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## **Interest high in hospital’s west campus**

POCATELLO — The Portneuf Health Care Foundation has had multiple inquiries from parties interested in purchasing Portneuf Medical Center’s west campus once the hospital is consolidated into a new facility on its current east campus.

Shaun Menchaca, president and chief executive officer of the foundation, said the most promising leads are coming from potential buyers interested in using the west campus for medical educational purposes.

“My hope is that we have a deal agreed upon by the end of the year and inked by the completion of the new hospital,” Menchaca said. Menchaca said he’s met with officials from entities interested in using the facility for medical educational, mental health and other purposes, but he declined to offer names in order to “preserve the integrity of negotiations.” He also declined to specify if Idaho State University, which has the state’s medical education mission, is a player. The consolidated PMC is tentatively scheduled to open in June 2011, and construction is about two weeks ahead of schedule, according to hospital officials.

PMC, which was formerly owned by Bannock County, was converted about a year ago into a partnership between LHP Hospital Group Inc., based in Texas, and the foundation, which represents the community. LHP has 77 percent ownership in PMC, and the foundation owns 23 percent. The terms of the partnership, however, allow the foundation to buy back up to 40 percent interest in PMC.

Menchaca said if the west campus sells for more than the campus was valued at the time of closing, those funds will go to the foundation to buy additional equity in PMC. Conversely, the foundation stands to lose equity if the west campus sells for less than the estimate when the deal was closed.

Menchaca believes the closing estimate was conservative. The west campus includes the hospital building, a medical office building, a parking garage and an adjacent assisted living building. It can be sold for any purpose other than a competing hospital. A Veterans Administration hospital wouldn’t be deemed to be in competition with PMC. Indeed, the local VA clinic has expressed interest in leasing a portion of the west campus if the clinic opts to move from its current location at 1651 Alvin Ricken Drive.

Menchaca said the agreement gives the foundation a decade to purchase equity in the hospital, and he believes it’s important to purchase the equity as soon as possible. “We’re bullish about the stock. We think the hospital is going to do well, so we feel if we’re going to buy up shares, it’s better to buy them early rather than later,” Menchaca said.

The foundation has yet to receive any cash distributions from hospital operations. Rather, Menchaca said the foundation has been working to “build a war chest of cash for the joint venture.” By the end of this year, he anticipates the foundation will receive payment of its first distribution. “Will it be big or small? I don’t know. We’ll have to agree on that,” he said. When the governance of PMC was reorganized, an endowment board was created to assume responsibilities for philanthropic efforts. Menchaca said the endowment board is still in the process of defining itself and which causes it will support.