mexico, just got a contract with UNM, and again we are going to start marketing the plan more aggressively in New Mexico. There is another thing out here with this thing if you're employer won't give you access to a plan that allows participation with a local hospital and a local doctor, you have to

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put pressure on that employer. Then again with big companies, that access is difficult but things like county government, school districts, and so forth, this kind of pressure works, I have seen it work.

Commissioner Kirkham: I agree with you, I will give you an example in my company there are 300 employees, and 72 employees go to Albuquerque (inaudible). But my concern is with people that walk away with the idea that (inaudible) will use that hospital but (inaudible), 14 minutes from my house, if I have a heart attack, I want to go 14 minutes not 35 so I will use the hospital. I don't want to wait (Inaudible)

Mr. Wurts: With heart attacks and strokes, we talk about the golden hour, we don't want to be stuck in traffic, we are with you on this, I am not sugar coating, this is heavy lifting getting these health plans, and probably the inclusion of the plan is not much of an issue as getting them to pay you fairly.

Chairman Rael: I have a couple of follow up questions, it is my understanding that Presbyterian is going to put in an emergency room, this is in their plans, right here by Home Depot, right off the freeway in Los Lunas, right next to their home health care facility. I heard this from their executive staff some time ago and as recent as last week. Do you know anything about their plans to do this and does that affect anything of what we are doing here?

Ms. Hunn: No I don't. Presbyterian indicated that that they do not feel that Valencia County needed a hospital.

Chairman Rael: Emergency rooms attached to the family health care facility that they already have there, they have purchased extra acreage for the purpose of putting in an emergency room and they indicated to me on two separate occasions, one in meeting with President Hinton and another with telephonically conversation with Tony Landhart, that this is in their plans. Does this matter or maybe it does not affect putting up another emergency room with hospital beds somewhere else in the county. Does this have anything to do with anything?

Ms. Hunn: They have not communicated that to us. When we went to their open house at that facility, the staff indicated to me and I asked them specifically, they said they weren't aware of any plans for at least two years to open up an emergency facility.

Chairman Rael: If those statements are true if they are going to build an emergency room, does that affect anything?

Ms. Hunn: We believe this county needs a full service hospital.

Commissioner Pinkston I believe that was brought up in the workshop, as a matter of fact, you were the one that brought that up, I remember it from you. You had decided at that time that it was going to be a four or five bed emergency room and our emergency room with the health commons would be much bigger, have a different access because of the hospital. (Inaudible)

Mr. Wurts: I have said many times that I am in the business for emergency room (inaudible) that it is (inaudible) CT scanners, it is respiratory therapy, it is developing new blood gases, the ability to give drugs for strokes, it is going to take a full service hospital to do this (inaudible).

Chairman Rael: I understand but my whole point here is if we are going to take \$22 million dollars, mill levy for a period of eight years and turn it over to somebody, I want to be at least 70 to 80 % sure, that the \$22 million would not be wasted on a failed effort. That is my concern and that is all it is. If it takes a hospital, successful wherever it is located in the county, that is wonderful, if we can do an emergency room service on the west side or east side of the county, put in a 24-hour urgent care on the other side of the county so that the taxpayers that are paying for this on both sides of the river, it is shared then that is all good and well. I am looking at all options myself at this point that would not spend that amount of money without some fruitful result. That is the reason I asked the questions, and they are not easy questions to answer, I can tell by the answers and some of the hesitancy that they are not easy. I think the voters want to expanded medical care if possible a hospital, and I think we need to look at all of the options and make sure we are spending the money for something that is going to bear a good medical care for the county. That is where I am coming from.

Ms. Hunn: If I could say one more thing on that, in addition to being a hospital, this would be a teaching facility with UNM and that is important to know, that it would not just be a hospital but it would be a mechanism to go to your own health professionals here in the county, in addition there would be a major cancer treatment center, Dr. Mackaneny has called me five times in the past two days asking when can she start. If not a small emergency room it would be a full service hospital with a medical school with a cancer center, with potential many other health commons partners. I just want to pass on that I was in Clayton, in Union County last week, and their entire county has 4000 people and they have a lovely hospital with 20 beds, they have full surgery, they have full ER, they have CT, they have diagnostics, they have OB, and the hospital is well supported in that county. I want everyone to know that this county is approaching 90,000 certainly can support the kind of health medical complex that we are envisioning.

Chairman Rael: Let me ask you one final question here, the tax mill levy is for eight years and is going to produce an opinion basis of about \$22 million or so forth, maintaining and operating hospital or whatever health care facility comes out of this. If under the plan that you are proposing, is it necessary

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that the voters renew the mill levy or not because it ends in eight years and if the hospital is in a location where most of the Valencia County residents don't use it, I think the proposed area is, most of the county is not going to use that hospital and we know that so therefore, it becomes a problem. Do we need, is it necessary to repass the mill levy for the success of the hospital down there or not, or is the mill levy that we have for eight years sufficient to have it successful and be independent after the eight year period? I am concerned about that.

Ms. Hunn: The financial people have studied that on the eight year period, I can tell you that every county in New Mexico that has a rural hospital, the voters overwhelmingly renewed their mill levies because that's what enables the hospitals to do is to expand services, meet the growing needs. In this county particularly, the rapid pace that you are growing, there is going to be additional needs every year for services to the citizens, but the financial projections do not (inaudible) beyond the eight year period at this point.

Mr. Wurts: The other thing is we anticipate a lot of things 10 years from now in terms we don't know what is going to happen with (inaudible) we don't know where we are going with (inaudible) indigent care, we don't know where we are going with technology, that is a decision that the good citizens of Valencia County must make at that time on the basis of good information.

Chairman Rael: I understand that if we get the medical care that we get from the legislators and the Governors office makes it a lot easier, I realize all of that. Any other questions or comments?

Commissioner Medina: We have been looking at that, you know, I saw the price of \$30 million and with the 501c3 corporation would be handling that but is there a possibility that if we do, if it is going to cost \$30 million to build it with the additional \$20 million, that we start looking, the bonding company would have a problem if we open facilities throughout the county.

Ms. Hunn: I think that has always been the conceptual plan that we want to work with for the county whether or not that would be accomplished in the bond issue for the hospital, I don't know that, that is something we have to work on down the line with the investment bankers, but certainly there is where we are going with most of the discussions we are having right now with UNM and First Choice.

Mr. Wurts: Again, to make things clear (inaudible) is capacity, this is like walking into a bank and I want to build a house, he says maybe you can afford up to a \$400,000 house, so I make a decision to build a \$200,000 house so again that is a capacity based on the project of what they looked at, the feasibility study, the demographics of Valencia County, the information that was obtained with the work that Robin and Covenant did, (inaudible) the size and capacity, (inaudible) this will take as Commissioner Gentry said this will take some careful consideration of any abuse of any capital outlay funds.

Commissioner Kirkham: It is like a line of credit.

Chairman Rael: That is clear in the letter, it says up to \$50 million based upon the projections that have been presented.

Commissioner Gentry: What it is saying is they looked at the performance record and basically Stern Brothers and Co. said from all of the performance report and all of their evaluation, they could support up to \$50 million. It is not saying that we are going to spend that or start off with that. So the \$30 million or whatever the final cost would have to be settled before they take on the bonding of that project. So it can go anywhere's from \$20 million to \$50 million but the financial people said it would support up to \$50 million and to him that is very encouraging to say that the projection of the performance schedule says it will probably support 1/3 more that we are even worried about. So that is a very positive analysis by that company, and they stood up and said we believe in it enough but that doesn't mean it is going to be \$50 million. And I believe the other things and I agree with Commissioner Medina and it was talked about at the very inception that we start doing satellite work all through and I think that Commissioner Pinkston and Georgia has talked about that too of having a clinic in their area as well as the other one. And bring it all into focus.

Commissioner Gentry: If it is in order he would like to make a motion. I would like to move that we accept our advisory committees, our technical peoples recommendation, our attorney's recommendation to go through basically a recommended plan for the Valencia County Hospital and the health commons project based on their presentation today, that we would authorize those people to move forward. That would be my motion. Seconded by Commissioner Pinkston.

Chairman Rael: There has been a motion made and seconded to approve the proposed financing mechanism that has been proposed by Mr. Brown and the Covenant folks, through Mr. Wurts and Robin Hunn. I suppose that is the most specific thing that we have been presented with. Are you talking about the recommended plan for Valencia Hospital and health commons. Is that what you are talking about specifically?

Commissioner Gentry said yes.

Chairman Rael: There is a second, is there any discussion? Commissioner Gentry said just a short thing but I would like and this is not urgent and not a fast move, we have been working on this for a year, as the people and we know as the commission, unfortunately you (Chairman Rael) were not here to deal with it before, we had a bond that was passed for \$9 million to build a new judicial complex,

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quite a few years back, we procrastinated and over studied, debated, fought about it and all, it cost us about \$3.5 million extra by the time this commission finally moved forward and you can see the product in moving forward and I would hesitate to get us in that same traditional lag again and I recommend that we move forward. Thank you.

Chairman Rael: My comments are that we have an extreme and complicated and changed version of what this is going to be, the original is going to be financed by the New Mexico Financing Authority, we were going get \$11.2 million from the legislature and we were going to use the mill levy as leverage on the financing and it was a different kind of project. I would hesitate to vote on it until I have some more information regarding the Stern Brothers & Co. investment plan that they are talking about to see what information they actually reviewed, see what that is all about. I am not satisfied that I could agree with a 501c3 being totally out of control of this county commission is going to turn over \$22 million worth of money to a 501c3 that was appointed by the board of directors appointed by somebody else and I have a problem with just giving carte blanc to do that. I am not ready to vote on the matter and I am not saying that I object to it, I would really like to consider this as very complicated and we are looking at \$22 million of tax money that we are going to be turning over to a 501c3 that we don't know who it is or whose going to be appointed or just specifically how it is going to be set up. Those are my comments on that. Any further discussion?

Chairman Rael: With there being no further discussion, all in favor of Commissioner Gentry's motion which has been seconded to accept a recommended plan for Valencia County Hospital and Health Commons as presented. All in favor say yes. Commissioner Pinkston voted yes. Commissioner Gentry voted yes. Commissioner Kirkham voted yes. All against say no. The chair votes no at this time. Commissioner Medina said we have been discussing this since me and (Chairman Rael) you took office in January with a facility that the voters have approved and so forth, you know, the time has come now that we need to move forward so Commissioner Medina will vote yes on that.
Chairman Rael: Alright the motion carries.

(Applause from the audience.)

Chairman Rael: Then that takes care of the only matter that is before us, is there a motion to adjourn?

Adjournment

Commissioner Gentry moved to adjourn. Seconded by Commissioner Kirkham . Motion carried unanimously. Time 5:01 PM.

NOTE: All proposals, documents, items, etc., pertaining to items on the agenda of the August 22, 2007 Special Meeting (presented to the Board of County Commissioners) are attached in consecutive order as stated in these minutes.

VALENCIA COUNTY BOARD OF COMMISSIONERS

**ss/
PEDRO G. RAEL, CHAIRMAN**

**ss/
GEORGIA OTERO-KIRKHAM, VICE-CHAIRMAN**

**ss/
DAVID R. MEDINA, MEMBER**

**ss/
RON GENTRY, MEMBER**

**ss/
LYNETTE PINKSTON, MEMBER**

ATTEST: ss/

SALLY PEREA, COUNTY CLERK

DATE: September 19, 2007