

June 22, 1998

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

Monday, June 22, 1998

5:15 P.M. - 6:30 P.M. Regular Session

MINUTES

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

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

Absent: None

Presider: Chairman Black

Chairman Black's Remarks

Chairman Black stated this meeting would end at 6:30 p.m. and the regular session would begin at 7:00 p.m. She proposed that the Commissioners schedule a time for the annual evaluation of several County employees. The Commissioners must also discuss agenda items for the July and August Commissioner meetings.

The vote on the Duke University Medical Center (DUMC)/Durham Regional Hospital affiliation would not be called until the 7:00 p.m. regular session. Discussion would be held prior to the vote.

Four people had signed to speak on the hospital matter; however, this was not a public hearing. The Commissioners concurred to permit each citizen to speak for three minutes.

Duke University Medical Center (DUMC)/Durham Regional Hospital Affiliation

The Board was requested to approve the definitive agreements including the sublease, the support agreement, and the operating agreement. Further, the Board was requested to authorize the Chairman to sign the agreements and approve any minor changes to correct wording in the agreements on and with the advice of the County Attorney.

The following citizens spoke about the hospital affiliation:

Mr. Ralph McKinney, 500 Fairfield Road, said Durham County citizens should have been permitted to vote on this matter. He urged the Commissioners to maintain control of the community hospital so the Commissioners will not have to apologize for possible future failures.

Ms. Victoria Peterson, resident of Durham County, expressed concern about the conflict of interest issue. She expressed concern that the Commissioners would benefit if Duke University Medical Center does business with North Carolina Mutual Savings Bank and North Carolina Mutual Life Insurance Company. Some of the Commissioners hold positions on these boards and have stock in these companies. She requested that the Board discuss the conflict of interest issue before the vote is taken. Duke has bought the black community. The Commissioners have sold themselves and the community for a few dollars.

Chairman Black responded that she does not serve on the boards mentioned by Ms. Peterson. She was delighted that Duke University Medical Center was willing to do business with a variety of community institutions.

June 22, 1998

Martin Eakes, 2209 Englewood Avenue, asked what happens with the lease funds once the lease with Duke is finalized. The lease funds should be placed in a permanent fund to fund health needs as a permanent legacy for this community. I believe this is the best use of these funds.

Commissioner Heron commented that the lease funds are not a one-time windfall to Durham County's budget. Health care obligations exist that must be taken care of in the near future.

Commissioner Bowser concurred that the lease funds must be kept in the health care field.

Franklin R. Anderson, 9 Lodging Trail, representing the Durham Committee on the Affairs of Black People, stated the Board should not spend its capital at Durham Regional Hospital. Capital has been accumulated at the hospital and it should be preserved for future use for the under-served people with health needs in this county.

The committee had concerns with two items in the proposal. The first is land use around the hospital which should be addressed in the contract. Also, in the 11th year of the affiliation, we must consider the income, not just the preservation of capital, to prevent the income flow from dissipating.

Vice-Chairman Reckhow stated the structure must be set up to guarantee the permanency of the \$23.5 million.

Commissioner Bell commented that the Board has not committed this money in any way relative to how the funds will be spent.

Commissioner Bell stated for the public record that he had discussions with the County Attorney before the process began as to what types of conflicts might exist. I have disclosed everything publicly in terms of my relationship with Duke University Medical Center and my relationship with other businesses is documented. I was advised there is no conflict of interest. I am the Community Savings Bank Board chairman, but I have had no discussion with DUMC relative to any commitments that they have toward Community Savings Bank. I have not sold anyone out and I would not sell anyone out. Personally, I resent Ms. Peterson's comments implying that might have happened.

Commissioner Bowser said at the beginning of this process the only interest he had was to preserve health care for the 200,000 citizens in the Durham community. I have no association with DUMC except being a patient many years ago. I am a member of the Durham Regional Hospital Board of Trustees and that is my only contact with Durham Regional Hospital. There are no personal gains in this for me. He asked that Ms. Peterson rethink the accusations.

Chairman Black called on County Attorney Chuck Kitchen to address the conflict of interest issue again for the Commissioners and citizens. She felt that no Commissioner had a conflict of interest which would disqualify him/her from voting.

County Manager Thompson said that under state law each Commissioner must vote on this issue since there is no conflict of interest.

Commissioner Heron said her husband taught geology at Duke University for 47 years and had recently retired. However, we have no connections with the Medical Center.

Chairman Black asked County Attorney Chuck Kitchen to address several issues that arose over the past two weeks relative to the appointment of physicians. Chairman Black said DUMC would submit four names for two slots on the Durham Regional Hospital Board of Trustees. The Board of Trustees then would make a recommendation to the Commissioners but all four names would be submitted to the Commissioners along with the other applicants.

June 22, 1998

Another issue is the escalation clause in terms of moneys at year ten as it relates to 8 percent discounts.

Chairman Black called on Mr. Kitchen to speak on the two items she brought forward.

Chairman Black and County Attorney Chuck Kitchen discussed Board appointments in detail.

Vice-Chairman Reckhow suggested the Board adopt policy guidelines for the appointments and specify that there will be four slots for doctors, two of which will be nominated by the medical staff. She asked County Attorney Kitchen to draft such a policy guideline for Board consideration at the first meeting in July.

A lengthy discussion followed about the board appointments.

Chairman Black asked Attorney Kitchen to address the escalation clause and the 8 percent discount.

The Commissioners discussed several other issues of the affiliation relative to Durham Regional Hospital land use by Duke University Medical Center and the definition of a full service community hospital.

Attorney Kitchen read by title and summarized the following three documents for the Commissioners:

1. Escrow Deposit Agreement;
2. Resolution Authorizing the Execution of an Escrow Deposit Agreement to Provide for the Payment of the Outstanding Certificates of Participation (1994 Hospital and Office Facilities Project) and Authorizing Certain Related Actions; and
3. Resolution Approving Sublease and Operating Agreement for Durham Regional Hospital.

The Commissioners asked several questions about the three documents to which Attorney Kitchen responded.

Mr. Franklin Anderson asked three questions relative to the escalation clause, land use, and the acquisition lawyers.

County Attorney Kitchen and County Manager Thompson responded to his questions.

Mr. Thompson said for the record, "I think you have a good mixture of a deal here."

Chairman Black stated the hospital affiliation vote would occur at approximately 7:20 p.m.

No official action was taken at this meeting.

Respectfully submitted,

Garry E. Umstead, CMC
Clerk to the Board

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