

MINUTES OF THE **ST. BERNARD PARISH HOSPITAL SERVICE DISTRICT MEETING HELD ON WEDNESDAY, SEPTEMBER 23, 2009 AT SEVEN (7:00) P.M.** IN ST BERNARD PARISH COUNCIL CHAMBERS, LOCATED AT 8201 WEST JUDGE PEREZ DRIVE, CHALMETTE, LOUISIANA

The Hospital Service District met on Wednesday, September 23, 2009 in the St. Bernard Parish Council Chambers pursuant to notice given to each member and posted in the manner required by law.

The Chairman, Mr. Landry, convened the meeting at 7:04 p.m. and continued with calling the roll.

There were present: Mr. Wayne J. Landry (Chairman), Mr. George Cavignac, Mr. James DiFatta, and Mr. Daniel Dysart

There were absent: Mr. Ron Chapman

Also present were: Dr. Bryan Bertucci, Advisor to the HSD, Phil Wendling and Tom Noble from Hammes Co., Frank Auderer, Council Chairman and Mr. Kendall Magee

Mr. Auderer delivered the invocation

On recommendation of the Chairman, Mr. Landry, a moment of silence was observed in prayer for Mrs. Duplantier wife of Hank Duplantier, one of the architects.

Mr. Cavignac led the Pledge of Allegiance.

#1

Without objection, the minutes were unanimously approved of the 9/9/2009 HSD meeting.

#2

Without objection, the Chairman, Mr. Landry suspended the rules and moved agenda item #7 to the current time.

Item #7 was a motion to discuss and possibly recognize the AFLCIO for a funding source.

Mr. DiFatta, introduced Mr. Tom O'mally, the president of the pension investment trust of the AFLCIO.

Mr. O'mally stated that his organization is interested in exploring the possibility of being a potential funding source for the HSD for the medical office building. Mr. O'mally spoke of the efforts of his organization with respect to contribute to the Gulf Coast reconstruction efforts. He also introduced Mr. Ean Rikes Trivers as his senior project manager

Mr. Chapman was now present.

Mr. DiFatta stated that he wanted to explore the possibility of working with Mr. O'mally. Mr. DiFatta was designated as the contact person for communication purposes.

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Mr. Chapman inquired as to the interest rate and if the project was funded by the AFLCIO would it be necessary to use union labor in constructing the project.

Mr. O'Mally said that Project Labor Agreement would need to be in place for the project, and that Davis Bacon stipulations needed to be followed.

Mr. Dysart asked if Mr. O'Mally if his group would do a feasibility study if they were involved in the financing.

Mr. O'Mally said that he would envision the process to be such that he would work closely with the Hammes group to move throughout the process. He further added that due diligence would definitely be performed.

The Chairman, Mr. Landry, confirmed with Mr. Magee that the requirement of the CDBG was also PLA required compliance with the Davis Bacon act, the same requirement of the AFLCIO.

Mr. Magee affirmed this fact.

Mr. Cavnac inquired about the experience and knowledge with regard to using many different funding sources.

Mr. O'Mally indicated their portfolio was at least 6 billion dollars, and many of the projects are very sophisticated, and that many were also SEC accounts and as such, were very complex. He further indicated that most of the hospitals which they finance as FHA underwriters were smaller rural hospitals.

Mr. Landry asked Mr. O'Mally if the AFLCIO would get involved in the New Orleans East project would it prohibit them from participating with us.

Mr. O'Mally said that there would be no conflict.

This item was closed out with the understanding that the Finance Chairman, Mr. DiFatta, would continue to work with the AFLCIO, and Mr. O'Mally to explore possible funding.

No action necessary

#3

Without objection the Chairman, Mr. Landry suspended the rules and moved item #5 on the agenda to the current position, in order to accommodate Mr. Auderer, Chairman of the Council.

Item # 5 was a motion to recognize Mr. Peter Williams with the Hammes Co., to discuss the Medical Office Building.

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Mr. Williams said that it would be highly unlikely that a 3<sup>rd</sup> party would be interested in the MOB because the financing structure necessary for a 3<sup>rd</sup> party would not be able to set up local demand from physicians to commit to leases in order to bring comfort to an investor. He spoke of beneficial occupancy agreements, and noted that there would not be enough physician demand to do so. Again, because anchor tenant would be without an operating history, this would make it difficult to finance.

Mr. Chapman said that he realizes the MOB is an important component of the hospital. He expressed concern that the MOB may run at a deficit and ultimately financially drain the hospital.

Mr. Auderer, said that he had a conversation with a CEO who said that a hospital should cost 1 million dollars per bed. He said the hospital was 365 dollars per square foot without equipment. He said that Cirrus owned the medical office building, and was built for 166 dollars per square foot. There was another hospital that built 2 60,000 square ft. buildings, at a cost of 116 dollars psf. He understands that it will take 3 years for the hospital to become profitable. He also agrees that the MOB is a critical factor to the hospital.

Mr. Williams corrected most of the information which was presented by Mr. Auderer and pointed out the necessity to perform a feasibility study.

Mr. Landry said that it would not make sense for the HSD to lease space from the MOB, at the same level it would take to purchase and/or build space.

Mr. Chapman asked Mr. Williams about the feasibility study and how long it would take to complete it.

Mr. Williams responded that the feasibility study would do the following:

- 1) Real estate market survey-to determine the fair market value rental rates
- 2) How much vacancy is there in this area
- 3) Pre-development study, to determine the building size.

Mr. Williams further said that the process would take about 90 days.

Mr. Cavnac wanted Mr. Williams to clarify the estimated size and whether or not it included the 15,000 feet necessary for the Administrative Services.

Mr. Williams said his best guess is that it would require a 40,000 square foot building in total.

Dr. Bertucci said that the population is increasing and that the completion date would be 2 years away, and we need to keep that in mind. He further advised that the space has to be nice and spacious enough to attract physicians so that the flow of the space works for them as they see their patients.

Mr. Landry said we are all committed to building the medical office building in a methodical fashion that makes sense.

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Mr. Landry also said that he is not interested in participating in any health care projects in St. Bernard Parish other than the hospital for the parish.

No action necessary

#4

Agenda item #2

On motion of Mr. DiFatta, seconded by Mr. Cavignac, it was moved to accept the RFP's for NMTC consultant.

The Chairman, Mr. Landry advised the HSD that the bid package for the CBO group was not sealed, but was not disturbed or looked at to the best of his knowledge.

Mr. Dysart suggested that the board be polled to determine whether or not to accept the CBO bid, and to acknowledge that they have not looked at the contents of the proposal.

The Chairman, Mr. Landry polled the HSD members and all were unanimous to accept the CBO bid as well as declaring that they have not seen the contents of the CBO proposal..

The other respondent was Coats Rose.

Then Chairman, Mr. Landry then asked for the vote on the acceptance of the RFP's for the NMTC consultant.

The above and foregoing having been submitted to a vote, the vote thereupon resulted as follows:

**YEAS:** Cavignac, Chapman, DiFatta, Dysart

**NAYS:** NONE

**ABSENT:** NONE

The Chairman, Mr. Landry, cast his vote as **YEA**

And the motion was declared **ADOPTED** on the 23<sup>rd</sup> day of September, 2009.

#5

Agenda item #3

On motion of Mr. Cavignac, seconded by Mr. Chapman, it was moved to accept the RFP's for the Independent auditor/CPA.

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The Chairman, Mr. Landry said that Laporte and Griffin Company were the two respondents.

The above and foregoing having been submitted to a vote, the vote thereupon resulted as follows:

**YEAS:** Cavignac, Chapman, DiFatta, Dysart

**NAYS:** NONE

**ABSENT:** NONE

The Chairman, Mr. Landry, cast his vote as **YEA**

And the motion was declared **ADOPTED** on the 23<sup>rd</sup> day of September, 2009.

#6

Agenda item #4

On motion of Mr. Cavignac, seconded by Mr. Chapman, it was moved to discuss Council resolution regarding Capital Outlay Funds.

The Chairman, Mr. Landry advised that the Council passed a resolution to request 10 million dollars for the hospital project but to not expect that money given the state of the economy.

No action necessary.

#7

Agenda item #6

On motion of Mr. DiFatta, seconded by Mr. Cavignac, it was moved to designate portion of HIRSA funds to Medical Office Building.

Mr. DiFatta said that this money would be important for seed money for the Medical Office Building.

The chairman, asked for a motion to accept the HIRSA award before we went further with discussions.

On motion of Mr. Dysart, seconded by Mr. Chapman, it was moved to approve and accept the HIRSA award.

The above and foregoing having been submitted to a vote, the vote thereupon resulted as follows:

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**YEAS:** Cavnignac, Chapman, DiFatta, Dysart

**NAYS:** NONE

**ABSENT:** NONE

The Chairman, Mr. Landry, cast his vote as **YEA**

And the motion was declared **ADOPTED** on the 23<sup>rd</sup> day of September, 2009.

Mr. Magee said that Mr. Flint has been working hard with the different agencies and struggling to keep the allocation since 500,000 was for design cost, and before a vote is made for a feasibility study, it may make the agencies nervous.\

Mr. Landry said that this money could not be used for a feasibility study, which Mr. Magee said Thank you.

Mr. Dysart wanted to state for the record that he is categorically against moving any HIRSA money because he said it was dedicated for the Hospital. He stated that his mission on the board is to build a hospital, and that all the firms that applied last fall, not one of them mentioned that a medical office building was required for the hospital to succeed. However, he is not diverting one nickel of any money until the hospital is under construction.

Mr. Chapman expressed his concerns in echo to those of Mr. Dysart. He said until the funds are secured for the hospital that he is not willing to divert any funds.

Mr. Cavnignac said that the HIRSA money is over and above the funding package of 58 million that is dedicated to the hospital.

Mr. DiFatta said that if we take the approach that we are diverting money away from a project that we have funded, and we take the same approach on receipt of future funds, then we would never begin the process of building a MOB. He said it is not fair to say we are diverting money, and reminded the HSD that we must build 15,000 square feet that we need to build.

Dr. Bertucci reminded the HSD when you don't dedicate to funding, that it delays the project.

Mr. Dysart asked Mr. Magee where the money was itemized to.

Mr. Magee said that it was kept vague.

Mr. Dysart then asked Mr. Wendling to agree with him if the money was for the A&E for the hospital.

Mr. Wendling said that it was not.

Mr. Magee said that the HSD should fund the feasibility study with separate money. He also reminded the HSD to expend those HIRSA funds in a fast track method in order to receive more funds.

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The Chairman, Mr. Landry advised the members that he reviewed the meeting wherein the HIRSA funds were discussed, and the fact that they were not allocated. The wording was kept intentionally vague in order to be able to use them where the HSD would seem necessary. Mr. Landry asked for the members to be patient, and wait until we put together the money for the MOB before we commit funds to the MOB project.

Mr. DiFatta said that his understanding of the HIRSA funds was that we could use it for the MOB and that it is available for the use of the MOB and requires no action.

No action was necessary

#8

On motion of Mr. DiFatta, seconded by Mr. Cavnignac, it was moved to discuss the CDBG funds and project cash flow of CDBG funds.

The Chairman, Mr. Landry asked Mr. Magee to discuss the percentage of the CDBG funds available on the front end. Mr. Landry asked for cash flow purposes if we could retrieve the entire 10% of the funds for cash flow purposes.

Mr. Magee said we could amend the application to achieve this extra cash flow.

Mr. Landry asked to wait to amend until after the first week of October, since Mr. Landry was trying to get an additional 6 million allocated to the project.

Mr. Cavnignac commented that there should be one amendment and wanted to collect the 10% of CDBG funds to be available to the HSD.

Mr. Landry also advised the board that President Taffaro met with Angelle Davis and reminded her of the commitment of the governor, and the capital outlay was being worked on.

Mr. DiFatta said that at the end of October that we were already committed to over 2 million in costs. Mr. DiFatta said that he understands that a document needs to be stamped by the architect in order to have access to the full remainder of CDBG funds.

Mr. Magee said that if Scott will write a letter saying that this is a definitive cost estimate and a public hearing on the matter will be held before the amendment, then he will put the amendment in.

No action necessary

#9

On motion of Mr. Chapman, seconded by Mr. Dysart, it was moved to discuss the re-subdivision.

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Mr. Dysart informed the HSD that the re-subdivision worked out fine and that step is behind us.

No action necessary

Without objection, the Chairman, Mr. Landry moved item #11 as the next order of business

#10

Agenda item #11

On motion of Mr. Dysart, seconded by Mr. Chapman, it was moved to discuss the donation documents.

Mr. Dysart recommended that the Chairman, Mr. Landry be the point of contact person so that the donation document can be handled in a more expeditious manner.

On motion of Mr. Dysart, seconded by Mr. Chapman, it was moved to have the HSD members send their input to the Chairman, and to allow the Chairman, Mr. Landry to present the draft documents to the Meraux Foundation and have the final document ultimately voted on by the board.

The above and foregoing having been submitted to a vote, the vote thereupon resulted as follows:

**YEAS:** Cavnignac, Chapman, DiFatta, Dysart

**NAYS:** NONE

**ABSENT:** NONE

The Chairman, Mr. Landry, cast his vote as **YEA**

And the motion was declared **ADOPTED** on the 23<sup>rd</sup> day of September, 2009.

#11

Agenda item #10

On motion of Mr. Cavnignac, seconded by Mr. DiFatta, it was moved to approve accelerating the project by splitting the construction into two phases.

Mr. Wendling said that we could move to a second phase or package that would get us under construction before the first of the year. We need to surcharge the site, and we could get started with that now. He said he needs to get some clearance from the USACE before we begin due to the wetlands mitigation.

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Without objection, Hammes was authorized by the Chairman, Mr. Landry, to explore breaking the project into two phases in order to have the site surcharged as soon as possible.

#12

On motion of On motion of Mr. Cavnac, seconded by Mr. Dysart, it was moved to have Hammes Co. provide update on workgroups and project overall.

Mr. Wendling said that we are now moving into design development, and will begin the first meeting in Nashville. Project schedule...working with USACE in terms of mitigation. Will have the sign layout for board approval. The topographical survey is complete. He will meet with Logan Martin and Fire Marshall in terms of coordinating future plans. The soils report is due on Friday. RFP's are due for 10/6 for estimator /commissioning/management/envelop. The following week, legal, and by 10/20 the grant consultant RFP is due.

No action necessary.

#13

On motion of Mr. DiFatta, seconded by Mr. Chapman, it was moved to correct the information disseminated in the ST. Bernard News regarding the HSD.

Mr. DiFatta wanted to make it clear that the 2 million that Mr. Auderer had put in the paper was erroneous and wanted to make sure that the public was aware that the HSD did NOT have 2 million dollars on loan from the Council available to the HSD, rather that there was \$600,000 available.

No Action Necessary

#14

On motion of Mr. Dysart, seconded by Mr. Chapman, it was moved to approve Hammes August invoice in the amount of \$43,003.34

Mr. DiFatta stated that he would like to process it in the Finance Committee first before and that he had some questions about some of the reimbursables before moving it forward for payment.

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The Chairman, without objection tabled this item.

#15

On motion of Mr. DiFatta, seconded by Mr. Cavignac, it was moved to discuss old business.

Mr. DiFatta mentioned that Mr. Flint needs some information for compliance reasons to complete the HIRSA grant process.

No Action Necessary

#16

On motion of Mr. DiFatta, seconded by Mr. Cavignac, it was moved to discuss New Business

On motion of Mr. DiFatta, seconded by Mr. Cavignac, it was moved to approve the payment of \$163.50 for public notices in the St. Bernard Voice.

The above and foregoing having been submitted to a vote, the vote thereupon resulted as follows:

**YEAS:** Cavignac, Chapman, DiFatta, Dysart

**NAYS:** NONE

**ABSENT:** NONE

The Chairman, Mr. Landry, cast his vote as **YEA**

And the motion was declared **ADOPTED** on the 23<sup>rd</sup> day of September, 2009.

#17

On motion of Mr. DiFatta, seconded by Mr. Cavignac, it was moved to go into executive session to discuss and negotiate the salary of the HSD secretary

Without objection the Chairman, Mr. Landry assumed this motion.

#18

On motion of Mr. Chapman, seconded by Mr. Dysart, it was moved to go into executive session to evaluate all RFP's accepted.

Without objection the Chairman, Mr. Landry assumed this motion and thus retired to executive session.

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#19

On motion of Mr. Chapman, seconded by Mr. Dysart, it was moved to approve hiring Gretchen Henry, and understanding that her salary and benefits would be paid by St. Bernard Parish Government, and reimbursed by the HSD for all cost; that the salary would be \$25,000.00 per year; and that the Chairman, Mr. Landry would be authorized to execute all documents for this transaction.

The above and foregoing having been submitted to a vote, the vote thereupon resulted as follows:

**YEAS:** Cavnac, Chapman, DiFatta, Dysart

**NAYS:** NONE

**ABSENT:** NONE

The Chairman, Mr. Landry, cast his vote as **YEA**

And the motion was declared **ADOPTED** on the 23<sup>rd</sup> day of September, 2009.

#20

On motion of Mr. Dysart, seconded by Mr. Chapman, it was moved to ask all the firms who submitted RFP's to attend the next HSD meeting to participate in an interview process, before the HSD issued a selection.

This motion was converted into a joint motion, and without objection the motion was approved.

There being no further business for discussion, the Chairman, Mr. Landry declared the meeting adjourned at 9:58 p.m. on the 23<sup>rd</sup> day of September, 2009.

*Wayne J. Landry*

Wayne J. Landry  
Recording Secretary (Temporary)

*Wayne J. Landry*

Wayne J. Landry  
Chairman