



**PUBLIC SYNOPSIS/REPORT MEMORANDUM OF 09/13/2013 – HOSPITAL  
LEASE MONITORING**

<b>TABLE OF CONTENTS</b>	<b>#</b>
<hr/>	
<b>COVER MEMORANDUM 11/22/2013</b>	<b>0001</b>
KAUFMAN HALL	0002
PARALLEL NEGOTIATION	0002
OPEN MEETINGS LAW	0003
CONCLUSION	0004
<hr/>	
<b>MEMORANDUM OF 09/13/2013</b>	<b>0007</b>
INTRODUCTION	0007
MONITORING PROCESS INTERVIEW	0008
CORRESPONDENCE AND PROCEDURE	0008
DRAFT, COMMENT AND REVIEW	0008
DOCUMENT RECIPIENTS	0008
BACKGROUND/CHRONOLOGY	0009
AREAS OF CONCERN	0010
CONCERN REGARDING KAUFMAN HALL ENGAGEMENT	0010
CONCERN REGARDING COMPLIANCE WITH THE LOUISIANA OPEN MEETING ACT	0013
RECOMMENDATIONS	0016
OPEN MEETINGS LAW, R.S. 42:12 ET SEQ AND ENHANCED ABILITY TO COMPETE, R.S. 46:1073	0016
PARALLEL NEGOTIATIONS	0017
Comportment with the Established Law	0017
Competition and Risk Mitigation	0017
Hedge Against Negotiations Breakdown	0017
Leveraging of Due Diligence	0018
Timeliness of Process	0018
Aspects of Implementations	0019
<hr/>	
<b>ATTACHMENTS</b>	<b>0020</b>
RESPONSE FROM COUNCIL MEMBER CYNTHIA LEE-SHENG	0021
RESPONSE FROM COUNCIL MEMBER E. "BEN" ZAHN. III	0025
RESPONSE FROM THE EJGH BOARD OF DIRECTORS	0027
RESPONSE FROM THE PARISH ATTORNEY ON BEHALF OF THE PARISH COUNCIL	0033
RESPONSE FROM THE WJMC BOARD OF DIRECTORS	0069
WRITTEN KAUFMAN HALL IN RESPONSE TO PARISH RESOLUTION	0073
PARISH ATTORNEY'S OFFICE REQUEST FOR AN OPINION OF THE LOUISIANA ATTORNEY GENERAL	0096
OFFICE OF INSPECTOR GENERAL'S REQUEST FOR AN OPINION OF THE LOUISIANA ATTORNEY GENERAL	0100



OFFICE OF INSPECTOR GENERAL  
JEFFERSON PARISH

DAVID N. McCLINTOCK  
INSPECTOR GENERAL



**DATE:** November 22, 2013

**TO:** Commissioner Carroll W. Suggs, Chair  
Commissioner Kyle Marks, Vice-Chair  
Commissioner Warren R. Bourgeois, III  
Commissioner Maria Cisneros

**FROM:** David McClintock, Inspector General

**RE:** Synopsis of OIG Memorandum 2013-9-13  
Hospital Lease – EJGH/WJMC

Please find attached the Jefferson Parish Office of Inspector General's (JPOIG) Finalized Memorandum, originally issued in draft form on 09/13/2013, addressing "Concerns and Recommendations Prior to the Selection of Partner(s) for Formal Negotiation" on a prospective lease of East Jefferson General Hospital and West Jefferson Medical Center.<sup>1</sup> The memorandum was issued as part of the JPOIG's monitoring of broader issues regarding the anticipated leasing of the hospitals.<sup>2</sup> The memorandum, at its core, focuses on transparency of process and a negotiative model that ensures an enhanced level of due diligence prior to the selection of a lease partner.

Monitoring efforts are proactive in nature and focus on issues as presented, or are otherwise discovered, as opposed to identifying and responding to issues at the conclusion of an event. Thus, monitoring is not intended to address all issues which may be raised in various forums. Rather, it is intended to address certain issues in limited areas where corrective measures remain a viable course of action.

The JPOIG Memorandum of 09/13/2013 focused on two areas of concern. These were (1) the processes engaged in and the role of the retained expert, Kaufman Hall Associates, and (2) compliance with the Louisiana Open Meetings Act. In connection therewith, the JPOIG recommended that (1) the Parish adopt a model which would support parallel negotiations with the multiple partners identified by Kauffman Hall as suitable lessees; and (2) the Parish seek a Louisiana Attorney General's opinion on the applicability of the Louisiana Open Meetings law to the processes utilized in the vetting of suitable lease partners.

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<sup>1</sup> There were seven, original confidential draft memorandums delivered to each council member. Recipients of the confidential memorandum were afforded thirty (30) days to review and comment, individually or jointly. On or about October 11, 2013, Parish Attorney, Debora Foshee, wrote to the JPOIG requesting an extension of time within which to comment. JPOIG agreed to the request delaying the response due date until November 11, 2013.

<sup>2</sup> On or about August 23, 2013, the JPOIG began monitoring the processes and procedures engaged by Jefferson Parish through the Parish Council and/or its appointed boards of East Jefferson General Hospital (EJGH), West Jefferson Medical Center (WJMC) and the Jefferson Parish Health and Hospital Services District (aka. "Third District") which were anticipated to culminate in the selection of a suitable partner to lease EJGH and WJMC.

Comments were received from Councilmember Cynthia Lee-Sheng; Councilmember E. “Ben” Zahn, III; the EJGH Board of Directors; the Jefferson Parish Council, through the Parish Attorney; and the WJMC Board of Directors. These responses follow the synopsis of the memorandum. Attachments #1 – 5, respectively.

## **KAUFMAN HALL**

The Parish Council approved the engagement of Kauffman Hall by the Jefferson Parish Hospital & Health Services District (aka “Third Hospital Service District”) to develop a strategic plan for WJMC and EJGH which would yield a suitable partner with whom the districts could enter a long-term lease. The process eventually yielded three potential lease partners. Subsequently, questions arose as to whether Kaufman Hall would or should render an opinion as to the most suitable lease partner. Differing opinions culminated with questions regarding the scope of the engagement of Kaufman Hall.

The JPOIG Memorandum of 09/13/2013 identified as an area of concern the scope of engagement of Kaufman Hall and rendering of an opinion. JPOIG received responses addressing this area of concern from Councilmember Cynthia Lee-Sheng; Councilmember E. “Ben” Zahn, III, and the EJGH Board of Directors. *See Attachments #1 – 3, respectively.* Responses received generally favored maximum use of Kaufman Hall’s expertise including recommendation. Councilmember Lee-Sheng agreed that a recommendation from Kaufman Hall should be an integral part of the deliberative process. The EJGH Board of Directors expressed a belief that Kaufman Hall need not be replaced and pointed to the retention of McDermott, Will and Emory, a respected law firm with the requisite expertise to navigate future negotiations relating to lease.

The Parish Council did not address JPOIG Memorandum on these issues. However and after the issuance of the JPOIG Memorandum, the Parish Council posed written questions to Kaufman Hall via Resolution 121828, 10/16/2013. Among these questions, the Parish Council called upon Kaufman Hall to “immediately provide the Jefferson Parish Council with a written recommendation regarding the selection of a hospital partner.” Kaufman Hall provided written responses and recommended that “EJGH and WJMC each pursue separate partners” in light of “serious differences of opinion.” *See Attachment #6.*

## **PARALLEL NEGOTIATIONS**

The JPOIG Memorandum of 09/13/2013 contains a specific recommendation that the Parish resolve issues relating to the selection of a potential lease partner for the hospitals by adopting a model of parallel negotiations where more than one partner remains viable. Councilmember Cynthia Lee-Sheng; Councilmember E. “Ben” Zahn, III, and the EJGH Board of Directors specifically responded to the recommendation. *See Attachments #1 – 3, respectively.*

Councilmember Lee-Sheng expressed a belief that, based upon Kaufman Hall’s recommendation, she would support allowing each hospital to select its own partner. In the event this option is precluded, she agrees that the Parish has more to gain on a path of

negotiation with multiple suitors as opposed to exclusive negotiations with one. Councilmember Zahn responded by recommending that the Parish begin “parallel negotiations toward finalizing a lease agreement for each hospital.” The EJGH Board of Directors responded by indicating that parallel negotiations has, more or less, been occurring for several years and attempting to negotiate definitive leases under this model would be unusual and problematic.

The JPOIG agrees that parallel negotiations is less common and requires a more purposeful approach. However, the complexity of a long-term negotiated lease of a public hospital calls for strong consideration of an uncommon approach. Thus, the JPOIG maintains that the advantages of negotiating with multiple suitors offsets any challenge presented by parallel negotiations.

## **OPEN MEETINGS LAW**

The JPOIG Memorandum of 09/13/2013 contains the specific recommendation that the Parish seek guidance by way of an opinion from the Louisiana Attorney General concerning several issues surrounding the Open Meetings Law. Councilmember Cynthia Lee-Sheng; Councilmember E. “Ben” Zahn, III, the EJGH Board of Directors and the Parish Council responded to this recommendation. See Attachments #1 – 4, respectively.

In its response, the Parish Council maintains that there is nothing improper about the Parish Council discussing hospital matters in Executive Session (which is closed to the public) because it does so as the governing authority for hospital service districts, stating “[w]hen the Parish Council goes into executive session regarding hospital matters, they do so sitting as the Special District” and also that “the Parish Council does not and has not voted in Executive Session on this or any other item discussed in Executive Session on this or any other item discussed in Executive Session.” Notwithstanding its response, the Parish Council authorized the Parish Attorney to request an opinion from the Attorney General. The request was limited to seeking guidance as to whether the Council “has availed itself of the provisions of the Enhanced Ability to Compete Act” when sitting as governing authority of hospital service districts. See Attachment #7.

In her response, Councilmember Lee-Sheng supported seeking clarification issues from the Attorney General to address areas where there may be a difference of opinion regarding compliance. Additionally, Councilmember Zahn indicated in his response that he supports the hospital service districts’ use of Enhanced Ability to Compete Act; however, he supports votes taken in open session in certain circumstances.

The EJGH Board of Directors disagrees with the JPOIG’s position that the Enhanced Ability to Compete Act does not necessarily permit actual voting in the executive session. Further, the EJGH Board of Directors maintains that all discussions occurring in EJGH Board of Directors Executive Session were conducted in accordance with the applicable law.

JPOIG acknowledges that the Parish Council may not be strictly prohibited from availing itself of the provisions of the Enhanced Ability to Compete, if and when it is specifically and expressly seated as the governing authority for the hospital service districts. The JPOIG nonetheless questions whether as a matter of protocol the Parish Council clearly and properly avails itself of

this exception to Open Meetings Law.<sup>3</sup> The relevance of the nuances is significant in determining whether the actions taken and substance discussed are properly shielded by the protections of the Enhanced Ability to Compete Act. For this reason, the JPOIG requested an opinion from the Attorney General which sought guidance across a broader spectrum than that requested by the Parish.<sup>4</sup> See Attachment #8.

No Attorney General opinion has been released as of this date.

## CONCLUSION

JPOIG recognizes that the processes originally contemplated by the Parish to select a lease partner for the hospitals has likely not progressed as intended. The process has inarguably resulted in an uncertain path going forward. The JPOIG believes acknowledging this uncertainty presents an opportunity for the Parish to establish a clear process which should (1) include criteria upon which suitors will be evaluated and scored, (2) identify a single point of contact between the suitors and the Parish to ensure fairness and equity of process; (3) and give ample opportunity for public involvement and debate. These elements support good governance and demonstrate the transparency necessary to engender the public's trust in the overall outcome.

There has been a great deal of discussion regarding the feasibility of permitting each facility to engage in a lease with a separate partner, essentially splitting the award. The JPOIG does not believe such a choice is sustainable given that the process undertaken sought a partner to lease both EJGH and WJMC. The JPOIG has not seen any indication that suitors were informed that it was permissible to submit letters of interest for the lease of only one facility. The JPOIG believes that solicitation of an offer to lease one or both facilities could have resulted in interest from other desirable suitors and/or otherwise given way to materially different terms being presented by existing suitors. Therefore, the JPOIG does not believe that a decision to split leases among multiple suitors should be permitted without starting the process anew. A material change in the proffer, such as this, would require a new solicitation of interest.

Lastly, the JPOIG has become increasingly concerned with the accuracy of certain financial assumptions presented, especially those involving the implications of undepreciated capital

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<sup>3</sup> An example of the Parish Council business specifically moving into Special District during the 08/14/2013 Parish Council meeting can be found at time stamp 00:01 – 00:010 within the video indexed as “Jefferson Parish Council -”. See: <http://jeffersonparishla.swagit.com/play/08142013-660>. Additionally, the published written Agenda for 08/14/2013 also reflects the items on page 17-18 under the section header of “Special Parish Special Districts”. See: [http://jp-appserver.jeffparish.net/agenda/08142013/agenda081413\\_affidavit.pdf](http://jp-appserver.jeffparish.net/agenda/08142013/agenda081413_affidavit.pdf). Conversely, an example where the Parish Council fails to clearly be sitting as governing authority for Special Districts can be observed on video found at time stamp at 00:30 – 00:50 within the video indexed as “Item 1”. See: <http://jeffersonparishla.swagit.com/play/08292013-549>. In this matter they presumably avail themselves of the Enhanced Ability to Compete Act which we believe applies only to the Parish Council when acting as the governing authority for the Hospital Service District. Further, the Council Agenda for the hearing appears to identify the meeting as one of the Jefferson Parish Council, albeit as one dealing with items relevant to the Hospital Service District.

<sup>4</sup> As chief legal officer of the State, the Attorney General is responsible for rendering opinions to governmental entities and officers. The Attorney General will provide written opinions to the governor, members of legislature, state departments and certain local elected officials. As a matter of policy, the Attorney General may render opinions to local governing authority. These laws and policies pre-date the enabling has not thus far elected to render an opinion The Attorney General as a matter of law and policies do not, as of this date, anticipate the establishment or role of local Inspectors General. See <http://www.ag.state.la.us/opinions.aspx>

investments and those involving taxes. The JPOIG recognizes that under the current procedural posture the Letters of Intent provided by the suitors are non-binding and that there remains considerable due diligence to be completed. Therefore, we would not be able to support any action that serves to select, or otherwise limit negotiations, to a single suitor prior to the completion of additional due diligence.

The JPOIG would like to note that despite the contentious nature of the issues raised and obvious importance of the subject matter that the members of the Parish Council and the Hospital Service Districts, as well as, the representatives from Kaufman Hall have been forthcoming with all information requested.

The JPOIG will continue to monitor in order to ensure that the public is properly informed and provided the opportunity to engage in the deliberative process and that the process is conducted fairly.

After the passage of at least five business days from November 22, 2013, the issuance of this memorandum and attachments will be made publicly available via the JPOIG page on [jeffparish.net](http://www.jeffparish.net). See: <http://www.jeffparish.net/index.aspx?page=3636>

Cc: Council Chairman Christopher L. Roberts (w/encls)  
Councilmember Elton M. Lagasse (w/encls)  
Councilmember Ricky J. Templet (w/encls)  
Councilmember Paul D. Johnston (w/encls)  
Councilmember Mark D. Spears (w/encls)  
Councilmember E. "Ben" Zahn, III (w/encls)  
Councilmember Cynthia Lee-Sheng (w/encls)





# OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH

DAVID N. McCLINTOCK  
INSPECTOR GENERAL



## Public Report/Synopsis

Below the reader will find the public synopsis/report of the Office of Inspector General's Hospital Lease Monitoring Memorandum originally provided to the Parish Council in Draft form on 09/13/2013 and again in a finalized form on 11/22/2013.

## FINAL MEMORANDUM

**DATE:** September 13, 2013

**TO:** Councilman Christopher L. Roberts  
Councilman Elton M. Lagasse  
Councilman Ricky J. Templet  
Councilman Paul D. Johnston  
Councilman Mark D. Spears  
Councilman E. "Ben" Zahn, III  
Councilwoman Cynthia Lee-Sheng

**FROM:** David McClintock, Inspector General

**SUBJECT:** Hospital Lease - Concerns and Recommendations Prior to the Selection of Partner(s) for Formal Negotiation

### I. INTRODUCTION

By way of a confidential draft memorandum the Office of Inspector General (hereinafter "OIG") provides comments and a recommendation on the processes and actions of the Jefferson Parish Hospital & Health Services District, Parish of Jefferson, State of Louisiana (hereinafter the "Third Hospital Service District") and the Jefferson Parish Council ("Parish Council") as the governing authority for the parish and that of the hospital district(s). The Third Hospital Service District was created by parish ordinance on 07/08/2009 pursuant to authority conferred by state law. Previously, there existed Jefferson Parish Hospital Service District No. 1 (hereinafter "WJMC"), whose boundaries lie on the west side of the Mississippi River, and Jefferson Parish Hospital Service District No. 2 ("EJGH"), which boundaries lie on the east side of the Mississippi River.<sup>1</sup> The boundaries of the Third Hospital Service District are conterminous with that of the combined boundaries of WJMC and EJGH.

The Third Hospital Service District was created to address changes within the global health care industry that threatened each hospital districts' ability to remain viable. Consideration of needed

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<sup>1</sup> JPCO Section 17-16, Hospital District No. 1, and JPCO Section 17-17, Hospital District No. 2.



changes to the parish's model for providing healthcare culminated in the decision and effort to seek and secure a partner with whom the districts could enter a long-term lease. This undertaking involves matters that are of substantial and lasting impact to the citizens of Jefferson Parish. As such, the OIG began monitoring the process on 08/23/2013.<sup>2</sup> This effort was initiated for the purposes of ensuring that the processes and procedures utilized by the hospital districts, and Parish Council, as governing authority, are compliant with the applicable state and local laws governing such actions; that they support the public's rights to observe the process and provide input; and to prevent fraud, waste and abuse through enhanced oversight.

## **II. MONITORING PROCESS OVERVIEW**

It is important to consider the interim nature of this memorandum in light of the broader monitoring effort. Monitoring efforts are proactive in nature and typically involve long term and complex projects. They are designed to follow the project over a period of time. This permits the OIG to address issues when they arise, or are discovered, as opposed to at the events' conclusion. In this way, it is often possible to take corrective action either eliminating or mitigating the issue. Therefore, this interim memorandum should not be considered as a final report. It is not intended to address all concerns raised in the various forums, rather it addresses limited areas where the OIG believes corrective action should be considered or where a substitute process offers alternatives that support the principals of good governance.

This memorandum outlines the protocol the OIG will follow concerning the confidentiality, dissemination, and processes concerning official OIG communications. The OIG engages in a purposeful process which includes a draft, a comment period, and a review process. This procedure is most effective when the confidentiality is respected.

## **III. CORRESPONDENCE ISSUANCE AND PROCEDURE**

### **A. Draft, Comment and Review**

In matters involving the issuance of memorandum, reports, and investigations involving official comments, findings, and recommendations the OIG will:

1. Submit the initial confidential draft correspondence to the proper recipients for a review and comment period of up to thirty (30) days.
2. Upon receipt of any comments, additional information, etc., the OIG may choose to take additional actions to supplement the correspondence or to finalize the document.
3. Once the document is finalized the OIG will:
  - a. Submit the document along with any comments received to the Ethics and Compliance Commission, and
4. Following the issuance of the finalized document and the passage of at least five (5) business days the OIG will issue a public document.

### **B. Document Recipients**

On occasion, various officials, the media, and the public at large have expressed an interest in OIG memorandums, reports and investigative correspondence. It is the policy of the OIG to

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<sup>2</sup> The OIG was appointed in March 2013 by the Jefferson Parish Ethics and Compliance Commission.

maintain effective document control to ensure the integrity of the reporting system to the fullest extent possible. The OIG's policy on correspondence involving official comments, findings, and recommendations is as follows:

1. Draft correspondence will be forwarded only to those persons who are in a supervisory or governing capacity concerning the issues addressed, or in some cases, those who may be alleged to have violated policy, procedure or law.
  - a. In cases where the OIG is coordinating with other investigative or prosecutorial agencies, the distribution may be modified as required for operational necessity.
2. Upon conclusion of the comment and review period, finalized correspondence will be provided to both the original recipients and the Ethics and Compliance Commission.
5. Upon expiration of at least five (5) business days, the OIG will issue a public version of the correspondence.

The OIG believes that proper use of the comment and review period provides for more complete and meaningful outcomes. The process also provides the citizens of Jefferson Parish with the opportunity to consider the work of the OIG and the positions and responses of the recipients. We are hopeful that the integrity of the process will be respected.

#### **IV. BACKGROUND/CHRONOLGY**

While our review to date can only be considered as cursory, we believe the process has reached a critical decision point concerning the further narrowing of the competitive field and/or determining the method of moving forward that is in the best interest of Jefferson Parish.

In 2009, the Third Hospital Service District retained Premier Consulting Solutions to consider the feasibility and potential cost savings of managing certain functions jointly between the EJGH and the WJMC. The Third Hospital Service District also engaged Kaufman, Hall and Associates, Inc. (hereinafter "Kaufman Hall") to consider various approaches by which the EJGH and the WJMC could better position themselves to continue providing high quality health care in the wake of substantial shifts in the health care industry.

The assessments resulted in the Third Hospital Service District directing Kaufman Hall to solicit possible partners for a long term lease arrangement. The solicitation process eventually yielded a final field of three (3) potential lease partners which were an HCA Affiliate; the Louisiana Children's Medical Center; and the Ochsner Health System. While each potential partner presents unique data indicating that each possess a track record of quality health care and seemingly possess the financial capacity to engage in a lease of the nature being proposed.

Since the selection of three (3) proposed partner lessees the Third Hospital Service District has continued to work with Kaufman Hall to further evaluate the three candidates utilizing a series of requests for proposed terms. Each request resulted in responses from multiple candidates in the form of a non-binding Letters of Intent (hereinafter "LOI") addressing elements of an anticipated contract. Examples of areas addressed included; commitments to capital improvements, lease payments, bond defeasance, pension assumption, etc.

It was during the later stages of this analysis when on 08/23/2013 the OIG began to monitor the processes and procedures leading to the anticipated transaction.<sup>3</sup> Based upon our monitoring activity to date, and the current state of the process, the OIG has identified concerns and desires to make recommendations that should be considered prior to moving forward.

The areas to be addressed are as follows:

- Concern regarding the Kaufman Hall engagement.
- Concern regarding compliance with the Louisiana Open Meetings Act.
- Recommendation concerning parallel negotiations.
- Recommendation concerning the Louisiana Open Meetings Act.

## V. AREAS OF CONCERN

### A. Concern regarding Kaufman Hall engagement

In early 2012, the Third Hospital Service District approved the issuance of an advertised solicitation in the form of a Statement of Qualifications for a healthcare consultant to assist with strategic initiatives.<sup>4</sup> There were seven submissions including one by Kaufman Hall. After evaluation of the submissions, the Third Hospital Service District Board recommended Kaufman Hall for selection.<sup>5</sup> Based upon this recommendation, the Parish Council approved and authorized the Board to engage Kaufman Hall at its' meeting of 04/18/2012 by Resolution No. 118767.

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<sup>3</sup> The OIG was, and still is, in the development phase and was not positioned to be of any effect on the process prior to August 2013.

- (a) Except as otherwise provided herein, the administration of each particular hospital service district, upon authorization of its board, shall be responsible for selecting professionals and negotiating, executing and administering professional services contracts necessary for the efficient operation of said hospital service district. The parish council shall make the selection of the person or firm to provide professional services involving accountants, architects, engineers, financial consultants, investment managers and legal counsel. The selection may be based upon the review and recommendation provided by the board of the appropriate hospital service district. As used in this section, the term contract shall also mean any amendment to a professional services contract. Each insurance policy covering a hospital service district, its properties and activities shall comply with the requirements of the program of insurance adopted by the parish council.
- (b) The board of each particular hospital service district shall be exempt from the parish's procedures for selection of persons to provide professional services. Each board shall establish its own procedures for the selection of persons to provide professional services and its own process for the evaluation of persons or firms submitting in response to a request for professional services in order to evaluate and make a recommendation for selection to the parish council. Amendments to any contract for which the parish council has made the selection require a resolution concurring with the board's resolution to authorize an amendment.

<sup>5</sup> Prior to the selection of Kaufman Hall as a strategic partner the WJMC and EJMC each independently managed procurements for the respective hospital districts, ie. the 10/2012 solicitation by WJMC for certified public accounts. The process and practice is not, however, without exception. See Resolution by Parish Council of 6/12/2013 for the selection of architectural firm for WJMC following review of Statement of Qualifications by "Parish's Technical Evaluation Committee" and subsequent to Parish Council Resolution No. 118638 of 3/28/2012.

The initial engagement of Kaufman Hall anticipated a strategic plan with a three phase approach for selecting a partner for the EJGH and the WJMC. Phase I anticipated a “Process Update” to discuss goals, transaction strategy and related matters. Phase II anticipated providing feedback to partners, conducting management presentations and assembling preliminary data. An OIG records review indicated that at or by the commencement of Phase II, Kaufman Hall had identified seventeen potential partners.<sup>6</sup> Kaufman Hall solicited “Indications of Interest” from the identified potential partners. Following the submissions, Phase II concluded with management presentations.<sup>7</sup> Ultimately, Phase II yielded three suitors for “Phase III: Transaction Execution.” They were HCA, LCMC, and Ochsner Health Care System.

At or nearing the conclusion of Phase II, Kaufman Hall wrote in December 2012 to Mr. Cahill, Chairman of the Third District, confirming Kaufman Hall’s retention “to provide financial advisory services in [the] potential selection of a partner and the execution of a strategic partnership.” In its cover letter, Kaufman Hall emphasized its experience and expertise in the areas of providing (1) Comprehensive and Extensive Strategic Advisory Services; (2) Expertise in Healthcare Mergers and Acquisitions; (3) Client-Driven Approach to providing services; (4) Breadth of Capabilities; (5) Knowledge of Jefferson Parish Hospitals and Local Market; and (6) Thought Leadership philosophy. Kaufman Hall highlighted its expertise in healthcare mergers and acquisitions, stating:

“We have been involved in hundreds of M&A-related transactions and our expertise includes sell-side, buy-side, merger advisory, joint ventures, valuations, and fairness opinions. Our M&A experience with hospitals and health systems ranges from small community hospitals to multi-hospital regional and national health systems. Kaufman Hall has been involved in over 80 hospital and health system M&A engagements since the beginning of 2009. We are currently active in 25 not-for-profit hospital and health system M&A engagements.”

Attached to the referenced letter, Kaufman Hall forwarded its “Proposal to Continue Strategic Partnership Selection Process” for the “Third Hospital Services District”, which outlined the scope of services to be provided as part of Phase III. Phase III anticipated Kaufman Hall delivering the following services:

- (1) “Negotiate Letter of Intent” with selected partners;
- (2) “Evaluate Final Proposals” providing interpretation and comparative summaries;
- (3) “Partner Selection” providing “the board with appropriate information on which to select its preferred strategic partner,”

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<sup>6</sup> Some identified partners are related entities.

<sup>7</sup> Kaufman Hall interchangeably identified itself and/or directed to the “Third Hospital and Health Services District,” identified the project as belonging to “East Jefferson General Hospital – West Jefferson Medical Center,” and represented itself as having been engaged by “East Jefferson General Hospital (“EJGH”) and West Jefferson Medical Center (“WJMC”).”

- (4) “Comprehensive Confirmatory Due Diligence” providing assistance to Third Hospital District in conducting due diligence;
- (5) “Pre-Closing Requirements” providing assistance with any conditions of closing;
- (6) “Obtain Necessary Government and Regulatory Approvals” assisting Third District in obtaining regulatory approval for partnership; and
- (7) “Closing” assisting Third Hospital Services in closing transaction.

Upon a recommendation of the Third Hospital District, the Parish Council, by Resolution 120250 of 01/16/2013, authorized an extension of the engagement with Kaufman Hall to undertake Phase III. The resolution incorporated by reference the terms of the earlier engagement, and specifically noted, that the continued engagement was to be subject to the protection of the Enhanced Ability to Compete Statute as established by the Louisiana Legislature.<sup>8</sup> By resolution, the Parish Council instructed the Chairman and Vice-Chairman of the Third Hospital District to authorize and to execute any and all documents necessary to give full force and effect to the resolution.

The Phase III scope of services to be provided by Kaufman Hall began with their assisting “the Third Hospital Services District and legal counsel in negotiating the terms of a letter of intent with selected partners” that included the material business elements and commitments from the selected partners.<sup>9</sup> The letter of intent was to serve as a “blueprint for the development of the definitive agreements.” In March of 2013, Kaufman Hall received letters of intent from HCA, LCMC and Ochsner and negotiations ensued. At that time, state law prohibited the sale or lease of hospitals without voter approval. The law was subsequently amended, and the amendment became effective 06/05/2013.<sup>10</sup> Revised letters of intent were submitted by all three suitors. Final letters of intent were received in August 2013.

Following negotiated letters of intent the Kaufman Hall Phase III scope of services indicated that they would “summarize and interpret each final letter of intent and provide comparative summaries for review by the Board of Directors of the Third Hospital Services District.” While our review to date has not resulted in an analysis of the comparative data referred to we do believe that Kaufman Hall provided an analysis and summary of the letters of intent on an ongoing and as needed basis. The scope of the monitoring effort engaged in to date has not

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<sup>8</sup> See R.S. 42:1073.

<sup>9</sup> Kaufman Hall “Proposal to Continue Strategic Partnership Selection Process,” Third Hospital Services District, Metairie, Louisiana/December 13, 2012, executed by Chip Cahill, Chairman WJMC and James Hudson, Chairman, EJGH on 12/23/2012.

<sup>10</sup> R.S. 46:1064.2 relative to hospital service districts in Jefferson Parish; sale or lease of hospitals, provided that the sale or lease of any hospital owned by a hospital service district in Jefferson Parish shall be as provided notwithstanding any other provision of law to the contrary. R.S. 46:1064.2(C) provided that the hospital service district shall sell or lease the hospital only if the proposed sale or lease is approved by a majority of the qualified electors of the hospital service district voting on the proposition at an election held for that purpose and conducted in accordance with Louisiana Election Code. The statute was amended during the 2013 Legislative Session by HB 383 which was adopted. The amendment struck “or lease” from the language, thereby, permitting the lease of hospitals without voter approval. The amendment took effect 06/05/2013. On 07/10/ 2013, the Parish Council considered an amendment to the JPCO adding Section 7-22 to Chapter 17 which would permitting the sale or lease of a hospital in accordance with R.S. 46:1064.2. See Summary No. 23777.

resulted in sufficient observation or documentation to permit comment on the manner and method of data delivery by Kaufman Hall nor the actions of the Third Hospital Service District, or the respective separate EJGH or WJMC Boards, in receiving or disseminating the data.

Most recently, in August 2103, an issue arose over whether or not Kaufman Hall should be requested to render a definitive opinion on which candidate to select or whether they had made such a recommendation verbally. The ensuing debate, however, became public and has resulted in questions being raised regarding conflicts of interest, outside pressure, and the propriety of the Third Hospital Service Districts decision to not request an opinion of the expert consultant retained to advise during this process.<sup>11</sup>

The OIG is continuing its review of various communications involving the potential lease of the hospitals. The OIG does not possess sufficient information at this time to support any finding concerning questions on the value received from Kaufman Hall or propriety of various communication made from, and to, Kaufman Hall; the Third Hospital District and its members; and members of the Jefferson Parish Council. However, the fact remains that consideration needs to be given to the current state of affairs and the likely future effectiveness of the Kaufman Hall engagement.

When public funds are utilized to retain an expert, the OIG's position is that the expert's resources should be fully utilized. It seems counter-intuitive that any decision would be made to restrict the flow of objective information and recommendations from the paid expert. On 09/09/2013 the Third Hospital District considered the EJGH Executive Committee resolution formally requesting "an opportunity to review the recommendation made by paid consultants regarding the overall best choice in their professional opinion and that if such opinion is not available, consideration be given to retaining a consultant that would be able to proffer a professional opinion." The request was not approved.

#### B. Concern regarding compliance with the Louisiana Open Meetings Act

The hospital service districts are created by Parish ordinance pursuant to authority given by state statute.<sup>12</sup> In creating the hospital service districts, the Parish Council reserved unto itself the ability to act as governing authority:

The parish council acting as governing authority of Jefferson Parish Hospital and Health Services District, Jefferson Parish Hospital Service District No. 1, and Jefferson Parish Hospital

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<sup>11</sup> There have been numerous media reports concerning the issues:

See the Times Picayune:

- [http://www.nola.com/politics/index.ssf/2013/09/jefferson\\_hospital\\_lease\\_consultant\\_1.html](http://www.nola.com/politics/index.ssf/2013/09/jefferson_hospital_lease_consultant_1.html)
- [http://www.nola.com/politics/index.ssf/2013/09/childrens\\_picks\\_up\\_jefferson\\_p.html](http://www.nola.com/politics/index.ssf/2013/09/childrens_picks_up_jefferson_p.html)
- [http://www.nola.com/politics/index.ssf/2013/09/jefferson\\_parish\\_politics\\_link\\_92.html](http://www.nola.com/politics/index.ssf/2013/09/jefferson_parish_politics_link_92.html)

See The Advocate:

- <http://theadvocate.com/news/neworleans/neworleansnews/6902558-123/jefferson-parish-hospital-proposals-will>
- <http://theadvocate.com/news/7009522-123/jefferson-hospital-boards-remain-divided>

<sup>12</sup> R.S. 46:1051 *et seq.*

Service District No. 2 shall conduct the respective hospital service districts business at an appropriate time during the parish council meeting as indicated on the meeting agenda.<sup>13</sup>

Further, and by local ordinance, Jefferson Parish provides that all “rules and procedures set out for handling business items of [the] Jefferson Parish Hospital and Health Services District, Jefferson Parish Hospital Service District No. 1, and Jefferson Parish Hospital Service District No. 2, including but not limited to the expenditure of funds, shall be the same as the parish council rules and procedures” and shall appear on the meeting agenda of the parish council appropriate to the category in which hospital service districts appear.<sup>14</sup>

Parish Council meetings and meetings of the hospital district boards, as advisory boards created by parish ordinance, are subject to the Open Meetings Law.<sup>15</sup> State law recognizes that “it is essential to the maintenance of a democratic society that public business be performed in an open and public manner and that the citizens be advised of and aware of the performance of public officials and the deliberations and decisions that go into the making of public policy.”<sup>16</sup> Toward this end, the Open Meetings Laws are to be construed liberally.<sup>17</sup>

In order to comply fully with the Open Meetings Law, every meeting of a public body must be open to the public, public bodies are prohibited from utilizing any manner of proxy voting, secret balloting or other means intended to circumvent the Open Meetings Law and all votes must be “viva voce.”<sup>18</sup> The primary purpose of the Open Meetings Law is to allow the public to observe and evaluate public officials, public conduct, and public institutions. It is meant to protect citizens from secret decisions made without any opportunity for public input.<sup>19</sup>

The Open Meetings law identifies certain exceptions which may be considered by a public body in a closed, executive session. A public body may hold an executive session upon affirmative vote taken in an open meeting, but no final or binding action may be taken in an executive session. The vote of each member on the question of holding an executive session and reason for holding the executive session shall be recorded.<sup>20</sup> Public bodies may only conduct an executive

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<sup>13</sup> JPCO 17-18.

<sup>15</sup> R.S. 42:12 *et seq.* The Louisiana Open Meetings Law finds its genesis in Article XII, Section 3 of the Louisiana Constitution which provides that no person shall be denied the right to observe the deliberations of public bodies and examine public documents, except in cases established by law. Under R.S. 42:12, “Public bodies” includes parish governing authorities and any other state, parish, municipal, or special district boards, commissions, or authorities, and those of any political subdivision thereof, where such body possesses policy making, advisory, or administrative functions, including any committee or subcommittee of any of these bodies enumerated in this paragraph. Advisory groups created by a political subdivision also qualify as “public bodies” for purposes of the Open Meetings Law. La.Atty.Gen.Op. 08-0143.

<sup>16</sup> R.S. 42:12.

<sup>17</sup> R.S. 42:12

<sup>18</sup> R.S. 42:14.

<sup>19</sup> *Connick v. Brechtel*, 713 So.2d 583 (La.Ct.App. 4<sup>th</sup> Cir. 1998); *Organization of United Taxpayers and Civic Associations of Southeast Baton Rouge, Inc. v. La. Housing Finance Agency*, 703 So.2d 107 (La.Ct.App. 4<sup>th</sup> Cir. 1997).

<sup>20</sup> R.S. 42:16.

session to discuss limited matters, such as professional competence, litigation and “other matters now provided for as may be provided for by the legislature.”<sup>21</sup>

To date, the OIG has been not engaged in a comprehensive analysis of meeting agenda and related documents. However, records suggest that both the Parish Council and the hospital service districts conducted their business in the prescribed manner outlined above. The business of the hospital service districts, including that of the Third Hospital Service District, appeared as agenda items under the caption “Jefferson Parish Special Districts” on Parish Council agenda. Items were acted upon by the Parish Council in open meetings.<sup>22</sup>

However, the OIG observed that on the 04/18/2013 Parish Council agenda, Item No. 16, Executive Session, appeared. The item called for a resolution “authorizing the Council to go into executive session as authorized by R.S. 46:1073(B) to discuss and/or develop marketing strategies and strategic plans for the Jefferson Parish Hospital and Health Services District.” Further, records suggest that the hospital service districts routinely availed themselves of the special provisions of R.S. 46:1073(B), commonly referred to as the “Enhanced Ability to Compete” which is a specific exception to the Open Meetings Law.

R.S. 46:1073(B) reads “Notwithstanding the provisions of R.S. 42:11 et seq or any other law to the contrary, a hospital service district commission may hold an executive session for the discussion and development of marketing strategies and strategic plans.” This exception lies within Chapter 10 of Title 46 of the Louisiana Revised Statute, Hospital Service Districts. R.S. 46:1073 provides that in addition to the power and duties otherwise provided by law to a hospital service district, a hospital service district may develop marketing strategies for its existing hospital health services or any hospital health services to be provided in the future and may develop strategic plans for the development of any future hospital service or facility.

Assuming *arguendo* that the hospital service districts fairly availed themselves of the provisions contained within R.S. 46:1073, the Louisiana Attorney General has previously opined that R.S. 46:1073 must be applied consistently with the Open Meetings Law.<sup>23</sup> Even when a hospital board lawfully calls an executive session to discuss certain matters, any action regarding the matters must be taken in open session by formal vote.<sup>24</sup> There is a Louisiana Attorney General opinion which liberally construes the provisions of R.S. 46:1073 as it relates to the conduct of hospital service districts.<sup>25</sup> However, there is no guidance either jurisprudential or by way of an attorney general opinion which squarely permits a parish council to avail itself of the provisions of R.S. 46:1073. Even if the Open Meetings Law would permit a parish council to avail itself of R.S. 46:1073, the body of decisions and opinions which interpret 46:1073 address hospital

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<sup>21</sup> R.S. 42:17,

<sup>22</sup> See Agenda Item No. 204 of the 12/12/2012 agenda under “Jefferson Parish Special Districts,” calling for Resolution – selecting the law firm of McDermott Will & Emory to assist the hospital service districts; Agenda Item No. 116 of the 4/18 /2012 meeting under “Jefferson Parish Special Districts,” calling for Resolution – approving amendments to the bylaws of the Jefferson Parish Hospital and Health Services District; Agenda Items Nos. 14 and 15 of the Addendum agenda of the 4/18/2012 meeting calling for resolutions approving contracts for legal services to Jefferson Parish Hospital Service District No. 1 and Jefferson Parish Hospital Service District No. 2; Agenda Items 94 and 95 of the 1/16/2013 meeting calling for resolutions ratifying agreement for EJGH and resolution extending agreement with Kaufman Hall.

<sup>23</sup> La.Atty.Op. 95-193.

<sup>24</sup> La.Atty.Op. 93-62.



boards and hospital service districts. The OIG is unable to locate any application or interpretation of R.S. 46:1073 to a parish council which would provide guidance on present issues before the hospital service districts and Parish Council.

Further, the language of 46:1073 is limited to “marketing strategies” and “strategic plans” developed by hospital service districts. Based upon monitoring activity, the OIG has reason to question whether or not substantial portions of discussions and conduct engaged by the Parish Council and the boards of the hospital service districts within executive sessions comports with the narrow exception to the Open Meetings Law created by R.S. 46:1073. Of particular concern, the OIG questions whether the conduct of the executive session by the Third Hospital Service District on 9/9/2013 would comply with the Open Meetings Law considering the narrow language set forth by R.s. 46:1073.

The Parish Council and hospital service boards have received and considered “confidential” information in executive sessions regarding the future of the parish’s hospitals under the auspices the exception created by R.S. 46:1073. Despite the “confidential” nature of the information, information has found its way into the public forum. The future of the parish’s hospitals is a matter of substantial public interest. However, the public has yet to be afforded the opportunities guaranteed it by the Open Meetings Law. Thus, the very provision upon which the Parish Council and hospital service district boards has relied upon to ensure confidentiality and preserve the hospitals ability to meaningfully engage in strategic planning has shielded the public from access to information which, ironically, has subsequently found its way into the public. The intended purpose of the Open Meetings Law is to prevent private meetings of public bodies in which only the “end result” is observed in public open meetings, with all important discussion and arguments having taken place behind closed doors.<sup>26</sup>

Please see recommendation below for clarifying these concerns.

## **VI. RECOMMENDATIONS**

Based upon the actions of the Third Hospital Service District and the Parish Council, the present posture of Kaufman Hall and above expressed concerns, the OIG believes that the adoption of the following recommendations would strengthen principals of good governance and restore the publics’ trust in government.

### **A. Open Meetings Law, R.S. 42:12 et seq and Enhanced Ability to Compete, R.S. 46:1073**

The overriding concern of the OIG is to ensure the principles of good governance. An essential element of good governance is the public’s opportunity to exercise its right to observe and evaluate public officials, public conduct, and public institutions as required by the Open Meetings Law. The OIG strongly encourages the Parish Council and/or the hospital district boards to request an opinion from the Louisiana Attorney General on the applicability of the Enhanced Ability to Compete Act as it relates future action regarding the hospitals. It is only in this manner that the parish can fairly reconcile the publics’ interests with the protections afforded by the Enhanced Ability to Compete. The OIG makes no recommendation as to whether the

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<sup>26</sup> La.Atty.Op. 77-1508.

request may consider past action or only future action. However, the OIG strongly recommends requesting the opinion of the Louisiana Attorney General prior to the selection of a partner.

#### B. Parallel Negotiation

The OIG strongly recommends moving into the negotiation phase with multiple perspective lessees simultaneously. The competitive model of parallel negotiations provides enhanced competition and proactively answers the risk of failed negotiations with an single suitor.

Adopting a parallel negotiation model can result in a continued competitive environment; increase the potential of reaching an executed contract and decrease the risk of failed negotiations. The parallel negotiation model fully respects the authority of the Parish Council; recognizes the desire to proceed in a purposeful and expeditious manner; leverages due diligence efforts prior to the limiting of potential lease partners; and results in fully negotiated competitive lease agreements that present firm and quantifiable lease options. In this manner, the Parish Council will have the opportunity to vote with a high level of confidence on a final product.

##### i. Comportment with the Established Law

The OIG has reviewed the processes utilized by the Parish Council to establish the Third Hospital District, to include relevant resolutions, ordinances and laws that bear on a potential hospital lease. The assessment reflects that the anticipated course was for the Parish Council to choose a single potential lease partner to engage in negotiations. However and significantly, there are not known limitations or other prohibitions which would preclude moving forward with parallel negotiations.

Application of this recommendation also comports with and respects the authority of the Parish Council.<sup>27</sup> Implementation of this recommendation serves only to provide the Parish Council with considerably more finite options in the form of fully negotiated lease agreements.

##### ii. Competition and Risk Mitigation

Under the anticipated model, the OIG believes the element of competition was fully present during early processes of identifying suitors; the subsequent narrowing of the field to three (3); and through the most recent phase involving the solicitation of a series of Letters of Intent. The OIG recognizes that this process added substantial clarity and improved the potential outcomes for the Parish in many key aspects of a potential lease. Had the process continued as anticipated with a single partner, the advantages of competition would have been severely reduced.

Parallel negotiations permit the spirit of competition to persist throughout the negotiation phase, penetrating into the oft import detail and nuance of a potential lease agreement. By extending the competitive dynamic throughout negotiations, the full spectrum of sub-point areas can be addressed and refined.

##### iii. Hedge Against Negotiation Break Down

The advantages of engaging in a parallel negotiation process include answering the risk of a breakdown in negotiations. Further, it provides a superior level of due diligence prior to

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<sup>27</sup> R.S. 46:1064.2.

negotiations with a single party, the ability to maintain existing timeline expectations, and the clarity of result that comes with fully negotiated leases.

Parallel negotiations provide the Parish with a substantial hedge against a false start. A major risk in all negotiations, especially complex negotiations, is the possibility of a terminable impasse resulting in one party simply walking away from the potential deal. This occurrence becomes more threatening as resources are continually expended, and as is purported to be the case, the value of the Parish's hospital assets diminishes. As such, proceeding with a single potential partner and risking a false start brings with it considerable risks to the Parish's interest.

Moving forward in parallel negotiations significantly reduces risks because there would remain at least one potential partner/participant to competitive negotiations. The presence of multiple partners engaged in a process ultimately reduces the potential negative impacts to the Parish's interest in the event that one potential partner withdraws from the process.

#### iv. Leveraging of Due Diligence Efforts

Due diligence can be fairly considered as the measure of prudence, activity, or assiduity, as is properly to be expected from, and ordinarily exercised by, a prudent person under the particular circumstances. As such, this is the measure of care the public should reasonably expect to be carried out prior to a decision of a fiduciary nature involving public monies or assets.

The OIG seeks to be most clear on our purpose and position concerning due diligence. The OIG believes that the parallel negotiation process can produce a superior level of due diligence prior to the decision to select a partner. The OIG is not taking a position on the due diligence efforts engaged upon to date. This should not be read as an indication of support or of concern, merely as recognition that the review thus far has not been sufficiently thorough as to merit an opinion.

Therefore, the OIG maintains that a process which delivers an enhanced level of due diligence prior to limiting potential partners to one will provide the decision makers, and the public, with the opportunity for a more informed decision. It is plain that the level of due diligence review that would be required prior to the presentation of a legally binding fully negotiated lease agreement is far and above that which would be required during the process of soliciting and receiving a series of non-binding LOI's. In proceeding in this fashion the Parish leverages the greater degree of assurance that necessarily accompanies the work associated with formal negotiations.

#### v. Timeliness of Process

There has been a considerable effort placed on the desire to proceed in a timely manner. The OIG takes no position regarding the immediacy of progressing towards an executed lease agreement. We note, however, that the utilization of a parallel negotiation process offers the opportunity for the Parish Council to move the matter forward and into negotiation in an expeditious but responsible manner.

vi. Aspects of Implementation

Within the Kaufman Hall “Proposal to Continue Strategic Partnership Selection Process” for “Third Hospital Services District”, dated 12/13/2012, is an explanation of the services anticipated to be delivered under Phase III which includes: (4) “Comprehensive Confirmatory Due Diligence” providing assistance to Third Hospital District in conducting due diligence; (5) “Pre-Closing Requirements” providing assistance with any conditions of closing; (6) “Obtain Necessary Government and Regulatory Approvals” assisting Third District in obtaining regulatory approval for partnership; and (7) “Closing” assisting Third Hospital Services in closing transaction. Based upon scope of services listed, the Kaufman Hall engagement appears to have covered the negotiation phase. The OIG has not located any associated material specifically addressing the planned processes entering the negotiation phase.

The OIG respectfully suggests that extensive consideration be given to establishing clear parameters and support structure prior to moving forward into negotiations. Recommended areas of consideration are:

1. Whether the loss of confidence in Kaufman Hall merits the selection of either a new expert consultant and/or outside counsel with an established expertise in managing and overseeing the processes involved in hospital lease negotiations. Again, the OIG does not currently possess sufficient information to support any finding concerning questions on the value received from Kaufman Hall or propriety of various communication made from and to Kaufman Hall, the Third Hospital District and its members; and members of the Parish Council. However, the fact remains that the current state of affairs must be acknowledged, and the effectiveness of the Kaufman Hall engagement considered.
2. The establishment of a clear structure and line of authority for future negotiations. It has become apparent that the needs and priorities of combined facilities are not fully aligned. While both hospital boards present principled positions, care should be taken to provide a structure that supports efficient and effective decision making during negotiations while permitting input and guidance from those who best understand their facilities, staff and service priorities.
3. Lastly, care should be taken to ensure the integrity of the negotiation process. The negotiation team must be permitted to operate confidentially to maintain the integrity of the process.

Response from  
Councilmember  
Cynthia Lee-Sheng





**CYNTHIA LEE - SHENG**  
COUNCILWOMAN, DISTRICT 5  
JEFFERSON PARISH

1221 ELMWOOD PARK BOULEVARD  
SUITE 1014  
JEFFERSON, LOUISIANA 70123  
PHONE: (504) 736-6634  
FAX: (504) 736-6632

November 8, 2013

**Via Electronic Mail**

David McClintock  
Jefferson Parish Inspector General  
5401 Jefferson Highway, Suite C  
Jefferson, LA 70123

Mr. McClintock,

This letter is being sent in response to your correspondence of September 13, 2013, wherein you state your concerns and make recommendations related to the selection of a lease partner(s) for East Jefferson General Hospital and West Jefferson Medical Center. As Councilwoman for Jefferson Parish District 5, I acknowledge receipt of your memorandum and offer the following observations as my response.

**Concern Regarding Kaufman Hall Engagement**

One area of concern that you mention is the Kaufman Hall engagement and the debate as to whether or not to request a recommendation. You state, "When public funds are utilized to retain an expert, the OIG's position is that the expert's resources should be fully utilized. It seems counter-intuitive that any decision would be made to restrict the flow of objective information and recommendations from the paid expert." You also make mention of the fact that the East Jefferson General Hospital's Executive Committee resolution requesting a recommendation was not approved by the Third Hospital District.

I am in complete agreement that a recommendation from our paid professional consultant should be an integral part of our deliberative process in selecting a suitor. On August 27, 2013, I sent an email to Dr. Mark Peters and Nancy Cassagne, as well as the Chairman of both hospital boards, citing this position. Further, after the Third Hospital District failed to approve the East Jefferson General Hospital's Executive Committee resolution requesting a Kaufman Hall recommendation, I co-sponsored a resolution with Councilmen Ben Zahn and Paul Johnston that was deferred at the October 2, 2013 council meeting. This Council resolution (No. 121828) was then amended and adopted at the October 16, 2013 Council Meeting. The Resolution,



among other things, directs Kaufman Hall to identify any recommendations already made, or in the alternative, provide a recommendation for the selection of a hospital partner.

### **Concern Regarding Compliance with the Louisiana Open Meetings Law**

Your memorandum recommends that either the Parish Council or hospital service district boards request an opinion from the Louisiana Attorney General regarding the Louisiana Open Meetings Law and the Enhanced Ability to Compete Act. Legal Counsel to East Jefferson General Hospital has indicated that actions taken to date by both the hospital service districts' boards and the Parish Council have complied with the Louisiana Open Meetings Law in all respects. Counsel relies on Louisiana Attorney General Opinion No. 01-242 issued in 2001 that indicated that the board could continue to discuss and vote in executive session until such time as the development of proposed marketing strategies and strategic plans were brought to final resolution. In your memorandum you also indicate that there is no guidance which permits a parish council to avail itself of the exceptions to the Louisiana Open Meetings Law that are set forth in R.S. 46:1073.

Additionally, you express concern about whether substantial portions of discussions which occurred during the Third Hospital District's executive session on September 9, 2013 would comply with the Louisiana Open Meetings Law. Since I was not present at this meeting I do not think it would be appropriate for me to offer any comments in this regard.

To the extent that there is a difference of opinion as to the Louisiana Open Meetings Law and the applicability of the exceptions in the Enhanced Ability to Compete Act, I support your recommendation to request an opinion from the Louisiana Attorney General to ensure that future actions are in compliance with these laws. To that effect, the Council adopted Resolution No. 121787 at the October 16, 2013 Council Meeting directing the Parish Attorney to request an expedited opinion from the Louisiana Attorney General. As you are aware, by letter dated October 17, 2013 the Parish Attorney requested an opinion as to whether the Parish Council, as the governing authority of the three hospital service districts may go into executive session to discuss certain matters in accordance with the Enhanced Ability to Compete Act. The Parish Attorney also informed the Attorney General that the Council does not and has not voted in executive session on this or any other item discussed in executive session. To date, the Attorney General has not opined on this matter.

### **Parallel Negotiation**

You have strongly recommended moving forward in this process through parallel negotiations. You believe that parallel negotiations will bring forth enhanced competition, reduce the risk of failed negotiations with a single suitor, and leverage due diligence efforts.

We currently find ourselves at a crossroads brought on by the impasse between the East Jefferson Hospital Board and the West Jefferson Medical Center Board that

has resulted in the Third Hospital Service District's failure to provide a recommendation of a hospital suitor to the Jefferson Parish Council. This impasse has been exasperated further by Kaufman Hall's recommendation that the two hospital service districts pursue separate partners in independent partnership processes. I believe this recommendation provides the hospitals and the citizens with the best likelihood of success.

In the event however, that a split cannot be achieved, and given this set of circumstances, I would agree that moving this process forward from non-binding letters of intent toward negotiated lease agreements would certainly bring forth more detailed discussions and perhaps more favorable terms from which Jefferson Parish could benefit. I believe Jefferson Parish has more to gain if we continue on a path of negotiation with multiple suitors as opposed to exclusive negotiations with one suitor, to the extent that the law allows such a course.

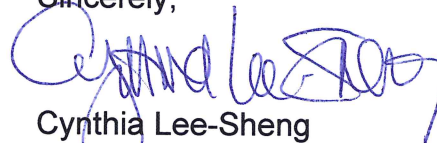
### **Aspects of Implementation/Future Effectiveness of Kaufman Hall**

As we move forward into further negotiations you recommend that we consider whether a new expert consultant should be selected if there is a loss of confidence in Kaufman Hall. You state that you will continue your review of various communications made from and to Kaufman Hall, and that consideration needs to be given to the current state of affairs and the likely future effectiveness of the Kaufman Hall engagement. From my perspective, I have attended only two or three meetings in which Kaufman Hall presented information regarding either the hospital lease referendum or the proposals submitted from prospective suitors. While acknowledging that I have not had access to all of the communication regarding Kaufman Hall that you have had access to, and in full consideration of the thorough and timely response to Resolution No. 121828 from Kaufman Hall, I have not observed any actions by Kaufman Hall that would make me question their future effectiveness.

Finally, in your memorandum you emphasized confidentiality and respect for the integrity of your Office's process. For this reason, I have not provided my response to my fellow Councilmembers. If this conflicts with your process, please contact me at your earliest convenience.

In conclusion, I appreciate the efforts you have made in ensuring the principals of good governance and am glad to have had an opportunity to respond.

Sincerely,



Cynthia Lee-Sheng  
Councilwoman, District 5  
Jefferson Parish



Response from  
Councilmember E.  
“Ben” Zahn, III





**E. "BEN" ZAHN, III**  
COUNCILMAN, DISTRICT 4  
JEFFERSON PARISH

November 6, 2013

FFERSO

Mr. Dave McClintock,  
Inspector General  
1221 Elmwood Park Blvd.  
Jefferson, LA 70123

*Personal and  
Confidential*

Dear Mr. McClintock

In my statements regarding your initial report, I maintained that Jefferson's hospital consultant, Kaufman Hall, should provide Jefferson Parish with a written analysis and final recommendation on which suitor should operate Jefferson's public hospitals. What we all know now, that we didn't know then, was that Kaufman Hall was not officially engaged by the Jefferson Parish Hospital and Health Services District to make a recommendation, but only to craft the District RFP, evaluate responses, and recommend finalists for consideration. I believe the District should have sought more for \$1.3 million in taxpayer money, than to simply tell us that all 3 suitors were all capable of providing quality health care.

That being said, Kaufman Hall, while never confirming that a verbal recommendation was given, finally confirmed their selection in writing. While their response seems to be a first step in transparency, I still have questions that I'd like answered on behalf of the \$1.3 million of taxpayer money allocated and spent. If issuing a recommendation was not in their contract, they should never have given one, be it verbal or written. I also have concerns regarding allegation of an LOI being leaked to a competitor, as reported in the Times Picayune. My office is instructed to forward any request from the media that is on the public server, to my administrative aide for our review and general distribution if requested. Obviously, anything labeled as "confidential" will remain as such.

While I disagree generally with the Parish Attorney's limited public opinions, I totally support the District's reliance on the Enhanced Ability to Compete Act to discuss marketing strategies in Executive Session. I'm urging greater transparency and open government as it relates to the selection of a management partner for our public hospitals, and agree with your findings that, if it is critical for the District to determine the will of the majority, even on matters of strategic planning and positioning by a suitor, the vote should not be taken in Executive Session but in open session.

Finally, in the interest of progress, I would like to recommend that the members of Hospital Service District 1 and Hospital Service District 2 begin parallel negotiations toward finalizing a lease agreement for each hospital, East Jefferson General Hospital and West Jefferson Medical Center. At the outset of proposing a lease consideration for both hospitals, members of the hospital districts and hospital administrators made it clear to the members of the Council and the people of Jefferson that it was important to move quickly and efficiently, because the financial burdens of healthcare on the parish were getting too heavy to shoulder. That has not changed and therefore, we should end the political gridlock and explore the financial impact of Kaufman Hall's recommendation, and allow each board to proceed with its own healthcare provider. If dissolving the Third Hospital District helps break the deadlock between the Boards, then I would encourage my colleagues to move swiftly, and allow East Jefferson General Hospital and West Jefferson Medical Center each select the partner of their choice.

Sincerely,



E. B. "Ben" Zahn, III  
Councilman, District 4  
Jefferson Parish



EBZ/ac

Response from the  
EJGH Board of  
Directors



**COMMENTS OF THE BOARD OF DIRECTORS OF JEFFERSON PARISH HOSPITAL  
SERVICE DISTRICT NO. 2, PARISH OF JEFFERSON, STATE OF LOUISIANA d/b/a  
EAST JEFFERSON GENERAL HOSPITAL ON THE (DRAFT – CONFIDENTIAL)  
MEMORANDUM DATED SEPTEMBER 13, 2013  
FROM DAVID N. McCLINTOCK, OFFICE OF INSPECTOR GENERAL**

In his (Draft-Confidential) Memorandum dated September 13, 2013 (“Memorandum”) the Jefferson Parish Inspector General, David N. McClintock (“Inspector General”) identifies two areas of concern, namely, concern regarding the Kaufman Hall engagement and concern regarding compliance with the Louisiana Open Meetings Law (“Open Meetings Law”). The Inspector General makes recommendations regarding these concerns as well as an additional recommendation to engage in parallel negotiations. The Board of Directors of Jefferson Parish Hospital Service District No. 2, Parish of Jefferson, State of Louisiana, d./b/a East Jefferson General Hospital (“Board”) offers the following comments in connection with the Inspector General’s concerns and recommendations:<sup>1</sup>

**KAUFMAN HALL ENGAGEMENT**

In his Memorandum, the Inspector General raises two issues regarding the engagement of Kaufman Hall. The first issue is whether or not Kaufman Hall should be requested to make a final recommendation on which suitor to select. The second issue is whether or not Kaufman Hall should be replaced.

In connection with the first issue, the Inspector General believes that a final recommendation should be requested. In the Memorandum, the Inspector General states, “When public funds are utilized to retain an expert, the OIG’s position is that the expert’s resources should be fully utilized. It seems counter-intuitive that any decision would be made to restrict the flow of objective information and recommendations from the paid expert”. The Board agrees with the Inspector General and believes that the Jefferson Parish Hospital and Health Services District should ask Kaufman Hall to make a final recommendation on which suitor to select.

Kaufman Hall’s April 9, 2012 and December 13, 2012 contracts with the Jefferson Parish Hospital and Health Services District contemplate Kaufman Hall making a final recommendation to the District. The contracts provide that Kaufman Hall will receive and evaluate “proposals”. You cannot *evaluate* multiple proposals without making recommendations. Furthermore, there is specific language in the aforementioned contracts that any *recommendations* provided to the Jefferson Parish Hospital and Health Services District by Kaufman Hall is for the sole use of the District. This language specifically contemplates making recommendations. Finally, in the April 9, 2012 contract, there is a section titled Standard Terms and Conditions for Consulting Services. Paragraph 14 of this section provides, “Consultant Services may include advice and recommendations . . .”. This language makes it clear that a recommendation is contemplated. Furthermore, the Managing

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<sup>1</sup> In his Memorandum, the Inspector General raises certain concerns pertaining to the Jefferson Parish Council. These comments do not address those concerns.

similar to the subject transaction, has utilized the same contractual language in connection with these transactions and has, in fact, made recommendations in all of these transactions.

There are those who argue that Kaufman Hall has already made one or more recommendations. However, Kaufman Hall has not made a final recommendation based upon the final proposals of the suitors. Throughout the subject process, Kaufman Hall has rendered various opinions, at different points in time, based upon available information. These were opinions, not a final recommendation made after the receipt of final proposals from all of the suitors. Now that Kaufman Hall has received final proposals from all of the suitors, it should be required to make a final recommendation.

Louisiana law provides that persons who serve on Boards of political subdivisions shall not be individually liable for any act or omission as long as such persons are acting in “good faith”. Louisiana law further provides that one measure of “good faith” is relying upon information, reports and statements presented by experts. One could argue that not asking your own expert for a recommendation, when a recommendation is readily available, brings into question whether “good faith” is being exercised.

The second issue raised by the Inspector General in connection with the engagement of Kaufman Hall is whether or not Kaufman Hall should be replaced. The Inspector General asks, “Whether the loss of confidence in Kaufman Hall merits the selection of either a new expert consultant and/or outside counsel with an established expertise in managing and overseeing the processes involved in hospital lease negotiations”. There is no reason to replace Kaufman Hall and to do so, at this stage, would be counter productive. It is important to note, that in the Memorandum, the Inspector General does not allege any wrongdoing on the part of Kaufman Hall nor that Kaufman Hall has not done its job. The Inspector General suggests that the Jefferson Parish Health and Hospital Services District should consider retaining outside counsel with an established expertise in managing and overseeing the processes involved in hospital lease negotiations. This has been done. On December 12, 2012 the Jefferson Parish Council passed Resolution No. 120155 selecting the law firm of McDermott, Will and Emory to assist the Jefferson Parish Hospital and Health Services District, WJMC, EJGH and their respective legal counsel with matters related to the subject transaction. On December 26, 2012, the Jefferson Parish Hospital and Health Services District, WJMC and EJGH executed an engagement letter with McDermott, Will and Emory. McDermott, Will and Emory is one of the largest, most respected law firms in this Country specializing in transactions such as the subject transaction.

### **OPEN MEETINGS LAW**

In the Memorandum, the Inspector General expresses concern regarding whether or not the Jefferson Parish Hospital and Health Services District has complied with the Open Meetings Law in connection with the subject transaction. Specifically, the Inspector General expresses the following concerns:

- (1) The Inspector General asserts that the Jefferson Parish Hospital and Health Services

District has taken action in Executive Session when the Open Meetings Law requires any action to be taken on matters discussed in Executive Session to be taken in Open Session by a formal vote.

(2) The Inspector General asserts that the Boards of the Jefferson Parish Hospital and Health Services District, EJGH and WJMC have conducted business in Executive Session not permitted by the Enhanced Ability to Compete Act.

**Does the Open Meetings Law require the Jefferson Parish Hospital and Health Services District to take action on matters discussed in Executive Session in Open Session?**

In the Memorandum, the Inspector General correctly notes that meetings of the Jefferson Parish Hospital and Health Services District are subject to the Open Meetings Law (La. R.S. 42:11-24). The Open Meetings Law requires all actions, even actions pertaining to matters properly discussed in Executive Session, to be taken in Open Session by a properly recorded vote. The Inspector General also properly notes that the Enhanced Ability to Compete Act (La. R.S. 46:1071-1076) applies to the Jefferson Parish Hospital and Health Services District. The Enhanced Ability to Compete Act provides, among other things, that, “. . . a hospital service district commission may hold an Executive Session for the discussion and *development* of marketing strategies and strategic plans”. Despite the fact the Enhanced Ability to Compete Act provides that a hospital service district may discuss and develop marketing strategies and strategic plans in Executive Session, the Inspector General contends that actual voting must take place in Open Session. We believe this assertion is incorrect.

In *Calcasieu-Cameron Hospital Service District v. Fontenot*, 628 So.2d 75 (La. App. 3Cir. 1993), the court held that the Enhanced Ability to Compete Act allows a hospital service district to take action and vote on any matter in Executive Session which the Act permits to be discussed in Executive Session. Furthermore, the two most recent Louisiana Attorney General opinions addressing this issue clearly provide that under the Enhanced Ability to Compete Act a hospital service district may vote in Executive Session on matters which the Act allows discussed in Executive Session. In *Louisiana Attorney General Opinion No. 95-193A*, the Louisiana Attorney General opined that under the Enhanced Ability to Compete Act hospital service districts could, in fact, vote in Executive Session. In 2001, legal counsel for EJGH wanted to confirm that EJGH's Board of Directors could, under the Enhanced Ability to Compete Act, not only discuss certain matters in Executive Session, but take action and vote on those matters in Executive Session. Said legal counsel requested an opinion from the Louisiana Attorney General. In *Louisiana Attorney General Opinion No. 01-242*, the Louisiana Attorney General stated that matters which could be discussed in Executive Session under the Enhanced Ability to Compete Act, could be voted on in Executive Session.

The authority that the Inspector General offers to substantiate his position is *Louisiana Attorney General Opinion No. 93-62*. However, in *Louisiana Attorney General Opinion No. 95-193A*, discussed, supra., the Louisiana Attorney General specifically overruled *Louisiana Attorney General Opinion No. 93-62*. Therefore, based upon the jurisprudence and the prevailing Louisiana Attorney General Opinions, a hospital service district may, under the Enhanced Ability to Compete

Act, take action and vote in Executive Session on any matter which the Act permits to be discussed in Executive Session.

The Enhanced Ability to Compete Act was adopted by the Louisiana Legislature to protect hospital service districts. It only applies to hospital service districts. Its purpose is to allow hospital service districts to compete with their private sector competitors who do not have to make public their marketing strategies or strategic plans. The Enhanced Ability to Compete Act provides, “. . . the purpose of R.S. 46:1071 through 1076 is to enhance the ability of a hospital service district to compete affectively and equally in the market for health care services”. Requiring a hospital service district to take action and vote in Open Session on matters which were properly discussed in Executive Session would defeat the purpose of the Enhanced Ability to Compete Act.

**Have the Boards of the Jefferson Parish Hospital and Health Services District and EJGH conducted business in Executive Session in contravention of the Open Meetings Law?**

In the Memorandum, the Inspector General states, “Based upon monitoring activity, the OIG has reason to question whether or not substantial portions of discussions and conduct engaged by the Parish Council and the boards of the hospital service districts within executive session comports with the narrow exception to the Open Meetings Law created by R.S. 46:1073”. In other words, the Inspector General asserts that the Boards of the Jefferson Parish Hospital and Health Services District, EJGH and WJMC conducted business in Executive Session which the Open Meetings Law requires to be conducted in Open Session. Other than generally mentioning a meeting of the Jefferson Parish Hospital and Health Services District on September 9, 2013, the Inspector General offers no examples in support of his assertion. Therefore, it is difficult to directly respond to the Inspector General’s assertion. However, it must be pointed out that legal counsel for the Jefferson Parish Hospital and Health Services District have reexamined the agenda of the September 9, 2013 meeting to which the Inspector General refers and contend that all matters discussed in Executive Session involved strategic planning and were permitted to be discussed in Executive Session under the Enhanced Ability to Compete Act. The business conducted by the Jefferson Parish Hospital and Health Services District in connection with the subject transaction has been limited solely and exclusively to the business of leasing EJGH’s and WJMC’s hospitals. This is clearly strategic planning.

One of the basic premises of the Memorandum is that the Open Meetings Law rules and that the Enhanced Ability to Compete Act is a “narrow” exception. This is not true. In order that there would be no doubt as to how it wanted the Enhanced Ability to Compete Act to be interpreted, the Louisiana Legislature included very specific language in the Act providing that the Act must be construed liberally. In *Joseph v. Hospital Service District No. 2 of the Parish of St. Mary*, 805 So. 2d 400 (La. App. 1st Circuit 2001), the Court held that when read in conjunction with the Open Meetings Law, the Enhanced Ability to Compete Act must be construed liberally. The Court stated that the rules of “narrow construction” do not apply to the Enhanced Ability to Compete Act. *Louisiana Attorney General Opinion No. 01-242* provides that the Enhanced Ability to Compete Act must be liberally construed as it relates to the conduct of hospital service districts.

It is important to note that if there is a conflict between the Open Meetings Law and the Enhanced Ability to Compete Act, the Enhanced Ability to Compete Act supersedes the Open Meetings Law. The Enhanced Ability to Compete Act specifically provides that **notwithstanding**



the provisions of the Open Meetings Law, the Enhanced Ability to Compete Act applies. Therefore, it is clear that the Enhanced Ability to Compete Act “trumps” the Open Meetings Law. The notion that the Enhanced Ability to Compete Act “trumps” the Open Meetings Law is specifically upheld by the court in *St. Mary Anesthesia Associates, Inc. v. Hospital Service District No. 2 of the Parish of St. Mary*, cited, supra.

The Enhanced Ability to Compete Act permits a hospital service district to hold an Executive Session for the discussion and development of marketing strategies and strategic plans. The Act defines “strategic plans” as “any plan, strategy or device developed or intended to construct, operate, maintain a health facility or engage in providing, promoting or selling a hospital health service”. As discussed, supra, the business conducted by the Jefferson Parish Hospital and Health Services District in connection with the subject transaction has been limited solely and exclusively to the business of leasing EJGH’s and WJMC’s hospitals. This is strategic planning, without question.

### **OTHER RECOMMENDATION**

In the Memorandum, the Inspector General recommends that the Jefferson Parish Hospital and Health Services District continue negotiating leases, simultaneously, with multiple prospective lessees. This is what the Jefferson Parish Hospital and Health Services District has been doing for approximately two years. Representatives of both Kaufman Hall and McDermott, Will and Emory, the experts retained by the Jefferson Parish Hospital and Health Services District, have stated that attempting to negotiate definitive lease agreements with two parties at the same time would be unusual and problematic.

### **CONCLUSION**

In conclusion, the Board maintains that:

- (1) The Jefferson Parish Hospital and Health Services District should ask Kaufman Hall for a final recommendation.
- (2) The Jefferson Parish Hospital and Health Services District and EJGH have complied with the Open Meetings Law in all respects.
- (3) The parallel negotiation phase has been completed. Based upon the advice of Kaufman Hall and McDermott, Will and Emory, it is time to select a lessee(s) and negotiate definitive lease agreements.

Response from the  
Parish Attorney on  
behalf of the Parish  
Council





JEFFERSON PARISH  
DEPARTMENT OF THE PARISH ATTORNEY

WWW.JEFFPARISH.NET

November 8, 2013

JOHN F. YOUNG, JR.  
PARISH PRESIDENT

DEBORAH CUNNINGHAM FOSHEE  
PARISH ATTORNEY

E. ROSS BUCKLEY, JR.  
DEPUTY PARISH ATTORNEY

EDWARD S. RAPIER, JR.  
DEPUTY PARISH ATTORNEY

Mr. David McClintock  
Inspector General  
Parish of Jefferson

[dm.jpoig@gmail.com](mailto:dm.jpoig@gmail.com)

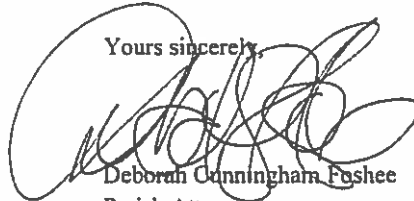
Dear Mr. McClintock:

Thank you for yours of September 13, 2013. Please allow me to respond on behalf of the Jefferson Parish Council. You may receive separate responses from individual Councilmembers and Hospital Service District Number 1, 2, and/or 3. I limit this to the Council's actions that you address in your report.

**Council Authority to go into Executive Session under the Enhanced Ability to Compete Law. Response:** Hospital Service Districts are Special Districts of the Parish for which the Parish Council serves as the Governing Authority. Attached for your reference is the state enabling legislation, La. R.S. 46:1051 and Ordinance No. 23584 that created the Jefferson Parish Hospital and Health Services District (The 3<sup>rd</sup> District). The Hospital Service Districts require Council approval for most actions, including, but not limited to, approval of the by-laws by which they operate. The by-laws for District Number 1, 2, and 3 are attached. When the Parish Council goes into executive session regarding hospital matters, they do so sitting as the Special District. Jefferson Parish Ordinance 17-18. That is why you will see on the agenda a separate delineation of Special District items. Id. The Council is no longer sitting as the Parish Council but as the Governing Body of the Hospitals. I must therefore respectfully disagree that there is anything improper about the Parish Council, sitting as the Governing Body of the Hospital Service Districts, going into Executive Session as authorized by the Enhanced Ability to Compete Act, La. R.S. 46:1073 (B). Please note that the Parish Council does not and has not voted in Executive Session on this or any other item discussed in Executive Session. All actions by the Council are taken in public.

**Action plan:** Please find attached an Attorney General opinion request to confirm our interpretation of the law is correct.

Yours sincerely,



Deborah Cunningham Foshee  
Parish Attorney

DCF/mg

Attachments

cc: Hon. John F. Young, Jr., Parish President  
Hon. Christopher L. Roberts, Council Chairman  
Hon. Elton M. Lagasse, Councilman at Large, Div. B  
Hon. Ricky J. Temple, Councilman, Dist. 1  
Hon. Paul D. Johnston, Councilman, Dist. 2  
Hon. Mark D. Spears, Jr., Councilman, Dist. 3  
Hon. E. Ben Zahn, III, Councilman, Dist. 4  
Hon. Cynthia Lee-Sheng, Councilwoman, Dist. 5  
Mr. Christopher Cox, COO  
Ms. Jennifer Van Vrancken Dwyer, Deputy COO  
Mr. David Sherman, Attorney at Law  
Mr. Peter Butler, Jr., Attorney at Law  
Mr. Alan Gandolfi, Director, Research & Budget  
Mr. Jeremy Dwyer, Legal Analyst, Research & Budget  
Mr. E. Ross Buckley, Jr., Deputy Parish Attorney  
Ms. J. Liz Lambert, Asst. Parish Attorney

## CHAPTER 10. HOSPITAL SERVICE DISTRICTS

## PART I. GENERAL PROVISIONS

## §1051. Authority to create and alter the boundaries of districts

A. The police juries of parishes are authorized and empowered, upon their own initiative, to form and create one or more hospital service districts within the respective parishes, or with agreement among police juries concerned, to combine two or more parishes into a single hospital service district with such names as the police juries may designate, and, in so doing, police juries may create hospital service districts whose boundaries overlap those of other hospital service districts.

B. The police juries are further authorized and empowered, upon their own initiative, to alter the boundaries of any hospital service district, provided that no such boundary change shall cause an impairment of the obligations of any contract of the hospital service district.

C. Such creation of overlapping hospital service districts or the alteration of the boundaries of any hospital service district prior to July 31, 1968, are hereby expressly validated, ratified and confirmed.

D. The governing authority of Pointe Coupee Parish may rename the Pointe Coupee Parish Hospital Service District Number One as the Pointe Coupee Parish Health Services District Number One, in such case, such district and its commission shall continue to have all powers, duties, functions, and responsibilities as provided in this Chapter for hospital service districts, and their commissions and the parish governing authority shall continue to have all powers, duties, functions, and responsibilities as provided in this Chapter with respect to such district.

E. Notwithstanding the provisions of Subsections A and B of this Section, the governing authority of Ouachita Parish shall not abolish or alter the boundaries of Hospital Service District No. 1 of the Parish of Ouachita unless the abolition or alteration is approved by two-thirds of the full membership of the board of commissioners of the district and approved by a majority of the voters of the district, as the district existed on January 1, 1997, voting at an election held for the purpose of authorizing such abolition or alteration in accordance with the Louisiana Election Code. The parish governing authority or the board of commissioners may call an election for such purpose after the board of commissioners has voted for such approval as provided in this Subsection.

Acts 1950, No. 420, §1. Amended by Acts 1968, No. 35, §1; Acts 1986, No. 326, §1; Acts 1997, No. 436, §2, eff. June 22, 1997.

11/8/2013

On joint motion of all Councilmembers present the following ordinance was offered as amended:

**SUMMARY NO. 22701 ORDINANCE NO. 23584**

An ordinance creating a hospital service district within the Parish of Jefferson to be known and designated as "Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana", fixing the boundaries thereof and providing for its powers and duties; amending the provisions of Chapter 17 of the Code of Ordinances relative to hospital service districts, and providing for related matters.(Parishwide )

**THE JEFFERSON PARISH COUNCIL, ACTING AS THE GOVERNING AUTHORITY OF THE PARISH OF JEFFERSON, STATE OF LOUISIANA, HEREBY ORDAINS, that:**

**SECTION 1.** Under and by virtue of the authority conferred by LSA Const. Art. 6 §19, Paragraph (7) of Section 2.01, Article 2 of the Jefferson Parish Home Rule Charter, and Chapter 10, Title 40 of the Louisiana Revised Statutes of 1950 (La. R.S. 46:1051 et seq.), the Jefferson Parish Council, acting on its own initiative, hereby creates a hospital service district within the Parish of Jefferson fixing the boundaries thereof and providing for its powers and duties by this ordinance, and accordingly, that Article II of Chapter 17 of the Jefferson Parish Code of Ordinances, Section 17-14, be and the same is hereby adopted to read as follows:

**ARTICLE II. HOSPITAL SERVICE DISTRICTS**

**Sec. 17-14 Jefferson Parish Hospital and Health Services District**

(a) *Creation.* A hospital service district be and is hereby created within the Parish of Jefferson, State of Louisiana, which shall comprise and embrace all of the territory within Jefferson Parish and whose boundaries shall be coterminous with the boundaries of Jefferson Parish, State of Louisiana.

(b) *Official designation.* The hospital service district created in subsection (a) shall be known and designated as "Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana."

**SECTION 2.** Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana, as thus created, shall constitute a public corporation and political subdivision of the State of Louisiana, and shall have all the powers and privileges granted by the Constitution and Statutes of this State to such subdivisions, including full power and authority to do and perform all things incidental and necessary in connection therewith, provided however, it shall not have the authority and power to issue bonds and to levy and collect taxes, special assessments and fees.

**SECTION 3.** The Jefferson Parish Council, the governing authority of the Parish, and pursuant to the provisions of Section 2.01(7) of the Jefferson Parish Home Rule Charter, is hereby designated as the governing authority of Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana.

**SECTION 4.** The domicile of Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana, shall be and is designated as the Office of the Parish Clerk, Sixth Floor, General Government Building, Gretna, Louisiana; the official seal of the Parish be and the same is hereby adopted as the official seal of Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana; and the official journal of the Parish be and the same is hereby designated as the official journal of Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana.

**SECTION 5.** The Jefferson Parish Council, hereby creates a hospital service district board, and accordingly, Article VI, Division 27, of Chapter 2 of the Jefferson Parish Code of Ordinances be and the same is hereby adopted to read as follows:

**DIVISION 27.**

**JEFFERSON PARISH HOSPITAL AND HEALTH SERVICES DISTRICT BOARD**

**Sec. 2-861. Created.**

There is hereby created the Jefferson Parish Hospital and Health Services District Board which shall conduct meetings of the Board and advise and make recommendations to the Jefferson Parish Council relating to matters concerning the operations, policies and procedures of Jefferson Parish Hospital and Health Services District.

**Sec. 2-862. Composition; terms.**

The Jefferson Parish Hospital and Health Services District Board shall be composed of ten (10) members:

- 1) Chairman of West Jefferson Medical Center Board;
- 2) Vice-Chairman of the West Jefferson Medical Center Board;
- 3) Treasurer of the West Jefferson Medical Center Board;
- 4) Chairman of East Jefferson General Hospital Board;
- 5) Vice-Chairman of the East Jefferson General Hospital Board;
- 6) Treasurer of the East Jefferson General Hospital Board;
- 7) Chief of Medical Staff of West Jefferson Medical Center;
- 8) Chief of Medical Staff of East Jefferson General Hospital;
- 9) Chief Executive Officer of West Jefferson Medical Center;
- 10) Chief Executive Officer of East Jefferson General Hospital.

**Section 6** Section 17-16(b), 17-18, and 17-19 of the Code of Ordinance be and the same are hereby amended and re-adopted to read as follows:

**Sec. 17-16. Hospital district no. 1.**

\* \* \*

(b) *Official designation.* The hospital service district created in subsection (a) shall be known and designated as "Jefferson Parish Hospital Service District No. 1, Parish of Jefferson, State of Louisiana."

**Sec. 17-18. Meetings of governing authority.**

The parish council acting as governing authority of Jefferson Parish Hospital and Health Services District, Jefferson Parish Hospital Service District No. 1, and Jefferson Parish Hospital Service District No. 2 shall conduct the respective hospital service districts business at an appropriate time during the parish council meeting as indicated on the meeting agenda.

**Sec. 17-19. Rules and procedures.**

All the rules and procedures set out for handling business items of Jefferson Parish Hospital and Health Services District, Jefferson Parish Hospital Service District No. 1, and Jefferson Parish Hospital Service District No. 2, including but not limited to the expenditure of funds, shall be the same as the parish council rules and procedures appropriate to the category in which Jefferson Parish Hospital and Health Services District, Jefferson Parish Hospital Service District No. 1, and Jefferson Parish Hospital Service District No. 2 appear on the meeting agenda of the parish council.

**SECTION 7.** The Board of Jefferson Parish Hospital and Health Services District shall meet at its domicile within a reasonable time for the purposes of organization, electing officers and considering and taking action necessary for the adoption of by-laws and other relevant matters. All meetings of the Board shall be subject to the Louisiana Open Meetings Law and the exceptions thereto.

This foregoing ordinance having been submitted to a vote, the vote thereon was as follows:

**YEAS: 7 NAYS: None ABSENT: None**

The ordinance was declared to be adopted on this the 8<sup>th</sup> day of July, 2009, and shall become effective as follows; if signed forthwith by the Parish President, ten (10) days after adoption, thereafter upon signature by the Parish President, or, if not signed by the Parish President, upon expiration of the time for ordinances to be considered finally adopted without the signature of the Parish President, as provided in Section 2.07 of the Charter. If vetoed by the Parish President and subsequently approved by the Council, this ordinance shall become effective on the day of such approval.

**BYLAWS  
OF  
EAST JEFFERSON GENERAL HOSPITAL**

**I. NAME:**

The name of the hospital is EAST JEFFERSON GENERAL HOSPITAL, which shall include its facilities and related entities (Hospital) which shall be governed by a Board of Directors, the conduct of which shall be under the supervision of the Jefferson Parish Council (Council) with its members being appointed as herein provided.

**II. PLACE OF BUSINESS:**

The principal place of business of the Hospital is 4200 Houma Boulevard, Metairie, Louisiana.

**III. MEMBERSHIP:**

The Board of Directors (Board) of the Hospital shall consist of ten (10) members, having the powers and duties as hereinafter provided.

**IV. BOARD OF DIRECTORS:**

**A. APPOINTMENT:**

The Board shall be composed of eight (8) regular members and two (2) special members, and each Board member shall serve for a term of four (4) years, provided however, a Board member may be removed for cause during his term by the Parish official(s) who appointed him. The Board shall set policy and supervise all administrative functions in relation to the operation and management of the Hospital. The members of the Board shall be appointed by the Council and the President of Jefferson Parish (Parish). The eight (8) regular members of the Board shall be appointed as follows: The Parish President and each Council member shall appoint one (1) regular member to the Board; and the two (2) special members of the Board shall be appointed by the Council from nominees submitted to the Board, by the Hospital's Medical Executive Committee. Upon a favorable vote of the Board of one or more of the nominees, the Board shall recommend and submit to the Council the names of the two nominees no later than sixty (60) days prior to the commencement date of the appointment.



**B. REMOVAL:**

When a regular member of the Board is removed for cause, or otherwise his replacement shall be appointed in the same manner as the removed member was appointed. When a special member of the Board is removed for cause, his replacement shall be made from a list of names submitted to the Board by the Hospital's medical staff at the next following meeting of the Board and, immediately thereafter, upon a favorable vote of the Board of one or more of the nominees, the Board shall recommend and submit to the Council the name of the nominee to replace the removed special member, for appointment to the Board. Notwithstanding anything herein to the contrary, a Board member shall continue to serve as a member of the Board beyond the date of termination of his term until his successor is duly appointed by either the Parish President, the Council, or the member of the Council having made the appointment of that member, as the case may be, except upon removal of a member for cause as herein otherwise provided.

**C. MEMBERS:**

In addition to the requirements for membership on the Board as provided in Section IV(A) herein, a Board member must be a full time resident taxpayer of and domiciled in the Jefferson Parish Hospital Service District No. 2 (District), and he shall maintain his residence and domicile status during the term of his appointment.

**D. OFFICERS, DOMICILE AND MEETINGS:**

The Board shall annually elect one of its members as its (i) Chairman, (ii) Vice-Chairman, (iii) Secretary and (iv) Treasurer. The domicile of the Board shall be at the address of the Hospital and, except as otherwise determined by a majority favorable vote of the entire membership, all meetings of the Board shall be held at its domicile. Meetings of the Board shall be held at least once monthly. Special meetings of the Board may be called by its Chairman, the Parish President, or the Chairman of the Council and may be held at such times and places as specified in the call.

**E. METHOD OF TAKING ACTION:**

All matters coming before the Board shall be determined by a favorable vote of no less than six (6) of its members voting at a regular or special meeting of the board.

**F. QUORUM:**

For its regular or special meetings, six (6) members shall constitute a quorum of the Board.

**G. ANNUAL REPORT:**

Periodically, but not less than annually, the Board shall furnish a report to the President of the Parish and to the Council of its activities and the operations of the Hospital.

**H. OBJECTS AND PURPOSES OF BOARD:**

Except as may be otherwise authorized by the Council, the powers, objectives and purposes of the Board shall be:

1. to supervise the operations and affairs of the Hospital on behalf of the residents of the District and elsewhere primarily for the health and care of the sick, disabled, injured, handicapped and persons otherwise in need of health care, medical care and/or in need of hospital treatment; and
2. to administer such other activities of the Hospital, including, but not limited to health and medical services related to providing care for and treatment of the sick, disabled, injured and handicapped, promotion of general health and medical care in the District and making such health and medical care available to residents of the District and elsewhere through use of the Hospital and its administrative and medical staffs and its personnel; and
3. to promote and conduct scientific research and training relating to the care of the sick, disabled, injured, handicapped, ill and/or such other persons in need of health care, medical care and/or hospital treatment; and
4. to participate, so far as circumstances may permit, in any activity designed, maintained and/or conducted to promote the general health and welfare of the residents of the District and elsewhere and to protect and augment the fiscal viability of the Hospital, its operations and affairs; and
5. to cooperate with other public and private institutions and agencies engaged in providing hospital, medical and health care services to the residents of the District and elsewhere; and

6. to supervise the operations and affairs of the Hospital in such a manner for it to remain qualified for its tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended or supplemented, and to assure that the operation of the Hospital shall not, under any circumstances, be operated in such a manner as to be determined to be a private foundation as that term is defined in Section 508 of the Internal Revenue Code of 1954.

**I. DUTIES OF THE BOARD:**

In addition to the duties of the Board as may be defined elsewhere in the Bylaws, the Board shall perform such duties and adhere to such principles that the Council, from time to time, may require by resolution, ordinance or otherwise. The duties of the Board shall include, but not be limited to:

1. represent the public interest in providing health care, medical care and Hospital facilities in the Parish, the District and elsewhere when and where circumstances may require; and
2. report to the Parish President and the Council concerning the operations and affairs of the Hospital; and
3. develop and amend the rules and regulations necessary to govern the conduct, operations and affairs of the Board, its members and the Hospital including, but not limited to, its administrative and medical staffs, personnel, etc.; and
4. appoint standing and special committees of the Board and of the Hospital necessary to carry out the duties and purposes of the Board set forth in the Bylaws; and
5. supervise and approve charges for the use of the facilities of the Hospital; and
6. executing contracts and such other documents required for the orderly and business operations of the Hospital, together with all power and authority consistent with and not in violation of state law and/or the charter and ordinances of the Parish including, but not limited to, the Code of Ordinances (Code) of the Parish, except that:
  - (i) The Council shall, by ordinance or resolution, enter into all contracts with all architects, engineers and contractors in connection with

plant alterations of or additions to the Hospital, provided, however, that nothing herein to the contrary shall prevent the Board from recommending to the Council the engagement of an architect, engineer or contractor for the performance of professional services as defined in the Code of the Parish, so long as such recommendation is in accordance with the Parish contract procedures set forth in the Code of Ordinances; and

(ii) The Council shall, by ordinance or resolution, enter into contracts for special counsel, financial consultants, economic or financial managers for and/or involving the Hospital, investment teams in conjunction with any bond issue of the Hospital, and investment managers for the Hospital provided however, that the Board may select and execute contracts with consultants as it deems appropriate; and

(iii) Each insurance policy governing the Hospital, its properties and activities shall comply with the requirements of the program of insurance adopted by the Council; and

(iv) The Board may, with the approval of the Council, enter into such contracts and agreements with the United States of America or with Louisiana or any State or any agency or instrumentality thereof necessary to procure aids or grants to assist in carrying out the purposes of the Board; and

(v) Any agreement, memorandum of understanding, and/or contract that binds the Hospital to any future action, the effect of which shall constitute a merger, sale or consolidation of the Hospital and its property and/or equipment or that would effect a similar change in the operations of the Hospital shall require the prior approval of the Council..

7. To assist the Hospital to acquire the necessary supplies and equipment required for its day-to-day operations and to provide that the health care and medical treatment of patients being treated in the Hospital is quality care and treatment; and
8. To appoint/deny/condition medical practitioners to the Medical Staff of the Hospital relative to the granting of membership and/or hospital privileges upon the recommendation of the Hospital Medical Staff.

V. A. HOSPITAL DIRECTOR/CHIEF EXECUTIVE OFFICER:

When the position of Director/Chief Executive Officer (CEO) is vacant, it shall recommend for appointment by the Council a CEO of the Hospital who shall have such title as the Board may designate. The Hospital CEO shall have experience in the field of hospital administration and be familiar with the principles and methods of a major general hospital and institutional care facilities as provided in the Code Section 2-843 and the Board shall nominate a qualified person for CEO of the Hospital and shall establish the initial salary and benefits for him, which initial salary and benefits shall be approved by the Council. Thereafter, changes in the salary and benefits for the CEO shall be made by the Board in its sole discretion. The CEO of the Hospital shall be a full-time employee. The Board shall have the power and authority, in its sole discretion, to provide such procedures it may deem necessary to review and modify, or set aside, any action of the CEO which it determines to be desirable or necessary in the best interest of the District, the Hospital and the public.

B. DUTIES OF THE HOSPITAL DIRECTOR/CHIEF EXECUTIVE OFFICER:

In addition to the duties imposed upon him by these Bylaws, by Board policy or directive or otherwise, the duties of the CEO of the Hospital shall include, but not be limited to, the following:

1. Preparation of the annual operating and capital budget of the Hospital for the approval of the Board for its submission to and approval by the Council; and
2. Attendance at all regular and special meetings of the Board and the keeping of the Hospital official minutes of its proceedings; and
3. Establish the administrative staff and department positions, including setting wages, fees and salary programs for them and the employees of the Hospital, subject to budgetary limitations, and direct and supervise the work of all employees of the Hospital; and
4. Making and publishing such reports regarding the operation of the Board as may be required by law, or which he may be directed to make and/or report by the Board or by the Council; and

5. Complying with all policies relating to the conduct of the operation and affairs of the Hospital, that may be established by the Board or the Council; and
6. Cooperating with the Medical Staff of the Hospital in its compliance with policies approved by the Board; and
7. Recommending to the Board the rates, fees, and charges for health care, medical treatment and other services to be rendered to patients and/or provided to them by the Hospital; and
8. Recommending to the Board the compensation payable for services of independent contractors, consultants and of others rendered to the Hospital; and
9. Providing for the accurate keeping of medical records and reports of the Hospital; and.
10. Directing the operation, business and affairs of the Hospital including, but limited to, keeping the accurate records and accounts of the Hospital, making needed purchases of medicines, equipment, supplies and materials, and maintaining the physical facilities of the Hospital in good order and repair; and
11. Maintaining a correct accounting of all gifts, bequests, grants-in-aid, and other revenues received by the Hospital and, with the consent of the Board, and subject to any conditions imposed in any donation or any law providing for grants-in-aid subsidies or other revenues, applying the proceeds of all such gifts, bequests, grants-in-aid and other revenues for the purposes designated by the Board or the Bylaws to the Hospital; and
12. Subject to approved Board policy, conduct such hearings and rule upon complaints by or against any employee of the Hospital; and
13. Taking action to review, modify, ratify or set aside any non-clinical action of any employee of the Hospital as desirable or necessary in the best interest of the Hospital and the public; and
14. Performing such other duties and functions which the Board deems necessary or desirable to carry out the purposes of the Hospital and the Bylaws in order to serve the best interests of the Hospital and the public.

**VI. AUXILIARY AND ASSOCIATED ORGANIZATIONS:**

The Board, with the approval of the Council, may authorize the formation of auxiliary and associated organizations to assist in the fulfillment of the purposes of the Hospital. The Bylaws of such organizations, or any amendment thereto, shall be effective upon approval of the Board. At least one report of the activities of such organization shall be made to the Board annually and no later than December 15th of each year.

**VII. MEDICAL STAFF:**

**A. STAFF APPOINTMENT:**

The Board shall be the appointing authority for membership and/or privileges on the Medical Staff of the Hospital. The Executive Committee of the Medical Staff shall recommend to the Board, or a committee thereof responsible for approving or denying membership and privileges in the Hospital, all medical practitioners for membership on the Medical Staff of the Hospital, together with appropriate clinical privileges.

**B. BYLAWS, RULES AND REGULATIONS:**

The Medical Staff of the Hospital shall develop and maintain its Bylaws and Rules and Regulations in the best interest of the Hospital, the Medical Staff, and of the care of (i) the patients of the Hospital, which shall conform to the requirements of the State for licensing of medical practitioners and (ii) the Joint Commission on Accreditation of Health Care Organizations. The Medical Staff Bylaws and Rules and Regulations shall be subject to, and effective upon, approval of the Board.

**VIII. AMENDMENTS:**

**A. MANNER OF ACTING:**

The Bylaws may be amended at any meeting of the Board by a two-thirds (2/3) favorable vote of the entire membership of the Board. A copy of any proposed amendment(s) to the Bylaws shall be mailed to each member of the Board at least seven (7) days prior to the Board meeting at which the amendment(s) are to be proposed for adoption.

**B. RATIFICATION:**

Any amendment(s) to the Bylaws of the Hospital shall become effective upon approval by the Board and ratification by the Council.

**IX. DISSOLUTION:**

In the event it is determined by the Council that the Hospital shall cease doing business and its operation, business and affairs terminated and the District be dissolved, all property of the Hospital, (intellectual, real and personal, movable and immovable, tangible and intangible, and corporeal and incorporeal), after satisfying bondholders and other creditors, if any, shall escheat to the Parish and/or its General Fund.

**X. GENDER:**

Words used herein in one gender shall apply to the other gender.

**XI. SEVERABILITY:**

If any provision or item of the Bylaws or the application thereof is held invalid, such invalidity shall not affect other provisions, items, or applications of the Bylaws which can be given effect without the invalid provision, item, or application, and to this end the provisions of the Bylaws are severable.



XII.

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Bylaws of East Jefferson General Hospital, adopted by the Resolution of the Board of Directors of East Jefferson General Hospital at a meeting of the Board of Directors in the Parish of Jefferson on \_\_\_\_\_, 2000.

ATTEST:

\_\_\_\_\_  
CHAIRMAN, BOARD OF DIRECTORS  
EAST JEFFERSON GENERAL HOSPITAL

East Jefferson Hospital

**I NAME:**

The name of this body is JEFFERSON PARISH HOSPITAL DISTRICT NO. 1 d/b/a WEST JEFFERSON MEDICAL CENTER. It is hereafter sometimes referred to as the "District" or the "Medical Center".

**II PLACE:**

The principal place of business is 1101 Medical Center Boulevard, Marrero, Louisiana 70072.

**III MEMBERSHIP:**

Voting membership in this body shall consist of ten (10) members of the Board of Directors as hereinafter provided.

**IV BOARD OF DIRECTORS:**

**A. APPOINTMENT:**

Under the general supervision of the Jefferson Parish Council, this body shall be governed by a Board of Directors as hereinafter provided. The Board shall set policy and supervise all administrative functions in relation to the operation and management of the West Jefferson Medical Center. Said Board shall be appointed by the Jefferson Parish Council and the Parish President as follows: The West Jefferson Medical Center Board shall be composed of eight (8) regular members and two (2) special members. The Parish President and each Council Member shall each have one (1) appointment of a regular member to the West Jefferson Medical Center Board. The two (2) special members are to be appointed by the Jefferson Parish Council from nominees submitted by the West Jefferson Medical Center's medical staff to the Board and recommended by the Board to the Council. The Board shall make its recommendation to the Council with reference to each special member no later than sixty (60) days immediately prior to the commencement date of the

term of appointment. Each Board Member shall serve at the pleasure of the Parish President or Council Member who appointed him/her.

**B. MEMBERS:**

All Board members must be full time resident taxpayers of Hospital District No. 1 of Jefferson Parish, and shall maintain this station during the terms of their appointment.

**C. OFFICERS, DOMICILE AND MEETINGS:**

The Board shall annually elect one of its members as Chairman, one Vice Chairman, and one as Secretary-Treasurer. The domicile of the Board shall be at the West Jefferson Medical Center and all meetings shall be held at the domicile. Meetings of the Board shall be held at least monthly. Special meetings may be held at such time and as shall be specified by call of the Chairman or the Jefferson Parish President, or the Chairman of the Jefferson Parish Council.

**D. METHOD OF TAKING ACTION:**

All matters coming before the Board shall be determined by a favorable vote of no less than six (6) of its Members voting at a regular or special meeting of the Board.

The proceedings of all Regular and Special Meetings of the Board of Directors shall be audio tape recorded; however, the recordings of any Executive Session held in those meetings will not be made public except pursuant to a final order of a Court of proper jurisdiction.

All votes taken by the Board of Directors at any of its meetings shall be taken in Open Session.

**E. QUORUM:**

For regular or special meetings of the Board, six (6) voting members shall constitute a quorum.

**F. ANNUAL REPORT:**

Periodically, and not less than annually, the Board of Directors shall furnish to the President of Jefferson Parish and to the Jefferson Parish Council a report of its activities and of the operations of the Medical Center.

**G. OBJECTS AND PURPOSES OF THE BOARD:**

The objects and purposes of the Medical Center and the Board of Directors shall be:

- (1) On behalf of, and as provided by the Jefferson Parish Council, to operate the West Jefferson Medical Center and its related entities and operations for the care of persons suffering from illnesses or disabilities which require that patients receive health care.
- (2) To administer other activities related to rendering care to the sick and injured or in the promotion of health which may be justified by the facilities, personnel, funds and other requirements available.
- (3) To promote and conduct scientific research and training related to the care of the sick and injured insofar as such research and training can be conducted in connection with the Medical Center.
- (4) To participate, so far as circumstances may warrant, in any activity designed and conducted to promote the general health of the community, the fiscal viability of the Hospital and the efficient operation of the Medical Center.
- (5) To cooperate with other public and private institutions and agencies engaged in providing hospital and other health services to residents of the District.
- (6) To operate the Medical Center in such a manner as to qualify for tax exemption under Section 501c(3) of the Internal Revenue Code of 1954 or any acts which are amendatory or supplemental thereto (the "Code"). The Medical Center shall not, under any circumstances, be operated in such a manner as to be determined to be a private foundation as that term is referred to in the Code.

**H. DUTIES OF THE BOARD:**

In addition to the duties defined elsewhere in these Bylaws, the Board shall perform various duties falling within parameters and principles which may be adopted by the Jefferson Parish Council from time to time as follows:

- (1) To represent the public interest in providing hospital and medical care in the District.

- (2) To report to the Jefferson Parish President and the Jefferson Parish Council concerning the operation of the Medical Center and related operations and entities.
- (3) To develop or amend rules and regulations governing the conduct of the Board and West Jefferson Medical Center.
- (4) To conduct hearings and pass upon compliance by or against any officer or employee of the Medical Center.
- (5) To take such action to review, modify, or set aside any action of the officers or employees of the Medical Center which may be determined to be desirable or necessary in the public interest.
- (6) To recommend to the Jefferson Parish Council for appointment, a President/Chief Executive Officer, and to perform such other duties as may now or hereafter be required by law.
- (7) To appoint the necessary standing and special committees which may be necessary to carry out the purposes of the Board.
- (8) To establish charges for the use of facilities under its jurisdiction.
- (9) To establish or amend such rules and regulations governing the conduct and respective duties of the members of the Board and those standing in special committees which may be established by the Board in the performance of their duties and responsibilities.
- (10)
  - (i) To enter into contracts and sign documents on behalf of the West Jefferson Medical Center, except that the Jefferson Parish Council shall enter into contracts with all architects, engineers and contractors in connection with plan alterations or additions or in any other instance provided for herein or by ordinance or resolution wherein the Jefferson Parish Council retains the authority to enter into contracts on behalf of the West Jefferson Medical Center. Whenever the Board recommends to the Council the engagement of an architect, engineer or contractor for the performance of professional services as defined in the Code of Ordinances of Jefferson Parish, such recommendation shall be in accordance with the parish contract procedures set forth in said Code.
  - (ii) The Jefferson Parish Council shall enter into all contracts for attorneys, financial consultants, and any economic or financial managers on behalf of the West Jefferson Medical Center.

- (iii) All insurance contracts shall be in accordance with the program of insurance adopted by the Jefferson Parish Council.
  - (iv) The Board, with approval of the Jefferson Parish Council, shall enter into such contracts and agreements with the United States of America or with any State or agency or instrumentality as may be necessary to procure aids or grants to assist in carrying out the purpose of this Board.
  - (v) Any agreement, memorandum of understanding, and/or contract that would bind the Medical Center or any of the facilities operated by the Medical Center to any future course of action insofar as merging, sale, lease, consolidation, and/or similar change of operation shall require the approval of the Jefferson Parish Council, and satisfy any Ordinance or Resolution adopted by the Jefferson Parish Council relating to those issues.
- (11) To assure that the Medical Center obtains and is provided the necessary supplies and capital equipment items necessary for the day-to-day operations of the Medical Center, and to safeguard the health of patients being treated by the institution.
  - (12) To appoint/deny practitioners to the Medical Staff together with delineation of privileges after recommendation of the Medical Staff. The Board is not obligated to follow the recommendation of the Medical Staff.

V. A. **WEST JEFFERSON MEDICAL CENTER PRESIDENT / CHIEF EXECUTIVE OFFICER.**

The Board shall recommend to the Jefferson Parish Council for appointment a President/Chief Executive Officer of the Medical Center and its related entities and operations who shall have such title as designated by the Board, who has had experience in the field of hospital administration and is familiar with the principles and methods of hospital and institutional care. Whenever a vacancy occurs in the position of President/Chief Executive Officer of West Jefferson Medical Center, the West Jefferson Medical Center Board shall nominate a qualified person for the position and shall establish the initial salary and benefits for said person, which nomination and initial salary and benefits must be approved by the Parish Council. Thereafter, any change in the salary and/or benefits which the Board of Directors may wish to recommend for the President/Chief Executive Officer must be approved by the Parish Council. The President/Chief Executive Officer shall be a full-time employee of the West Jefferson Medical Center and must have his

residence and domicile in this Hospital District No. 1 of Jefferson Parish. The Board of Directors shall take such action to review and modify any activities of the President/Chief Executive Officer which it deems desirable or necessary in the public interest.

**B. DUTIES OF THE HOSPITAL PRESIDENT / CHIEF EXECUTIVE OFFICER:**

In addition to the duties imposed upon him by other provisions of these Bylaws, by law or Board Policy, it shall be the duty of the President/Chief Executive Officer:

- (1) To prepare an annual budget for approval of the Board of Directors and for submission to and approval by the Jefferson Parish Council.
- (2) To attend all meetings of the Board and keep the official minutes of the proceedings.
- (3) With the consent of the Board, and subject to the above budgetary limitations, the President/Chief Executive Officer shall establish staff positions and make appointments thereto; recommend wage and salary programs; assign duties to, direct and control the work of employees in the institution.
- (4) To make and publish such reports regarding the work of the Board as may be required by law, or which he may be directed to make by the Board or by the Jefferson Parish Council.
- (5) To see that any policies relating to the conduct of the affairs of the Medical Center as established by the Board or the Jefferson Parish Council, are carried out.
- (6) To cooperate with the Medical Staff in the performance of the policies which it may establish, with the approval of the Board.
- (7) To recommend to the Board the charges for services rendered by the Medical Center.
- (8) To recommend to the Board the scale of wages and salaries to be paid for services rendered to the West Jefferson Medical Center by its employees and contractual personnel.
- (9) To provide for adequate medical records and reports.

- (10) To direct all business affairs of the Board. By way of extension and not of limitation, these duties shall include the keeping of the accounts of the institution and the Board, making necessary purchase or equipment, supplies and materials, and making minor repairs to the physical facilities.
- (11) To receive and receipt for and keep a correct accounting of all gifts, bequests, grants-in-aid, and other revenues received by the Medical Center, and with the consent of the Board, to extend the proceeds of all such gifts, bequests, grants-in-aid and other revenues for the purpose designated in these Bylaws, and subject to any conditions that may be imposed in any act of donation or any law providing grants-in-aid or other revenues for such purposes.
- (12) To perform any other duties and functions which he or the Board considers necessary or desirable to carry out the purposes of these Bylaws.

**VI. AUXILIARY AND ASSOCIATED ORGANIZATIONS:**

The Board, with approval of the Parish Council, may authorize the formation of auxiliary and associated organizations to assist in the fulfillment of the purposes of the Medical Center. The Bylaws of such organizations, or amendments thereto, shall be approved by the Board before they become effective. At least one Annual Report shall be made to the Board each year.

**VII. MEDICAL STAFF:**

**A. STAFF APPOINTMENT:**

The Board is appointing authority for membership and privilege on the Medical Staff. The Executive Committee of the Medical Staff shall recommend to the Board practitioners for membership on the Medical Staff together with appropriate clinical privileges.

**B. BYLAWS, RULES AND REGULATIONS:**

The Medical Staff shall develop Bylaws and Rules and Regulations in the best interest of the care of the patients within the Medical Center, conforming to the requirements of the State of Louisiana for licensing and Joint Commission on Accreditation of Healthcare Organization. These Bylaws and Rules and Regulations shall be subject to the approval of the Board.



**VIII. AMENDMENTS:**

**A. MANNER OF ACTING:**

The Medical Center's Bylaws may be amended at any meeting of the Board by a vote of at least seven Directors. A copy of any proposed amendments shall be mailed to each member of the Board at least seven (7) days prior to said meeting.

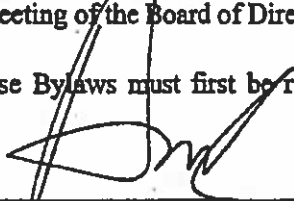
**B. RATIFICATION:**

Any amendments to these Medical Center's Bylaws shall become effective only upon ratification by the Jefferson Parish Council.

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Bylaws of Jefferson Parish Hospital District No. 1, adopted by the Board of Directors of Jefferson Parish Hospital District No. 1, d/b/a West Jefferson Medical Center by resolution dated 8-27-01, held at a meeting of the Board of Directors in the Parish of Jefferson.

Before becoming effective, these Bylaws must first be ratified by the Jefferson Parish Council.

  
\_\_\_\_\_  
SECRETARY-TREASURER, BOARD OF DIRECTORS  
JEFFERSON PARISH HOSPITAL DISTRICT NO. 1 d/b/a  
WEST JEFFERSON MEDICAL CENTER

ATTEST:

  
\_\_\_\_\_  
CHAIRMAN, BOARD OF DIRECTORS

69107 - version 3 (without redline)

On motion of Mr. Mwniz, seconded by Mr. Broussard the following ordinance was offered, as amended:

SUMMARY NO. 20292 ORDINANCE NO. 21328

An ordinance rescinding Section 2-516(j) of the Jefferson Parish Code of Ordinances and re-enacting the provisions of said section as Section 2-518 of the Jefferson Parish Code of Ordinances, relative to the recordation of meetings of Parish boards, committees and commissions; and otherwise providing with respect thereto.

WHEREAS, the Council adopted Ordinance No. 20166 on October 22, 1997, which ordinance required all Parish boards, committees and commissions to record their meetings on audio tape and to archive said tapes for at least three years; and,

WHEREAS, said ordinance was not specifically amendatory of the Jefferson Parish Code of Ordinances; and,

WHEREAS, the provisions of Ordinance No. 20166 were published in the Code of Ordinances as subsection "j" of Section 2-516 at the discretion of the editor of the code; and,

WHEREAS, the inclusion of the provisions of Ordinance No. 20166 in Section 2-516 appears to make certain boards and committees listed in the section exempt from those provisions, which interpretation is in contravention of the legislative intent; and,

WHEREAS, this Council wishes to clarify the issue of the applicability of the provisions of Ordinance No. 20166 by having the provisions of that ordinance codified in a separate section;

THE JEFFERSON PARISH COUNCIL HEREBY ORDAINS:

SECTION 1. That Section 2-516(j) of the Jefferson Parish Code of Ordinances is hereby repealed.

SECTION 2. That Section 2-518 is hereby added to the Jefferson Parish Code of Ordinances to read as follows:

Sec. 2-518. Adherence to Louisiana Public Meetings Law

- (1) All boards, committees and commissions operating under the governing authority of Jefferson Parish shall strictly adhere to the requirements of the Louisiana Public Meetings Law.
- (2) The meetings of all said boards, committees and commissions shall be recorded on audio tape and proper identification of all persons whose voices are recorded shall be properly noted. Any portion of a meeting in executive session held in accordance with the Louisiana Public Meetings Law or other applicable authority shall be exempt from this requirement.
- (3) Such recordings shall be archived by their respective agencies for a period of not less than three (3) years and, during said period, shall be made available to the Jefferson Parish Council upon request and to the general public under the authority of the Louisiana Public Records Act.
- (4) All boards, committees and commissions shall submit an annual meeting calendar, which includes meeting dates, times, and locations, key activities and anticipated major events, to the Jefferson Parish Council Clerk by December 31 of the year preceding the year to which the meeting calendar applies. Said calendar may be amended by the board, committee or commission, and all such amendments shall be submitted to the Council Clerk within ten (10) working days of the amendment. However, boards, committees and commissions which meet on an irregular or as-needed basis shall be exempt from this requirement.

**BYLAWS OF  
JEFFERSON PARISH HOSPITAL AND HEALTH SERVICES DISTRICT,  
PARISH OF JEFFERSON, STATE OF LOUISIANA**

**STATUS.**

Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana (the "District") is a public corporation and political subdivision of the State of Louisiana created by the Jefferson Parish Council ("Council"), acting as the governing authority of the Parish of Jefferson, State of Louisiana, pursuant to La. R.S. 46:1051 et seq., which shall be governed by a Board of Directors with its members being appointed as herein provided, the conduct of which shall be under the supervision of the Council, acting in its capacity as the Governing Authority of the District.

**DOMICILE.**

The domicile of the District is the Office of the Parish Clerk, Sixth Floor, General Government Building, Gretna, Louisiana.

**GOVERNING AUTHORITY.**

The Jefferson Parish Council, as provided in Section 6.01 B of the Jefferson Parish Charter, shall be the Governing Authority of the District.

**BOARD OF DIRECTORS.**

**APPOINTMENT:**

The Board of Directors ("Board") of the District shall be composed of twenty (20) members having the powers and duties as hereinafter provided. The twenty members shall be:

All ten members of the Board of Directors of Jefferson Parish Hospital District No. 1 ("West Jefferson") and all ten members of the Board of Directors of Jefferson Parish Hospital District No. 2 ("East Jefferson").

**OFFICERS:**

The District shall have the following officers: Chairman of the Board, Vice Chairman of the Board, and Secretary/Treasurer. Each officer must be a member of the Board and shall have a term of office of two years unless otherwise set by the Board. The Chairman of the Board shall be either the Chairman of the Board of West Jefferson or the Chairman of the Board of East Jefferson. The position of Chairman of the Board of the District shall alternate between the West Jefferson Chairman and the East Jefferson Chairman for each new term. At such time as the District's Chairman of the Board is West Jefferson's Chairman, the District's Vice-Chairman and Secretary/Treasurer shall be appointed by East Jefferson. At such time as the District's Chairman of the Board is East Jefferson's Chairman, the District's Vice Chairman and Secretary/Treasurer shall be appointed by West Jefferson. If the District's Chairman of the Board is unable to act as Chairman for any reason, including ceasing to serve in the requisite Qualifying Position, the Vice Chairman shall act in the Chairman's place and stead until a successor is selected by East Jefferson or West Jefferson, as appropriate, for the Chairman's Qualifying Position. Any other vacancies shall be filled as soon as possible by East Jefferson or West Jefferson, as appropriate.

**MEETINGS: METHOD OF TAKING ACTION:**

Meetings of the Board shall be held on an as needed basis at a location within Jefferson Parish as determined by the Board. Special meetings of the Board may be called by its Chairman, its Vice-Chairman, the President of Jefferson Parish, or the Chairman of the Council and may be held at such times and places as specified in the call. All matters coming before the Board shall be determined by

a favorable vote of no less than seven (7) of its members voting at a regular or special meeting of the Board.

**QUORUM:**

For its regular or special meetings, seven (7) members shall constitute a quorum of the Board.

**ANNUAL REPORT:**

Periodically, but not less than annually, the Board shall furnish a report to the President of Jefferson Parish and to the Council of its activities and the operations of the District.

**OBJECTS AND PURPOSES OF BOARD:**

Except as may be otherwise authorized by the Council, and subject to the limitations contained in these Bylaws, the powers, objectives and purposes of the Board shall be:

to supervise the operations and affairs of the District on behalf of the residents of the District and elsewhere primarily for the efficient and economical delivery of health care within the District; and

to consolidate where deemed appropriate and consistent with applicable law, certain designated business activities of East Jefferson and West Jefferson, which consolidation will benefit East Jefferson, West Jefferson, and the District by reducing the cost of operations and improving non-clinical services provided; and

to participate, so far as circumstances may permit, in any activity designed, maintained and/or conducted to promote the general health and welfare of the residents of the District and elsewhere and to protect and augment the fiscal viability of East Jefferson and West Jefferson, their operations and affairs; and

to cooperate with other public and private institutions and agencies engaged in providing hospital and health care services to the residents of the District and elsewhere; and

**DUTIES OF THE BOARD:**

In addition to the duties of the Board as may be defined elsewhere in the Bylaws, the Board shall perform such duties and adhere to such principles that the Council, from time to time, may require by resolution, ordinance or otherwise. The duties of the Board shall include, but not be limited to:

setting policy and supervising all administrative functions in relation to the operation and management of the District; and

reporting to the Jefferson Parish President and the Council concerning the operations and affairs of the District; and

developing and amending the rules and regulations necessary to govern the conduct, operations and affairs of the Board, its members and the District including, but not limited to, its administrative staffs and personnel; and

appointing standing and special committees of the Board and of the District necessary to carry out the duties and purposes of the Board set forth in the Bylaws; and

executing contracts and such other documents deemed necessary or desirable for the orderly business operations of the District, together with all power and authority consistent with and not in violation of state law and/or the

charter and ordinances of Jefferson Parish including, but not limited to, the Code of Ordinances (Code) of Jefferson Parish, except that:

the Council, and not the Board, shall, by ordinance or resolution, enter into those contracts of the type that the Council is required to enter into for East Jefferson or West Jefferson under their respective Bylaws; and

each insurance policy governing the District, its properties and activities shall comply with the requirements of the program of insurance adopted by the Council; and

the Board may, with the approval of the Council, enter into such contracts and agreements with the United States of America or with Louisiana or any State or any agency or instrumentality thereof necessary to procure aids or grants to assist in carrying out the purposes of the Board; and

any agreement, memorandum of understanding, and/or contract that binds the District to any future action, the effect of which shall constitute a merger, sale or consolidation of the District and its property and/or equipment or that would effect a similar change in the operations of the District shall require the prior approval of the Council.

#### **EMPLOYEES.**

The Board may hire employees that the Board deems necessary for the efficient operation of the District, subject to the same requirement for Council approval as provided in the respective Bylaws of East Jefferson and West Jefferson.

#### **LIMITATION OF POWER.**

Notwithstanding any other provisions of these Bylaws, the District shall have no power or authority with respect to the fiscal activities or clinical activities of East Jefferson or West Jefferson.

#### **AMENDMENTS.**

##### **MANNER OF ACTING:**

The Bylaws may be amended at any meeting of the Board by a two-thirds (2/3) favorable vote of the entire membership of the Board.

##### **RATIFICATION:**

Any amendment(s) to the Bylaws of the District shall become effective upon approval by the Board and ratification by the Council.

#### **DISSOLUTION.**

In the event it is determined by the Council that the District shall cease doing business and its operation, business and affairs terminated and the District shall be dissolved, all property of the District (intellectual, real and personal, movable and immovable, tangible and intangible, and corporeal and incorporeal), after satisfying bondholders and other creditors, if any, shall escheat to East Jefferson and West Jefferson as agreed to by East Jefferson and West Jefferson.

#### **GENDER.**

Words used herein in one gender shall apply to the other gender.

**LEGAL COUNSEL**

Unless the Jefferson Parish Council takes action to the contrary, the legal firms appointed by the Jefferson Parish Council to represent West Jefferson and East Jefferson will be the legal counsel representing the District.

**SEVERABILITY.**

If any provision or item of the Bylaws or the application thereof is held invalid, such invalidity shall not affect other provisions, items, or applications of the Bylaws which can be given effect without the invalid provision, item, or application, and to this end the provisions of the Bylaws are severable.

As approved by order of the Board of Directors  
on \_\_\_\_\_, 2012

By: \_\_\_\_\_  
Chairman

On motion of Ms. Lee-Sheng, seconded by Mr. Roberts, the following resolution was offered:

**RESOLUTION NO. 116821**

A resolution to approve the Bylaws of Jefferson Parish Hospital and Health Service District, Parish of Jefferson, State of Louisiana (the "District").

**WHEREAS**, the Jefferson Parish Council (the "Council"), acting as the governing authority of the Parish of Jefferson, State of Louisiana, pursuant to La. R.S. 48:1051, et seq., created the District by Ordinance No. 23584, adopted on July 8, 2009; and

**WHEREAS**, a set of bylaws for the District has been approved for adoption by the Board of Directors of the District and is submitted to the Council for consideration and approval;

**BE IT HEREBY RESOLVED BY THE JEFFERSON PARISH COUNCIL**, acting as governing authority of said Parish,

**SECTION 1.** That this Council hereby approves the Bylaws of Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana, a copy of which is attached to this Resolution.

**SECTION 2.** That a copy of this resolution be sent to the Chairman of the Board of Directors of Jefferson Parish Hospital and Health Services District.

The foregoing resolution having been submitted to a vote, the vote was as follows:

**YEAS: 7**

**NAYS: None**

**ABSENT: None**

The resolution was declared to be adopted on this the 11th day of May, 2011.

THE FOREGOING IS CERTIFIED  
TO BE A TRUE & CORRECT COPY



EULA A. LOPEZ  
PARISH CLERK  
JEFFERSON PARISH COUNCIL



**BYLAWS OF  
JEFFERSON PARISH HOSPITAL AND HEALTH SERVICES DISTRICT,  
PARISH OF JEFFERSON, STATE OF LOUISIANA**

**I. STATUS.**

Jefferson Parish Hospital and Health Services District, Parish of Jefferson, State of Louisiana (the "District") is a public corporation and political subdivision of the State of Louisiana created by the Jefferson Parish Council ("Council"), acting as the governing authority of the Parish of Jefferson, State of Louisiana, pursuant to La. R.S. 46:1051 et seq., which shall be governed by a Board of Directors with its members being appointed as herein provided, the conduct of which shall be under the supervision of the Council, acting in its capacity as the Governing Authority of the District.

**II. DOMICILE.**

The domicile of the District is the Office of the Parish Clerk, Sixth Floor, General Government Building, Gretna, Louisiana.

**III. GOVERNING AUTHORITY.**

The Jefferson Parish Council, as provided in Section 6.01 B of the Jefferson Parish Charter, shall be the Governing Authority of the District.

**IV. BOARD OF DIRECTORS.**

**A. APPOINTMENT:**

The Board of Directors ("Board") of the District shall be composed of ten (10) members having the powers and duties as hereinafter provided. The ten members shall be the persons who serve in the following positions (the "Qualifying Positions"):

1. Chairman of West Jefferson Medical Center Board of Directors;
2. Vice-Chairman of the West Jefferson Medical Center Board of Directors;
3. Treasurer of the West Jefferson Medical Center Board of Directors;
4. Chairman of the East Jefferson General Hospital Board of Directors;
5. Vice-Chairman of the East Jefferson General Hospital Board of Directors;
6. Treasurer of the East Jefferson General Hospital Board of Directors;
7. Chief of Medical Staff of West Jefferson Medical Center;
8. Chief of Medical Staff of East Jefferson General Hospital;
9. Chief Executive Officer of West Jefferson Medical Center;
10. Chief Executive Officer of East Jefferson General Hospital.

The term of office for each Board member shall be coincident with the term such person serves in his or her Qualifying Position.

**B. REPLACEMENT:**

When a member of the Board ceases to serve in a Qualifying Position, his or her seat on the Board shall be automatically relinquished and shall remain vacant until his or her successor to such Qualifying Position is elected or appointed by the entity or group authorized to fill such Qualifying Position.

**C. OFFICERS:**

The District shall have the following officers: Chairman of the Board, Vice Chairman of the Board, and Secretary/Treasurer. Each officer must be a member of the Board and shall have a term of office of two years unless otherwise set by the Board. The Chairman of the Board shall be either the Chairman of the Board of West Jefferson Medical Center ("West Jefferson") or the Chairman of the Board of East Jefferson General Hospital ("East Jefferson"). The position of Chairman of the Board of the District shall alternate between the West Jefferson Chairman and the East Jefferson Chairman for each new term. At such time as the District's Chairman of the Board is West Jefferson's Chairman, the District's Vice-Chairman and Secretary/Treasurer shall be appointed by East Jefferson. At such time as the District's Chairman of the Board is East Jefferson's Chairman, the District's Vice Chairman and Secretary/Treasurer shall be appointed by West Jefferson. If the District's Chairman of the Board is unable to act as Chairman for any reason, including ceasing to serve in the requisite Qualifying Position, the Vice Chairman shall act in the Chairman's place and stead until a successor is selected by East Jefferson or West Jefferson, as appropriate, for the Chairman's Qualifying Position. Any other vacancies shall be filled as soon as possible by East Jefferson or West Jefferson, as appropriate.

**D. MEETINGS: METHOD OF TAKING ACTION:**

Except as otherwise determined by a majority of the Board, meetings of the Board shall alternate between West Jefferson and East Jefferson. Meetings of the Board shall be held at least once monthly unless determined otherwise by the Board. Special meetings of the Board may be called by its Chairman, its Vice-Chairman, the President of Jefferson Parish, or the Chairman of the Council and may be held at such times and places as specified in the call. All matters coming before the Board shall be determined by a favorable vote of no less than seven (7) of its members voting at a regular or special meeting of the Board.

**E. QUORUM:**

For its regular or special meetings, seven (7) members shall constitute a quorum of the Board.

**F. ANNUAL REPORT:**

Periodically, but not less than annually, the Board shall furnish a report to the President of Jefferson Parish and to the Council of its activities and the operations of the District.

**G. OBJECTS AND PURPOSES OF BOARD:**

Except as may be otherwise authorized by the Council, and subject to the limitations contained in these Bylaws, the powers, objectives and purposes of the Board shall be:

1. to supervise the operations and affairs of the District on behalf of the residents of the District and elsewhere primarily for the efficient and economical delivery of health care within the District; and
2. to consolidate where deemed appropriate and consistent with applicable law, certain designated business activities of East Jefferson and West Jefferson, which consolidation will benefit East Jefferson, West Jefferson, and the District by reducing the cost of operations and improving non-clinical services provided; and
3. to participate, so far as circumstances may permit, in any activity designed, maintained and/or conducted to promote the general health and welfare of the residents of the District and elsewhere and to protect and augment the fiscal viability of East Jefferson and West Jefferson, their operations and affairs; and
4. to cooperate with other public and private institutions and agencies engaged in providing hospital and health care services to the residents of the District and elsewhere; and

**H. DUTIES OF THE BOARD:**

In addition to the duties of the Board as may be defined elsewhere in the Bylaws, the Board shall perform such duties and adhere to such principles that the Council, from time to time, may require by resolution, ordinance or otherwise. The duties of the Board shall include, but not be limited to:

1. setting policy and supervising all administrative functions in relation to the operation and management of the District; and
2. reporting to the Jefferson Parish President and the Council concerning the operations and affairs of the District; and
3. developing and amending the rules and regulations necessary to govern the conduct, operations and affairs of the Board, its members and the

District including, but not limited to, its administrative staffs and personnel; and

4. appointing standing and special committees of the Board and of the District necessary to carry out the duties and purposes of the Board set forth in the Bylaws; and
5. authorizing the execution of contracts and such other documents deemed necessary or desirable for the orderly business operations of the District, together with all power and authority consistent with and not in violation of state law and/or the Charter and ordinances of Jefferson Parish including, but not limited to, the Code of Ordinances (Code) of Jefferson Parish, except that:
  - (i) the Council, as the governing authority of the District and not the Board, shall, by ordinance or resolution, enter into those contracts of the type that the Council is required to enter into for East Jefferson or West Jefferson under their respective Bylaws; and
  - (ii) each insurance policy governing the District, its properties and activities shall comply with the requirements of the program of insurance adopted by the Council as the governing authority of the District; and
  - (iii) the Board may, with the approval of the Council as the governing authority of the District, enter into such contracts and agreements with the United States of America or with Louisiana or any State or any agency or instrumentality thereof necessary to procure aids or grants to assist in carrying out the purposes of the Board; and
  - (iv) any agreement, memorandum of understanding, and/or contract that binds the District to any future action, the effect of which shall constitute a merger, sale or consolidation of the District and its property and/or equipment or that would effect a similar change in the operations of the District shall require the prior approval of the Council as the governing authority of the District.

**V. EMPLOYEES.**

The Board may hire employees that the Board deems necessary for the efficient operation of the District, subject to the same requirement for Council approval as provided in the respective Bylaws of East Jefferson and West Jefferson.

**VI. AMENDMENTS.**

**A. MANNER OF ACTING:**

The Bylaws may be amended at any meeting of the Board by a two-thirds (2/3) favorable vote of the entire membership of the Board. A copy of any proposed

amendment(s) to the Bylaws shall be mailed to each member of the Board at least seven (7) days prior to the Board meeting at which the amendment(s) are to be proposed for adoption.

**B. RATIFICATION:**

Any amendment(s) to the Bylaws of the District shall become effective upon approval by the Board and ratification by the Council as the governing authority of the District.

**VII. DISSOLUTION.**

In the event it is determined by the Council as the governing authority of the District that the District shall cease doing business and its operation, business and affairs terminated and the District shall be dissolved, all property of the District (intellectual, real and personal, movable and immovable, tangible and intangible, and corporeal and incorporeal), after satisfying bondholders and other creditors, if any, shall escheat to East Jefferson and West Jefferson as agreed to by East Jefferson and West Jefferson.

**VIII. GENDER.**

Words used herein in one gender shall apply to the other gender.

**IX. SEVERABILITY.**

If any provision or item of the Bylaws or the application thereof is held invalid, such invalidity shall not affect other provisions, items, or applications of the Bylaws which can be given effect without the invalid provision, item, or application, and to this end the provisions of the Bylaws are severable.

As approved by resolution of the Board of Directors  
on April 28, 2011

By   
James M. Hudson, Chairman

Response from the  
WJMC Board of  
Directors





BREAZEALE, SACHSE & WILSON, L.L.P. | ATTORNEYS AT LAW

PETER J. BUTLER, JR.  
Partner  
peter.butler.jr@bswllp.com

DIRECT DIAL: 504-584-5427  
CORPORATE PHONE: 504-619-1800  
FAX: 504-584-5452  
First Bank & Trust Tower, Suite 1500  
909 Poydras Street  
New Orleans, Louisiana 70112-4004  
www.bswllp.com

October 29, 2013

*Via Email and U.S. Mail*

Mr. David N. McClintock  
Inspector General  
Office of Inspector General Jefferson Parish  
5401 Jefferson Highway, Suite C  
Jefferson, Louisiana 70123

**Re: EJ/WJ Third Hospital Service District  
Draft-Confidential Memorandum dated September 13, 2013  
Our File No. 7649-43053**

Dear Inspector General:

A copy of the September 13, 2013 "(DRAFT-CONFIDENTIAL) MEMORANDUM" has been provided to Jefferson Parish Hospital Service District No. 1 d/b/a West Jefferson Medical Center ("WJMC") through its Board of Directors. Please find enclosed WJMC's response to that Memorandum.

With kindest regards, I remain,

Very truly yours,

PETER J. BUTLER, JR.

PBJ/rnc

cc w/encl. (via email only): Mr. Harry L. Cahill  
Mr. Barry Bordelon  
Frank C. DiVincenti, M.D.  
Mayor Timothy Kerner  
Mr. James Cramond

Mr. David N. McClintock

October 29, 2013

Page 2

Mr. David Andignac  
Dr. Otholino Remedios  
Ms. Jennifer Stewart  
Mr. William A. Lazaro, Jr.  
Mr. Dwayne J. Munch, Sr.  
Councilman Christopher L. Roberts  
Councilman Elton M. Lagasse  
Councilman Paul D. Johnston  
Councilman Ricky J. Templet  
Councilman Mark D. Spears, Jr.  
Councilman E. "Ben" Zahn, III  
Councilwoman Cynthia Lee-Sheng  
Deborah Foshee, Esq.  
Ms. Nancy R. Cassagne, CEO, WJMC

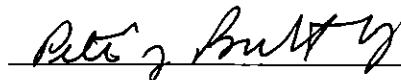


**COMMENTS FROM COUNSEL FOR  
WEST JEFFERSON MEDICAL CENTER ON THE  
“(DRAFT-CONFIDENTIAL) MEMORANDUM DATED SEPTEMBER 13, 2013  
FROM DAVID McCLINTOCK, OFFICE INSPECTOR GENERAL”**

In accordance with Section 2-155.10(9)(c) of the Jefferson Parish Code of Ordinances, Jefferson Parish Hospital Service District No. 1 d/b/a West Jefferson Medical Center (“WJMC”) provides its comments to the (Draft-Confidential) Memorandum dated September 13, 2013 of David McClintock, Office of Inspector General (“OIG”). This September 13, 2013 OIG draft document will hereafter be referred to as the “Draft”.

Considering the conflicts of opinion as to how the OIG’s Draft should be handled, it may be necessary for WJMC to resort to the Attorney General or the judicial system to determine definitive Comments to the Draft.

Respectfully submitted,



Peter J. Butler, Jr. (Bar #18522)

**BREAZEALE, SACHSE & WILSON, L.L.P.**

909 Poydras Street, Suite 1500

New Orleans, Louisiana 70112

Telephone: (504) 584-5454

Facsimile: (504) 584-5452

*Counsel for Counsel Jefferson Parish Hospital  
Service District No. 1 d/b/a West Jefferson  
Medical Center*

Written Response from  
Kaufman Hall in  
Response to Parish  
Council Resolution



**KAUFMAN, HALL & ASSOCIATES, INC.  
WRITTEN RESPONSES TO  
JEFFERSON PARISH COUNCIL RESOLUTION NO. 121828**

Kaufman, Hall & Associates, Inc. ("Kaufman Hall") provides the following written responses to the questions posed in Resolution 121828 adopted by the Jefferson Parish Council on October 16, 2013 (the "Resolution").

**SECTION 1.** That Kaufman Hall immediately provide the Jefferson Parish Council with a statement identifying any and all verbal or written recommendations made regarding selection of a hospital partner.

---

Since this process began in the first part of 2012, there have been many conversations regarding the relative benefits that each prospective hospital partner might bring to the Jefferson Parish Hospital and Health Services District ("Third District"). Criteria were identified by which each proposal would be measured. As one would expect, the proposals met the criteria to differing degrees, resulting in numerous discussions regarding the relative importance of the criteria as applied. Depending on which criteria were weighted more heavily, the conclusion of which potential partner best met the criteria varied between each of the three final suitors. In any single conversation, one suitor could be valued more highly than the other two, depending on the criteria being discussed. Selected statements from individual meetings and/or conference calls that were held to differentiate the suitors in the minds of the Third District Board members should not be interpreted as "recommendations". At no point in this process has Kaufman Hall made an overall formal recommendation regarding which of the three final suitors should be selected by the Third District Board.

Kaufman Hall's participation in the process of soliciting and evaluating proposals to identify a partner for the Third District hospitals began more than eighteen months ago. Over the course of that 18 month period, an extraordinary number of letters, e-mails and conversations were exchanged that discuss in some manner the strengths and weaknesses of the various partnership proposals. Those letters, e-mails and conversations are far too numerous to list.

In Kaufman Hall's response dated 9/30/2013 to the email from Chip Cahill dated 9/27/2013 (which posed to Kaufman Hall the same basic question as is posed in Section 1 of the Resolution), Kaufman Hall noted that the statements that seem to form the basis for the Parish Council's question were made at various points in the partnership process and were never intended (or understood by any participants in the conversations) to be viewed as a formal "recommendation".

From our perspective, extracting selected statements from meetings that have occurred over the course of 18 months is troublesome because the statements that are the focus of this question (i) have been taken out of the context of the overall discussion, and (ii) therefore are not really accurate representations of what was said at the various meetings or telephone conversations. Typically these meetings or calls were several hours long and involved substantive discussions regarding each of the prospective bidders. Moreover, the statements that were made to the Board members were always made in the context of spurring a discussion around the core competencies of each suitor and attempting to draw out the preferences of the Third District Board. It is therefore true that Kaufman Hall made several statements regarding the positive benefits that each of the candidate institutions can provide. However, we also stressed that it is up to the Third District Board to weight the variety of subjective factors that must be considered and determine which bidder is in the ultimate best interests of the District.

Throughout the course of the overall bid process, the Third District Board has identified a number of different goals and objectives that it believes are critical for selecting the ultimate partner for EJGH and WJMC. The goals and objectives that the Third District Board has identified include, but are not limited to (i) the cash value of the proposed transaction, (ii) the perceived future state of any combined entity, and (iii) the benefits to be derived from local control of the combined entity. As Kaufman Hall has noted throughout this process, it is the relative weight that the Third District Board or the Parish Council members attach to each of these separate goals and objectives that is critical to answering the question of which suitor would be the best partner for EJGH and WJMC. Depending upon how the various factors are weighted, the answer of which suitor would be the best partner changes dramatically. In the course of Kaufman Hall's analysis of the various proposals, we can and have made the case that, depending on how you weight the identified factors, any one of the parties that are still under consideration can be viewed as the candidate that is best suited to meet the needs of the local community.

**SECTION 2.** That the statement requested in Section 1 include: when the recommendation was made, to whom the recommendation was made, and the identity of the partner recommended.

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Per our response in Section 1, while many conversations occurred over the course of the engagement, at no time has Kaufman Hall made a formal recommendation as to which prospective partner should be selected.

**SECTION 3.** That, alternatively Kaufman Hall immediately provide the Jefferson Parish Council with a written recommendation regarding the selection of a hospital partner.

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Over the course of Kaufman Hall's more than thirty years of experience in advising health care institutions, Kaufman Hall has observed both successes and failures resulting from the combination process. We have learned that one factor which is a key indicator of the potential for success (or potential for failure) of a proposed transaction is that all parties to a transaction (management team members, board members and staff) must enthusiastically endorse the transaction prior to the transaction being consummated. Parties that enter into a transaction reluctantly or with strong differences of opinion within the relevant constituencies generally fail to ultimately achieve the goals and objectives of the partnership.

In this case, it is apparent that serious differences of opinion exist within the management teams of the separate hospitals, the Third District Board and the Parish Council. It is our view that the management teams and board members of EJGH and WJMC have fundamental disagreements. Absent some ability to reach a common ground, it is our belief that those differences are irreconcilable.

Given the inability of the Third Hospital District to arrive at a consensus choice from the remaining partners (HCA, LCMC and Ochsner) and our understanding of the ongoing differences in the selection of a partner by the EJGH and WJMC Boards, management teams and staffs, Kaufman Hall would recommend that EJGH and WJMC each pursue separate partners in independent partnership processes. While Kaufman Hall believes that this outcome is less than optimal for Jefferson Parish, given the current dynamics we believe that the pursuit of separate partners has a greater likelihood of success than a partnership that is the result of a forced choice with a divided Board of Directors and management team.

**SECTION 4.** That Kaufman Hall identify any and all members of the hospital board(s), hospital staffs and/or elected officials that contacted them verbally or electronically, in their official capacity or as an individual, to discuss the evaluation process of the Letters of Intent, the results of the evaluations and whether or not Kaufman Hall should provide a recommendation to the Boards and/or the Parish Council.

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Given the length of this process, it would be impossible for Kaufman Hall to compile a complete list in response to the request in Section 4.

**SECTION 5.** That Kaufman Hall confirm or deny whether or not any members of the hospital board(s), hospital staffs and/or elected officials contacted their firm either verbally or electronically in an effort to coerce or pressure Kaufman Hall to provide favor to one proposal over the others or to provide or not to provide a recommendation and to identify those individuals.

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No members of the hospital board(s), hospital staffs and/or elected officials contacted Kaufman Hall either verbally or electronically in an effort to coerce or pressure Kaufman Hall to favor one proposal over the others.

With respect to the portion of the question that asks whether any members of the hospital board(s), hospital staffs and/or elected officials contacted Kaufman Hall either verbally or electronically in an effort to coerce or pressure Kaufman Hall to provide or not to provide a recommendation, Kaufman Hall states that it received no such contact with the exception of the following instances:

- Roberts and Lagasse Letter. This letter from Jefferson Parish, Office of the Council, dated August 26, 2013 addressed to Ms. Nancy Cassagne and Dr. Mark Peters and signed by Christopher L. Roberts, Council Chairman and Elton M. Lagasse, Councilman At Large, Div. B. This letter was forwarded to Kaufman Hall on August 27, 2013. This letter served as a reminder that Kaufman Hall was “originally hired for the purpose of establishing guidelines and soliciting proposals for a lease with East Jefferson General Hospital and West Jefferson Medical Center” and that while Kaufman Hall “has been asked by some involved in the process to make a recommendation for the best suitor. Requesting a recommendation is a new development in the process and one which was evidently decided upon by only a handful of stakeholders involved.” It is from the review of this letter that Kaufman Hall further determined, in agreement with the letter, that our role was only to “establish guidelines” and “solicit proposals”, not to provide a recommendation for the best suitor.
- Normand Letter. This letter from EJGH, sent via email on September 3, 2013, addressed to Ms. Therese Wareham and signed by Newell Normand, Chairman of the Board, East Jefferson General Hospital. In this letter Chairman Normand stated that “ The East Jefferson General Hospital’s Board of Directors passed a resolution at a Special Board meeting held at 8:00 a.m. on Tuesday, September 3, 2013, requesting Kaufman Hall to make a specific recommendation to the East Jefferson General Hospital’s Board of Directors regarding the best choice of HCA, LCMC and Ochsner Medical Center in moving forward with a partnership with the chosen suitor, East Jefferson General Hospital and West Jefferson Medical Center.” In response to this request, Kaufman Hall replied in a letter dated September 6, 2013 addressed to Sheriff Newell Normand that Kaufman Hall would be unable to comply with the request of the EJGH Board of Directors as Kaufman Hall was “very clearly retained by the Third Hospital Services District and not by either hospital individually”. It further goes on to indicate that Kaufman Hall “was specifically told by Harry L. (“Chip”) Cahill, Chairman of the Third Hospital Services District and Chairman of the West Jefferson Board, that the West Jefferson Board, by means of a unanimous vote, was instructing Kaufman Hall to **not** provide any recommendation to the Third Hospital Services



District Board regarding which of the pending proposals should be adopted by the District.” In conclusion Kaufman Hall asked that the “Board of the Third Hospital Services District meet and decide what instructions it wants to give us. Once we have a clear statement of direction from the Third Hospital Services District Board, we will work closely with the Board to see how its instructions can best be accomplished.” There was also a follow up email from Sheriff Normand in response to the Kaufman Hall letter that stated, “I am now really confused. On the one hand you have stated that our engagement document is similar to others where you have rendered an opinion and yet you refuse to do so. You have no formal action taken by the Third Hospital District prohibiting you from doing same. You simply have requests from members of that District and the Jefferson Parish Council to not do so. Therefore the terms of the engagement remain the same as was contemplated by the parties at the time it was contracted. You can not have it both ways.” Kaufman Hall did not respond to this note from Sheriff Normand.

- Zahn Letter. This letter from Jefferson Parish, Office of the Council, sent via email on September 5, 2013, addressed to Patrick Allen and Terri Wareham of Kaufman Hall and signed by E. “Ben” Zahn, III, Councilman, District 4, Jefferson Parish. In this letter Councilman Zahn stated that “As an elected representative and a steward of the public’s finances, I am puzzled as to why Kaufman Hall has either refused to issue an “official” recommendation, or has reversed its opinion and why?” In its response to this inquiry from Councilman Zahn on September 6, 2013 sent an email where Kaufman Hall referenced the language from the Roberts and Lagasse Letter indicating that the request of a recommendation “is a new development in the process” and was not part of the original engagement with Kaufman Hall which was “originally hired for the purpose of establishing guidelines and soliciting proposals for a lease with East Jefferson General Hospital and West Jefferson Medical Center”. In addition, Kaufman Hall included a copy of the response to the Normand Letter explaining “the conflicting instructions that our firm has received from the Third Parish Hospital District Board”, further asking “Mr. Normand to facilitate a meeting of the full Board of the Third Parish Hospital District for the purpose of deciding a course of action that the Board wishes to follow. Once the Board decides on that path, we will work with the Board to see how its instruction can best be accomplished.”

As a follow up on September 10, 2013, Councilman Zahn sent a follow up note stating the following, “On September 5th 2013, I replied to an email you sent requesting specific information on 3 points of concern, regarding your contract with our hospital boards. I have yet to receive a response of any kind from your firm.”

“ I am re-sending my original email requesting specific answers to the same identical questions. I would again appreciate either a “prompt” reply, or provide a plausible explanation as to why a governing authority member is not entitled to a response from Kaufman Hall.”

“Additionally, by way of this email I am requesting that the Parish Attorney intervene on my office’s behalf, to review and explore any and all legal options at our disposal, to resolve this issue.”

“I again remind you that the public funds are being utilized to compensate your firm in this endeavor (over \$1M), and your absolute “refusal” to respond will not be taken lightly by the citizens of Jefferson Parish. There is simply no substitute for transparency in a financial matter of this magnitude.”

In follow up with the Parish attorney, Deborah Foshee and attorney David Sherman representing East Jefferson General Hospital, Kaufman Hall determined that no additional follow up was required..

**SECTION 6.** That Kaufman Hall explain why their firm did not disclose section 2.(c) of the HCA letter of intent that provides for right to purchase by HCA at the end of the lease along with a payback provision for all capital improvements and real property acquired during the term of the lease at a depreciated value.

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Kaufman Hall provided complete copies of the HCA letter of intent to the CEO's of EJGH and WJMC for distribution and review by the leadership teams and the appropriate individuals at each institution. At the direction of Management and to maintain confidentiality and limit the exposure of the partnership process and terms, Kaufman Hall was directed to distribute these materials to a limited number of individuals at each institution. In addition, following the initial distribution, complete versions of the letters of intent from the remaining three parties were made available on an electronic data site for review by parties that were granted access to this site. Through the provision of these letters of intent, Kaufman Hall did disclose section 2 (c) of the HCA letter of intent. While it is true that Kaufman Hall did not specifically identify section 2 (c) as a potential violation of the current laws governing the hospital districts, Kaufman Hall: (i) is not licensed to practice law and understood that issues of this type would be subject to review and approval of legal counsel; and (ii) understands that a thorough review and negotiation of any letter of intent will occur with counsel once a selected partner had been chosen. There are a number of aspects of the LOI that remain to be negotiated. Due in part to the expense of engaging legal counsel and the time element required, it is typical to work with counsel and further refine and negotiate the terms of the LOI (including specifically legal issues like the one highlighted) after the selection of a single partner.

**SECTION 7.** That Kaufman Hall determine the actual net proceeds to be paid by HCA under the proposed lease after the anticipated pay back of the of the depreciated value of capital improvements and purchase of real property is performed at the end of the term of this agreement.

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The actual net proceeds to be paid by HCA under the proposed lease after the anticipated pay back of the depreciated value of capital improvements and purchase of real property at the end of the term of the lease agreement cannot be calculated at this time. Calculation of the depreciated value of the capital improvements would require specific knowledge around the amounts, timing, value, terminal value and agreement upon a number of other specific variables to be used in these calculations over the entire 30 year term of the lease with HCA. This information cannot be determined at this time and will only be known at the end of the entire 30 year period.

**SECTION 8.** That Kaufman Hall disclose whether or not they sought legal opinions from either of the hospital's attorney's on the legality the HCA LOI which included the sale of the hospitals as well as dictating that the content of the LOI was governed by the laws of the state of Tennessee.

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Kaufman Hall was not authorized to retain counsel on behalf of the Third Hospital District and seek legal opinions on this matter. There are a number of aspects of the LOI that remain to be negotiated. Due in part to the expense of engaging legal counsel and the time element required, it is typical to work with counsel and further refine and negotiate the terms of the LOI after the selection of a single partner.

**SECTION 9.** That Kaufman Hall explain the current LOI by LCMC, Section 2, Consideration in regards to “The \$405.8 million of net proceeds to the District be structured as the present value of annual long term lease payments or a combination of an upfront payment at Closing and payments made over time”.

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In the current LOI by LCMC, Section 2, Consideration, the option with respect to the net proceeds would allow the payments to be paid at closing in a single lump sum or to structure the payments as a combination of an amount to be paid at closing and payments over time. Our interpretation of this option is that it was designed to demonstrate flexibility by LCMC should the parties need to structure lease payments to comply with specific legal or regulatory requirements. In discussions with LCMC, it is their intention that the selection of either option would result in the same net present value of payments made to the Third Hospital District.

**SECTION 10.** That Kaufman Hall identify any and all members of the Hospital Board(s), Hospital Staff, and/or elected officials who Kaufman Hall has knowledge or suspicion that that person or persons may have provided a copy of any of the LOI's to the media or outsiders in violation of the Confidentiality agreement signed by all parties.

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Kaufman Hall has no knowledge or suspicion that any specific person or persons may have provided a copy of any of the LOI's to the media or outsiders in violation of the Confidentiality agreement signed by all parties.

**SECTION 11.** That Kaufman Hall determine what experience Louisiana Children's Medical Center (LCMC) has running large health systems comprised of multiple large free standing medical/surgical hospitals, academic medical centers and developing complex shared services organizations.

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With approval from LCMC, Kaufman Hall can provide copies of the materials provided by LCMC that discuss its experience with respect to the question posed in this Section 11. To the extent required, please let us know if copies of these materials should be provided and we can contact LCMC for permission.



**SECTION 12.** That Kaufman Hall determine the Louisiana Children's Medical Center's (LCMC's) reliance upon State appropriations and subsidies to fund their operating lease and capital obligations during the entire term of this lease. Also, has Kaufman Hall determined if LCMC is adopting the same model that contributed to the demise of the Charity Hospital System?

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Information is not available to determine the degree to which Louisiana Children's Medical Center will rely (in the future) upon State appropriations and subsidies to fund their operating lease and capital obligations during the entire term of this lease.

Kaufman Hall has not determined whether "LCMC is adopting the same model that contributed to the demise of the Charity Hospital System". A response to Section 12 would be better articulated by LCMC. Per our response in Section 11, with approval from LCMC, Kaufman Hall can provide copies of the materials provided by LCMC that discuss its operating model with respect to Section 12. To the extent required, please let us know if copies of these materials should be provided and we can contact LCMC for permission and to solicit from LCMC a specific response to this question..

**SECTION 13.** That Kaufman Hall determines whether Louisiana Children's Medical Center's (LCMC's) relationship with the State to lease and operate University Medical Center in New Orleans creates any conflicts of interest with respect to LCMC's proposed commitments to lease, operate and invest in East and West Jefferson hospitals.

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The determination about whether Louisiana Children's Medical Center's relationship with the State to lease and operate University Medical Center in New Orleans creates any conflicts of interest with respect to LCMC's proposed commitments to lease, operate and invest in East and West Jefferson hospitals requires a legal opinion and Kaufman Hall would defer to legal counsel with respect to this analysis, review and determination.

**SECTION 14.** That Kaufman Hall determines if Louisiana Children's Medical Center's (LCMC's) not-for-profit status will change during the term of this lease.

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Kaufman Hall is unable to determine if Louisiana Children's Medical Center's not-for-profit status will change during the 30 year term of this lease.

**SECTION 15.** That Kaufman Hall determines whether Louisiana Children's Medical Center's (LCMC's) proposed lease of East and West Jefferson hospitals would trigger an extensive and costly investigation by the Federal Trade Commission regarding antitrust concerns post transaction.

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The determination about whether Louisiana Children's Medical Center's proposed lease of East and West Jefferson hospitals would trigger an extensive and costly investigation by the Federal Trade Commission regarding antitrust concerns post transaction requires a legal opinion and Kaufman Hall would defer to legal counsel with respect to this analysis, review and determination.

**SECTION 16.** That Council Research determine the budgetary impact on parish government rejecting a potential of \$285 million in new property taxes.

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It appears to Kaufman Hall that this Section does not require any response from Kaufman Hall.

**SECTION 17.** That a Special Council meeting is to be held on October 24, 2013 at 10:00 a.m. in the Westbank Council Chambers, located at 200 Derbigny Street in Gretna.

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It appears to Kaufman Hall that this Section does not require any response from Kaufman Hall.

**SECTION 18.** That the appropriate staff members from Kaufman Hall be present at a special Council Meeting to be held on October 24, 2013 at 10:00 a.m. in the Westbank Council Chambers to answer any and all questions posed by members of this Council in regards to the advertisement and the evaluation of the submittals provided to the Jefferson Parish Hospital and Health Services District for a Hospital Partner.

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Per correspondence with Deborah Cunningham Foshee, Parish Attorney, Jefferson Parish on October 21, 2013, due to a prior commitment to host a Healthcare Leadership Conference, Kaufman Hall will be unable to be present at the special Council Meeting to be held on October 24, 2013. Kaufman Hall has provided alternative dates to Ms. Foshee for consideration and will work to schedule a date to be present to discuss these matters with the Council.

**SECTION 19.** That Kaufman Hall determine whether either suitor has been the subject of a State or Federal investigation at hospitals under their management.

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Kaufman Hall can request information from the prospective suitors to determine whether the suitors have been the subject of a State or Federal investigation at hospitals under their management. We would request further clarification on this request to determine if the Parish Council would like this information limited to a specific time period or scope of investigation. It is Kaufman Hall's experience that the operators of hospitals and health care systems, over the course of their operating history, have been the subject of various investigations and interactions with State and Federal agencies on multiple levels.



Parish Attorney's Office  
Request for an Opinion  
of the Louisiana Attorney  
General





JEFFERSON PARISH  
DEPARTMENT OF THE PARISH ATTORNEY

WWW.JEFFPARISH.NET

October 17, 2013

JOHN F. YOUNG, JR.  
PARISH PRESIDENT

DEBORAH CUNNINGHAM FOSHEE  
PARISH ATTORNEY

E. ROSS BUCKLEY, JR.  
DEPUTY PARISH ATTORNEY

EDWARD S. RAPIER, JR.  
DEPUTY PARISH ATTORNEY

Honorable James D. Caldwell  
Attorney General  
Louisiana Department of Justice  
Civil Division  
Post Office Box 94005  
Baton Rouge, LA

RE: The Open Meetings  
Law and the Enhanced  
Ability to Compete Act

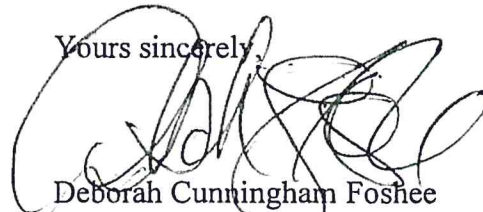
Dear Attorney General Caldwell:

I write to you on behalf of my client, Jefferson Parish, pursuant to Resolution No. 121787 (attached). The Jefferson Parish Council is the governing authority of the Jefferson Parish Hospital & Health Service District, Hospital Service District No. 1, and Hospital Service District No. 2 (hereinafter "the districts") as defined by La. R.S. 46:1072(6). As the governing authority of the three districts, the Council has availed itself of the provisions of the Enhanced Ability to Compete Act for "discussion and development of marketing strategies and strategic plans" to maintain the viability of the Parish's community hospitals. La. R.S. 46:1073. Please note that the Parish Council does not and has not voted in Executive Session on this or any other item discussed in Executive Session. All actions by the Council are taken in public.

In order to ensure compliance with the law, I respectfully request an expedited opinion on whether the Jefferson Parish Council, sitting as the governing authority of the three hospital service districts, may go into executive session to discuss and develop marketing strategies and strategic plans under the Enhanced Ability to Compete Act.

Your response to these issues is greatly appreciated and eagerly awaited.

Yours sincerely,



Deborah Cunningham Foshee  
Parish Attorney

DCF/mg

Attachment

cc: Hon. Christopher L. Roberts, Council Chairman  
Hon. Elton M. Lagasse, Councilman at Large, Div. B  
Hon. Ricky J. Templet, Councilman, Dist. 1  
Hon. Paul D. Johnston, Councilman, Dist. 2  
Hon. Mark D. Spears, Jr., Councilman, Dist. 3  
Hon. E. "Ben" Zahn, III, Councilman, Dist. 4  
Hon. Cynthia Lee-Sheng, Councilwoman, Dist. 5  
Hon. John F. Young, Jr., Parish President  
Mr. Chris Cox, III, COO  
Ms. Jennifer Van Vrancken Dwyer, Deputy COO  
Mr. Deano Bonano, Councilmanic Aide  
Mr. Brett Lawson, Councilmanic Aide  
Ms. Angela Callais, Councilmanic Aide  
Ms. Robin Christiana, Councilmanic Aide  
Mr. Tony Digerolamo, Councilmanic Aide  
Mr. Bryan St. Cyr, Councilmanic Aide  
Mr. Casey Jumper, Councilmanic Aide  
Mr. Jeff Zapata, Councilmanic Aide  
Mr. Gregory Giangrosso, Councilmanic Aide

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On motion of **Mr. Lagasse**, seconded by **Mr. Roberts** the following resolution was offered:

**RESOLUTION NO. 121787**

A resolution directing the Parish Attorney to request an expedited opinion from the Louisiana Attorney General concerning whether the Jefferson Parish Council, sitting as the governing authority of the three hospital service districts, may go into executive session to discuss and develop marketing strategies and strategic plans under the Enhanced Ability to Compete Act. (Parishwide)

**WHEREAS;** due to the importance of the issues being discussed in regards to the Parish's community hospitals an Attorney General's opinion is necessary to confirm the Council's authority to avail itself of the provisions of the Enhanced Ability to Compete Act; and

**WHEREAS;** the Council respectfully requests that the opinion be rendered in an expedited manner as time is of the utmost importance; and

**NOW, THEREFORE,** the Jefferson Parish Council, acting as governing authority of the Parish of Jefferson, Louisiana hereby resolves:


**SECTION 1.** That the Parish Attorney request an expedited opinion from the Louisiana Attorney General concerning whether the Jefferson Parish Council, sitting as the governing authority of the three hospital service districts, may go into executive session to discuss and develop marketing strategies and strategic plans under the Enhanced Ability to Compete Act.

The resolution having been submitted to a vote, the vote thereon was as follows:

**YEAS: 7      NAYS: None      ABSENT: None**

The resolution was declared to be adopted this the **16th** day of **October, 2013**.

THE FOREGOING IS CERTIFIED  
TO BE A TRUE & CORRECT COPY

  
EULA A. LOPEZ  
PARISH CLERK  
JEFFERSON PARISH COUNCIL

Office of the Inspector  
General's Request for  
an Opinion of the  
Louisiana Attorney  
General



OFFICE OF INSPECTOR GENERAL  
JEFFERSON PARISH



DAVID N. McCLINTOCK  
INSPECTOR GENERAL

October 29, 2013

Attorney General James D. Caldwell  
Louisiana Department of Justice  
1885 North 3<sup>rd</sup> Street, 6<sup>th</sup> Floor  
Baton Rouge, Louisiana 70804  
ATTN: Civil Division

**VIA FAX AND POST**  
(225) 326-6040

RE Attorney General Opinion  
La.R.S. 42:1073

Dear General Caldwell:

As the Inspector General of Jefferson Parish, I seek the opportunity to offer relevant information regarding a pending request for an advisory opinion made by the Jefferson Parish Council and request further clarification on issue.<sup>1</sup> The pending request, I understand, generally seeks guidance on La.R.S. 42:1073, the Enhanced Ability to Compete Statute, to actions or anticipated actions of the Jefferson Parish Council. Importantly, this request for an advisory opinion comes at a time when Jefferson Parish is engaged in an on-going process which is expected to culminate in a long-term lease of its two parish hospitals, East Jefferson General Hospital (EJGH) and West Jefferson Medical Center (WJMC).

Pursuant to authority conferred by state and local law, the Office of Inspector General is presently monitoring this process for compliance issues and related concerns. The purpose of this letter is to present information which bears directly upon the pending request for advisory opinion. In tandem therewith, the Inspector General believes that additional clarification from the Attorney General is warranted and needed in this situation. For this reason, the Inspector General makes a (supplemental) request for advisory opinion. Understanding this may be unique, the Inspector General offers the Attorney General relevant background on the Jefferson Parish Office of Inspector General.

*Issues:*

- (1) Whether selecting a long-term leasee for a public hospital(s) would be considered "development of marketing strategies and strategic plans" under the Enhanced Ability to Compete, La.R.S. 42:1073? Stated alternatively, whether the Enhanced Ability to

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<sup>1</sup> As a point of information, the request from the Jefferson Parish Council for an advisory opinion comes subsequent to a Confidential Memorandum of September 13, 2013 issued by the Inspector General to the Parish Council regarding the process directed toward leasing East Jefferson General Hospital and West Jefferson Medical Center by Jefferson Parish Council.

Compete, La.R.S. 42:1073, permit a hospital service district commission to enter into executive session for the purpose of discussing with whom the hospital service district would recommend or select to lease the hospital(s)?

- (2) Assuming the subject matter above is appropriate for executive session, would the Enhanced Ability to Compete permit the hospital service district commission to take formal action in executive session, whether by way of vote or resolution on the of issue?
- (3) Whether a Parish Council, which by local ordinance is the self-appointed governing authority for a hospital service district, may avail itself of the provisions of the Enhanced Ability to Compete, La.R.S. 42:1073, and enter into executive session for the purpose of receiving information, and debating the selection of an entity to lease a public hospital?
- (4) May the Parish Council take formal action on selecting an entity to lease a public hospital in executive session assuming a Parish Council under the provisions of the Enhanced Ability to Compete, La.R.S. 42:1073?
- (5) Whether the Jefferson Parish Inspector General may seek advisory opinion on issue related to Louisiana Open Meetings Law?

#### **Factual Summary:**

Prior to 2009, there was created by local ordinance pursuant to authority conferred by La.R.S. 46:1051 two hospital service districts in Jefferson Parish. These were Jefferson Parish Hospital Service District No. 1, which boundaries lie on the west side of the Mississippi River, and Jefferson Parish Hospital Service District No. 2, which boundaries lie on the east side of the Mississippi River.<sup>2</sup> Within Hospital Service Districts No.1 and No. 2, there is West Jefferson Medical Center (WJMC) and East Jefferson General Hospitals (EJGH), respectively.

In creating the hospital service district, the Jefferson Parish Council reserved unto itself the ability to act as governing authority:

The parish council acting as governing authority of Jefferson Parish Hospital and Health Services District, Jefferson Parish Hospital Service District No. 1, and Jefferson Parish Hospital Service District No. 2 shall conduct the respective hospital service districts business at an appropriate time during the parish council meeting as indicated on the meeting agenda.<sup>3</sup>

Further and by local ordinance, Jefferson Parish provides that all “rules and procedures set out for handling business items of WJMC and EJGH, including but not limited to the expenditure of funds, shall be the same as the parish council rules and procedures” and shall appear and be identified

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<sup>2</sup> JPCO Section 17-16, Hospital District No. 1, and JPCO Section 17-17, Hospital District No. 2.

<sup>3</sup> JPCO 17-18.



appropriately on the meeting agenda of the parish council.<sup>4</sup> Notwithstanding these provisions, WJMC and EJGH operations are governed by boards of directors.

In 2009, the Jefferson Parish Council created the Jefferson Parish Hospital and Health Service District (commonly referred to as the “Third District”). The boundaries of the Third District are conterminous with that of the combined boundaries of those districts in which WJMC and EJGH are located.<sup>5</sup> At that same time, there was created the Jefferson Parish Hospital and Health Services District Board which was charged with conducting meetings of the board and making recommendations to the Jefferson Parish Council. The composition of the Board was defined as “[t]he ten (10) members appointed to the Board of Directors of Jefferson Parish Hospital District No. 1 (West Jefferson Medical Center)” and “[t]he ten (10) members appointed to the Board of Directors of Jefferson Parish Hospital Service District No. 2 (East Jefferson General Hospital).”<sup>6</sup>

While the boundaries of the Third District are conterminous with that of those associated with WJMC and EJMC, neither Hospital Service District No. 1 (WJMC) nor Hospital Service District No. 2 (EJGH) were altered or otherwise subsumed by the newly formed service district. EJGH and WJMC continue operations independent of the creation of the Third District. It has been generally represented that the Third District was created in anticipation of changes to existing systems needed to address challenges within the global health care industry that threatened the future viability of WJMC and EJGH as separate institutions. After some effort and/or consideration, the Third District sought via advertisement for Statement of Qualifications for a healthcare consultant to assist with strategic initiatives in early 2012.<sup>7</sup> Based upon responses, the Third District recommended Kaufman Hall, a national firm, for selection to the Parish Council, and the Parish Council authorized the

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4 JPCO 17-19.

5 JPCO 17-14.

6 JPCO 2-891 et seq.

7 JPCO 2-933.4 establishes the authority and sets forth the procedure by which the hospital districts are exempt from certain Parish procurement process. This provision was relied upon by the Parish Council in at least one resolution as it related to Kaufman Hall’s engagement on behalf of the hospital service districts. See Agenda Item 204 of the 12/12/2012 meeting. JPCO 2-933.4: Addressing the negotiation, execution and administration of professional services contracts pertaining to the hospital service districts as follow:

- (a) Except as otherwise provided herein, the administration of each particular hospital service district, upon authorization of its board, shall be responsible for selecting professionals and negotiating, executing and administering professional services contracts necessary for the efficient operation of said hospital service district. The parish council shall make the selection of the person or firm to provide professional services involving accountants, architects, engineers, financial consultants, investment managers and legal counsel. The selection may be based upon the review and recommendation provided by the board of the appropriate hospital service district. As used in this section, the term contract shall also mean any amendment to a professional services contract. Each insurance policy covering a hospital service district, its properties and activities shall comply with the requirements of the program of insurance adopted by the parish council.
- (b) The board of each particular hospital service district shall be exempt from the parish’s procedures for selection of persons to provide professional services. Each board shall establish its own procedures for the selection of persons to provide professional services and its own process for the evaluation of persons or firms submitting in response to a request for professional services in order to evaluate and make a recommendation for selection to the parish council. Amendments to any contract for which the parish council has made the selection require a resolution concurring with the board’s resolution to authorize an amendment.



engagement of Kauffman Hall by the Third District.<sup>8</sup> Kauffman Hall was engaged to develop a strategic plan for the Third District, and by extension for EJGH and WJMC. The terms and conditions of the engagement specifically incorporated by reference the Enhanced Ability to Compete, La.R.S. 42:1073.

Kauffman Hall's strategic plan resulted in identifying several potential, private partners for a long-term "lease" for WJMC and EJMC. At or about this same time, the Jefferson Parish Council considered and acted upon an amendment to the Jefferson Parish Code of Ordinance that would permit the sale or lease of a hospital in accordance with La.R.S. 46:1064.<sup>9</sup>

No final action has been communicated by the Third District, or the boards of EJGH or WJMC, relative to a long-term lease. No final or binding decision has been reached by the Parish Council relative to leasing of EJGH and WJMC, but action is anticipated. The process at present raises issues and concerns as to whether the provisions of 46:1073 are properly reconciled and balanced with the mandates of the Open Meetings Law.

#### **Discussion of Issues:**

In 1984, La.R.S. 46:1073, *Marketing strategies and strategic planning*, was enacted and provides in pertinent part that "a hospital service district may develop marketing strategies for its existing hospital health services or any hospital health service or facility."<sup>10</sup> It specifically provides that, notwithstanding the provisions of the Open Meetings Law, "R.S. 42:11 et seq, or any other law to the contrary, a hospital service district commission may hold executive session for the discussion and development of marketing strategies and strategic plans."<sup>11</sup>

There are numerous Attorney General Opinions which speak generally to the applicability of the Open Meetings Law to boards of public hospitals. There are fewer opinions which reconcile provisions of La.R.S. 46:1073 with the Open Meetings Law relative to executive sessions of boards of hospitals.<sup>12</sup> However, there is no guidance, whether by way of Attorney General Opinion or court decision, on the issues confronting Jefferson Parish:

#### **1. Whether selecting a long-term leasee for a public hospital(s) would be considered**

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<sup>8</sup> Prior to the selection of Kaufman Hall as a strategic partner the WJMC and EJMC each independently managed procurements for the respective hospital districts, ie. the 10/2012 solicitation by WJMC for certified public accounts. The process and practice is not, however, without exception. See Resolution by Parish Council of 6/12/2013 for the selection of architectural firm for WJMC following review of Statement of Qualifications by "Parish's Technical Evaluation Committee" and subsequent to Parish Council Resolution No. 118638 of 3/28/2012. See Resolution No. 118767, 04/18/2012.

<sup>9</sup> R.S. 46:1064.2 relative to hospital service districts in Jefferson Parish; sale or lease of hospitals, provided that the sale or lease of any hospital owned by a hospital service district in Jefferson Parish shall be as provided notwithstanding any other provision of law to the contrary. R.S. 46:1064.2(C) provided that the hospital service district shall sell or lease the hospital only if the proposed sale or lease is approved by a majority of the qualified electors of the hospital service district voting on the proposition at an election held for that purpose and conducted in accordance with Louisiana Election Code. The statute was amended during the 2013 Legislative Session by HB 383 which was adopted. The amendment struck "or lease" from the language, thereby, permitting the lease of hospitals without voter approval. The amendment to state law took effect 06/05/2013.

<sup>10</sup> La.R.S. 46:1073(A).

<sup>11</sup> La.R.S. 46:1073(C).

<sup>12</sup> Attorney General Opinions Nos. 96-371; 96-357; 95-346; 95-193; 08-0211A; 08-0148

“development of marketing strategies and strategic plans” under the Enhanced Ability to Compete, La.R.S. 42:1073

The legislative purpose for enacting the Enhanced Ability to Compete was premised upon the finding that “increasing competition is forcing hospitals and other health care providers to develop market strategies and strategic plans to effectively compete.”<sup>13</sup> “Market strategies” were defined as any plan, strategy, or device developed or intended to promote, sell or offer to sell any hospital health service.<sup>14</sup> “Strategic plans” were defined to mean any plan, strategy, or device developed or intended to construct, operate, maintain a health facility or engage in providing, promoting or selling a hospital service district.<sup>15</sup> “Hospital health services” was limited to “any clinical, diagnostic, or rehabilitative service and any administrative, managerial, or operational service incident thereto.”<sup>16</sup>

Jefferson Parish council authorized the Jefferson Parish Hospital and Health Service District, or the “Third District” to retain Kauffman Hall. Upon information and belief, the Third District, and/or the individual boards of EJGH and WJMC, received strategic planning information from Kauffman Hall over its period of engagement relative to the future viability of the institutions. The process resulted or culminated with Kauffman Hall identifying three potential candidates for lease of EJGH and WJMC. The relative qualifications of each of these candidates have been the subject of executive sessions conducted by the Third District. However, the Third District is not a provider of “hospital health services” as defined by La.R.S. 46:1073 because it does not conduct any “clinical, diagnostic, or rehabilitative service” since it does not operate any hospital or clinics. Irrespective of the public entity with whom Kauffman Hall was engaged, the firm was engaged to develop strategic plans affecting EJGH and WJMC.

In *Calcasieu-Cameron Hosp. Service Dist. V. Fontenot*, 628 So.2d 75 (La. 3d Cir. 1993), the court found that a hospital service district did not violate Open Meetings Law by deciding to expropriate adjacent property in executive session. There, the hospital service district was working to replace property loss to the State through the Department of Transportation and Development which was needed for hospital parking.

The issue facing the Jefferson Parish hospital service districts is not one of growth or achieving competitive advantage. Operation of EJGH and WJMC is being passed to a private entity via a long-term lease. Information relevant to this decision may include proprietary information of potential candidates but would not be limited to proprietary or strategic information. Discussion would unavoidably involve debating non-proprietary information regarding suitability of candidates. Thus and upon concluding that a hospital service district will select a private entity with which it will enter a long-term lease, are future discussion and debate regarding the relative qualifications of candidates exempt from Open Meetings law under provisions of Enhanced Ability to Compete?

2. Would the Enhanced Ability to Compete permit the hospital service district to take formal action in executive session?

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13 La..R.S. 46:1071.

14 La.R.S. 46:1072(3).

15 La.R.S. 46:1072(4).

16 La.r.s. 46:1072(1).

The purpose of the Open Meetings Law is to allow the public to observe and evaluate public officials, public conduct, and public institutions. It is meant to protect citizens from secret decisions made without any opportunity for public input.<sup>17</sup>

Not inconsistent with the *Calcasieu-Cameron Hosp.* case, the Attorney General has previously opined that a hospital service district may meet in executive session to develop strategic plans until such time as those plans have been brought to a conclusion by virtue of acquisition of properties involved or by other means of final resolution.<sup>18</sup>

Where the issue discussed and the action debated is the relative qualifications of private entities who will assume control of public hospitals via long-term lease, does the intended purpose of the Open Meetings Law require action to be taken in an Open Meeting rather than in an executive session. The relative qualifications of potential lease candidates would include in substantial part open source information such as published health care metrics, rankings, and compliance history.

3. Whether the Parish Council may avail itself of provisions of La.R.S. 46:1073?

The Enhanced Ability to Compete statute permit a “hospital service district commission” to hold executive sessions for the discussion and development of marketing strategies. “Hospital service district commission” is defined by statute to be the governing authority or managing board of a hospital service district.

Because the Parish Council authorized the Third District to engage Kauffman Hall, the receipt and exchange of information relevant to leasing of public hospitals and qualifications of candidates for lease has been managed by the Third Board apparently with participation by EJGH and WJMC Boards. However and most recently, the Parish Council has engaged in the process which has included executive sessions conducted under auspices of Enhanced Ability to Compete statute.

The Jefferson Parish Council is by local ordinance the governing authority of the hospital service districts which control EJGH and WJMC. Still, there has been no formal action by resolution or ordinance by the Parish Council to revoke or clarify the apparent authority delegated to the Third District to vet potential candidates to lease public hospitals or otherwise develop strategic plans for the future of the hospitals. Thus, may the Jefferson Parish Council go into executive session and avail itself of the provisions of the Enhanced Ability to Compete under these circumstances, or is any debate on the relative merits and qualifications of candidates for lease subject in whole or in part to the Open Meetings Law?

4. Whether Parish Council may take formal action in executive session on selecting an entity to lease a public hospital under Enhanced Ability to Compete, La.R.S. 42:1073?

Recently, individual Parish Council members have spoken publically in favor of one candidate for lease or the other and/or urged the matter toward resolution. Further, comments have been made in open council meetings. Discussions have been had regarding services rendered by Kauffman Hall.

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<sup>17</sup> *Connick v. Brechtel*, 713 So.2d 583 (La.Ct.App. 4<sup>th</sup> Cir. 1998); *Organization of United Taxpayers and Civic Associations of Southeast Baton Rouge, Inc. v. La. Housing Finance Agency*, 703 So.2d 107 (La.Ct.App. 4<sup>th</sup> Cir. 1997).

<sup>18</sup> Attorney General Opinion No. 96-357.

Questions have been posed and answered by various interested individuals, including potential candidates, inside and outside of public meetings. However, there has not been the opportunity to date for public comment in an open meeting properly noticed on the selection of candidate(s) to lease EJGH and WJGH. There has not been a public meeting where information is received from candidates who seek to lease EJGH and WJMC which unambiguously affords the public notice and opportunity for participation in the decision anticipated by the Parish Council. Assuming the Parish Council can avail itself of the Enhanced Ability to Compete, may the Parish Council debate and discuss the relative qualifications of the candidates for lease, merits of proposals and resolve what action will be taken in executive session or are such discussions required to be conducted in accordance with Open Meetings law?

5. Whether Inspectors General duly authorized in accordance with State law may seek advisory opinion on Open Meetings Law?

The creation of an Office of Inspector General and position of Inspector General are authorized pursuant to state law in a manner not entirely dissimilar from that resulting in the hospital service districts. La.R.S. 33:9611 provides in pertinent part:

The proper operation of democratic government requires that elected officials and public employees be accountable for their actions, that governmental decisions are made in a transparent manner subject to complete ethical and operational review, that public office and employment serve the highest standards of honesty and competence, and that there be public confidence in the integrity of government. The purpose of this Chapter is to serve these objectives by empowering the applicable municipalities and public officials and employees thereof to implement and enforce vigorous ethical standards and codes of conduct, and to that end these provisions are to be liberally construed in support of the purposes for which this Chapter is enacted.

Jefferson Parish is one of three parishes authorized by state law to establish an Office of Inspector General.<sup>19</sup> The Parish Council placed before the voters of Jefferson Parish the creation of an Inspector General, and it received voter approval resulting in an amendment to the Jefferson Parish Charter.<sup>20</sup> The Jefferson Charter now provides at Section 2-155.10(7):

The office of inspector general shall be operationally independent from the legislative and executive branches of the parish, including the parish council, and the office of the parish president, but is authorized and encouraged to work cooperatively with the ethics and compliance commission. "Operationally independent" shall mean that the neither the parish council, the parish president, nor any employee of the parish shall prevent, impair, or prohibit the inspector general from initiating,

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<sup>19</sup> La.R.S. 33:9611.

<sup>20</sup> JPCO 2-155.10

carrying out, or completing any audit, investigation, inspection or performance review.

However, it is state law which confers unto the Inspector General “all investigative powers and privileges appurtenant to a law enforcement agency under state law...”<sup>21</sup>

Understanding that the Attorney General will render opinions to state elected officials, state departments and state boards on legal questions pertaining to state law and to district attorneys in matters relating to state law and may render opinions to local governmental entities, the Inspector General respectfully urges the Attorney General to consider this request. In this instance, the Inspector General stands on uncommon ground. The issue presented is ultimately compliance or non-compliance with the Open Meetings Law, the interpretation and enforcement of which uniquely falls within the purview of the Attorney General.<sup>22</sup> The Inspector General, as a matter of state law, possess “law enforcement” capabilities and an affirmative obligation to ensure “governmental decisions are made in a transparent manner.” The Inspector General cannot fully satisfy its obligations under state law on the issues raised herein unless the Attorney General exercises the authority to interpret and provide guidance on the state statutes, Open Meetings Law and Enhanced Ability to Compete, which are at issue.

Sincerely yours,



David N. McClintock  
Inspector General

Cc: Councilman Christopher L. Roberts  
Councilman Elton M. Lagasse  
Councilman Ricky J. Templet  
Councilman Paul D. Johnston  
Councilman Mark D. Spears  
Councilman E. “Ben” Zahn, III  
Councilwoman Cynthia Lee-Sheng  
(all via electronically)

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<sup>21</sup> La.R.S. 46:9612.

<sup>22</sup> La.R.S. 42:25.