



OFFICE OF INSPECTOR GENERAL
JEFFERSON PARISH

DAVID N. McCLINTOCK
INSPECTOR GENERAL



DATE: 07/14/2014

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

FROM: David McClintock, Inspector General

RE: Synopsis of OIG Supplemental Memorandum of 06/10/2014
Hospital Lease – EJGH/WJMC

Please find attached the Jefferson Parish Office of Inspector General's (JPOIG) Finalized Second Supplemental Memorandum, originally issued in draft form on 06/10/2014. This memorandum addresses concerns and recommendations relating to the selection of a negotiation team for the West Jefferson Medical Center ("WJMC"). The memorandum was issued as part of the JPOIG's monitoring of broader issues regarding the anticipated leasing of the hospitals.¹ The JPOIG's concerns and recommendations remain consistent and focus broadly on process.

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.

On 09/13/2013, the JPOIG advised the Parish Council via memorandum of specific areas of concern relating to the anticipated lease of public hospitals and urged the Parish Council to establish a structured process with clearly defined roles and responsibilities; target dates; and reporting processes under which a lease, in complete form with terms and conditions, could be successfully, and effectively negotiated. However, the Parish Council collectively did not take action in support of these recommendations.

On 04/08/2014 the JPOIG issued a supplemental memorandum that again identified the absence of a process with clearly defined lines of authority and direction. While no response was received to this supplemental memorandum, some actions were taken by both the West Jefferson Medical

¹ 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.

Center and the Parish Council to establish parameters for a negotiation process that was largely consistent with our recommendations.

On 06/10/2014, the JPOIG issued a second supplemental memorandum at a time when the Parish Council had given notice of resolutions on its 06/11/2014 agenda which were seemingly in conflict with prior Parish Council actions. Specifically, certain resolutions seemingly repudiated actions and engagements undertaken by the WJMC upon the express authority unanimously granted by the Parish Council on 04/9/2014. The JPOIG believed that the proposed course of action was not consistent with previous Parish Council action and merited further discussion prior to action. To that end, the JPOIG made the following recommendations which would have permitted the Parish Council to engage in a course of action consistent with prior legislative action.

No response to this second supplemental memorandum of 06/10/2014 was received. This memorandum, as with all previous confidential memorandums, was disseminated to certain media sources in violation of the Jefferson Parish Code of Ordinances 2-155.10 (9) during the draft period. The Parish Council ultimately took action that was inconsistent with the JPOIG recommendations. However; the JPOIG notes that subsequently there has been an effort to clarify the reporting mechanism between the negotiation team and the Parish Council which reflects elements of recommendation #2.

The JPOIG will continue to monitor the hospital lease process 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 July 14, 2014, the issuance of this memorandum and attachments the supplemental memorandum, less any confidential information, will be made publicly available via www.jpoig.net.

cc: Council Chairman Elton M. Lagasse (w/encls)
Councilmember Christopher L. Roberts (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)
Parish Attorney Deborah Foshee-Cunningham (w/encls)



OFFICE OF INSPECTOR GENERAL
JEFFERSON PARISH

DAVID N. McCLINTOCK
INSPECTOR GENERAL



FINAL: SECOND SUPPLEMENTAL MEMORANDUM

DATE: 07/14/2014

TO: Councilman Elton M. Lagasse
Councilman Christopher L. Roberts
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

Confidentiality Notice

This confidential memorandum is issued by the Inspector General pursuant to the authority conferred by JPCO 2-155.10. It is intended for the sole use of the named council members. It is not intended to be read, disclosed, reproduced, distributed, disseminated, in whole or in part by anyone other than the council members. The report contains confidential information, information which would not be subject to public records request, and/or information which is subject to other agreements of confidentiality and nondisclosure.

Any confidential information will be removed prior to public release.

INTRODUCTION

The Jefferson Parish Office of Inspector General ("JPOIG") hereby provides this second supplemental memorandum relating to the anticipated lease of hospital facilities known as West Jefferson Medical Center ("WJMC") and East Jefferson General Hospital ("EJGH"). The focus of this memorandum is based upon the legislative action taken subsequent to the JPOIG's confidential supplemental memorandum of 04/08/2014 and the potential legislation currently proposed and published in connection with the Parish Council meeting noticed for 6/11/2014.

This supplemental memorandum follows closely in time and in subject matter with the supplemental memorandum issued on 04/08/2014 in which the JPOIG addressed the need for a purposeful process which adequately protected against conflicts of interest. No response to the supplemental memorandum was received by the JPOIG during the draft period. Therefore, the

supplemental memorandum of 04/08/2014, which was authorized for public release on 05/21/2014.¹

This supplemental memorandum must be read within the context of the original monitoring memorandum and the (first) supplemental monitoring memorandum which may be accessed via the following links or by visiting the JPOIG's webpage at www.JPOIG.net:

- [JPOIG Memorandum of 11/22/2013](#)
- [JPOIG Supplemental Memorandum released on 5/21/2014](#)

Monitoring Efforts

Monitoring efforts are proactive in nature and often focus on long term and complex projects. Monitoring permits focus on issues as presented, as opposed to identifying and responding to issues at the conclusion of an event. A proactive approach leaves the possibility for corrective action either eliminating or mitigating issues which may otherwise lead to fraud, waste and abuse.

The JPOIG memorandum, reports, and investigations involving official comments, findings, and recommendations are confidential and subject to a review and response process as set forth below:

1. JPOIG submits the initial 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 JPOIG 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
 - b. Forward a copy of the finalized document to original recipients.
4. Following the issuance of the finalized document and the passage of at least five (5) business days the JPOIG will issue a public document.

BACKGROUND/CHRONOLOGY (*Supplemental*)

The Parish Council, through the Hospital Service District No. 1 (aka "WJMC"), Hospital Service District No. 2 (aka "EJGH") and the Third Hospital and Health Services District ("Third Hospital District"), has been moving towards a lease of the public hospitals, WJMC and EJGH. On 04/18/2012 the Parish Council, upon recommendation of the hospital board(s), approved and authorized by Resolution No. 118767 the engagement of Kaufman Hall, a national healthcare consulting firm.² Since that time the Parish Council, through formal legislative action unto the

¹ The JPOIG notes that the supplemental memorandum was leaked to the media before adequate time for consideration and response from Council members, individually or collectively.
http://www.nola.com/politics/index.ssf/2014/04/jefferson_parish_hospitals_for.html.

² Kaufman Hall interchangeable identified itself and/or directed correspondence to the "Third Hospital and Health Service District," identified projects belonging to "East Jefferson General Hospital – West Jefferson Medical

boards of the Third Hospital District and those of EJGH and WJMC has largely delegated the necessary authority to secure a lease partner.³ This process included the consultant Kaufman Hall to manage and execute a three phase strategic plan that was anticipated to yield a collective lease partner for both the EJGH and WJMC.⁴

Kaufman Hall received final, negotiated letters of intent in August of 2013 from three entities identified as a potential lease partner.⁵ At or about this time, the Third Hospital District board, which consisted entirely of the boards of the EJGH and WJMC, became divided over the selection of a lease partner. The division escalated to the Parish Council and resulted in a well publicized debate.⁶ In October 2013, Kaufman Hall issued a report recommending that EJGH and WJMC seek separate lease partners “given the current dynamics” of the hospitals because “the pursuit of separate partners has a greater likelihood of success than a partnership that is the result of forced choice with a divided Board of Directors and management team.”⁷

On 02/19/2014, the Council by Resolution No. 122465 voted to approve a contract with another healthcare consultant, Nemzoff & Company, LLC, to analyze letters of intent to lease WJMC and EJGH submitted by the three proposed lease partners.⁸ The analysis was presented to the Council in open session during a special meeting held on 04/02/2014. Pursuant to the terms of the engagement the services of Nemzoff & Company, LLC (“Nemzoff”) were concluded at the

Center,” and represented itself as having been engaged by “East Jefferson General Hospital (“EJGH”) and West Jefferson Medical Center (“WJCM”). Upon recommendation of the Board(s), the Parish Council approved and authorized by Resolution 120250 an extension of the engagement with Kaufman Hall on 01/16/2013.

³ WJMC The Third Hospital District, which boundaries are conterminous with Hospital Service District No. 1 and Hospital Service District No. 2, created on 07/08/2009 by JPCO 17-14. *See also*, JPCO Section 17-16 creating Hospital Service District No. 1 whose boundaries lie on the west side of the Mississippi River, and JPCO Section 17-17 creating Hospital Service District No. 2 whose boundaries lie on the east side of the Mississippi River.

⁴ Kaufman Hall “Proposal to Continue Strategic Partnership Selection Process,” Third Hospital Service District, Metairie, Louisiana/December 13, 2012, executed by Chip Cahill, Chairman WJMC and James Hudson, Chairman, EJGH on 12/23/2012.

⁵ These were an HCA Affiliate (“HCA”); Louisiana Children’s Medical Center (“LCMC”) and the Ochsner Health System (“Ochsner”). These letters of intent were to serve as a “blueprint for the development of the definitive agreements.” Following negotiated letters of intent, Kaufman Hall 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 Service District.” Kaufman Hall “Proposal to Continue Strategic Partnership Selection Process,” Third Hospital Service District, Metairie, Louisiana/December 13, 2012, executed by Chip Cahill, Chairman WJMC and James Hudson, Chairman, EJGH on 12/23/2012.

⁶ 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/childrens_picks_up_jefferson_p.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>

⁷ Open source http://www.nola.com/politics/index.ssf/2013/10/jefferson_parish_consultant_sa.html

⁸ On 02/20/2014, HCA conveyed by letter that it has decided to withdraw all proposals to lease and operate EJGH and WJMC and will no longer participate in the selection process.

conclusion of the Parish Council presentation.⁹

On 04/09/2014, one week after the presentation by Mr. Nemzoff, the Council by Resolution No. 122709 voted unanimously to authorize the WJMC Board to negotiate a lease with LCMC. On 04/30/2014, the Council by Resolution No. 122824 authorized the WJMC to retain Hogan and Lovells as legal counsel. WJMC executed a contract with Hogan Lovells.

The Parish Council is scheduled to meet on 06/11/2014 to consider several resolutions that bear on and will impact the negotiative process. The proposed legislation will be discussed more fully below.

AREAS OF CONCERN (*Supplemental*)

The JPOIG's concerns and recommendations have remained consistent. On 09/13/2013, the JPOIG advised the Parish Council via memorandum of specific areas of concern relating to the anticipated lease of public hospitals and urged the Parish Council to establish a structured process with clearly defined roles and responsibilities; target dates and reporting processes under which a lease, in complete form with terms and conditions, could be successfully, and effectively negotiated. However, the Parish Council collectively did not take action in support of these recommendations. The JPOIG's issued a supplemental memorandum on 04/08/2014 and again identified the absence of a process with clearly defined lines of authority and direction as an area of concern, writing:

“The anticipated lease of the parish’s hospitals challenges the relative roles and relationships of the boards to the Council. The absence and reluctance to establish a framework for the process continues to color and compromise an optimal outcome for the citizens of the Parish.”¹⁰

The Parish Council will have for consideration at its scheduled meeting on 06/11/2014 numerous resolutions, some of which would effectively repudiate certain actions and engagements undertaken by the WJMC with express authority unanimously granted by the Parish Council on 04/9/2014.

Resolution 122709, Authorizing WJMC To Negotiate Lease and

Resolution 122824, Procurement of Hogan Lovells by WJMC

By way of review, the hospital service districts are created by parish ordinance pursuant to authority given by state statute.¹¹ In creating the districts, the Parish Council reserved unto itself

⁹ Nemzoff & Company, LLC invoiced the Parish for \$125,000, plus costs, per the terms of the contract executed on 02/19/2014 by the Chairman of the Parish Council. Per the terms of the contract, final fees were to be invoiced and paid upon “conclusion of our work.” The invoices have been paid.

¹⁰ [JPOIG Memorandum of 5/21/2014.](#)

¹¹ La.R.S. 46:1051 *et seq.*

the role of governing authority.¹² The decision as well as the responsibility to secure the viability of the hospitals is ultimately that of the Parish Council.

The JPOIG noted that the lack of an established process and procedure during the Third Hospital District's divisive and unsuccessful effort to generate a recommended lease partner. The Parish must now guard against repeating the same outcome as it relates to lease negotiations for WJMC. By Resolution 122709, the Parish Council authorizes the WJMC Board to "negotiate a lease of the assets and property which are owned or in anyway under its control, with Louisiana Children's Medical Center ("LCMC")." The Parish Council further resolved that:

The authority to implement this Resolution is delegated to the Board of Directors of Service District No. 1, who shall negotiate all of the necessary agreements with Jefferson Parish Hospital Service District No. 1 and Louisiana Children's Medical Center (LCMC); further, said agreement shall be submitted to the Council in **complete form, including all terms and conditions**, for ratification by Council resolution prior to execution of said contract.¹³

In accordance with the Parish Council's action, the WJMC Board of Directors authorized its Chairman, Harry "Chip" Cahill, to execute the Letter of Intent with LCMC. The Letter of Intent with LCMC was executed.

Thereafter, the WJMC Board of Directors solicited for legal counsel to negotiate the lease, terms and conditions, and provide other counsel to WJMC. JPCO 2-933.4, *Negotiation, execution and administrative professional services contracts pertaining to the hospital service districts*, provides for an exception for the procurement of professional services by the hospital service districts. Sub-paragraph (a) reads in pertinent part:

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.

The WJMC Board, through its Finance Committee, received and reviewed responses to solicitations for counsel and selected Hogan Lovells, a national law firm who demonstrated prior

¹² 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. JPCO 17-18.

¹³ JP Resolution 122709, 4/9/2014 (emphasis supplied).

experience and expertise with negotiating like transactions. The WJMC Board recommended Hogan Lovells to the Parish Council, and the Parish Council voted unanimously on 4/30/2014 to pass Resolution 122824 authorizing WJMC Board to enter into a contract with Hogan Lovells. The Board, through its Chairman, executed contracts with Hogan Lovells to negotiate a lease for WJMC with LCMC.

(Proposed) Resolution, Establishing Primary Negotiation Team

On the same agenda as the proposed approval of Hogan Lovells, the Parish Council had for consideration a resolution to establish a “Primary Negotiation Team” upon the recommendation of the WJMC Board. The WJMC recommended establishing a “Primary Negotiation Team” of (1) Council Approved Transaction/M&A Counsel (Designated Lead Negotiator); (2) Council Approved Anti-Trust Counsel; (3) WJMC Board of Directors Representative and (4) Office of Inspector General (whose responsibility it is to oversee the process and identify any concerns to the Negotiation Team/Counsel on an ongoing basis for immediate correction).¹⁴

The resolution recommended by WJMC Board was amended by the Parish Council at the same meeting. The amended Resolution 122823 was passed unanimously establishing a Primary Negotiation Team which membership excluded the Inspector General and added the Parish Attorney and “Councilman for Hospital District No. 1 or Representative.” This action was in conflict with the position taken by the JPOIG in supplemental memorandum of 04/08/2014 which echoed that of Mr. Nemzoff concerning conflicts of interest as follows:

[T]here will be unavoidable conflicts of interest if the Council permits the hospital’s management team, attorneys, advisors or board members to direct negotiations without a process in place. **The risk of conflict is no less were individual Council members permitted to direct or influence negotiations.** The responsibility rests with the Council to ensure that a process which removes potential conflicts and provides for adequate input is established. Part and parcel of the process must necessarily entail who and how authority will be exercised as it pertains to (1) engaging past, present or potential suitors; (2) developing negotiation teams; and (3) lines of communication which ensures integrity of process.¹⁵

The JPOIG is not aware of any individual being named or assuming the position that would serve as the representative for “Councilman for Hospital District No. 1 or Representative” on the established Primary Negotiation Team. The WJMC is located in the area served by Councilman Johnston. However, the JPOIG notes that the concept of engaging Mr. Nemzoff to serve as “Representative” was presented to the WJMC via CEO Nancy Cassagne by Councilman Johnston’s aide, Bryan St. Cyr. In conversations and during subsequent meetings with Mr. St. Cyr and others, the engagement of Mr. Nemzoff to serve in the advisory capacity for Councilman Johnston was discussed with Ms. Cassagne. In response, the WJMC Board passed a

¹⁴ Parish Council Agenda, 4/30/2014, Item 122. See also Item 123. See Attachments A and B.

¹⁵ Emphasis added.

resolution on 05/19/2014 that strenuously objected to the suggested engagement of Mr. Nemzoff, stating in part that:

WHEREAS, It has come to the attention of the Board of Directors of WJMC that the Councilmember from District No.2 desires to appoint and compensate Mr. Joshua Nemzoff as his designee for this matter, and . . .

Be it Resolved, that the Board of Directors of WJMC does hereby request that the Councilmember from District No.2 either participate directly or appoint an objective and unbiased representative on the Primary Negotiation Team who will work to timely achieve a Definitive Agreement with LCMC. (See Attachment “C”)

The Parish Council has pending for consideration at its meeting of 06/11/2014 a resolution revoking resolution 122823 and re-establishing a Primary Negotiation Team which substitutes a “Health care financial advisor selected via WJMC’s SOQ process” for that of the WJMC Board of Directors Representative, the Parish Attorney, and “Councilman for Hospital District No. 1 or Representative.”¹⁶ The Parish Council also has a pending a resolution calling for a yet to be named entity who will “provide health care financial advisory services...” with “charges for these services” to be paid by WJMC.¹⁷

(Proposed) Resolution, Procurement and Addition of Healthcare Financial Advisor

Addendum Agenda Item No. 14 which provides for a “Health care financial advisor selected via the WJMC’s SOQ process” seeks and effectively operates to excuse the Parish Council from complying with its own mandated process for selecting professional services. JPCO 2-926 and sections which follow provide that the Parish Council shall by “resolution authorize the parish clerk to advertise for submittals of statements of qualifications from persons or firms interested in providing professional services to the parish for each project.” JPCO 2-927.1 and sections which follow set forth a comprehensive process for retaining professional services. The council by JPCO 9-2933.4 exempted the hospital service districts from this process, but there is no like provision which exempts the Parish from complying with its procurement process even when acting as the governing authority for the hospital service districts.

To date, the Parish, through or with the hospital service districts, have expended considerable sums of public funds on experts and consultants: (1) \$1,300,000 with Kaufman Hall Associates;¹⁸ (2) \$134,558 with Nemzoff & Company, LLC;¹⁹ (3) and approximately \$197,325.06 with McDermott, Will and Emory, LLC. While the retention and expenditure of public funds on consultants and legal representation in a transaction(s) of this magnitude is to be expected, the Parish must guard against incurring costs for duplicative services, services which

¹⁶ Parish Council Addendum Agenda 06/11/2014 Item 14.

¹⁷ Parish Council Addendum Agenda 06/11/2014, Item 12.

¹⁸ See JP Resolution #121828 of October 16, 2013 authorizing expenditures of approximately 1.3 million.

¹⁹ See JP Resolution #122465 of 02/19/2014. See also proposal of Nemzoff & Company, LLC citing fees of up to \$125,000 plus expenses at: <http://www.jeffparish.net/modules/showdocument.aspx?documentid=6888>

can be attributed to a failure to commit or agree upon a prudent process; or that otherwise represents redundant process constitutes waste.

The Parish Council approved a contract for Hogan Lovells by WJMC, and a contract has been executed. It is wholly unclear how the engagement of a “Health care financial advisor” can add value which cannot, or should not, otherwise be provided or expected from the retained legal counsel. What value can a health care advisor add to that of the law firm, but to look over its shoulders at the expense of additional public dollars.

RECOMMENDATIONS (*Supplemental*)

The JPOIG recommends that the Council consider the following:

1. Permit the WJMC Board to execute upon the authority granted by the Parish Council in Resolution 122709 and present to the Parish Council in complete form, including all terms and conditions, for ratification by the Council;
2. Establish clear lines of direction for the WJMC Board to report to the Parish Council, and/or call upon WJMC Board to direct Hogan Lovells to report to the Parish Council regarding negotiative direction;
3. In the event that the Parish Council desires to revoke authority granted the WJMC Board under Resolution 122709, the JPOIG recommends the Parish Council engage and comply with its prescribed procurement process for soliciting and engaging representation for the Parish Council to negotiate a lease with LCMC as governing authority of the hospital service district.

Agenda Item No. 122,
Parish Council Agenda
04/30/2014



On joint motion of all Councilmembers present, the following resolution was offered:

RESOLUTION NO.

A resolution establishing the process to negotiate a lease agreement between Louisiana Children's Medical Center and Jefferson Parish Hospital District No. 1. (Council District 2)

WHEREAS, the Jefferson Parish Council via Resolution No. 122709 granted authority to Jefferson Parish Hospital District No. 1, d/b/a West Jefferson Medical Center ("WJMC") to negotiate all of the necessary agreements and submit final agreement to the Jefferson Parish Council for ratification, and

WHEREAS, the Jefferson Parish Office of Inspector General issued a Supplemental Memorandum making certain recommendations, and

WHEREAS, the WJMC Board of Directors recommends the following as the Primary Negotiation Team:

1. Council Approved Transaction/M&A Counsel (Designated Lead Negotiator)
2. Council Approved Anti-Trust Counsel
3. WJMC Board of Directors Representative
4. Office of Inspector General Representative (whose responsibility it is to oversee the process and identify any concerns to the Negotiation Team/Council on an ongoing basis for immediate correction)

WHEREAS, the Primary Negotiation Team's responsibility is to negotiate a lease agreement that is in the best interest of the constituents of the West Bank of Jefferson Parish and present for Jefferson Parish Council approval, and

WHEREAS, the Primary Negotiation Team will work under the guidance of the parameters of the Letter of Intent, make all decisions necessary to accomplish a definitive agreement, and provide periodic updates to the Council, the Jefferson Parish Attorney's Office and the WJMC Board of Directors as directed or as needed and in Executive Session, and

WHEREAS, the Jefferson Parish Attorney's Office will serve as a conduit between the Primary Negotiation Team and the Council and ensure that all pertinent matters are brought forth to the Council in Executive Session, and

WHEREAS, the Representative of the Board of Directors who serves on the Primary Negotiation Team is permitted to provide updates to the full West Jefferson Medical Center Board of Directors in Executive Session, and

WHEREAS, the following will be designated as the Support Team for the Primary Negotiation Team and will be present during all negotiations but will have no decision-making authority:

1. WJMC Administration
2. WJMC Legal Counsel

WHEREAS, the Primary Negotiation Team may invite, as needed, any other entity/organization deemed necessary to assist in supporting the negotiations but such entity/organization will have no decision-making authority.

NOW, THEREFORE, BE IT RESOLVED by the Jefferson Parish Council of Jefferson Parish, Louisiana acting as governing authority of said Parish:

SECTION 1. Authorizes the composition of the Primary Negotiation Team to be: 1. Approved Transaction/M&A Counsel, 2. Approved Anti-Trust Counsel, 3. Representative of the WJMC Board of Directors, and 4. Representative of the Jefferson Parish Inspector General's Office with duties and responsibilities as stated within the body of this resolution.

SECTION 2. Authorizes the WJMC Administration, WJMC Legal Counsel, and others as needed as the Support Team for the Primary Negotiation Team. The Support Team will not have any decision-making authority.

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

YEAS

NAYS

ABSENT:

The resolution was declared to be adopted on this 30th day of April, 2014.

Attachment # B

**Agenda Item No. 123,
Parish Council Agenda
04/30/2014**



On joint motion of all Councilmembers present, the following resolution was offered:

RESOLUTION NO.

A resolution selecting _____ as the legal firm to work with Jefferson Parish Hospital District No. 1 on the hospital lease negotiations.

WHEREAS, the Jefferson Parish Council via Resolution No. 122709 granted authority to Jefferson Parish Hospital District No. 1, d/b/a West Jefferson Medical Center ("WJMC") to negotiate all of the necessary agreements and submit final agreement to the Jefferson Parish Council for ratification, and

WHEREAS, the WJMC Board of Directors, through its Finance Committee, has reviewed several proposals from firms with qualifications to perform transaction advice and anti-trust advice for the hospital lease negotiations, and

WHEREAS, the WJMC Board of Directors recommends _____ as the firm to assist in the negotiation process for the lease agreement.

NOW, THEREFORE, BE IT RESOLVED by the Jefferson Parish Council of Jefferson Parish, Louisiana acting as governing authority of said Parish:

SECTION 1. Authorizes the selection of _____ as the legal firm to assist in the negotiation for lease between WJMC and Louisiana Children's Medical Center.

SECTION 2. Authorizes the WJMC Board to enter into a contract for these services based on the submitted proposal.

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

YEAS

NAYS

ABSENT:

The resolution was declared to be adopted on this 30th day of April, 2014.

WJMC May 19, 2014
Board Resolution



WEST JEFFERSON MEDICAL CENTER

BOARD RESOLUTION

State of Louisiana

Parish of Jefferson

On the 19th day of May, 2014, at a meeting of the Board of Directors of Jefferson Parish Hospital District No 1, d/b/a West Jefferson Medical Center ("WJMC"), held in Marrero, Jefferson Parish, Louisiana, with a quorum of the Directors present, the following business was conducted.

WHEREAS, the Jefferson Parish Council adopted Resolution No.122823 at its April 30, 2014 meeting, and

WHEREAS, the Councilmember from District No. 2 or his designee is a stated member of the Primary Negotiation Team for the negotiation process between WJMC and Louisiana Children's Medical Center ("LCMC"), and

WHEREAS, it has come to the attention of the Board of Directors of WJMC that the Councilmember from District No. 2 desires to appoint and compensate Mr. Joshua Nemzoff as his designee for this matter, and

WHEREAS, the WJMC Board is gravely concerned that Mr. Joshua Nemzoff has shown himself to be biased and at times unprofessional towards the WJMC Board, WJMC legal counsel and LCMC throughout his previous engagement with the Jefferson Parish Council, and

WHEREAS, Mr. Joshua Nemzoff submitted a proposal to be the lead negotiator for the WJMC/LCMC negotiations and the evaluation committee reviewed this proposal and ranked it last among the five responders, and

WHEREAS, Mr. Joshua Nemzoff has a conflict of interest in serving on this negotiation team due to his bias towards WJMC and LCMC as well as having submitted a proposal and not being the selected professional, and

WHEREAS, we request that the Councilmember from District No. 2 either participate directly on the Negotiation Team or appoint a representative that will be objective and unbiased working strictly to achieve a Definitive Agreement that is in the best interest of WJMC, its employees, physicians, patients, and community as a whole.

It was duly moved and seconded that the following resolution be adopted:

BE IT RESOLVED, that the Board of Directors of WJMC does hereby request that the Councilmember from District No. 2 either participate directly or appoint an objective and unbiased representative on the Primary Negotiation Team who will work to timely achieve a Definitive Agreement with LCMC.

The above resolution was approved unanimously by those present and voting in accordance with the bylaws.

Addendum Agenda Item
No. 14



On joint motion of all Councilmembers present, the following resolution was offered:

RESOLUTION NO.

A resolution amending Resolution No. 122823 which established the process to negotiate a lease agreement between Louisiana Children's Medical Center and Jefferson Parish Hospital Service District No. 1, Parish of Jefferson, State of Louisiana d/b/a West Jefferson Medical Center (Council District 2).

WHEREAS, the Jefferson Parish Council via Resolution No. 122709 granted authority to Jefferson Parish Hospital District No. 1, d/b/a West Jefferson Medical Center ("WJMC") to negotiate all of the necessary agreements and submit a final lease agreement to the Jefferson Parish Council for ratification; and

WHEREAS, the Jefferson Parish Office of Inspector General issued a Supplemental Memorandum citing unavoidable conflicts of interests if the Council permits the hospital's management team, attorneys, advisors, or board members to direct negotiations without a process in place; and

WHEREAS, in the Supplemental Memorandum, the Jefferson Parish Office of Inspector General placed the responsibility with the Council to ensure that a process which removes potential conflicts and provides for adequate input is established; and

WHEREAS, the Jefferson Parish Office of Inspector General recommended that the Parish Council provide "[C]lear direction to the hospital boards in the form of a resolution and/or ordinance concerning the authority to (1) engage past, present, or potential suitors in any manner; (2) engage in negotiation efforts; and (3) and expend funds related thereto. Action undertaken and completed should be rooted in specific authority that is aligned with the Parish's goal to ensure the future viability and sustainability of the public hospitals. In this manner, the Parish can ensure that necessary and proper input, advice, support and counsel is received from stakeholders while mitigating the risk of conflict that arise from direct control over the negotiating process."; and

WHEREAS, the Jefferson Parish Office of Inspector General recommended "[T]he retention of a single negotiation team which answers to the Council but reports through the Parish Attorney's Office. The JPOIG recognizes and understands that the negotiation team must have access to each hospital's respective management team, attorneys, advisors, and board members."; and

WHEREAS, to this end, the Jefferson Parish Council wishes to establish the following as the Primary Negotiation Team:

1. Council approved M & A counsel
2. Council approved Anti-Trust counsel
3. Health care financial advisor selected via the WJMC's SOQ process; and

WHEREAS, the Primary Negotiation Team's responsibility is to negotiate a lease agreement that is in the best interest of Jefferson Parish and present the lease agreement to the Jefferson Parish Council for approval; and

WHEREAS, the Primary Negotiation Team will work under the guidance of the parameters of the Letter of Intent, make all decisions necessary to accomplish a lease agreement, and provide periodic updates to the Council and Parish President; and

WHEREAS, the following will be designated as the Support Team for the Primary Negotiation Team:

1. WJMC Chief Executive Officer or Representative;
2. WJMC Legal Counsel;
3. Jefferson Parish Inspector General or Representative;
4. Jefferson Parish Attorney or Representative;
5. WJMC Board of Directors Chairman or representative; and
6. District 2 Councilman or Representative.

WHEREAS, the support team may be present during all negotiations but will have no decision-making authority; and

WHEREAS, the Chairman or Representative of the WJMC Board of Directors who serves on the Support Team is permitted to provide updates to the full West Jefferson Medical Center Board of Directors; and

WHEREAS, the Primary Negotiation Team may invite, as needed, any other entity/organization deemed necessary to assist in supporting the negotiations but such entity/organization will have no decision-making authority.

NOW, THEREFORE, BE IT RESOLVED by the Jefferson Parish Council of Jefferson Parish, Louisiana acting as governing authority of Jefferson Parish Hospital Service District No. 1, Parish of Jefferson, State of Louisiana d/b/a West Jefferson Medical Center:

SECTION 1. That Sections 1 & 2 of Resolution No. 122823 regarding the composition of the Primary Negotiation and Support Teams are hereby amended as reflected in Sections 2 & 4 & 6 below.

SECTION 2. That the Primary Negotiation Team shall consist of (1) Council Approved M&A Counsel, (2) Council Approved Anti-Trust Counsel, (3) Health care financial advisor selected via the WJMC's SOQ process.

SECTION 3. That the Primary Negotiation Team shall work under the guidance of the parameters of the Letter of Intent, make all decisions necessary to accomplish a definitive lease agreement, provide periodic updates to the Council and Parish President, and present the lease agreement, once all legal and business issues have been satisfied, to the Jefferson Parish Council for approval.

SECTION 4. That the Support Team for the Primary Negotiation Team shall consist of (1) WJMC Chief Executive Officer or Representative, (2) WJMC Legal Counsel, (3) Jefferson Parish Inspector General or Representative, (4) Jefferson Parish Attorney or Representative, (5) West Jefferson General Hospital Board of Directors Chairman or representative, (6) District 2 Councilman or Representative..

SECTION 5. That the Support Team shall not have any decision-making authority.

SECTION 6. That the Primary Negotiating and Support Teams will answer to the Parish Council, but report through the Parish Attorney's Office.

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

YEAS:

NAYS:

ABSENT:

The resolution was declared to be adopted on this the 11th day of June , 2014.

Attachment # E

Addendum Agenda Item
No. 12



On joint motion of all Councilmembers present, the following resolution was offered:

RESOLUTION NO.

A resolution selecting a person or firm interested in providing consulting services in the form of health care financial advisory services, and other related services, to the Jefferson Parish Council of Jefferson Parish, Louisiana acting as governing authority of Jefferson Parish Hospital Service District No. 1, Parish of Jefferson, State of Louisiana d/b/a West Jefferson Medical Center (Council) concerning any transaction or any proposed transaction involving the transfer and/or lease of all or substantially all of the assets of Jefferson Parish Hospital Services District No. 1, Parish of Jefferson. (Council District 2)

WHEREAS, the Jefferson Parish Office of Inspector General issued a Supplemental Memorandum citing unavoidable conflicts of interests if the Council permits the hospital's management team, attorneys, advisors, or board members to direct negotiations without a process in place; and

WHEREAS, in the Supplemental Memorandum, the Jefferson Parish Office of Inspector General placed the responsibility with the Council to establish a process which removes potential conflicts and provides for adequate input in the negotiations for any transaction or any proposed transaction involving the transfer and/or lease of all or substantially all of the assets of Jefferson Parish Hospital Services District No. 1, Parish of Jefferson; and

WHEREAS, the Council seeks to obtain consulting services in the form of health care financial advisory and related services concerning any transaction, or proposed transaction, involving the transfer and/or lease of all or substantially all of the assets of Jefferson Parish Hospital Services District No. 1, Parish of Jefferson; and

WHEREAS, the Supplemental Memorandum issued by the Jefferson Parish Office of Inspector General reports, on page 5, that "The JPOIG is concerned that the lack of established process may result in actions by the individual hospital boards which may result in substantial, uncoordinated and potentially duplicative institution specific expenditures. In addition to the aforementioned concerns regarding conflict of interest, we believe that the Council should take care to ensure that all future expenditures represent the most effective use of the public's funds[.]" and

WHEREAS, retention of an expert to provide healthcare financial advice to the Parish Council for all transactions involving all facilities avoids "duplicative institution specific expenditures [.]"; and

WHEREAS, the Parish Council has authorized retention of legal experts in healthcare mergers and acquisitions and antitrust to serve on the negotiation team for the lease of West Jefferson General Hospital, however the Council has not retained nor authorized the retention of healthcare financial experts, thus retention of a healthcare financial advisor is not duplicative of any other expertise currently available to the Parish Council."; and

WHEREAS, the West Jefferson Medical Center Board of Directors, through its Finance Committee, reviewed several proposals from firms with qualifications to provide health care financial advisory services for the hospital lease negotiations, and

WHEREAS, this expenditure represents the most efficient use of public funds

NOW, THEREFORE, BE IT RESOLVED by the Jefferson Parish Council of Jefferson Parish, Louisiana acting as governing authority of Jefferson Parish Hospital Service District No. 1, Parish of Jefferson, State of Louisiana d/b/a West Jefferson Medical Center:

SECTION 1. That _____ is hereby selected to provide health care financial advisory services, and other related services, to the Jefferson Parish Council of Jefferson Parish, Louisiana acting as governing authority of Jefferson Parish Hospital Service District No. 1, Parish of Jefferson, State of Louisiana d/b/a West Jefferson Medical Center concerning any transaction or any proposed transaction involving the transfer

and/or lease of all or substantially all of the assets of Jefferson Parish Hospital Services District No. 1, Parish of Jefferson.

SECTION 2. The charges for these services shall be paid by West Jefferson Medical Center

SECTION 3. That _____ shall report to and take direction from the Jefferson Parish Council acting as the governing authority of Jefferson Parish Hospital Service District No. 1, Parish of Jefferson, State of Louisiana d/b/a West Jefferson Medical Center.

SECTION 4. That per the recommendation of the Jefferson Parish Office of Inspector General, _____ shall report to the Jefferson Parish Council through the Parish Attorney's Office.

SECTION 5. That the Administration is hereby directed to negotiate a contract with the person(s) or firm(s) selected by the council to provide health care financial advisory services, and other related services, to the Jefferson Parish Council of Jefferson Parish, Louisiana acting as governing authority of Jefferson Parish Hospital Service District No. 1, Parish of Jefferson, State of Louisiana d/b/a West Jefferson Medical Center concerning any transaction or any proposed transaction involving the transfer and/or lease of all or substantially all of the assets of Jefferson Parish Hospital Services District No. 1, Parish of Jefferson and said contract shall be submitted to the Council in complete form, including all terms and conditions, for ratification by Council resolution prior to execution of said contract.

SECTION 6. That the Chairman of the Jefferson Parish Council, or in his absence the Vice-Chairman, be and they are, hereby authorized to execute any and all documents necessary to give full force and effect to this resolution.

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

YEAS:

NAYS:

ABSENT:

This resolution was declared to be adopted on this the 11th day of June , 2014.