

Presentation to the Marble Falls City Council

Hospital Scope and Feasibility Assessment

March 28, 2006

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1. Determine needed programs and services based upon:
 - a. Demographic analysis
 - b. Existing services
 - c. Interviews with physicians and other stakeholders
2. Determine a preliminary size of the hospital to meet needs
3. Estimate cost and timeline for development
4. Identify alternative organizational structures and financing approaches
5. Determine preliminary financial feasibility of the hospital
6. Prepare recommendations for consideration by City and key stakeholders

Stroudwater Associates met with the Steering Committee on three occasions to present analyses and findings and solicit feedback:

- November 17, 2005
- January 12, 2006
- February 9, 2006

Wayne Anderson	Lakes and Hills Foundation
Mike Dickey, MD	Minor Emergency Clinic
Scott Fuller	Seton Highland Lakes Administrator
Taylor Fyfe	Marble Falls Imaging Center
Kathy Kasparek	Highland Lakes Health Partnership
Donna Klaeger	County Treasurer; Executive Director of the Sheriff Foundation
Kevin Leeper	Llano Hospital Administrator
Joe Manthey, MD	Citizen
Mark Mayfield	Housing Authority
Ron Mitchell	Horseshoe Bay Resort
Diana Resnik	Seton Healthcare
George Russell	City Manager, Marble Falls
Mark Serif	Citizen
Conrad Vernon	Citizen

1. Define Project Organization and Process
2. Conduct Stakeholder Interviews
3. Conduct Demographic Analysis
4. Perform Market Need Analysis
5. Define Programs and Services
6. Develop Service Volume Projections / Range Estimates
7. Define Facilities Requirements
8. Estimate Facility Costs
9. Define Physician Requirements
10. Develop Financial Projections
11. Evaluate Organizational Structures and Financing Options
12. Provide a Development Timeline for Proposed Hospital
13. Craft a Presentation Package of Analyses, Findings and Recommendations
14. Presentation of Findings to City Council

Interview Summary

- Stroudwater interviewed more than 50 area stakeholders to understand local perspectives on the area’s healthcare delivery system
- Interviews were conducted with Burnet, Llano and Marble Falls residents
- Hospital administrators, area physicians, business and community leaders were among those interviewed
- Over the course of these interviews, several themes emerged regarding the prospect of a new hospital, these themes are summarized on the following pages

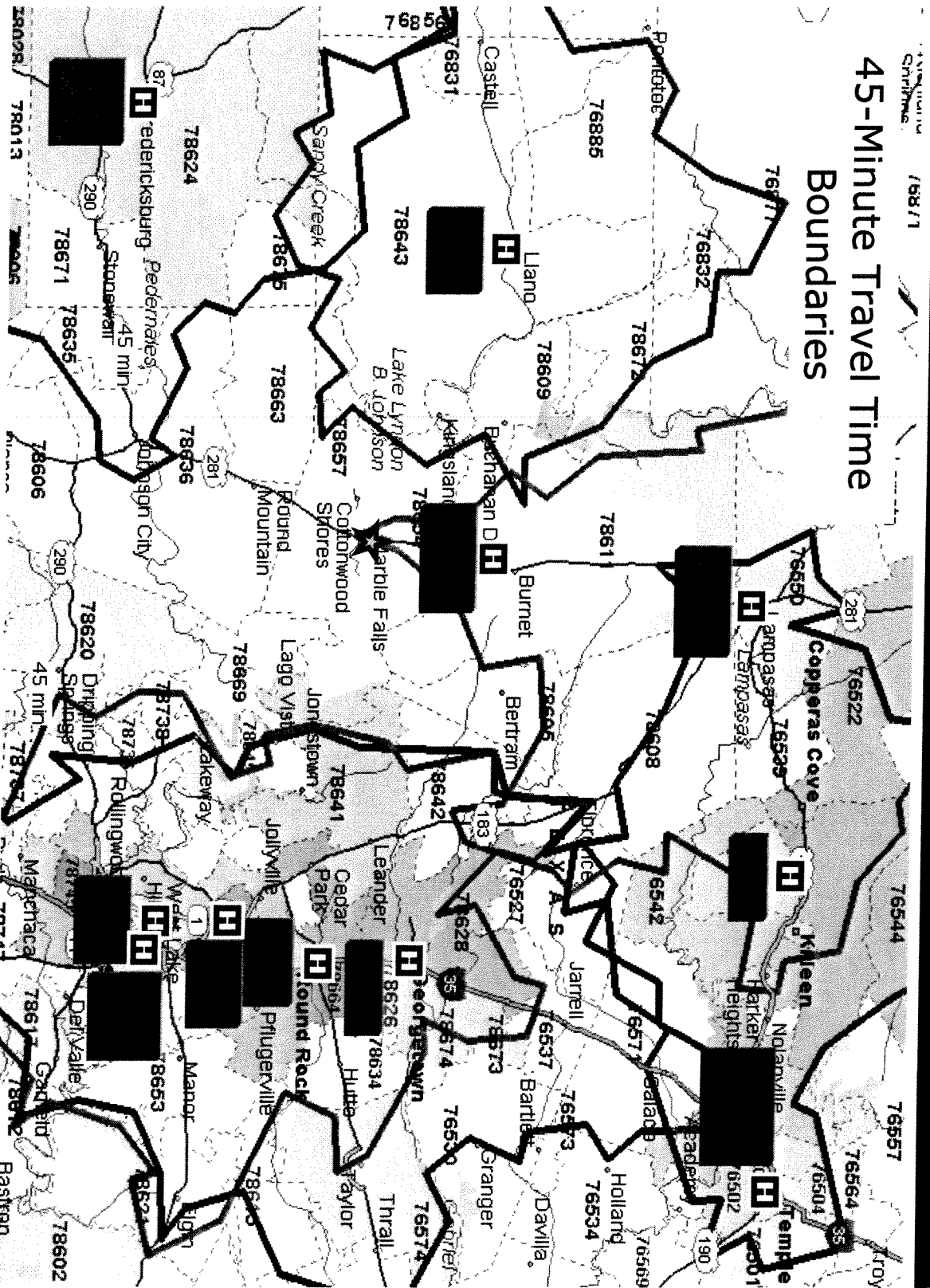
- Virtually every participant acknowledged a need or desire for a more comprehensive local delivery system, including expanded hospital services and full time specialist coverage locally
 - Full time anesthesia, orthopedics, OB, hospitalists, trauma, cardiology and geriatric specialists were seen as a real need
- The medical community was unanimous and enthusiastic in its interest and support for expanded hospital care in the region across communities and affiliations
 - “You will have to fend doctors off with a stick.”
 - Joint venture structure was seen as a good opportunity
- Most interviewees were open-minded about an investor-owned hospital
 - Some participants expressed strong feelings that the existing hospitals needed to be involved in any regional solution
- Most but not all participants felt that a new facility should be located in or adjacent to Marble Falls
 - Locations proffered, included:
 - Intersection of 71 and 281
 - Midway between MF and Burnet
 - In the MF industrial park
 - Across 281 from current Seton Highland Lakes Campus

- Significant fractures exist within the general and medical communities:
 - Marble Falls vs. Burnet
 - Hoerster/Llano vs. Seton
- These fractures are seen as having abated with new blood – but it is clear hard feelings linger for some
- Concerns were expressed about who would “control” a new hospital as well as the baggage that parties might tote with them
 - Seton
 - Llano
 - Hoerster
 - Marble Falls
 - Burnet
- All participants were agreeable to working with their counterparts as long as the new hospital was not “dominated or controlled” by opposite party
- Many interviewees volunteered that they feel the City of Marble Falls should not be the owner / operator of a hospital
 - The City’s role as a catalyst was seen as appropriate by most of those interviewed

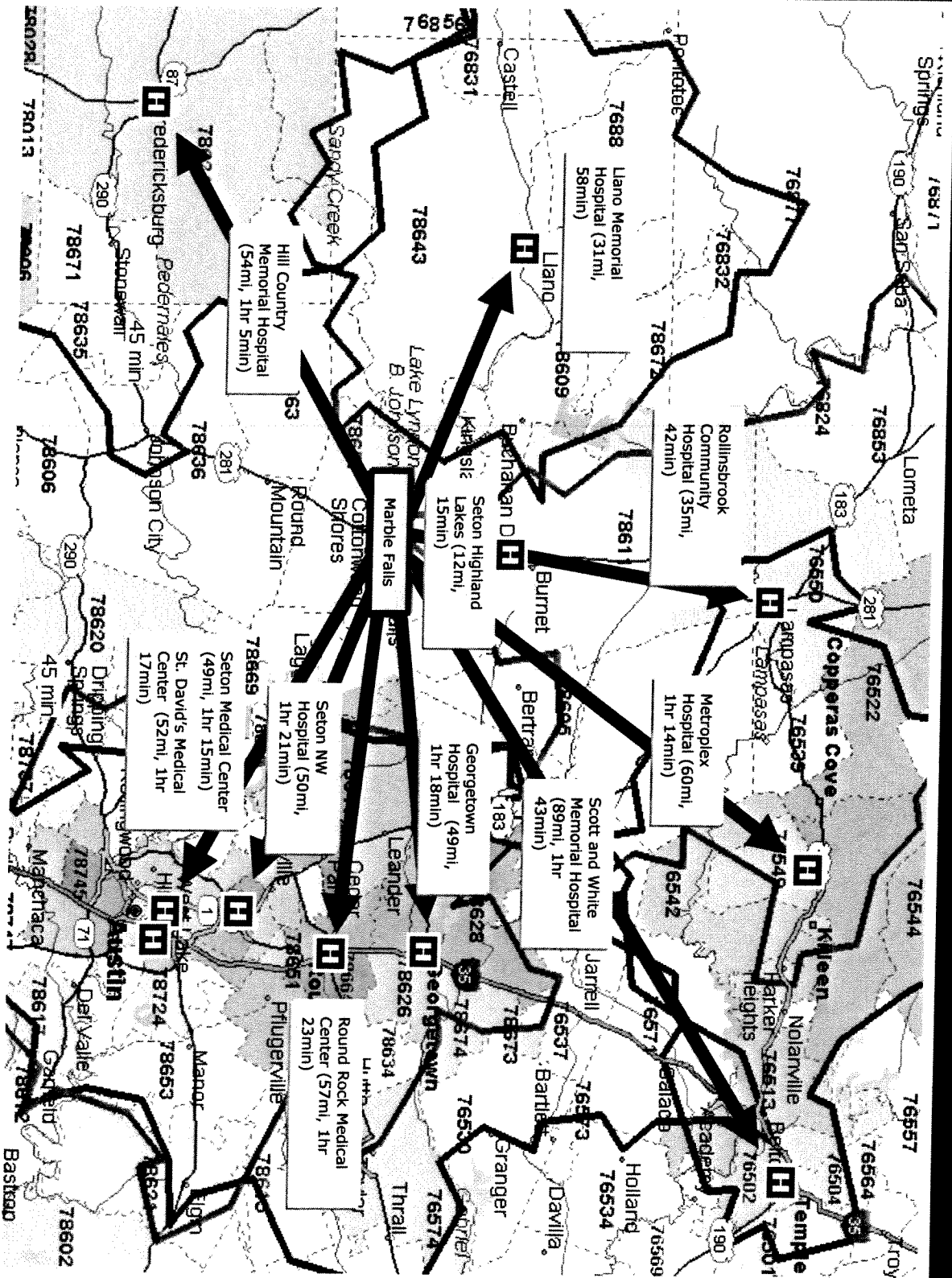
- Worst Case Outcome:
 - A New hospital that competes with existing hospitals without expanding services available locally
 - Existing facility(ies) forced to close without any offsetting gains in expanded services or capabilities in the region
 - Concerns about the future of Seton Highland Lakes and Llano Hospitals were fairly common
- Best Case Outcome:
 - Enhanced local capabilities without “losing” existing hospitals
 - A new facility should not simply replace Llano or Seton Highland Lakes or duplicate existing services
 - A regional facility with “full service” community hospital capabilities

Potential Hospital Catchment Area Defined

45-Minute Travel Time Boundaries



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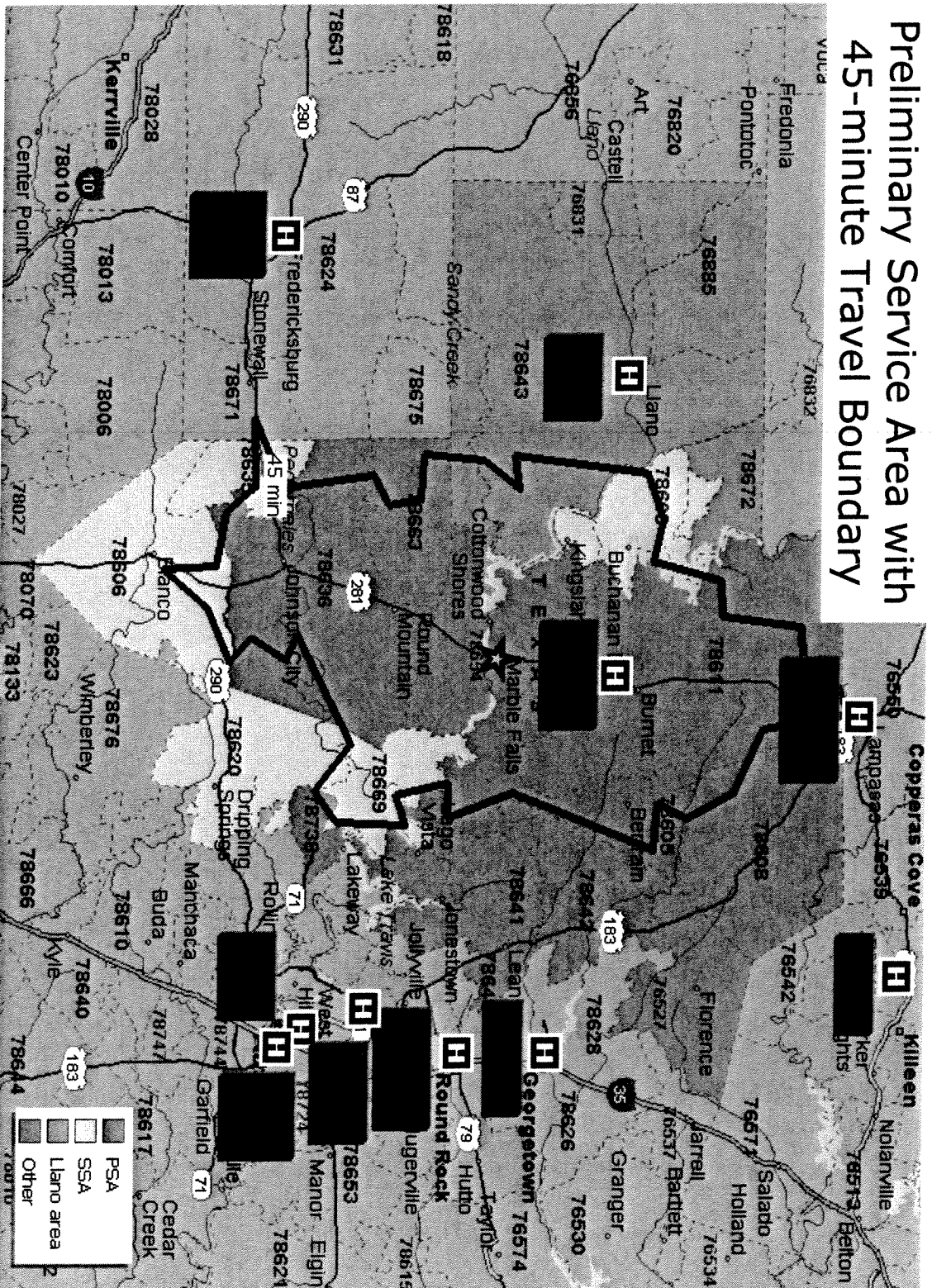
Marble Falls Surrounding Area Hospitals (Source: USNews.com; 2005 AHA Hospital Guide)*										
Hospital	Direction	Staffed Beds	Admissions	Surgeries	OP Visits	ER Visits	Births	Services	Management	
Seton Highland Lakes, Burnet, TX	12 miles N (15 min)	26	978	663	43,040	13,099	0	General Med and Surgical	NFP - Church	
Rollins-Brook Community Hospital, Lampasas, TX	35 miles N (42 min)	25	-	-	-	-	-	General Med and Surgical	NFP - Church	
Llano Memorial Healthcare System, Llano, TX	31 miles NW (58 min)	30	1,665	766	113,308	7,596	327	General Med, Surgical, OB	NFP	
South Austin Hospital, Austin, TX	46 miles SE (59 min)	193	11,174	8,463	77,780	50,362	759	General Med, Surgical, OB	NFP	
Hill Country Memorial Hospital, Fredericksburg, TX	54 miles SW (1 hr 5 min)	77	3,854	3,125	43,279	13,003	440	General Med, Surgical, OB	NFP	
North Austin Medical Center, Austin, TX	58 miles (1 hr 10 min)	210	11,480	13,840	103,228	40,852	2,999	General Med, Surgical, OB	NFP	
Seton Medical Center & Seton Northwest Hospital, Austin, TX	50 miles SE (1 hr 16 min)	536	27,894	27,096	340,037	82,091	6,852	General Med, Surgical, OB	NFP - Church	
St. David's Medical Center, Austin, TX	52 miles SE (1 hr 17 min)	290	16,286	17,503	121,018	59,533	4,821	General Med, Surgical, OB	NFP	
Georgetown Healthcare System, Georgetown, TX	49 miles E (1 hr 18 min)	96	4,166	4,519	88,701	25,721	1,125	General Med, Surgical, OB	NFP	
Round Rock Medical Center, Round Rock, TX	57 miles E (1 hr 23 min)	118	6,918	5,748	77,734	51,215	1,904	General Med, Surgical, OB	NFP	
Scott and White Memorial Hospital, Temple, TX	89 miles NE (1 hr 43 min)	468	25,266	19,407	1,543,586	53,758	2,297	General Med, Surgical, OB	NFP	

* Select hospitals within a 90-mile driving distance of Marble Falls

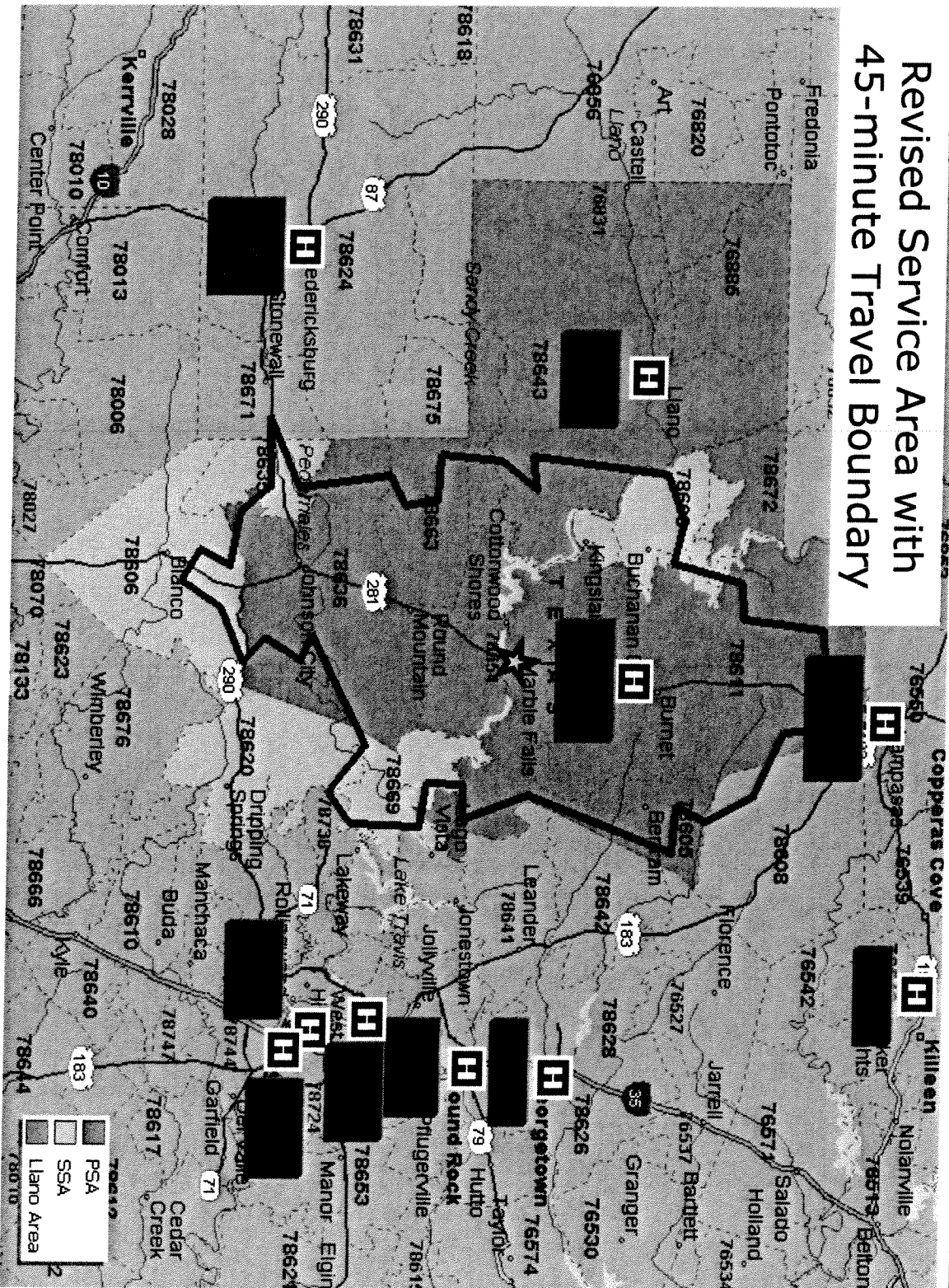
	Llano	Burnet	Fredericksburg	Marble Falls	Kerrville	Average
Avg. Monthly Sales Tax Rev	\$ 56,855	\$ 116,785	\$ 328,053	\$ 424,952	\$ 720,440	\$ 329,417
Staffed Beds in City	30	28	84	-	105	49
Admissions	1,749	1,173	4,462	-	5,474	2,572
Hospitals within 30 miles	Llano Seton Highland Lk	Seton Highland Lk Llano Rollins-Brook	Hill Country Sid Peterson	Llano Seton Highland Lk	Sid Peterson Hill Country	--
Staffed Beds within 30 miles	58	83	189	58	189	115
2004 Population within 20 miles	20,636	57,936	23,356	62,335	56,224	44,097
2004 Population within 30 Miles	52,002	172,061	79,567	226,589	93,478	124,739
2009 Population within 20 miles	23,979	67,887	25,657	70,554	62,366	50,089
2009 Population within 30 Miles	58,930	204,414	86,642	255,688	104,876	142,110
Distance from Nearest Major City	77	55	78	48	65	65
Nearest Major City	Austin	Austin	Austin	Austin	San Antonio	--

- Marble Falls has the largest population base within both 20-mile and 30-mile radii and is tied for the fewest staffed beds within a 30-mile radius.
- Only 48 miles from Austin, Marble Falls is the community closest to a major city. However, on a drive time basis, Marble Falls is the same travel time from Austin as Kerrville is from San Antonio.

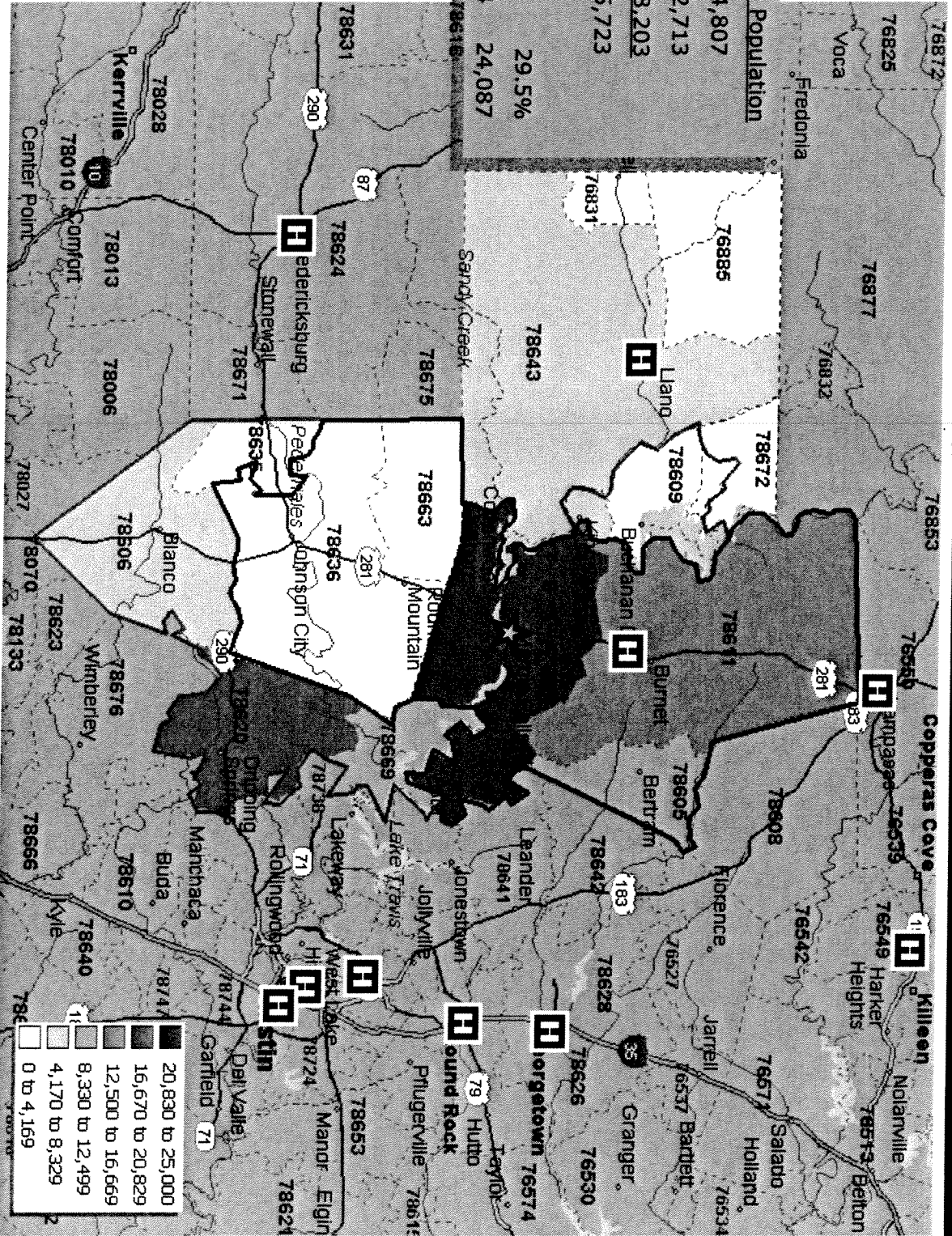
Preliminary Service Area with 45-minute Travel Boundary



Revised Service Area with 45-minute Travel Boundary

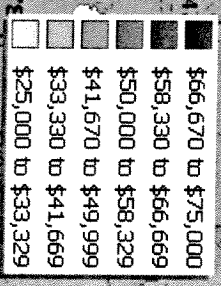
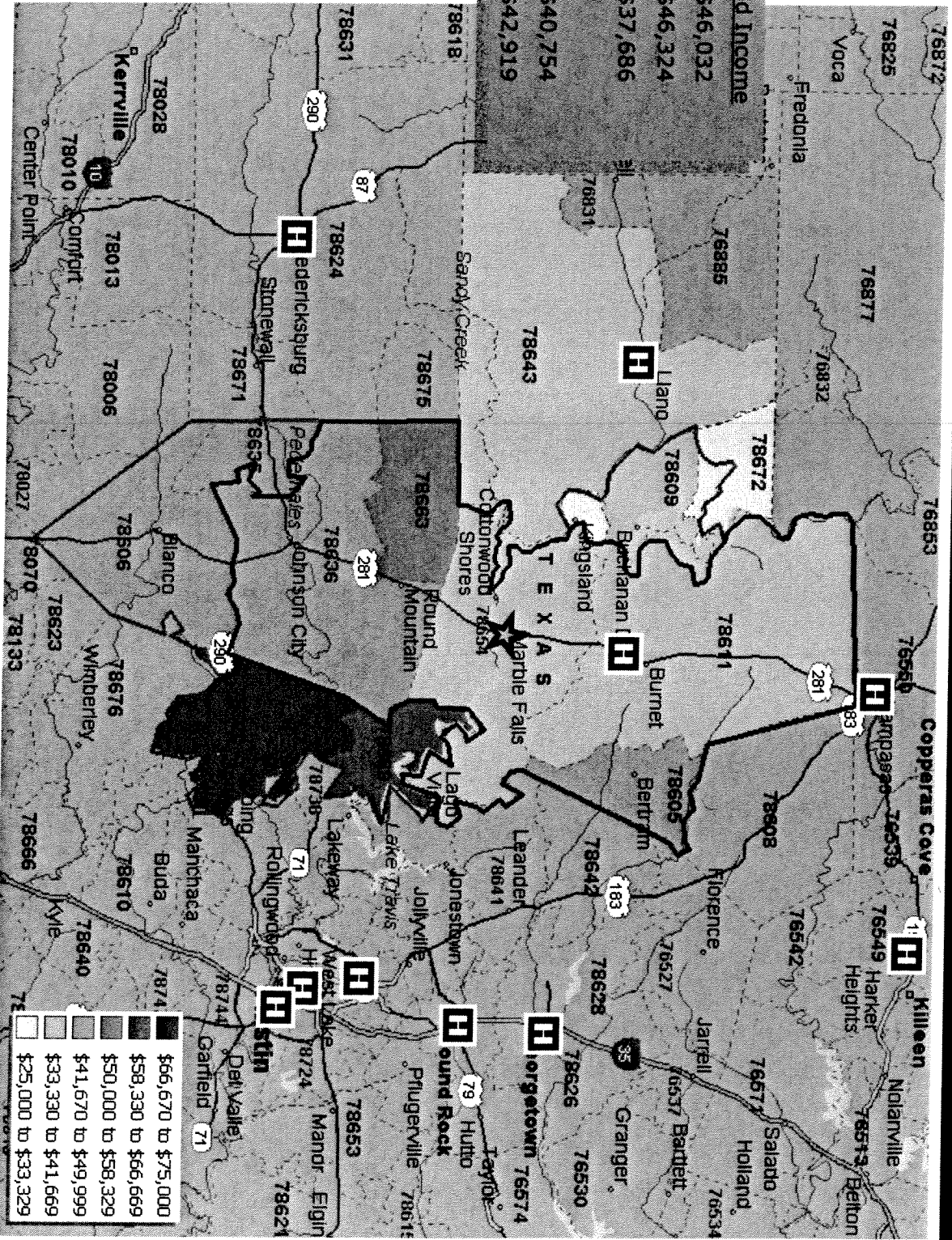


2014 Population		
PSA	54,807	
SSA	42,713	
Llano	8,203	
Total	105,723	
% Growth '04-'14	29.5%	
Pop. Change '04-'14	24,087	



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Median Household Income	
PSA	\$46,032
SSA	\$46,324
Llano	\$37,686
TX Avg	\$40,754
US Avg	\$42,919



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Sector	2004 Total Pop	2004 % Age 65+	2009 Total Pop	2009 % Age 65+	2014 Total Pop	'04 to '14 % Growth	'04 to '14 Pop Change
PSA	42,399	19.4%	48,611	19.8%	54,807	29.3%	12,408
SSA	<u>31,835</u>	<u>16.2%</u>	<u>37,148</u>	<u>16.6%</u>	<u>42,713</u>	<u>34.2%</u>	<u>10,878</u>
Subtotal	74,234	18.0%	85,759	18.4%	97,520	31.4%	23,286
Llano Area	<u>7,402</u>	<u>25.5%</u>	<u>7,807</u>	<u>26.3%</u>	<u>8,203</u>	<u>10.8%</u>	<u>801</u>
Total	81,636	18.7%	93,566	19.1%	105,723	29.5%	24,087
TX Avg (2000)		9.9%					
US Avg (2000)		12.4%					

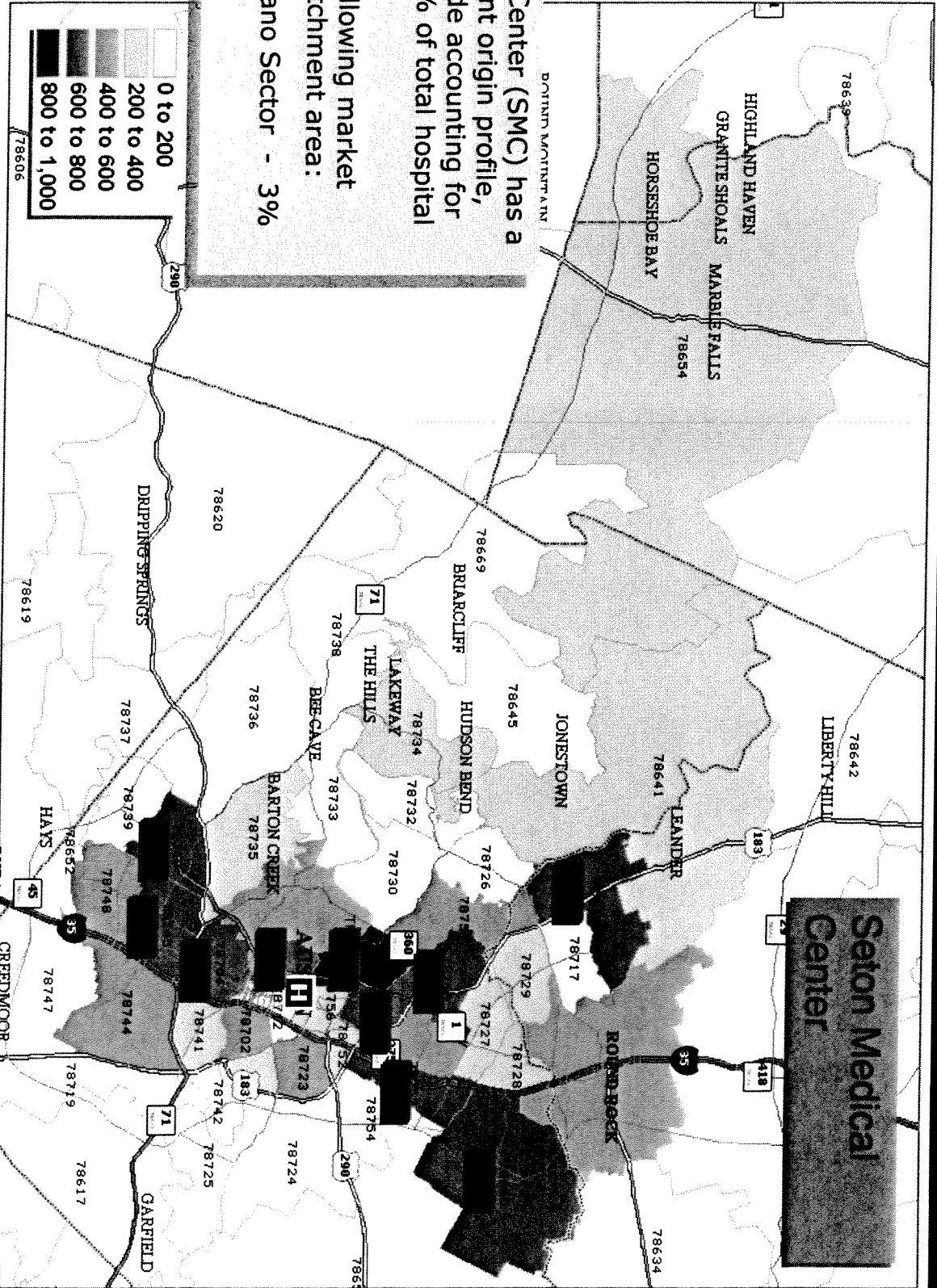
The PSA, SSA and Llano Sector, in particular, are considerably older than US and TX averages

These demographics suggest greater healthcare utilization than US and TX averages

- Combined population growth in the PSA and SSA between 2004 and 2014 is projected to be in excess of 31%.
- The Llano Sector is comparatively slower growing.
- The population across all sectors will grow older between 2004 and 2009.

Seton Medical Center (SMC) has a dispersed patient origin profile, with no ZIP Code accounting for more than 3.7% of total hospital volume.

SMC has the following market share in the catchment area:
 PSA - 14% Llano Sector - 3%
 SSA - 14%

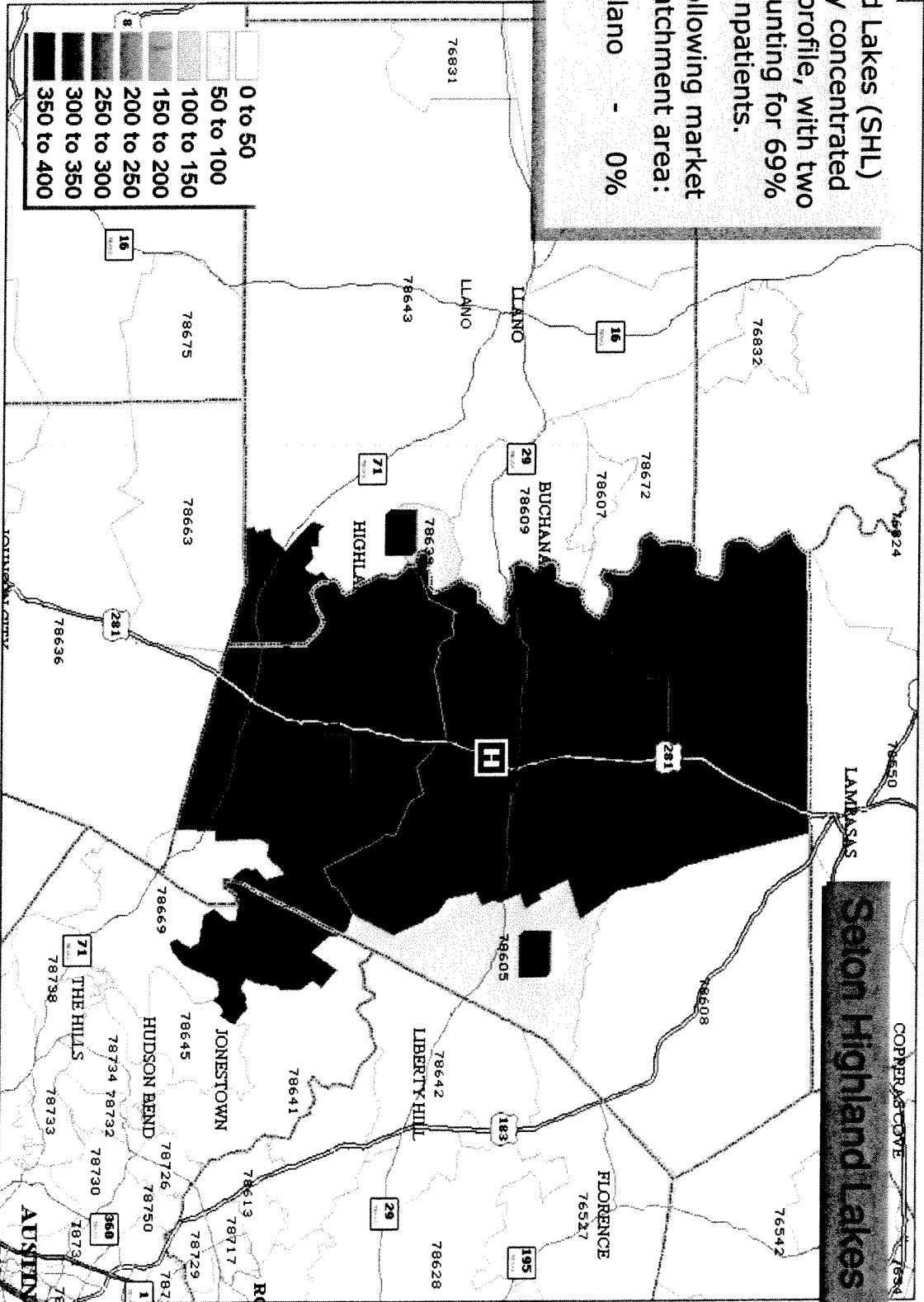


Seton Highland Lakes

Seton Highland Lakes (SHL) has a relatively concentrated patient origin profile, with two zip codes accounting for 69% of all hospital inpatients.

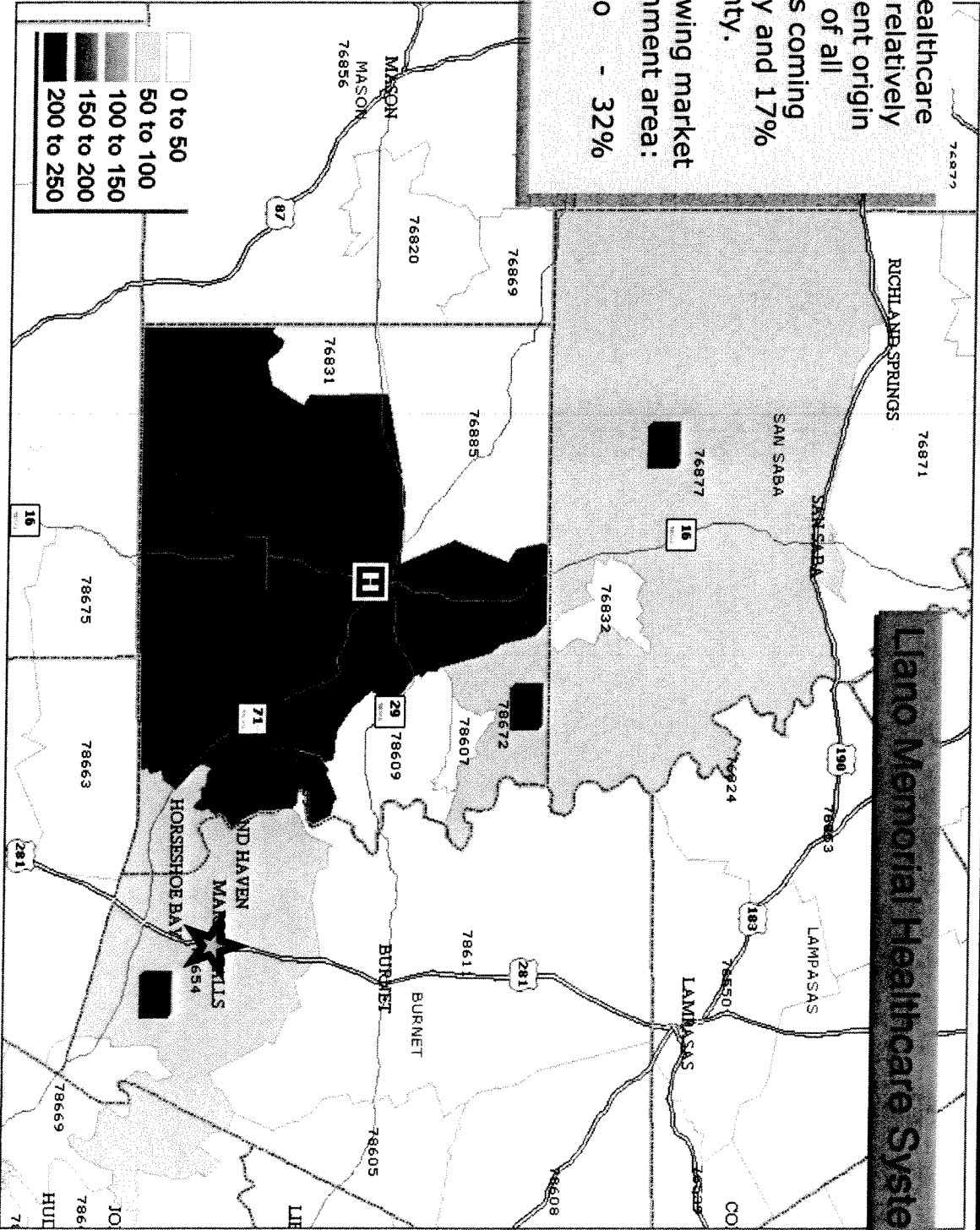
SHL has the following market share in the catchment area:

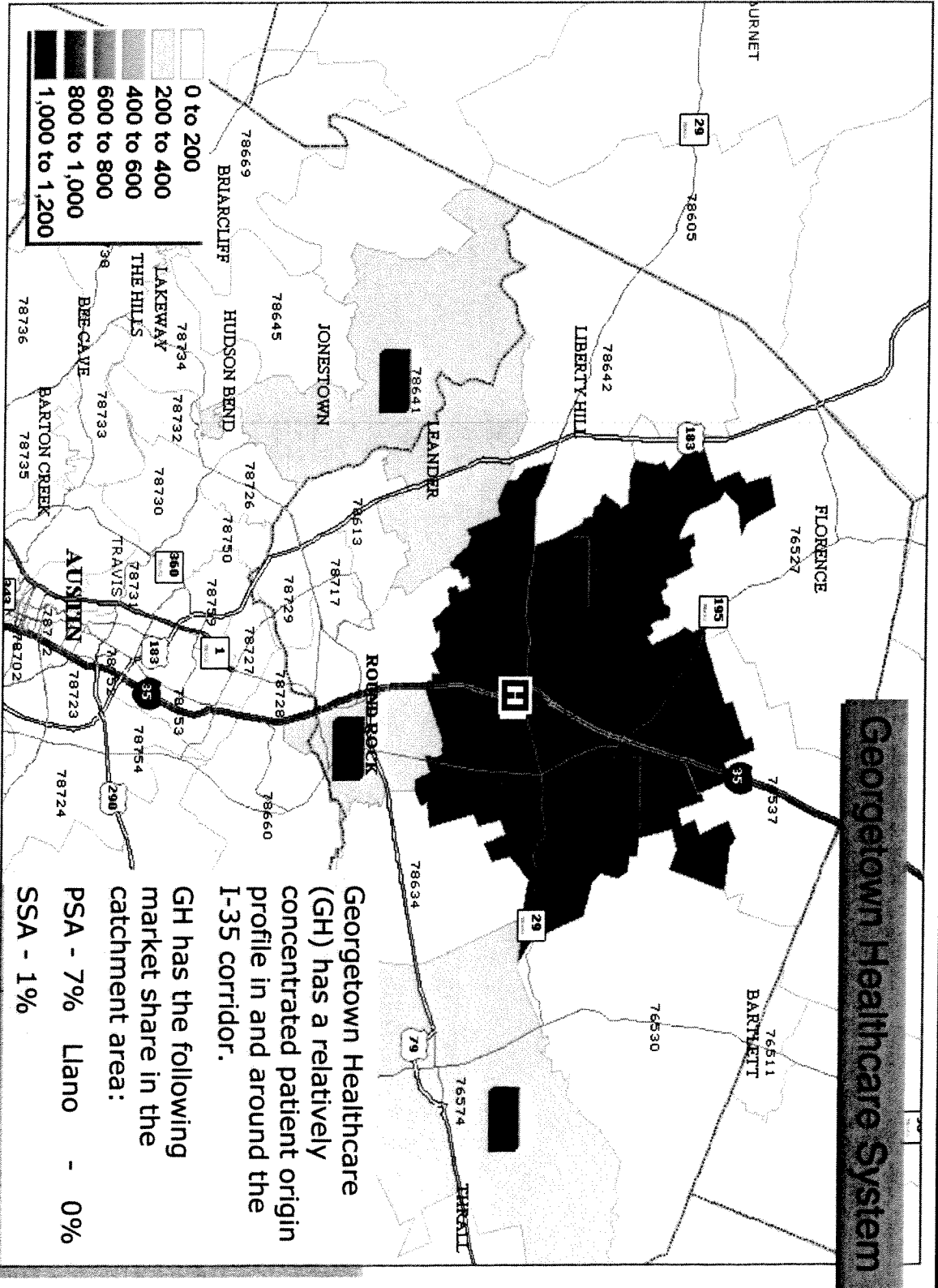
PSA - 18%	Llano - 0%
SSA - 4%	



Llano Memorial Healthcare (LMH) also has a relatively concentrated patient origin profile, with 62% of all hospital inpatients coming from Llano County and 17% from Burnet County.

LMH has the following market share in the catchment area:
 PSA - 5% Llano - 32%
 SSA - 13%





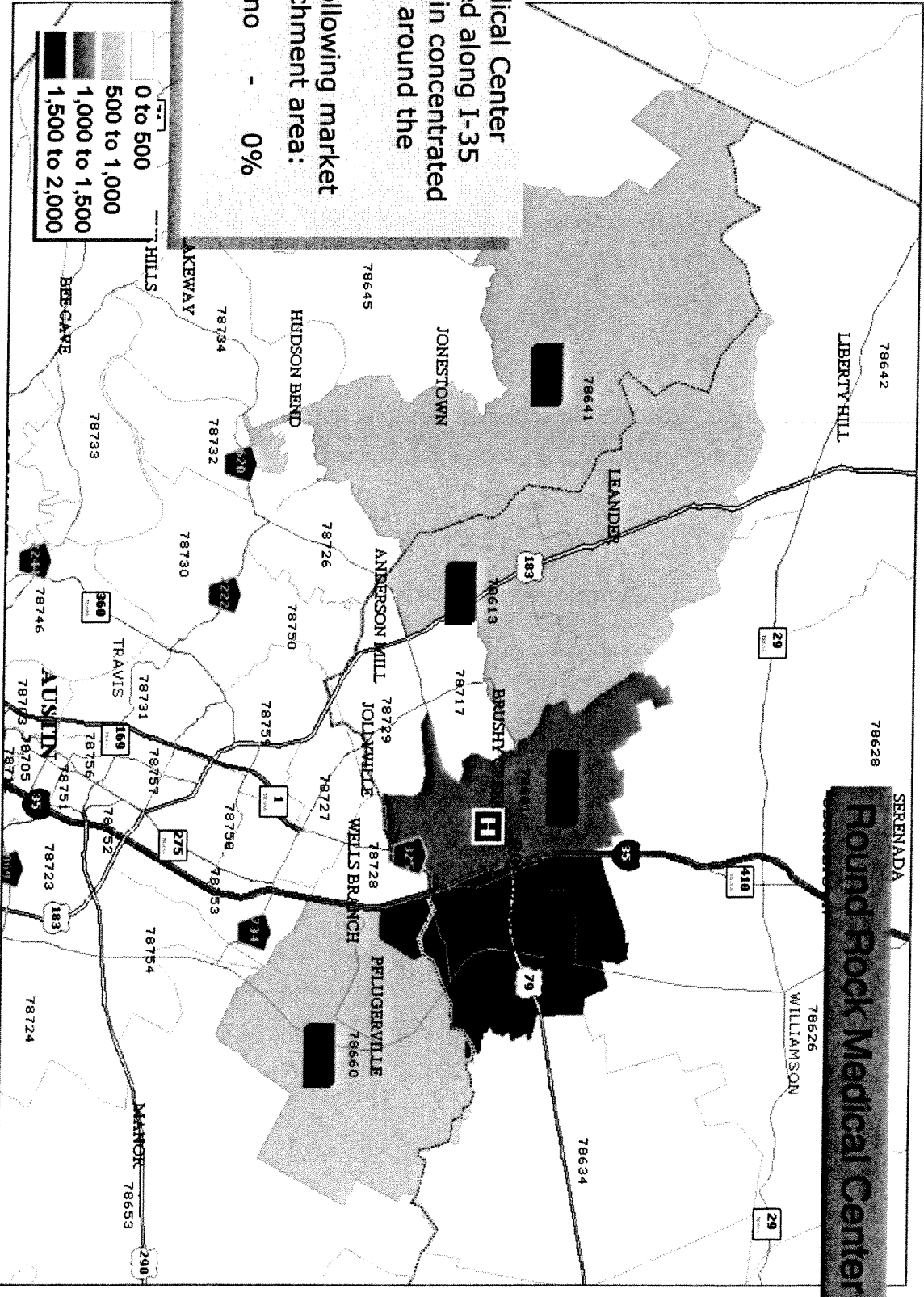
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Round Rock Medical Center (RRMC) is located along I-35 with patient origin concentrated relatively tightly around the Medical Center.

RRMC has the following market share in the catchment area:

PSA - 3% Llano - 0%

SSA - 1%



SERENADA
Round Rock Medical Center

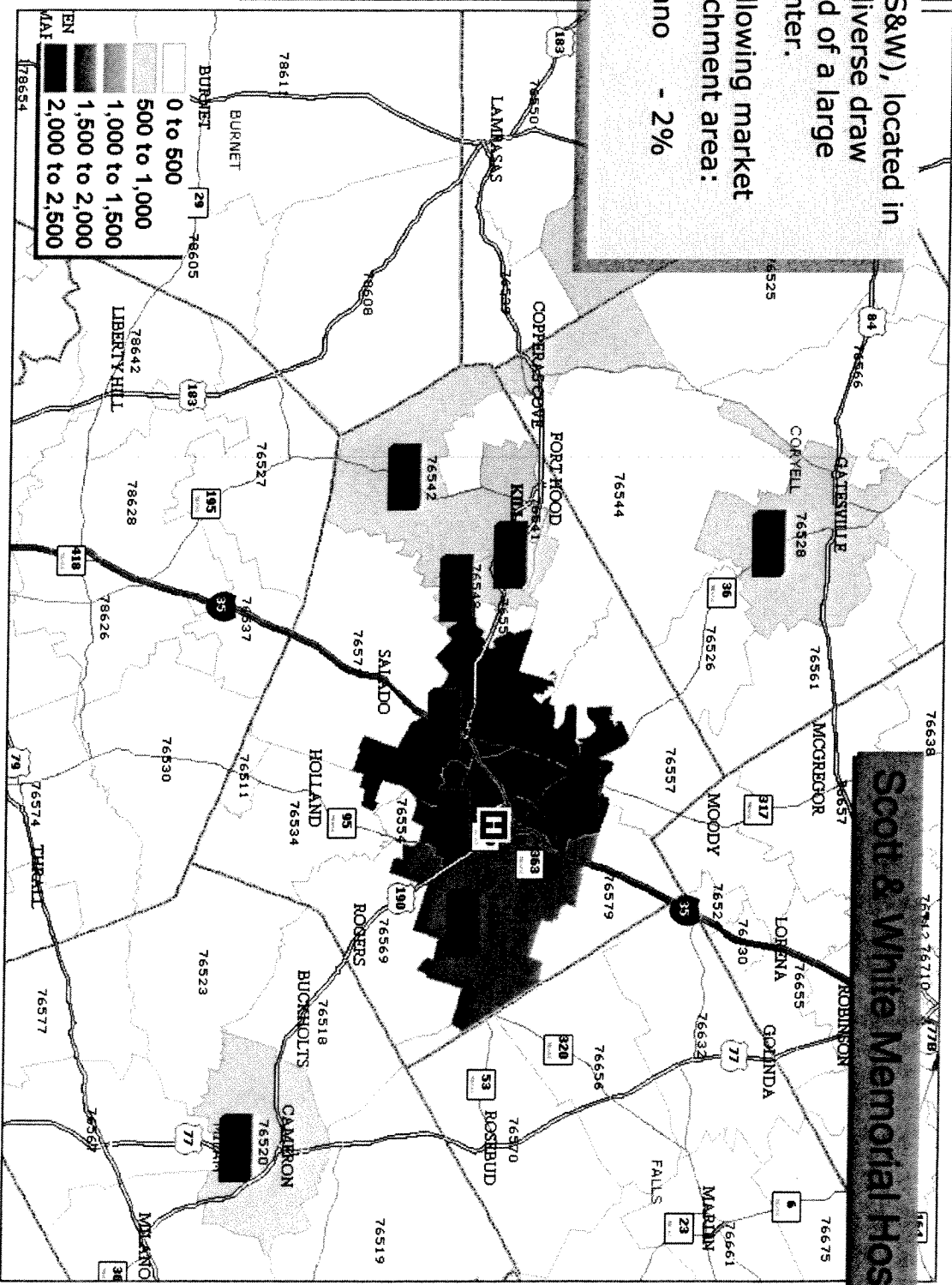
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Scott & White (S&W), located in Temple, has a diverse draw pattern expected of a large tertiary care center.

S&W has the following market share in the catchment area:

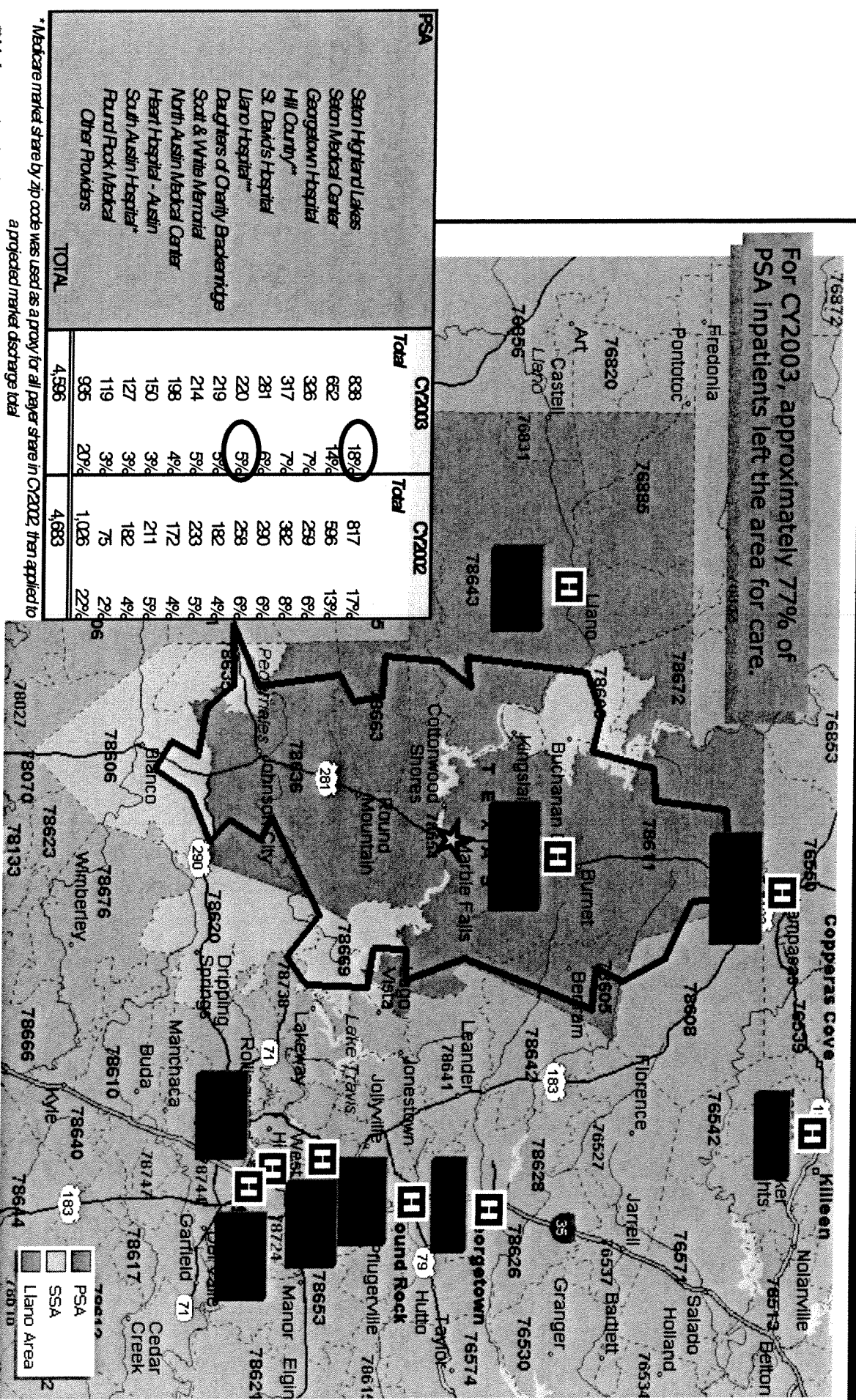
PSA - 5% Llano - 2%

SSA - 2%



Scott & White Memorial Hospital

For CY2003, approximately 77% of PSA inpatients left the area for care.



* Medicare market share by zip code was used as a proxy for all payer share in CY2002, then applied to a projected market discharge total

** Medicare market share by zip code was used as a proxy for all payer market share in both CY2002 and CY2003, then applied to a projected market discharge total

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PSA	CY 2003				
	78654 (Marble Falls)	78611 (Burnet)	78605 (Bertram)	78657 (Marble Falls)	78636 (Johnson City)
Seton Highland Lakes	385	352	55	42	4
Seton Medical Center	322	188	48	61	33
Georgetown Hospital	59	184	72	11	0
Hill Country**	49	23	0	30	215
St. David's Hospital	149	82	13	29	8
Llano Hospital*	140	41	10	27	2
Daughters of Charity Brackenridge	111	58	16	26	8
Scott & White Memorial	68	94	27	25	0
North Austin Medical Center	86	64	28	9	11
Heart Hospital - Austin	73	33	13	17	14
South Austin Hospital**	66	27	5	8	21
Round Rock Medical	40	38	36	4	1
Other Providers	396	258	95	96	90
TOTAL	1944	1442	418	385	407

* Medicare market share by zip code was used as a proxy for total market share in both CY2002 and CY2003, then applied to a projected market discharge total
 **As above, due to lack of reporting to the Texas Health database in CY2002, Medicare market share by zip code was used as a proxy for total market share in CY2002, then applied to a projected market discharge total

PSA	CY 2002				
	78654 (Marble Falls)	78611 (Burnet)	78605 (Bertram)	78657 (Marble Falls)	78636 (Johnson City)
Seton Highland Lakes	345	359	68	41	4
Seton Medical Center	299	170	32	64	31
Georgetown Hospital	46	95	115	2	1
Hill Country**	78	30	0	11	263
St. David's Hospital	131	102	25	17	15
Llano Hospital**	189	51	0	16	2
Daughters of Charity Brackenridge	102	49	10	14	7
Scott & White Memorial	85	89	22	34	3
North Austin Medical Center	85	47	26	4	10
Heart Hospital - Austin	103	57	10	31	10
South Austin Hospital*	90	61	8	13	10
Round Rock Medical	16	33	25	1	0
Other Providers	437	275	101	94	119
TOTAL	2006	1418	442	342	475

* Medicare market share by zip code was used as a proxy for total market share in CY2002, then applied to a projected market discharge total
 ** Medicare market share by zip code was used as a proxy for total market share in both CY2002 and CY2003, then applied to a projected market discharge total

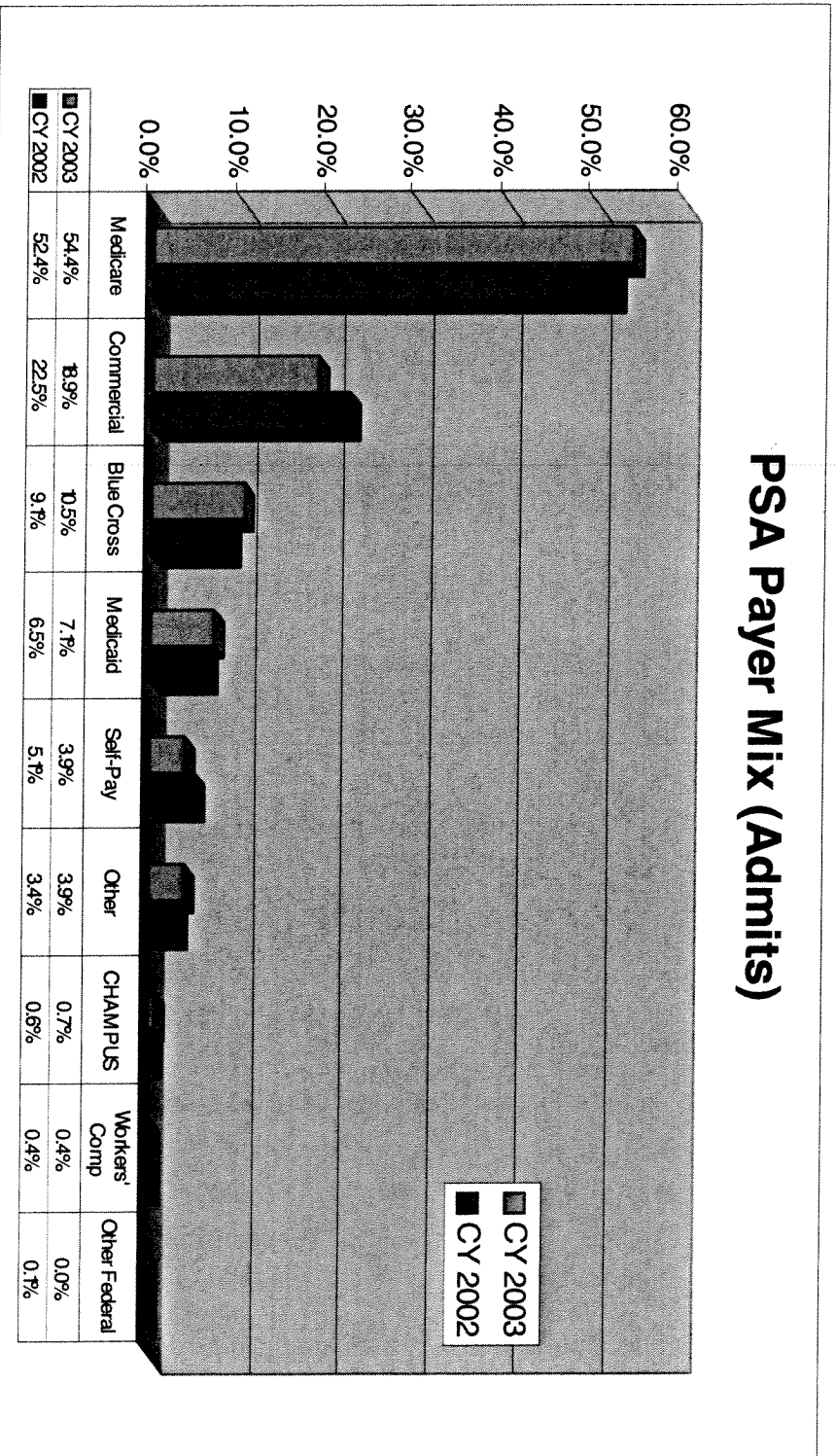
PSA	MDC 5 Circulatory	MDC 8 Musculo, Conn.	MDC 4 Respiratory	MDC 6 Digestive	MDC 14 Preg. Birth	MDC 1 Nervous	Other MDC
Seton Highland Lakes	179	22	187	134	0	58	258
Heart Hospital - Austin	120	1	9	4	0	5	11
Seton Medical Center	163	120	71	67	32	32	167
St. David's Hospital	77	72	12	14	22	17	67
Scott & White Memorial	66	38	23	16	5	9	57
South Austin Hospital	44	6	6	14	7	6	44
North Austin Medical Center	42	11	20	7	31	7	80
Daughters of Charity Brackenridge	25	11	53	6	18	33	73
Georgetown Hospital	11	21	6	9	104	4	171
Round Rock Medical	7	10	6	6	25	2	63
Llano Hospital (Medicare Only)				N/A			
Hill Country (Medicare Only)				N/A			
Other Providers							
TOTAL	800	492	423	326	294	230	991
	66	180	30	49	50	57	
	8%	37%	7%	15%	17%	25%	

Market leadership by MDC is noted in red.

Among the six highlighted MDCs in the PSA, Seton Highland Lakes has market leadership in four, with the lack of obstetrics and weak orthopedics notable exceptions.

*MDC-specific information was not available for Hill Country and Llano Hospital, and were therefore exclude

PSA Payer Mix (Admits)

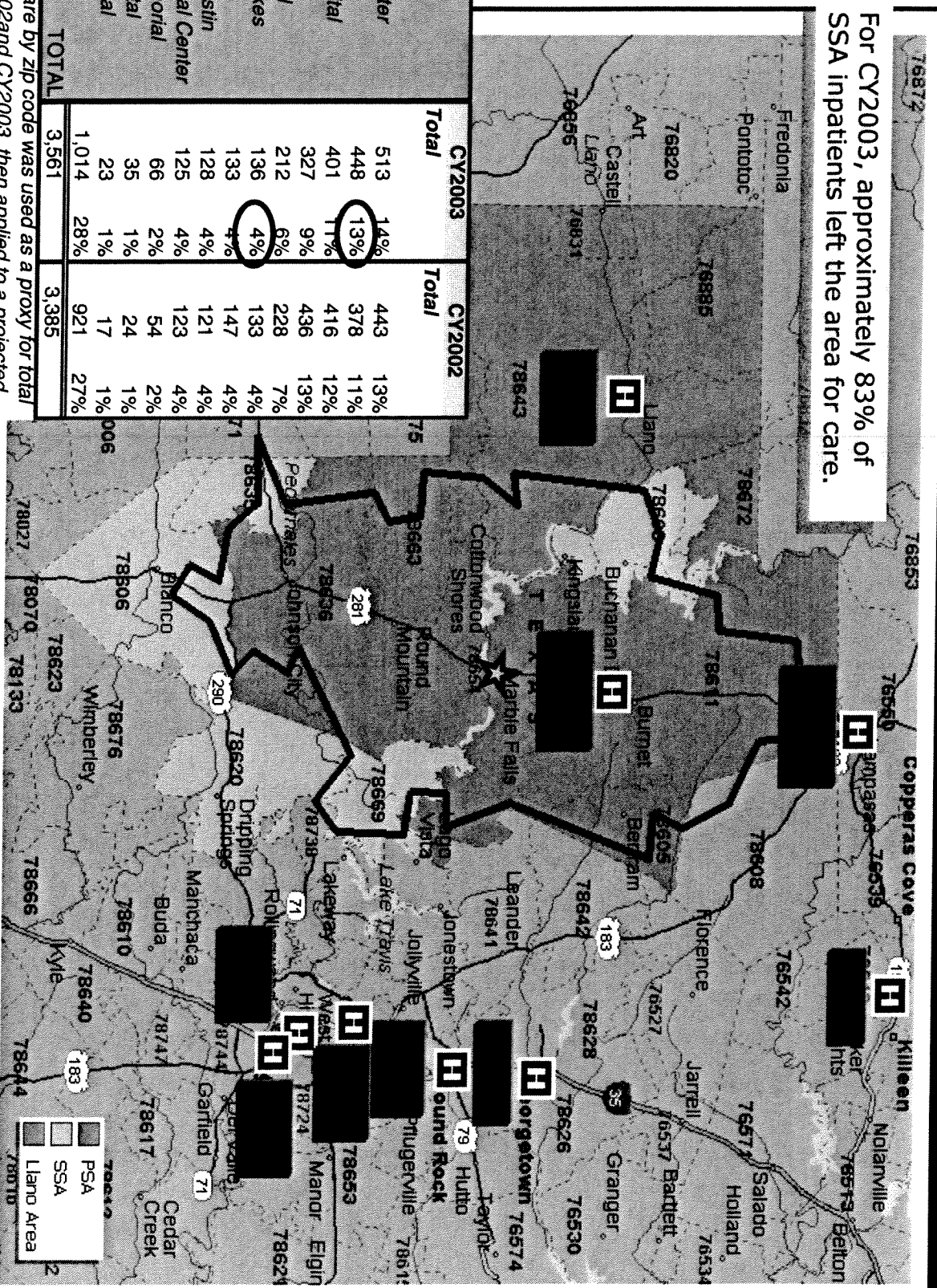


Medicare Payer mix has increased from 52.4% to 54.4% of discharges during CY 2002 to CY 2003, while commercial payer mix declined from 22.5% to 18.9% of inpatients over the same time period

Source: Texas Department of State Health Services

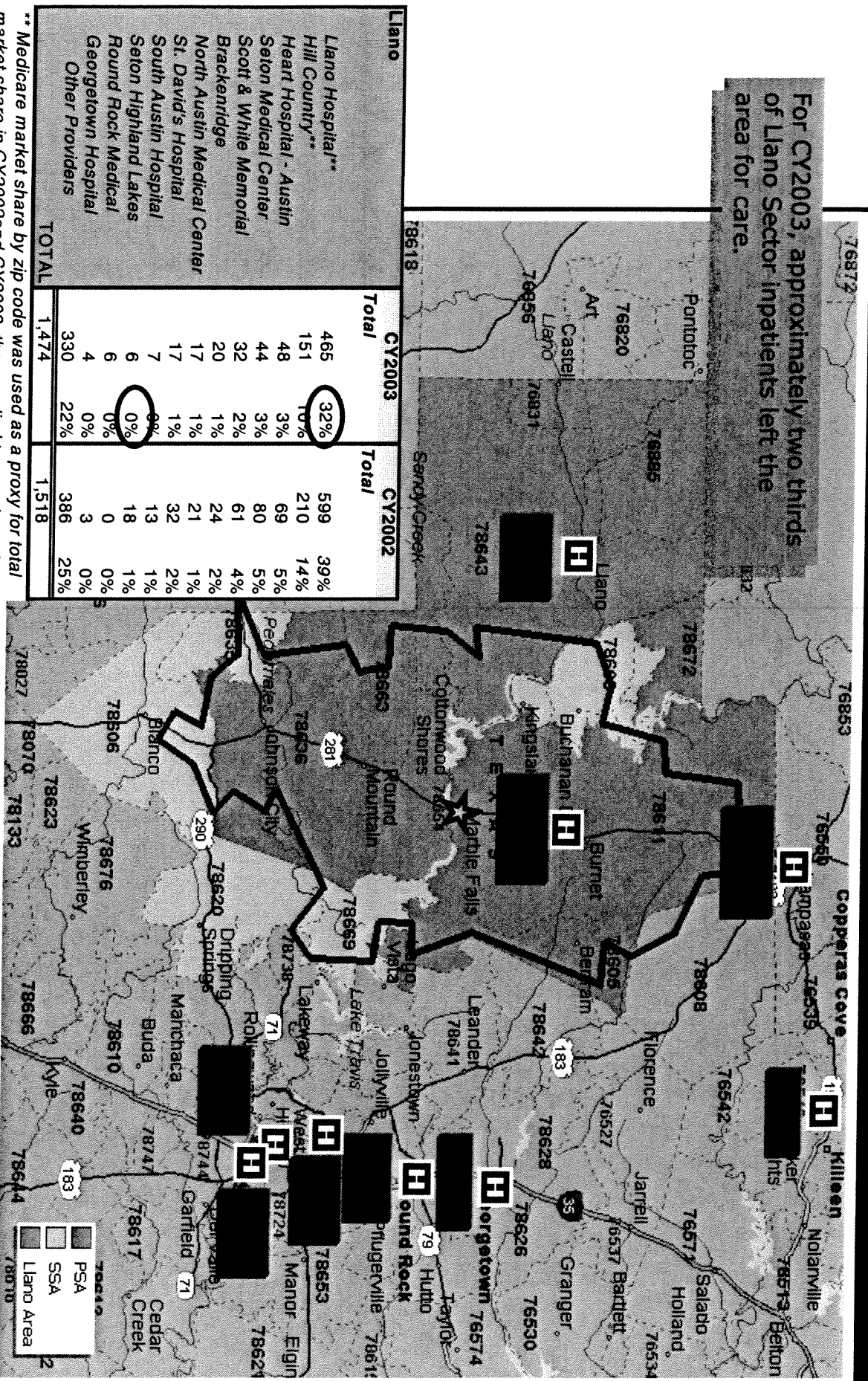
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For CY2003, approximately 83% of SSA inpatients left the area for care.



* Medicare market share by zip code was used as a proxy for total market share in CY2002 and CY2003, then applied to a projected market discharge total

For CY2003, approximately two thirds of Llano Sector inpatients left the area for care.



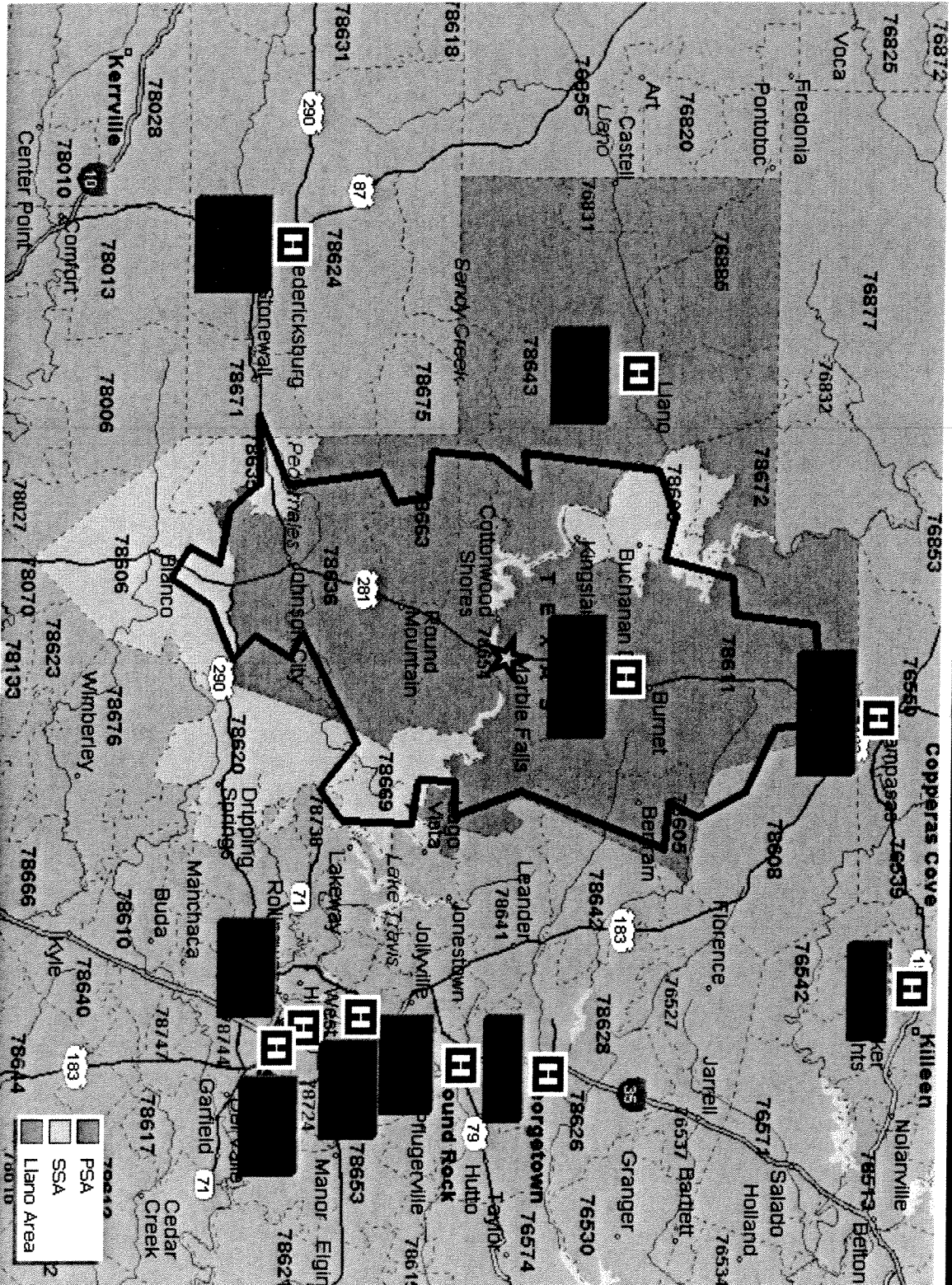
** Medicare market share by zip code was used as a proxy for total market share in CY2002and CY2003, then applied to a projected market discharge total

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- Marble Falls is a significant retail hub - a useful proxy for potential healthcare travel patterns
 - 360% the local sales tax receipts of Burnet
 - 740% of the local sales tax receipts of Llano
 - 130% of the local sales tax revenue of Fredericksburg
- No dominant provider in the region
 - Combined, Llano and Seton Highland Lakes retain 22% of the area's inpatients
 - When area residents require inpatient hospital care, 78% of the time they currently travel significant distances, often for an hour or more
- Services available locally are constrained
 - There is no hospital-based labor and delivery service in Burnet County
 - Outmigration for orthopedics cases is greater than 90%
 - Outmigration for cardiovascular cases is greater than 70%
 - Many specialties are available on only a part-time basis (anesthesia, OB, cardiology, etc.)
- Attractive demographics
 - More than 62,000 people live within 20 miles of Marble Falls
 - More than 225,000 people live within 30 miles of Marble Falls
 - Projected 30% population growth 2004 to 2014 for the area
 - An older population with 50% more residents over age 65 than the US average
- Under-developed healthcare delivery infrastructure
 - Together, Llano and Seton Highland Lakes can only accommodate 33.8% of 2009 inpatient demand if operating at functional capacity (85% avg. occupancy)
 - To meet the needs of area residents, infrastructure capable of addressing 70%+ of inpatient healthcare requirements is recommended and appropriate

**Key Drivers of Current and Future
Hospital Service Need**

- Current market outmigration from the PSA for hospital care is approximately 77%.
 - Market outmigration from the SSA and Llano Sector is 83% and 58%, respectively.
- Overall, only 22.2% of inpatients receive care within the potential catchment area.
 - Community hospitals regularly achieve market share in excess of 65% to 70% within their PSAs.
- From 2004 to 2009, the market for inpatient healthcare services across catchment area sectors is projected to increase by 14.5% to 15.8%.
 - This growth will result in more than 1,500 additional inpatient cases annually by 2009.
- Seasonal, vacation, camping and other non-resident populations may swell demand for some healthcare services by 20% beyond standard projections.



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Specialty	PSA		SSA		Llano Sector		Total		Total FTE Demand with Immigration	
	2004	2009	2004	2009	2004	2009	2004	2009	Net Immigration	Total '09 Demand
FP/GP	11.37	13.07	8.18	9.26	1.98	2.26	21.53	24.59	10%	27.05
IM	9.47	10.89	6.81	7.71	1.65	1.88	17.93	20.48	10%	22.53
Peds	6.51	7.49	4.69	5.30	1.14	1.29	12.34	14.08	10%	15.49
OB/GYN	4.54	5.21	3.26	3.69	0.79	0.90	8.59	9.80	10%	10.78
Primary Care	31.89	36.66	22.94	25.96	5.56	6.33	60.39	68.95		75.85
Radiology	4.29	4.93	3.09	3.49	0.75	0.85	8.13	9.27	10%	10.20
Pathology	1.86	2.13	1.34	1.51	0.32	0.37	3.52	4.01	10%	4.41
Emergency Medicine	2.90	3.34	2.09	2.36	0.51	0.58	5.50	6.28	20%	7.54
Anesthesiology	4.57	5.25	3.29	3.72	0.80	0.91	8.66	9.88	10%	10.87
Hospital-Based	13.62	15.65	9.81	11.08	2.38	2.71	25.81	29.44		33.01
Cardiology	2.79	3.21	2.01	2.27	0.49	0.55	5.29	6.03	10%	6.63
Gastroenterology	1.31	1.51	0.94	1.07	0.23	0.26	2.48	2.84	10%	3.12
General Surgery	2.30	2.65	1.66	1.87	0.40	0.46	4.36	4.98	10%	5.48
Hematology / Oncology	1.79	2.06	1.29	1.46	0.31	0.36	3.39	3.88	10%	4.27
Neurology / Neurosurgery	1.95	2.25	1.40	1.59	0.34	0.39	3.69	4.23	10%	4.65
Orthopedics	2.84	3.26	2.04	2.31	0.49	0.56	5.37	6.13	10%	6.74
Pulmonary Disease	0.80	0.92	0.58	0.65	0.14	0.16	1.52	1.73	10%	1.90
Urology	1.28	1.47	0.92	1.04	0.22	0.25	2.42	2.76	10%	3.04
Plastic Surgery	1.25	1.44	0.90	1.02	0.22	0.25	2.37	2.71	10%	2.98
Ophthalmology	2.50	2.88	1.80	2.04	0.44	0.50	4.74	5.42	10%	5.96
ENT	1.16	1.33	0.83	0.94	0.20	0.23	2.19	2.50	10%	2.75
Specialty	19.97	22.98	14.37	16.26	3.48	3.97	37.82	43.21		47.53
Other	13.64	15.68	9.81	11.11	2.37	2.70	25.82	29.49	10%	32.44
Total	79.12	90.97	56.93	64.41	13.79	15.71	149.84	171.09		188.83

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- A telephone survey of physician offices in the catchment area yielded an estimate of 37.1 FTE (full-time equivalent) physicians practicing in the service area.
 - Many of the physicians contacted only practice in the area part time.
 - The local supply of 37.1 physician FTEs represents 24.8% of the estimated physician demand (149.8 FTEs) from residents of the catchment area in 2004.
- Adjusting the physician demand estimate for non-resident utilization using a weighted average non-resident use factor of 10.4% yields total physician FTE demand of 165.4 FTEs in 2004.
 - **Applying the estimated local supply of physicians (37.1 FTEs) to the adjusted physician demand estimate (165.4 FTEs) – indicates that only 22.4% of service area physician need is currently being met by locally practicing physicians.**
 - **Said differently, 77.6% of physician need from within the service area is being met by residents traveling out of area. This figure is very close to the patient outmigration (77.8%) that occurs for inpatient hospital services from within the service area.**
- A critical success factor for a Regional Medical Center will be to recruit a medical staff that meets a much larger share of the service area's demand for physicians than is currently the case.

Three data sets were used for estimating market size: (i) Texas State Discharge Data; (ii) CMS Data, and; (iii) estimates and projections from Health Demographics

Sector	ZIP Code	City	County	2004 Total		2009 Total		Projected '04 to '09 % Change	Projected '04 to '09 Growth
				Market Inpatients	Market Inpatients	Market Inpatients	Market Inpatients		
PSA	78605	Bertram	Burnet County	459	563	22.7%	104		
PSA	78611	Burnet	Burnet County	1,619	1,883	16.3%	264		
PSA	78636	Johnson City	Blanco County	442	500	13.1%	58		
PSA	78654	Marble Falls	Burnet County	2,404	2,764	15.0%	360		
PSA	78657	Marble Falls	Llano County	427	488	14.3%	61		
PSA	78663	Hound Mountain	Blanco County	19	21	10.5%	2		
PSA Subtotal				5,370	6,219	15.8%	849		
SSA	78606	Blanco	Blanco County	545	628	15.2%	83		
SSA	78607	Bluffton	Llano County	4	4	0.0%	-		
SSA	78609	Buchanan Dam	Llano County	362	403	11.3%	41		
SSA	78620	Dripping Springs	Hays County	1,069	1,256	17.5%	187		
SSA	78635	Hye	Blanco County	27	30	11.1%	3		
SSA	78639	Kingsland	Llano County	888	1,005	13.2%	117		
SSA	78659	Spicewood	Travis County	613	692	12.9%	79		
SSA Subtotal				3,508	4,018	14.5%	510		
Llano Area	76831	Castell	Llano County	11	15	36.4%	4		
Llano Area	76885	Valley Spring	Llano County	35	45	28.6%	10		
Llano Area	78643	Llano	Llano County	794	913	15.0%	119		
Llano Area	78672	Tow	Llano County	227	254	11.9%	27		
Llano Sector Subtotal				1,067	1,227	15.0%	160		
Service Area Total				9,945	11,464	15.3%	1,519		

Source: Health Demographics.

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Major Diagnostic Category	2004		2009		% Change	'04 to '09 Growth
	Inpatients		Inpatients			
Circulation Disorders (5)	2,082		2,420		16.2%	338
Respiratory Disorders (4)	1,284		1,482		15.4%	198
Digestive Disorders (6)	1,021		1,174		15.0%	153
Bone and Joint Disorders (8)	989		1,138		15.1%	149
Birthing and Pregnancy Disorders (14)	891		999		12.1%	108
Nervous System Disorders (1)	623		717		15.1%	94
Nutritional, Metabolic and Thyroid D (10)	485		563		16.1%	78
Urinary Tract Disorders (11)	444		513		15.5%	69
Pancreas and Liver Disorders (7)	334		389		16.5%	55
Female Reproductive Disorders (13)	296		338		14.2%	42
Skin Disorders (9)	281		326		16.0%	45
Procedures with other Healthcare Ser (23)	234		271		15.8%	37
Infectious and Parasitic Diseases an (18)	201		231		14.9%	30
Skin Grafts, Trauma, Poisoning and A (21)	139		161		15.8%	22
Red Blood Cell and Clotting Disorder (16)	131		151		15.3%	20
Other (0)	113		133		17.7%	20
Ear, Nose, Throat Disorders (3)	112		128		14.3%	16
Lymphoma, Leukemia, Radiotherapy, Ch (17)	110		129		17.3%	19
Male Reproductive Disorders (12)	96		114		18.8%	18
HIV (25)	23		25		8.7%	2
Eye Disorders (2)	21		24		14.3%	3
Major Multiple Trauma (24)	18		20		11.1%	2
Burns (22)	17		18		5.9%	1
Total	9,945		11,464		15.3%	1,519

At functional capacity (85% occupancy), Llano and Seton Highland Lakes can accommodate only 33.8% of projected 2009 demand.

Currently, the two hospitals retain only 22% of patients locally.

Source: Health Demographics.

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	2004		2009		2004		2009		2004 Other		2009 Other		2004 Urgent		2009 Urgent		04 to '09		04 to '09	
	Ambulatory Surgery Visits	Ambulatory Surgery Visits	Emergency Room Visits	Emergency Room Visits	O/P w/o ER Visits	O/P w/o ER Visits	Urgent Care Visits	Urgent Care Visits	Percent Change	Outpatient Growth										
PSA	4,134	4,762	15,703	17,958	70,344	81,761	13,431	15,425	15.7%	16,294										
SSA	2,825	3,219	11,213	12,598	49,429	56,737	9,677	10,934	14.1%	10,344										
Llano Sector	828	944	2,737	3,098	13,563	15,647	2,331	2,652	14.8%	2,882										
Subtotal	7,787	8,925	29,653	33,654	133,336	154,145	25,439	29,011	15.0%	29,520										
Immigration	10%	10%	20%	20%	10%	10%	20%	20%												
Total	8,566	9,818	35,584	40,385	146,670	169,560	30,527	34,813												

'04 to '09 % Change	Ambulatory Surgery	Emergency Room	Other O/P Visits	Urgent Care
14.6%	13.5%	15.6%	14.0%	

- Outpatient services are projected to grow within each segment of the region and across sites of care.
- Overall, outpatient services are projected to increase by 15% from 2004 to 2009.
- Non-resident utilization is expected to be a demand driver for ED and urgent care services in particular.

Source: Health Demographics.

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Market Requirements for a 100-Bed Hospital

	<u>60% Occupancy</u>	<u>65% Occupancy</u>	<u>70% Occupancy</u>
Staffed Hospital Beds	100	100	100
Average Daily Census	60	65	70
Patient Days	21,900	23,725	25,550
Average Length of Stay	4.00	4.00	4.00
Annual Admissions	5,475	5,931	6,388
2009 Catchment Area Discharges*	11,464	11,464	11,464
Non-Resident Utilization Factor**	1,146	1,146	1,146
2009 Market Need	12,610	12,610	12,610
Estimated Overall Market Share	43.4%	47.0%	50.7%

* Acute care discharges for catchment area residents; excludes behavioral health and normal newborns.

** 10% increase over resident utilization of healthcare services for PSA, SSA and Llano Sectors.

The Steering Committee reviewed this information on January 12, 2006. Based upon current patient volumes and projected growth, the group believes the market can reasonably support a 100-bed hospital.

Preliminary Facility Requirements and Costs

Preliminary Bed Need Range Estimates by Service Line for 2009

	Low	High
Total Catchment Area Discharges	11,464	11,464
Non-Resident Utilization Factor	1,146	1,146
Total Hospital Service Demand	12,610	12,610
Total Catchment Area Market Share	36.8%	54.0%
PSA Estimated Market Share	47.5%	63.0%
SSA Estimated Market Share	23.8%	40.1%
Llano Sector Market Share	25.0%	55.0%
Estimated Hospital Discharges	4,637	6,808
Cardiology Discharges	796	1,241
Orthopedic Discharges	461	677
Obstetric Discharges	389	626
Gastrointestinal Discharges	474	696
Neurological Discharges	293	430
Respiratory Discharges	805	1,051
Other Discharges	1,420	2,087
Total Estimated Hospital Discharges	4,637	6,808
Average Length of Stay	4.0	4.0
Days	18,548	27,232
Average Daily Census	51	75
2009 Bed Need @ 60% Occupancy	85	124
2009 Bed Need @ 65% Occupancy	78	115
2009 Bed Need @ 70% Occupancy	73	107
2009 Preliminary Bed Need Range Estimate	73	124

The low end of the volume range estimates assumes a 2011 market share of 36.8% while the high end projects market share of 54.0%.

Successful community hospitals in similar circumstances often achieve 70%+ market share without the benefit of a new facility or MD joint ventures.

Major Diagnostic Category	2009 Projected Inpatients				Low Days	High Days	Low Acute ADC	Low ICU ADC	High Acute ADC	High ICU ADC
	Low Estimate	High Estimate	Low Estimate	High Estimate						
Respiratory Disorders (4)	805	1,051	3,220	4,202	7.85	0.97	10.25	1.27		
Circulation Disorders (5)	796	1,241	3,186	4,965	6.28	2.44	9.79	3.81		
Digestive Disorders (6)	474	696	1,896	2,785	4.41	0.78	6.49	1.14		
Bone and Joint Disorders (8)	461	677	1,843	2,710	4.70	0.35	6.90	0.52		
Birth and Pregnancy Disorders (14)	389	626	1,555	2,504	4.22	0.04	6.79	0.07		
Nervous System Disorders (1)	293	430	1,171	1,719	2.86	0.35	4.19	0.52		
Nutritional, Metabolic and Thyroid D (10)	227	334	907	1,335	2.21	0.27	3.25	0.40		
Urinary Tract Disorders (11)	209	307	835	1,227	2.08	0.21	3.06	0.30		
Pancreas and Liver Disorders (7)	155	228	620	914	1.51	0.19	2.23	0.28		
Skin Disorders (9)	130	192	521	767	1.37	0.06	2.02	0.08		
Female Reproductive Disorders (13)	130	192	520	770	1.41	0.01	2.09	0.02		
Procedures with other Healthcare Ser (23)	111	163	445	653	1.17	0.05	1.72	0.07		
Infectious and Parasitic Diseases an (18)	94	138	376	552	0.99	0.04	1.45	0.06		
Skin Grafts, Trauma, Poisoning and A (21)	64	94	254	374	0.43	0.27	0.63	0.40		
Red Blood Cell and Clotting Disorder (16)	61	89	244	358	0.64	0.07	0.93	0.05		
Other (0)	54	79	216	317	0.57	0.04	0.83	0.03		
Lymphoma, Leukemia, Radiotherapy, Ch (17)	52	76	209	306	0.54	0.06	0.80	0.04		
Ear, Nose, Throat Disorders (3)	51	74	203	297	0.53	0.02	0.78	0.03		
Male Reproductive Disorders (12)	48	69	190	277	0.47	0.05	0.69	0.07		
Eye Disorders (2)	10	14	39	57	0.08	0.02	0.12	0.04		
HIV (25)	10	14	38	56	0.09	0.01	0.13	0.02		
Major Multiple Trauma (24)	8	12	32	47	0.05	0.03	0.08	0.05		
Burns (22)	7	10	29	42	0.05	0.03	0.07	0.04		
Total	4,637	6,808	18,550	27,231	45	6	65	9		

Low Scenario ADC	High Scenario ADC
ICU 6	ICU 9
OB 4	OB 7
Med/Surg 45	Med/Surg 65
Total 51	Total 75

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Potential Bed Configuration for New Marble Falls Hospital - Low and High Scenarios

Bed Need @ 60% Occupancy

	<u>Low</u>	<u>High</u>
OB	7	11
ICU	11	16
Med / Surg	<u>67</u>	<u>97</u>
Total	85	124

Hospital Size - High Scenario

12 OB
 16 1 x 16 bed unit
96 6 x 16 bed Pods
 124 Bed Total

Bed Need @ 65% Occupancy

	<u>Low</u>	<u>High</u>
OB	7	11
ICU	10	14
Med / Surg	<u>68</u>	<u>90</u>
Total	78	115

Bed Need @ 70% Occupancy

	<u>Low</u>	<u>High</u>
OB	6	10
ICU	9	13
Med / Surg	<u>58</u>	<u>83</u>
Total	73	107

Hospital Size - Low Scenario

6 OB
 12 1 x 12 bed unit
64 4 x 16 bed Pods
 82 Bed Total

Marble Falls Area Regional Medical Center - Conceptual Space Program

Projected Bed Size	Low DGSF		High DGSF		Rehabilitation Services	Low DGSF		High DGSF	
	82	124	82	124		In-Patient Services	Out-Patient Services	200	200
Public - Administration Area									
Main Lobby	3,000	3,500					200	200	
Admitting	1,300	1,600					5,000	7,500	
Administration	1,500	1,800							
Business Office - Med Records	2,600	3,000					2,000	2,500	
HR - IT Services - Education	3,300	3,800					1,200	1,800	
Surgical Services and Endoscopy									
Pre-Op and Recovery	6,100	7,000							
Surgery	6,700	7,800					180	250	
Endoscopy	700	820					3,300	5,000	
Central Sterile Services	1,100	1,900					600	1,000	
Nursing Units									
Acute Care	28,800	43,200					900	1,700	
ICU	8,200	12,900					2,000	4,000	
Women's Services	16,100	25,000					4,500	5,000	
Emergency Services									
Emergency Department	9,000	12,000					2,000	4,000	
Diagnostics and Imaging									
Pre admit testing	1,900	2,200					4,000	5,000	
Light Diagnostics	1,600	2,500					4,500	6,900	
Heavy Diagnostics	11,000	14,000					155,836	218,264	
TOTAL DGSF							122,780	171,970	
BGSF Conversion							24,556	34,394	
Canopies @ 100%							4,000	5,000	
Penthouses and Mechanical Rooms							4,500	6,900	
TOTAL BGSF							155,836	218,264	
BGSF S/F PER BED							1,900	1,760	

BGSF = Building Gross Square Feet (Includes mechanical and other non-departmental spaces)
 DGSF = Departmental Gross Square Feet (gross square footage totals from department specific totals)

Marble Falls Regional Medical Center Conceptual Capital Requirements	Hospital Scenarios	
	Low	High
Projected Bed Size	82	124
Land Acquisition Costs	\$ 3,000,000	\$ 5,000,000
Construction Costs		
Per Sq Ft Cost Estimate	\$ 250	\$ 235
Estimated Square Footage	155,836	218,264
Estimated Construction Cost	\$ 38,959,000	\$ 51,292,040
Site Work Costs	\$ 3,500,000	\$ 5,000,000
Total Construction Costs	\$ 42,459,000	\$ 56,292,040
Soft Costs		
A/E - Consultants (11%)	\$ 4,670,490	\$ 6,192,124
Project Management (1%)	\$ 424,590	\$ 562,920
Administrative Costs (0.5%)	\$ 212,295	\$ 281,460
Total Soft Costs	\$ 5,307,375	\$ 7,036,505
Medical Equipment (35%)	\$ 14,860,650	\$ 19,702,214
F F & E (15%)	\$ 6,368,850	\$ 8,443,806
IT - Communications (5%)	\$ 2,122,950	\$ 2,814,602
Total Equipment	\$ 23,352,450	\$ 30,960,622
Total Project Costs	\$ 74,118,825	\$ 99,289,167
Project Contingency (10%)	\$ 7,411,883	\$ 9,928,917
Project Costs w/Contingency	\$ 81,530,708	\$ 109,218,084
Peak Working Capital Required	\$ 17,671,793	\$ 23,431,821
Total Project Capital Requirements	\$ 99,202,500	\$ 132,649,904

Assumptions:

- * Finance costs are not included
- * Site costs dependent upon site specific conditions; assumes utilities to site
- * **Project cost estimate is in 2006 dollars**
- **actual construction costs will be higher based upon construction timing**

Marble Falls Financial Feasibility Projection - Income Statement Summary

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
High Volume Scenario						
Inpatient Admissions	-	3,875	6,028	7,148	7,325	7,506
Adjusted Admissions	-	7,750	12,057	14,297	14,650	15,012
Projected Market Share	0.0%	30.0%	46.7%	54.0%	54.0%	54.0%
Total Charges	\$ -	\$ 79,174,113	\$ 123,172,758	\$ 146,057,512	\$ 149,665,133	\$ 153,361,862
% Deductions from Gross Revenue	0.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Net Patient Revenue	\$ -	\$ 47,504,468	\$ 73,903,655	\$ 87,634,507	\$ 89,799,080	\$ 92,017,117
Total Salary and Wage Cost	\$ 4,117,054	\$ 24,702,323	\$ 38,429,901	\$ 43,379,081	\$ 42,205,567	\$ 43,248,045
Salary and Wages as % of Net	N/A	52.0%	52.0%	49.5%	47.0%	47.0%
Operating Expenses	\$ 5,614,901	\$ 45,637,133	\$ 66,664,282	\$ 75,410,146	\$ 74,973,685	\$ 76,771,421
EBIDA	\$ (5,614,901)	\$ 1,867,335	\$ 7,239,373	\$ 12,224,362	\$ 14,825,395	\$ 15,245,696
EBIDA Margin	N/A	3.9%	9.8%	13.9%	16.5%	16.6%
Interest Expense	\$ 243,113	\$ 5,287,413	\$ 5,160,001	\$ 4,561,951	\$ 3,976,330	\$ 3,849,545
Depreciation Expense	\$ -	\$ 3,266,929	\$ 6,569,571	\$ 6,641,000	\$ 6,748,143	\$ 6,891,000
Operating Income/(Loss)	\$ (5,858,014)	\$ (6,687,007)	\$ (4,490,200)	\$ 1,021,411	\$ 4,100,922	\$ 4,505,151
Operating Margin	N/A	-14.1%	-6.1%	1.2%	4.6%	4.9%

Beginning operations in 2009, the high end range estimate projects the new hospital to have positive operating income in 2011. This ramp up trajectory reflects an assumption that projected "mature" market share of 54% is not attained until 2011.

Marble Falls Financial Feasibility Projection - Income Statement Summary

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Low Volume Scenario						
Inpatient Admissions	-	1,650	3,557	4,869	4,989	5,112
Adjusted Admissions	-	3,301	7,113	9,738	9,978	10,225
Projected Market Share	0.0%	12.8%	27.5%	36.8%	36.8%	36.8%
Total Charges	\$ -	\$ 33,720,601	\$ 72,668,857	\$ 99,481,299	\$ 101,938,487	\$ 104,456,368
% Deductions from Gross Revenue	0.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Net Patient Revenue	\$ -	\$ 20,232,361	\$ 43,601,314	\$ 59,688,779	\$ 61,163,092	\$ 62,673,821
Total Salary and Wage Cost	\$ 1,753,471	\$ 10,520,828	\$ 22,672,683	\$ 29,545,946	\$ 28,746,653	\$ 29,456,696
Salary and Wages as % of Net	N/A	52.0%	52.0%	49.5%	47.0%	47.0%
Operating Expenses	\$ 2,723,156	\$ 21,427,527	\$ 40,041,072	\$ 51,362,639	\$ 51,065,361	\$ 52,289,817
EBIDA	\$ (2,723,156)	\$ (1,195,166)	\$ 3,560,242	\$ 8,326,141	\$ 10,097,732	\$ 10,384,003
EBIDA Margin	N/A	-5.9%	8.2%	13.9%	16.5%	16.6%
Interest Expense	\$ 123,685	\$ 3,856,249	\$ 3,926,645	\$ 3,589,190	\$ 3,000,568	\$ 2,905,816
Depreciation Expense	\$ -	\$ 2,464,024	\$ 4,963,762	\$ 5,035,190	\$ 5,142,333	\$ 5,285,190
Operating Income/(Loss)	\$ (2,846,841)	\$ (7,515,439)	\$ (5,330,165)	\$ (298,240)	\$ 1,954,830	\$ 2,192,997
Operating Margin	N/A	-37.1%	-12.2%	-0.5%	3.2%	3.5%

The low end range estimate projects the new hospital to have positive operating income in 2012. This ramp up trajectory reflects an assumption that projected "mature" market share peaks at 36.8% in 2011.

Cash Flow Summary	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
High Volume Scenario						
Operating Cash Flow	\$ (5,858,014)	\$ (3,420,078)	\$ 2,079,372	\$ 7,662,411	\$ 10,849,065	\$ 11,396,151
Operating Cash Flow Margin	N/A	-7.2%	2.8%	8.7%	12.1%	12.4%
Low Volume Scenario						
Operating Cash Flow	\$ (2,846,841)	\$ (5,051,415)	\$ (366,409)	\$ 4,736,951	\$ 7,097,164	\$ 7,478,187
Operating Cash Flow Margin	N/A	-25.0%	-0.8%	7.9%	11.6%	11.9%

Financing Analysis	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
High Volume Scenario						
Total Project Costs	\$ 109,218,000					
Cumulative Working Capital Needed	\$ 5,858,014	\$ 23,431,821	\$ 23,143,687	\$ 11,691,096	\$ (5,597,214)	\$ (16,852,191)
Debt Service Coverage Ratio	N/A	0.3	0.9	1.6	1.9	2.0
Low Volume Scenario						
Total Project Costs	\$ 81,531,000					
Cumulative Working Capital Needed	\$ 2,846,841	\$ 13,926,392	\$ 17,671,793	\$ 11,806,461	\$ (1,135,180)	\$ (8,553,241)
Debt Service Coverage Ratio	N/A	(0.3)	0.6	1.4	1.7	1.8

Cash flow is projected to be positive in 2010 for the high end estimate and 2011 for the low end estimate. Working capital requirements are projected to range from \$23 million at the high end to \$18 million at the low end.

Key Assumptions and Performance Indicators by Scenario

	Low	High
Acute Care Beds	82	124
Total BGSF	155,836	218,264
Total BGSF Per Bed	1,900	1,760
Total Project Costs	\$ 81,531,000	\$ 109,218,000
Total Cost Per Bed	\$ 994,280	\$ 880,790
Peak Working Capital Requirements	\$ 17,671,793	\$ 23,431,821
Hospital Ramp-Up Complete - Year	2011	2011
2011 Projected Admits	4,869	7,148
2011 Projected Market Share	36.8%	54.0%
2013 Break-Even Admission Volume	4,169	5,567
2013 Break-Even Market Share	30.0%	40.0%
Positive Operating Cash Flow - Year	2011	2010
Positive Operating Income - Year	2012	2011
2013 EBITDA Margin	16.6%	16.6%
2013 Operating Cash Flow Margin	11.9%	12.4%
2013 Operating Income Margin	3.5%	4.9%
2013 Debt Service Coverage Ratio	1.8	2.0

Llano and Seton Highland Lakes had a combined 2003 market share of 22% across the proposed service area with 55 total beds and limited specialty coverage.

 These break even thresholds contrasts with potential market share penetration of 70% or more for the new hospital.

Assuming ALOS of 4.0 days, projected 2011 occupancy rates are 65.1% and 63.2% for the Low and High scenarios, respectively. By 2013, occupancy is projected to grow to 68.3% and 66.3%, respectively, due to population growth alone as market share is unchanged from 2011 to 2013.

	Status Quo			Regional Medical Center Scenario	
	2004	2009	2011	Low-End Est. 2011	High-End Est. 2011
	Inpatient Admissions	10,940	12,610	13,237	13,237
Adjusted Admission	21,880	25,220	26,474	26,474	26,474
Net Revenue Per Adj. Admission*	\$ 6,130	\$ 6,130	\$ 6,130	\$ 6,130	\$ 6,130
Estimated / Projected Market Value*	\$ 134,124,400	\$ 154,598,600	\$ 162,286,074	\$ 162,286,074	\$ 162,286,074
Regional Medical Center	0.0%	0.0%	0.0%	36.8%	54.0%
Seton Highland Lakes Share	10.2%	10.2%	10.2%	8.7%	7.1%
Llano Hospital Share	11.8%	11.8%	11.8%	10.0%	8.3%
Outmigration	78.0%	78.0%	78.0%	44.5%	30.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Outmigrating Dollar Value*	\$ 104,617,032	\$ 120,586,908	\$ 126,583,138	\$ 72,217,303	\$ 49,659,539
Outmigrating Net Revenue Retained*	\$ -	\$ -	\$ -	\$ 54,365,835	\$ 76,923,599
Value of Each Percent of Market Share	\$ 1,341,244	\$ 1,545,986	\$ 1,622,861	\$ 1,022,861	\$ 1,022,861
Regional Medical Center Net Revenue*	\$ -	\$ -	\$ -	\$ 59,721,275	\$ 87,634,480

*In 2004 dollars.

Each point of market share retained locally represents \$1.6 million in spending to the regional economy based upon projected 2011 market size.

In 2011, a Regional Medical Center is projected to retain \$54 million to \$77 million in incremental healthcare economic activity that would have otherwise left the area during this one year alone.

These healthcare expenditures represent economic activity that will occur regardless of whether a Regional Medical Center is built. Among other issues, stakeholders need to decide whether this spending will be retained locally.

Sources: Projected admissions from Health Demographics; Net revenue per adj. admission based upon comparable TX hospitals.

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The Marble Falls market represents a very attractive opportunity to develop a full-service regional medical center offering local access to many new specialty services due to the following factors:

- The catchment area does not have a dominant provider currently
 - The nearest full-service hospital is 46 miles or 1 hour distant
- The area is under-served at present, with 78% of hospital patients leaving the area for care
- The catchment area offers a large population base with twice as many resident age 65+ as the Texas average
- Seasonal and vacationing populations add to the “base level” demand for hospital services by permanent residents
- By 2014, the population of the catchment area will grow by 30%
- Marble Falls is currently a sizeable commercial hub, with local taxable economic activity 3.6x larger than Burnet and 1.3x larger than Fredericksburg
- Significant opportunities exist to joint venture with physicians
- The lack of local competition and size of market provides a significant opportunity to develop local specialty services, including:
 - Orthopedics
 - Obstetrics
 - Cardiology
 - Others

- Stroudwater believes that a capital partner with access to significant capital is required to achieve the ideal vision for the project.
 - "A new hospital should offer new services, new specialists and greatly expanded hospital capabilities rather than simply duplicating what is already offered locally."
 - Total capital requirements for this vision range from \$99 million to \$133 million in 2006 dollars.
 - These sums include \$18 million to \$23 million in working capital needed to fund ramp-up activities of a new hospital.
- Ideally the project would include participation by Llano and Seton in the Regional Medical Center as well as a capital partner / developer.
- Offering joint ventures to physicians – hospital-wide and for medical office building and other investments – should be a key in choosing a capital partner / developer.
 - Attracting new physicians and ensuring primary care and specialist support of a regional medical center will be a critical success factor.

- The best opportunity to “drive” the process will come from a collaborative approach by key stakeholders.
 - No one stakeholder wields veto power.
 - Market entry by someone is almost assured given current patient outmigration and the attractive market.
- The alternate options are to (i) take no action and let the market forces determine who builds in the community or (ii) take no collaborative action because consensus cannot be reached.
 - Development of a regional medical center will likely occur under these scenarios albeit with limited to no input from key stakeholders.
- Stroudwater believes that the opportunity in the Marble Falls area should be “packaged” to potential partners / developers to select a partner best able to meet community and stakeholder criteria / needs.

- Create a Limited Liability Corporation with a charter to pursue development of a regional medical center, with a Board composed of key stakeholders
- This regional medical center development corporation would be chartered to:
 - Serve as the issuer and clearinghouse for a Request for Proposals Process
 - Coordinate participation of key stakeholders:
 - Marble Falls
 - Llano
 - Seton
 - Physicians
- Participation in the development corporation would enable key stakeholders to participate in decision-making regarding developer / partner selection and other development issues.
- Costs of the medical center development process would be funded by the corporation and shared by corporation members or from grants and gifts.
 - Corporation expenses would be reimbursed by the medical center developer / partner(s) when the RFP process successfully concludes.

- Assess the interest and level of commitment of key stakeholders
- Define what stakeholders bring to the table to best leverage partner / developer interest and commitment
- Identify potential capital partners / developers
- Craft a Request for Proposals that reflects stakeholder needs
- Ensure a transparent process for selecting partners / developers
- Define proposal evaluation criteria and process
- Evaluate capital partner / developer proposals
- Select finalists and negotiate physician joint venture opportunities, performance guarantees, reserve powers and other issues
- Select capital partner / developer
- Negotiate contract with appropriate performance guarantees and reserve powers and terms for stakeholders

- April 2006 - Create Medical Center Development Corporation
- June 2006 - Develop and distribute RFP to potential partners
- July 2006 - Evaluate Proposals
- August 2006 - Conduct site visits and negotiate with finalists
- September 2006 - Select capital partner(s) / developer(s)
- October 2006 – 24 to 26 months for Design, Syndication and Construction
- December 2008 - Regional Medical Center ready for occupancy
- January 2009 - Regional Medical Center treats first patient

- Finalize Organizational Structure for Medical Center Development Efforts
- Charter Regional Medical Center Development Corporation
- Identify “Must Haves” for Area Residents and Stakeholders Participating in Process
- Draft and Distribute RFP to Prospective Capital Partners / Developers