Approved: April 19, 2010

Minutes of the Special Meeting of
the Union County Board of
Commissioners
Wednesday, February 24, 2010

The Union County Board of Commissioners met in a special meeting on Wednesday, February 24, 2010, at 9:00 a.m. in the Personnel Training Room, Room 131, First Floor, Union County Government Center, 500 North Main Street, Monroe, North Carolina. The purpose of the work session was to meet with representatives of KaufmanHall, a firm engaged in merger and acquisition advisory services to the healthcare industry, to review strategic partnerships education materials, to discuss transaction goals and objectives, and to take such action related thereto as the Board deemed appropriate. The following were

PRESENT: Chairwoman Kim Rogers, Vice Chairwoman Kuehler (arrived at approximately 9:30 a.m.), and Commissioner Lanny Openshaw

ABSENT: Commissioner Allan Baucom and Commissioner A. Parker Mills, Jr. (who were attending the road dedication for M. Wayne Mangum)

ALSO PRESENT: Al Greene, County Manager; Lynn G. West, Clerk to the Board of Commissioners; Jeff Crook, Senior Staff Attorney; Keith Merritt, County Attorney; John Crill, Attorney with Parker, Poe (participated in the meeting via conference telephone); Kai Nelson, Finance Director; members of the press, and interested citizens

At approximately 9:30 a.m., with a quorum present, Chairwoman Rogers convened the special meeting and recognized Al Greene, County Manager, for comments.

Mr. Greene introduced Michael Finnerty and Stephen Sellers of KaufmanHall. He said that Mr. Finnerty and Mr. Sellers have prepared an extensive Power Point presentation for today.

Mr. Sellers stated that their intent for today was to provide the Board with some of their thoughts and experiences in hospital transactions and to receive the Board's thoughts on how it wanted to proceed going forward.

Chairwoman Rogers interjected that what she had hoped to achieve from this meeting was for Mr. Finnerty and Mr. Sellers to come away from the meeting prepared with whatever information is needed to issue a Request for Proposals (RFP).

Mr. Sellers stated that the Partnership Education Materials provided today have been divided into the following ten sections:

- Industry Update
- Hospital Valuation Primer
- Development of Partnership Goals and Objectives
- Review of Process Considerations
- Partnership Exploration and Transaction Development
- Steps in a Competitive Process
- Steps in an Exclusive Negotiated Process
- Executing a transaction
- Common Transaction Structures
- Preliminary List of Potential Interested Parties

Industry Update:

Mr. Sellers stated that there has been a five (5) percent increase in the number of hospitals that have become part of health systems from 2000 to 2008. He reviewed some of the reasons for this increase, which included access to and cost of capital; information technology; quality initiatives; and physician platform and recruitment.

Through the use of a graph, Mr. Sellers discussed the number of hospital transactions that closed from 2000 to the first quarter of 2009. He noted that there was a remarkable consistency in the number of transactions that have occurred year to year with the exception of 2003 being a little lower than in other years. Mr. Sellers stated that the average of the eight years was 55 transactions.

He said that antidotally his firm had noted that prior to the past two years, there were two main drivers of hospitals seeking partnerships. He stated the first reason was poor performing hospitals (BBB Investment Grade). He said that these hospitals did not seem to be able to be competitive in the market place and they felt that their competitive position would be improved as a result of a

partnership transaction. He stated the second group included those hospitals that perhaps did or did not perform poorly but had a large capital expenditure such as a replacement tower or replacement facility that they could not afford on their own. Mr. Sellers said that he labeled these reasons as reactionary motivations.

He stated that over the past 18 to 24 months, there has been a slight change in the way that hospitals look at transactions and it is now a little more proactive. He said that given the credit issues and problems of the past couple of years, people are much more open to partnerships. Mr. Sellers stated his firm is seeing many strong hospitals that have good credit ratings, good profitability, excellent physicians and physician services now investigating partnerships with regional or super regional health systems.

He stated that they were also seeing smaller not-for-profit systems (one or two hospitals) talking to other not-for-profit systems of similar size about joining new systems within communities. He said that other local not-for-profit systems are consolidating with other not-for-profit systems.

John Crill commented that in North Carolina, only about 20 percent of the licensed acute care hospitals are free standing. He stated that some of the systems may not be very large, but there are very few free-standing hospitals remaining in North Carolina.

Mr. Sellers said that one of the interesting things they are seeing or hearing in conversations is that regional health systems are talking with one another about forming "super regional" health systems. He stated his point was there is a lot of activity in the market place.

He said that private equity investors typically like to invest in hospitals and in the past year or so there have been at least two new private equity backed companies that have been very acquisitive and very aggressive in pursuing hospital transactions.

Mr. Sellers said that despite the ups and downs of the economy, the value of a hospital asset has remained pretty consistent over the last decade or so. Mr. Finnerty interjected that the value has actually increased in a time when the overall market has seen some real challenges.

Chairwoman Rogers stressed that this point was important to note, because there have been comments that now is not the best time for selling the hospital asset with the economic situation, when, in fact, the charts provided in the presentation show it is actually better this year than it was in the previous two years.

Mr. Sellers stated that there are really five publicly traded hospital companies that own multiple hospitals around different geographic regions in the country. He said that over the past 18 to 24 months, the for-profit providers are getting back in the acquisition game.

Mr. Sellers stated that government hospitals include city hospitals, county hospitals, and city/county hospitals. He said that many municipalities have decided that their hospital operations are best operated by someone else. He cited some of the typical reasons for this kind of activity are:

- Communities no longer wanting to bear the risk of hospital operations
- Potential drain on tax revenues
- No/little ongoing financial benefit to the municipality
- Hospitals that are part of larger networks or systems enjoy synergies not available to stand-along government facilities
- Municipal leaders have many other issues to navigate and hospitals are one issue that can be off-loaded

He said that over the past five years, there have been at least 20 municipalities that have decided to enter into hospital transactions nationally, some of which have been with for-profit companies and some entered into transactions with not-for-profit companies.

Hospital Valuation Primer:

Mr. Sellers explained that a "fair market value report" is typically performed to estimate the Business Enterprise Value ("BEV"), which is a price that the enterprise would theoretically bring in a competitive auction or similar transaction process. He stated that the BEV is defined as the most probable price that the net tangible and intangible operating assets of a business may bring. He said that the true "market value" of a hospital is only really known by entering the market and determining what bidders are actually willing to pay for the hospital.

Mr. Finnerty added that the enterprise value is the whole enterprise and it is assumed that it has no debt and it has enough cash to operate.

Mr. Sellers reviewed some of the points of the Business Enterprise Value. He stated that implicit in the definition of BEV is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- The buyer and seller are typically motivated
- Both parties are well informed or well advised
- A reasonable time period is allowed for the asset to be marketed
- Payment is made in terms of cash or cash equivalents
- The price represents the normal condition for the enterprise sold unaffected by special or creative financing
- The business is delivered free of encumbrances

He said that the BEV also includes a reasonable level of working capital. He stated that the capital definition within the industry is typically "the current assets excluding cash less the current liabilities excluding any debt."

Mr. Finnerty explained that there could be two hospitals that are identical in all respects except one has $100 million in debt and one has no debt, but their BEV's could be the same. He said that it comes down to the equity value of proceeds, then the debt is excluded.

Mr. Sellers reviewed the typical components of a Valuation Report:

- Discounted Cash Flow - estimates the future performance of the hospital, takes the cash flows and values them in present value.

- Public Market Comparables Analysis - looks at how the public markets value hospitals based on multiples of revenue and profitability and comparing other transactions that have occurred in the market place to determine what other hospitals have been purchased for.

- Comparable Transactions Analysis - Estimates the BEV of the hospital based upon purchase multiples developed from recent acquisitions of comparable companies

Mr. Finnerty pointed out that the only one of these methods that is based solely on the hospital is the discounted cash flow analysis. The other two methods are based on market approaches. He said that each of the methods are performed and compared relative to each other and weights them.

Mr. Sellers noted that the Discounted Cash Flow method is the only one that looks to the future. He said that the other two methods look at a historical point in time. He stated that in most valuation firms, the Discounted Cash Flow receives the highest weighting or at least weighting equal with the public comparables.

Mr. Sellers pointed out that in the Comparable Publicly Traded Company Analysis method in particular there is a lot of difference in a single hospital versus a multi billion dollar company. He explained that the Comparable Transaction Analysis method is somewhat equivalent to having an appraisal based on what amount other houses in the area have sold. Mr. Finnerty pointed out that in this method the challenge would be there might be 10 or 20 houses that have sold in the neighborhood over the past year, but there are not 10 or 20 hospitals sold in the neighborhood over the last year. He said that hospitals in other markets have to be included.

Vice Chairwoman Kuehler questioned how many states other than North Carolina are Certificates of Need (CON) states. Mr. Sellers said that in some ways he thought being a CON state was helpful. He explained that investors feel that with the CON's, once they have made investments, then no one can come next door and replicate.

Vice Chairwoman Kuehler commented that North Carolina is one of the few states that does not require local governments to fund indigent care and indigent care is taken care of at the hospital emergency room level by the federal mandate. She questioned whether for-profit hospitals are held to that same standard. Mr. Sellers responded that typically when KaufmanHall does a transaction, it insists in the legal documents that whatever charity care or ancillary policy existed prior to the transaction the closing also exists after the transaction closing.

Chairwoman Rogers asked if for-profits could be held to the same standard as not-for-profits regardless of federal mandates as far as indigent care. Mr. Finnerty responded that has been their experience.

Vice Chairwoman Kuehler asked how those standards for federal mandates are enforced. Mr. Finnerty responded that they would get the answers to the Vice Chairwoman's question, as they have not prepared what the requirements are for North Carolina.

Mr. Sellers described the BEV as being the gross proceeds an owner can expect to receive for transferring ownership of the operating assets of the business. He stated that with the existing hospital lease, there are some challenges that they foresee. Mr. Finnerty noted that in all of the models they have applied Discounted Cash Flow models, but the buyer cannot realize the cash flow for ten years. He said that it would invariably limit the number of people who are interested, which has an impact on the value.

Mr. Finnerty said that as they read the lease from a business perspective, the County is leasing the hospital operations and at the end of the lease, the County would get back an ongoing hospital. He stated that the monies generated by the hospital stay in the hospital, and the County would receive those in the end. He stressed that it is not just leasing assets, and from a business aspect, the County is really leasing operations that will come to the County at the end of the lease with some exceptions. He explained that there are a couple of assets that have been developed by the lessee that would be theirs: the physician network, management expertise, and savings received from being a part of a larger organization.

Mr. Sellers said that theoretically the Discounted Cash Flow is supposed to be derived from any willing third party entering the market and not a specific owner.

In response to a question by Commissioner Openshaw, Mr. Finnerty stated that they did not specifically know how the physicians network at CMC-Monroe was developed. He said those physicians are employees of the lessee. He explained that the reasons the lessee would want the physicians to be its employees are they would probably have access to a much better benefits structure and are part of a larger group.

Discussion of Partnership Goals:

Mr. Sellers stated that they believe the development of the partnership goals is probably the most important component of the process. He explained that in this step, the Board determines what it is seeking to realize as a result of the process.

Mr. Finnerty interjected that the more specificity they can have from the Board on the goals to prepare the Request for Proposals, the more comparable the outcomes will be.

Major topics to be considered when determining strategic partnership goals and objectives were reviewed such as:

- Mission, Vision and Values Goals

- Strategic Plan Goals
- Clinical Programs, Services and Quality Goals
- Capital and Facilities Goals
- Physician Goals
- Employee Goals
- Community Goals
- Governance Considerations
- Financial Considerations

There was discussion regarding not-for-profit and for-profit relationships.

Commissioner Openshaw said that he thought some members, if not all, of the Board would like to see Union County have a hospital that did not have to fly people from Union County to receive healthcare services somewhere else.

Mr. Finnerty said that the for-profits would want to provide services in Union County as much as possible, but if it is not part of a larger system, they might not have the resources to do so.

Chairwoman Kuehler asked if it could be stipulated in the RFP that whatever services have come to Union County do not dissipate. Mr. Sellers said that would be an approach they would recommend.

At approximately 10:55 a.m., Chairwoman Rogers called for a short recess. The meeting was reconvened at approximately 11:05 a.m.

Mr. Sellers stated that as proposals or options are contemplated, one of the things to consider would be "will the new owner operate the hospital and do things that Union County would do if it continued to own the hospital and have the resources to do it."

He said that the strategic plan goals are an important part of the RFP with the question being after the new owner owns it, what would it do with the asset and how would it execute its plans to make the hospital successful? He reviewed the following questions under the Strategic Plan Goals:

- How do we want Union County to fit into the overall strategic plans of the potential partner?

- How important will the success of Union County be to the overall success of each potential partner?

- Are the plans each potential partner has for the Union County hospital consistent with plans the County would make for itself if it had the resources to enact them?

The next area of goals covered was the Clinical Programs, Services and Quality Goals. Mr. Sellers stated that included in these goals would include any specific programs or services that the Board would like to see offered in Union County not currently offered. Also included in those goals are:

- Enhancement and expansion of key service lines
- Expansion of geographical reach; and
- Continuously improving the quality of care

He said that the quality of care would have some economic implications going forward.

Mr. Finnerty said that what he thought they heard from the Board earlier in the meeting was that the Board's goals related to the Clinical Programs, Services and Quality Goals were to maximize the services, and to maintain and grow the services that are delivered currently.

In regards to Employee goals, Mr. Finnerty stated what he thought he was hearing from the Board was to maximize services, back office functions, and employment here in Union County. Chairwoman Rogers responded that this was not exclusionary, but it would be preferable along with utilizing local contractors for expansions as much as possible and not just for employees.

Commissioner Openshaw referred back to the goal of expansion of geographical reach under the Clinical Programs, Services and Quality Goals. He asked what parameters were being placed on this goal. Mr. Sellers responded that this could be in the difference of how a for-profit and not-for-profit operates in the community. He explained that as had been discussed earlier that for-profits typically, not always, try to deal in individual hospitals as robust as possible and have as many services at that hospital as the

community can bear. Further, he explained that not-for-profits may have larger hospitals in contiguous counties or different counties that are close geographically that can provide a service at multiple locations that are close geographically.

Commissioner Openshaw asked if a contract could include language such that "as your population expands, we expect an expansion of services." Mr. Finnerty said that in regards to this, he thought there were two issues. First, he said if the Board was looking for an expansion of services, it could be asked for in an agreement, but the ability to pin somebody down without being able to tell them what the community needs would be difficult. He said that he did not want to leave the Board with the impression that it is a for-profit/not-for-profit issue.

Vice Chairwoman Kuehler asked if it were more reasonable to have an overall capital improvement expenditure or plan over a certain number of years. Mr. Sellers said what they typically see is a specific dollar amount commitment for five years or more not necessarily tied to a specific program.

Chairwoman Rogers stated that what she sees is the buyer coming in to buy the hospital asset because it is a good location and it increases the buyer's hold within the state and community, so many of the points that are being discussed are part of the transaction without these points having to be specified. Mr. Finnerty stated that he agreed and there might be some things that need to be built into the agreement or arrangement and typically those centered on what services are provided. He pointed out that not-for-profits referred to 501(3)(c) corporations, and not municipalities.

Mr. Sellers reviewed an example of Physician Goals as "What types of physicians would the Board like to see recruited to the community?" He said that in typical situations, often times potential partners identify service lines or programs in the proposals that they would like to offer in the community that are not currently being offered. He stated a large part of being able to offer those services is what physicians can be recruited for that program or service. He said that from the best that they can tell, Union County is a relatively attractive market for recruiting physicians based on some of the other markets where they have worked.

He suggested that one of the Community Goals could be "How the hospital is received in the community and what kind of citizen a potential partner might be within the community?" He said that often times some members of Boards think it is important for the County to have some continuing tax revenues. He cited an another example of a Community goal could be "Do we want an operator based in North Carolina or with a significant presence in North Carolina?" Another example of a Community goal would be "How do we want Union County to fit into the provision and coordination of care within the region?"

Vice Chairwoman Kuehler asked if this was the point where discussion should occur on the County's mindset on charity care provisions. Mr. Finnerty said that what he had written down was it seemed to him that the Board was looking for at least an equivalent not an expanded charity care policy. Commissioner Openshaw said he would say expanded.

Vice Chairwoman Kuehler asked about the governance aspect of the County's involvement in the operation. Mr. Sellers said that there is a relationship between economics and continuing local control. He stated that the more local involvement there is, typically that means less economics. He said that if the Board wanted to give someone else the keys and have no local governance, the economics are higher. Vice Chairwoman Kuehler stated that she would not want to have a total turnkey transition with no local involvement in the operations governance. She said that she thought it was important to the community to have some representation and some input in the governance.

Mr. Finnerty said that typically a local facility, whether part of a healthcare system or part of a for-profit system, would have a local board. He stated that quite often not-for-profits have fiduciary boards, and for-profits have advisory boards. Further, he said typically almost all healthcare systems, be it for-profit or not-for-profit, want community involvement.

Chairwoman Rogers said that personally she was about less government. She stated that at this point in time, she has not seen where the County has any control over the hospital operation. She said a question she has is "What control does the County think it has and what does it need to look for going forward?" She stated that she did not think it needed to be part of the RFP and a condition of a sale that the County has any control, because it would limit who the buyers are.

Vice Chairwoman Kuehler asked if it was unusual to include it in the RFP or wait until the negotiation stages to ask for a seat on the local hospital board. Mr. Finnerty said it is not uncommon to ask what kind of local representation would be on the board or what kind of local representation would be on a parent board.

The last category of goals discussed were goals related to financial considerations. He cited as examples of those goals: what would be the implications of the existing lease and how to prioritize capital in context with governance participation, stakeholder goals, physicians and employees, ongoing capital investment, and quality and breadth of services.

Mr. Sellers recapped that there had been discussion about interested parties, be it for-profits, private or public, and not-for-profits. He said that market-based realities should be considered when determining whether the goals are realistic and achievable. He stated that further complicating the County's situation is the existing lease and how it will impact what is achievable.

He stressed that thoughtful consideration of the goals and objectives is a very key element to any process the Board might decide to undertake.

Vice Chairwoman Kuehler said her goals would be:

- Quality and breadth of services to include keeping it at a level aspect
- Capital investment or ongoing growth of services
- Financial aspect
- Stakeholder goals
- Governance participation

Mr. Finnerty stated that they had received a lot of feedback from the Board that would help in drafting an RFP, which they could bring to the Board before it is distributed. He stated that he thought it would be helpful for them to know who to go to with the RFP, whether it is an exclusive negotiation with the current lessee or is it a broader process to approach multiple parties.

Mr. Finnerty said they had not received inquiries in writing but they have received a number of inquiries, most of them are for-profit operators.

Mr. Sellers explained that the next logical step would be the partnership processes, which could be divided into two broad approaches:

- Exclusive negotiated process with one party
- Competitive process involves multiple partners

He said that the Board's decision on the partnership process should be based on which approach is determined to most likely to consummate the optimal transaction with the partner that best meets the County's goals and objectives. He stated that the County must also abide by the conditions and procedures set forth in N.C.G.S. 131E-13, which sets out a minimal number of potential partners that must be contacted with the RFP.

Mr. Finnerty noted that the County could go into an exclusive negotiated process with the current lessee. He said that was the only one that has been identified by the attorneys with which the County could enter into an exclusive negotiated process.

Vice Chairwoman Kuehler questioned if the exclusive negotiated process could be done at the same time as the RFP process. Mr. Finnerty agreed that this was correct.

Mr. Sellers explained that an exclusive negotiated process involves singular negotiations with one potential partner that:

- Is thought to have a reasonably strong chance of fulfilling the partnership goals and objectives and
- A strong level of interest in partnering with the County

He stated that both of these factors must be present for a negotiated transaction to be successful. He said that a drawback of the exclusive negotiated process would be that a proposal from one partner is without the benefit of comparison to other proposals.

Vice Chairwoman Kuehler asked if there could be an exclusive negotiated sale. Mr. Crill responded that, a sale could be negotiated as well as a lease because of the unique situation of the present lease.

In response to a question from Mr. Finnerty regarding the maximum lease term permitable in North Carolina, Mr. Crill said that if the statutory process is followed, there is no limit on the lease term. Mr. Finnerty stated that in their view a long-term lease is a sale, and the only benefit to the County would be that the County might get some rights in a ground lease.

Mr. Sellers explained that the competitive process options available to the County are: 1) the controlled process; 2) the public process; and 3) a limited process. He explained that the distinction in these processes is the number of parties contacted. He stated that they interpret the controlled process which includes a small number of organizations of potential partners would not be allowed since the requirement of G.S. 131E-13 requires contacting at least five potential partners.

He explained that a controlled process involves contacting 15 or less potential partners. He said this process is highly competitive and can result in the goals and objectives being met differently than could be met through perhaps an exclusive process. He said that one of the possible advantages of this process is when multiple proposals are received, the Board could see things in the proposals that it likes or dislikes and it can be prompted in its thinking to ask for other things that might not be offered.

Mr. Finnerty explained that the public auction process involves anyone that might possibly be interested in talking with them.

At 11:50 a.m., Chairwoman Rogers announced that lunch was available. Chairwoman Rogers called a recess of the meeting at approximately 11:50 a.m. until 12:15 p.m.

At approximately 12:20 p.m., Chairwoman Rogers reconvened the special meeting and asked Mr. Sellers to continue his presentation.

Mr. Finnerty asked the Board if it was prepared to consider which partnership process it wished to follow. Chairwoman Rogers responded that she was prepared to answer today that she preferred to follow the controlled process.

Vice Chairwoman Kuehler stated that she preferred the controlled process on the lease end.

Chairwoman Rogers stated that she was speaking specifically to a sale. Commissioner Openshaw agreed that he preferred the controlled process for a sale.

Mr. Finnerty stated that within that process they would be able to talk with the current lessee. Chairwoman Rogers agreed. Mr. Finnerty said that they had already started a dialogue with CHS.

[John Crill rejoined the meeting via teleconferencing.]

Mr. Sellers reviewed a list of potential partners for the County.

Vice Chairwoman Kuehler asked Mr. Finnerty and Mr. Sellers if their strategy was to send the RFP to anyone who has inquired about the hospital or the ones they have identified as possibly being a good fit. Mr. Finnerty responded that the Board could give them discretion, which is what they would prefer. He said that when various groups contact them, they would seek to determine if this they be a viable partner.

Chairwoman Rogers questioned if there would be a blanket advertisement for the RFP, or if because it would be a controlled process, would KaufmanHall target its market. Mr. Finnerty responded that they would target their market.

Chairwoman Rogers asked at this point in time, would it be better to refer anyone who might contact the Commissioners regarding the hospital to KaufmanHall. Mr. Greene said that one company had contacted him, and he would send the letter to KaufmanHall. He said at this point, Mr. Finnerty and Mr. Sellers should communinicate with anyone who might contact him.

Mr. Sellers stated that what they typically include in the Request for Proposals is to insist that all subsequent communication be directed to either Mr. Finnerty or Mr. Sellers.

Chairwoman Rogers said that along with that, she thought it might be helpful for Mr. Finnerty and Mr. Sellers to have one or two Commissioner contacts. Chairwoman Rogers recommended, with the consensus of the Board, that those contacts be the Chair and Vice Chair. Chairwoman Rogers stressed that as individuals, the two Commissioners could not give KaufmanHall direction but they could serve as liaisons to the Board.

Mr. Finnerty said in reviewing the information they have received from the Board, he thought that KaufmanHall had received its direction. Chairwoman Rogers asked that Mr. Finnerty and Mr. Sellers provide the Board with a timeline for the process, including the formation of the RFP and when the RRP would be submitted.

Mr. Finnerty responded that they would prepare RFP, which would be a two to five-page document, that would accompany a confidential descriptive memorandum. He said that potential buyers would sign confidentiality agreements, which would be reviewed by the County's legal team. He said that they would work with the lessee regarding the confidential information that would be included in the descriptive memo. He stated that it generally takes at least two weeks, or often longer, to put the information together for the descriptive memo once the lessee has received the list of requested information. He said they could be drafting simultaneously a RFP, which could take six to eight weeks, and potential buyers are usually given a month to respond. Mr. Finnerty stated that once the proposals are received, they will be analyzed quickly and brought to the Board.

Chairwoman Rogers asked about the documentation needed from CMC-Union to prepare the confidential descriptive memo. Mr. Finnerty stated that the earliest that could be expected to receive the requested information from CMC-Union would be two weeks but a month is more typical. He said that they would be working with what they have as they receive the information.

Chairwoman Rogers asked Mr. Crill about the concern regarding the confidentiality of the requested documentation from CMC-Union and was there anything he could foresee up front that would ensure receipt of that information.

Mr. Crook suggested at this time, that this might be a legal issue that the Board would want to go into closed session to discuss.

Chairwoman Rogers asked if there was any further discussion in the open session. Mr. Finnerty recapped that he thought KaufmanHall had everything that they need to prepare the materials. He said that they would provide updates to the Board, and if the Board wanted to approve the draft RFP, which is often the case, they would submit it to the Board for review.

Chairwoman Rogers stressed that she wanted to make sure that the requested documentation could be received from CMC-Union in order for the process to move forward in a timely manner. Mr. Finnerty responded that they had meet with representatives of the lessee yesterday, and they have concerns about the information that might be competitive, but they have communicated a willingness to be flexible and cooperative. He said that KaufmanHall would send the list of requested documents to the lessee.

Chairwoman Rogers suggested at this point that if there was a motion by the Board to go into closed session, that it do so, and following the closed session, the Board could reconvene the open session of the special meeting.

Pursuant to the advice of Jeff Crook, Senior Staff Attorney, at approximately 12:50 p.m., Vice Chairwoman Kuehler moved that the Board go into closed session to discuss matters within the attorney/client privilege in accordance with G.S. 143-318.11(a)(3). The motion was passed by a vote of three to zero. Chairwoman Rogers, Vice Chairwoman Kuehler, and Commissioner Openshaw voted in favor of the motion. Commissioners Baucom and Mills were not present.

The Commissioners remained in the Personnel Training Room for the closed session. Chairwoman Rogers convened the closed session.

Following the conclusion of the closed session at approximately 1:15 p.m., motion was made by Vice Chairwoman Kuehler that the Board go out of closed session. The motion was passed by a vote of three to zero. Chairwoman Rogers, Vice Chairwoman Kuehler, and Commissioner Openshaw voted in favor of the motion. Commissioners Baucom and Mills were not present.

The Commissioners remained in the Personnel Training Room, and at approximately 1:20 p.m., Chairwoman Rogers reconvened the open session.

Michael Finnerty and Stephen Sellers rejoined the special meeting at this time.

Chairwoman Rogers asked Mr. Finnerty and Mr. Sellers if any additional information was needed from the Board. Mr. Finnerty responded that he thought they understood their directives in putting together the RFP and in working with the lessee, both in pursuing a lease extension or a purchase. He said they would be communicating with Chairwoman Rogers and Vice Chairwoman Kuehler as liaisons for the Board.

With there being no further comments or questions, at approximately 1:22 p.m., Vice Chairwoman Kuehler moved to adjourn the special meeting. The motion was passed by a vote of three to zero. Chairwoman Rogers, Vice Chairwoman Kuehler, and Commissioner Openshaw voted in favor of the motion. Commissioners Baucom and Mills were not present.