

LETTERS TO THE EDITOR

Mayors Say 'Vote Yes on Hospital'

To the Editor:

The Straits area is faced with a wonderful opportunity. A new Mackinac Straits Hospital means access to even better health care and potential for new jobs, with \$37 million being invested in the Straits area. On May 6, a yes vote gives our families greater access to "state of the

longer accommodate the significant changes in medical technology and delivery that have been made since then, nor can it be expected to accommodate future changes.

The proposal before us is a thoughtful solution to our future medical care.

For the past three years we have enjoyed the services of top-notch consultants that few communities in Michigan could attract or afford, including the former head of the Department of Community Health, a former state senator, one of the state's most effective lobbyists, and others who have laid out the best way for us to remain in the hospital business. They helped us because they like Mackinac, and they had a great idea that by sharing resources between the hospital and the Sault Tribe, we could attract federal attention and assistance.

Their plan worked because they worked hard on it, and because the concept is unique in this country. It probably will be a model for other communities who can share medical care with federally-funded military, veteran, and tribal programs, thus reducing the wasteful duplication seen today.

The St. Ignace News has covered the hospital board meetings consistently for three decades, and we have been impressed with the work of the board and of the consultants who have taken us this far.

The proposal to be voted on Tuesday, May 6, to transfer the assets held by the Mackinac Straits Hospital Authority to Mackinac Straits Health Systems, is just one step in completing this ambitious project. But right now it is the most important step, and it deserves the support of voters in the City of St. Ignace and in the townships of Moran, St. Ignace, and Brevort.

art" health care. The project is a positive step toward a strong full service economy to the entire region. All of this comes with no cost to the taxpayer. Please support our hospital on May 6.

Mayor Margaret Doud, Mackinac Island
Mayor Paul Grondin, St. Ignace

If Voters Approve Transfer, New Hospital Will Be Built

To The Editor:

Recently there have been statements doubting information that Mackinac Straits Hospital has made available to the public. It is vital that the voters have accurate information about transferring ownership of the hospital to a private corporation in order to build a new facility.

An issue has been raised about the debt-to-capitalization ratio of the planned United States Department of Agriculture (USDA)-guaranteed low-interest loan. The percent of indebtedness is 86%, which is not uncommon in financing. Individuals frequently borrow 90 to 95% of the value when initially purchasing or building their home. As a percent of total assets, debt is 71%. Both of these figures are confirmed by a feasibility study for the initial year of the new hospital's operations.

The debt to capitalization, which is what most finance markets consider, is high compared with the industry norm, but that is why we sought and received a USDA guarantee. There is no doubt that this is a highly leveraged transaction, but the cash flows are sufficient to service the debt. For the year ending March 31, 2011, the projections show our ability to cover debt service is 105%. For 2012, our debt service coverage increases to 153%.

The lack of net assets at the start of the project is in large part due to showing a \$1.4 million loss on our forecasted financial statements to account for the 1994 Long Term Care building addition bond payment. This bond obligation has no offsetting asset in the feasibility study.

In case of financial distress, most of the loans are guaranteed by the USDA. In case of default, which we emphatically do not anticipate, the USDA will step in and make the payments. This is a significant safety net that should not be overlooked. The USDA approved the financing and they were satisfied with the arrangement. This is not a liability that is being placed on the community or the taxpayers.

Another recent allegation suggests that the USDA could have loaned the funds for the new building to the present Mackinac Straits Hospital Authority. That is correct, but not without obligating the taxpayers of the hospital authority for the entire debt.

As a municipal hospital corporation under Act 47 of 1945, the authority has limited powers.

It can only take the actions and has the powers set forth in its authorizing legislation. There is no authority in Act 47 for granting mortgages. The authority can only borrow and issue notes on a short-term basis, maturing in one year or less, and only for operation and maintenance expenses.

The act allows the authority's member units – the City of St. Ignace and Brevort, Moran, and St. Ignace townships – to levy a tax of up to 0.4 mills to pay for annual operating expenses. That is not enough to operate the current hospital and make required improvements, and it could never begin to contribute to building a new facility.

Arbor One, a USDA-certified lender which will provide the USDA-guaranteed loan, requires a mortgage as a condition of the loan. It would be very difficult to request financing for a new facility and not include the property in the financing. As a private entity, the new corporation will have the ability to grant a mortgage, which the current authority cannot do. With the mortgage in place, Arbor One will proceed with the loan so the new hospital may be built.

From the beginning of this process we included current and former legislators, the former director of the Michigan Department of Community Health, and attorneys from Miller, Canfield, Paddock and Stone, Kelly-Cawthorne, and Brown and Brown in advising our board on the correct path to secure funding for our new facility. Congressman Bart Stupak, Senator Debbie Stabenow, and Senator Carl Levin urged the USDA to approve the loan guarantees.

Our goal is to be very open about the facts. As part of this effort, we have mailed extensive information to the voters so they will have the complete facts before them. It is disturbing to see this information being used to cast doubt on a project that will secure the Straits area's healthcare for future generations.

If the voters approve the hospital transfer on May 6, the new hospital will be built at no additional expense to local taxpayers. If the voters reject the transfer, we will be forced to cut costs, reduce services, lay off employees, and increase taxes to pay for required improvements to our outdated current facility.

The entire hospital staff appreciates the community's support throughout the years. We look forward to continuing to serve the community's future healthcare needs.

Rodney M. Nelson, CEO
Mackinac Straits Hospital
St. Ignace

City Work Crew Appreciated

To the Editor:

Too often we (especially myself) are quick to criticize the city. Tuesday, April 22, my opinion became one of support for our hard working city crew.

That afternoon I looked out of my front window and groaned. I saw several city vehicles buzzing about and wondered what was up. To my surprise and satisfaction, it was a clean up of winter's damage. The crew was working down Truckey Street, cleaning the mess from our winter plowing.

The city crew raked the debris from my front yard, and shortly thereafter, the city broom swept away the debris.

These men did a fabulous job cleaning up Mother Nature's mess: Clifford Belonga, Chuck McCall, Brian Peterson, and Scott Marshall.

It is at a time like this, I truly appreciate living in our small town.

Kenneth Perala
St. Ignace

Transfer of Ownership Is Optional

To the Editor:

The United States Department of Agriculture (USDA) grant for new hospital construction can easily be pursued by the Mackinac Straits Hospital Authority as it exists now.

The transfer of ownership is purely optional.

Every regulation contained in the Compiled Federal Regulations which govern the provision of both direct and indirect loans from the USDA in its Rural Development Program can be examined without finding a single requirement, technical or otherwise, necessitating a private, corporate structure.

Apparently, Mackinac Straits Hospital board's lawyers chose to pursue this financing package as a private corporation. USDA has no "technical requirement" which requires the transfer of assets, liabilities, and revenues of all Mackinac County health facilities obtained over the past 60 years.

Yet, to better persuade voters that this change is in the better interests of the public, the campaign to approve this hospital proposal has indeed presented a picture of studied inaccuracy.

Left unexamined so far is the question whether our community's better interests concerning the provision of health care services throughout Mackinac County might better be represented with the Mackinac Straits Hospital Authority making application for the USDA financing in order to channel these public funds to public needs.

This approach would not need any transfer of ownership.

Mary Elizabeth Nichols
St. Ignace

Land Near Island Airport Was Already Zoned Residential

To the Editor:

The April 17 edition of *The St. Ignace News* referred to the recent acquisition of property near the Mackinac Island airport in the article, "Park Commission Acquires Unbuildable Lots Near Airport." The article says that the Mackinac Island State Park Commission (MISPC) "failed to warn the city and private developers that some of the property past the end of the runway, on the side of the bluff, was in a flight safety zone and could not be built on." This does not accurately reflect the full set of surrounding circumstances.

At issue is the Michigan Aeronautics Commission's Approach Protection Plan. The plan was received by MISPC staff in September 2002 well after the property had been zoned "residential" by the City. Any delay in filing the plan with the City had no impact on the development of the three lots at issue and indeed no building has occurred on these lots. Neither the Airport Approach Plan nor the statute that created it contains the authority to reverse or change the existing zoning. Rather, the plan was created to provide *guidance* to municipalities for *future* planning to ensure that additional land development would not negatively impact airport safety issues. Because of the pre-existing zoning, land developers had every right to plot and sell lots on their property. It should also be noted that those persons who purchased the lots in question knew at the time that they were purchasing in very close proximity to the airport runway and take off areas.

It was not until the final size of the Runway Protection Zone was confirmed by Michigan Bureau of Aeronautics (BOA) officials (August 2006) and located on the ground by a survey conducted under the direction of URS, Corporation engineers (May 2007) that any properties could be identified as "unbuildable." Landowners were immediately notified. Since that time the MISPC has worked diligently, following the Federal Aviation Administration (FAA) land acquisition process, to properly appraise and purchase the properties.

The purchase prices have generously compensated the landowners for their lots. In the case of lot 8, Forest Brook, the final purchase price represents a 107% increase from the landowners's purchase price five years ago. In the case of lot 6, Forest Brook, the landowner realized a 42% profit over the 2004 purchase price. It is important to note that the MISPC purchased these properties with a grant from Michigan Bureau of Aeronautics made specifically for airport-related land acquisition. No general fund or operating money of the State Park Commission was used.

Across the state and country, airports are facing similar situations where land development is occurring. At the same time the FAA/BOA is doing a better job of identifying airport safety zones. As with other airports, the MISPC is working to resolve these conflicting situations in a way that puts a priority on public safety in and around the Mackinac Island airport.

Phil Porter, director
Mackinac State Historic Parks

Weersings Made Contributions to Mackinac Island Community

To the Editor:

Dr. and Karen Weersing have made a personal and professional contribution to the community of Mackinac Island. I feel they have gone above and beyond professional obligations and took it upon themselves to "be here" for the people of Mackinac. They are special people, and will be missed.

It takes special people to make a successful community. It also takes a successful community to recognize special people. I hope we can all keep this in mind in the future so we can grow as a community.

Linda Price
Mackinac Island

Talented Artists Work in St. Ignace

To the Editor:

There is an old saying about hiding your light under a bushel basket. First, we are in a town in dire need of a light, and believe it or not, that light can be found on South State Street, with a second light on Paro Street. We have in our town two of the finest artists plying their trade under that proverbial bushel basket.

First, let's look at the front cover of the St. Ignace Visitors Guide that is in every tourist center in the state. It showcases a boat built by Bob Schafer in his backyard, right here in St. Ignace. It is the Mackinaw boat that we saw sailing in the bay last summer. This artist is in the process of

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359 Reagon Street, PO Box 277, Saint Ignace, MI 49781

Telephone (906) 643-9150 • Facsimile (906) 643-9122

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Publisher/Editor

Wesley H. Maurer, Jr.

Associate Publisher

Mary R. Maurer

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Wesley H. Maurer, Sr. (1897-1995)

Editor

Ellen Paquin, news@saintignaceneews.com

Staff Writers

Amy Polk, amy@saintignaceneews.com

Ryan Schlehuber, ryan@saintignaceneews.com

Karen Gould, karen@saintignaceneews.com

Paul Gingras, paul@saintignaceneews.com

Advertising Department

Tammy Matson, David Moyalson

ads@saintignaceneews.com

Print Shop Manager

Sherry Cece

Circulation Manager

Wendy Colegrove



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The quotation under the flag of *The St. Ignace News* on Page 1 is from the 10 triads written by Dr. Fred Newton Scott, creator and teacher of the first continuous course in journalism in the United States at the University of Michigan in 1890. The 10 triads are chiseled on the parapet of the Detroit News Building at 615 Lafayette Boulevard, Detroit. They were headed "Ideals of the Press" or "The Newspaper in a Free Society," and serve as a reminder of what a free press means to us.