

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday November 16th, 2010

Assembly Room-Allen County Courthouse

1 N. Washington, Iola, KS 66749

The first official meeting of the Board of Trustees of Allen County Hospital was held Tuesday, November 16, 2010, at 7:00 p.m. in the Assembly Room of the Allen County Courthouse. Board members present were Patti Boyd, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debra Roe.

The meeting was called to order by moderator Allen County Counselor, Alan Weber. The first item of business was the adoption of the Agenda. Item 2(a), future meeting dates was added and the agenda was adopted by common consent.

Allen County Clerk, Sherrie Riebel was called upon for the Administration of the Oath of Office to each of the new board members.

The moderator called for the election of officers. Upon a motion by Karen Gilpin with second from Debra Roe the name of Harry Lee Jr. was nominated for the office of Chairman of the Board. Upon closing of the nominations the vote was taken and Harry Lee Jr. was elected Chairman by unanimous vote. Harry Lee Jr. then relieved the moderator, Alan Weber and presided over the balance of the meeting.

Harry Lee Jr. nominated Karen Gilpin as Vice-Chairman with a second by Sean McReynolds. The nominations were closed and upon unanimous vote Karen Gilpin was duly elected. Harry Lee Jr. nominated Jay Kretzmeier as Secretary and Debra Roe as Treasurer, with a second from Tom Miller. The nominations were closed and upon a unanimous vote Jay Kretzmeier was elected Secretary and Debra Roe was elected Treasurer.

Future meeting dates and times were discussed. The dates of each succeeding Tuesday thru December 31, 2010 at the hour of 7:00 p.m. were established as future meeting dates by common consent. Later in the meeting it was established that the December 7, 2010 meeting time shall be changed to 6:00 p.m. in order to receive proposals from Bond Underwriters. The meeting December 14, 2010 shall be changed to 4:00 p.m. to receive proposals for Construction Manager.

Joyce Heismeyer, Chief Executive Officer of HCA, Allen County Hospital was called upon for Questions and Answers. The CEO was followed by Mr. Chuck Wells, Healthcare Financial Advisors, Inc. for comments and questions. He prioritized the selection of a project architect, construction manager, and bond underwriter. He noted the Allen County Hospital Facility Commission and County Commission had selected and obtained references as to Health Facilities Group (HFG) as architects for the Master Plan and that there exists numerous reasons to consider them as architects and designers for the new hospital construction project. *Alan*

Weber, Allen County Counselor, indicated there was no legal requirement to advertise for bids for this service.

A motion was made by Sean McReynolds and second by Karen Gilpin to seek the employment of HFG as architects for the new hospital construction project subject to approval of an acceptable contract and approval by the Allen County Commission. The motion carried. Stephen Lewallen of HFG was in attendance at the meeting and committed to presenting a contract for review by Tuesday, November 23, 2010. Shortly following this announcement Alan Weber reported that real estate appraisers are in the process of being hired.

Karen Gilpin made a motion to instruct Counselor Alan Weber to coordinate with the architects and potential construction managers for the purpose of creating and *issuing a Request for Proposal (RFP)* from potential service providers for the new hospital construction project. The motion was seconded by Patti Boyd and upon a vote was carried.

A brief explanation was provided by Chuck Wells as to the future of medical records. Of significant importance was his mention of the term “Meaningful Use” in the year 2013. He commented that hospitals will be subject to their record systems meeting this currently elusive federal definition by 2013 to avoid a cost penalty or to earn a 1.5 Million dollar government payment.

Mary Ann Arnott, from the Hospital Facility Commission was called upon for questions and answers. She commented that her group might best support the board by offering its’ summaries of their visitations to other hospital facilities. She deferred further comment in favor of Mr. David Toland, Executive Director of THRIVE Allen County. In summary, Mr. Toland recommended allowing HFG to proceed with their work, obtain Kansas Department of Health and Environment requirements for any real estate remediation, obtain appraisals, proceed with landowner negotiations for purchase of real estate and promptly follow up with condemnation proceeding with landowners who fail to accept offers through the negotiation process.

The board identified four areas of need and responsibilities for the purpose of shepherding several of the pressing issues before the board. By common consent the following were adopted and members volunteered:

New Construction Architecture and Construction – Tom Miller
Land Acquisition and Remediation – Jay Kretzmeier
Management Contract – Patti Boyd
Accounting Firm Retention for Prospective Financials and Auditing – Debra Roe

Just prior to the closing of the meeting, Chuck Wells noted the importance of one document that underpins everything as to the hospital’s financial success. That document is the “Medicare Cost Report”. He explained the significance of that report, and the effect it has on design and operation of the hospital in order to maximize the 101 percent reimbursement Medicare makes to Critical Access Hospitals.

The chairman made a request to each of the board members for questions. Patti Boyd made a motion to adjourn, second by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved Nov 23, 2010

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday November 23rd, 2010

Assembly Room-Allen County Courthouse

1 N. Washington, Iola, KS 66749

A scheduled meeting of the Board of Trustees of Allen County Hospital was held Tuesday, November 23, 2010, at 7:00 p.m. in the Assembly Room of the Allen County Courthouse. Board members present were Patti Boyd, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debra Roe.

Chairman Harry Lee, Jr. called the meeting to order. A motion to approve the agenda was made by Patti Boyd, a second was made by Tom Miller. Upon the vote the motion carried and the agenda was approved.

The minutes of the Board meeting dated November 16, 2010 were presented for approval. Tom Miller moved to the approval of the minutes, Karen Gilpin seconded. Upon the vote the minutes were approved as written.

It was reported that the required publication has been issued to bond underwriters and interviews of them shall take place December 7, 2010.

A discussion was held concerning construction delivery methods and construction manager selection for a proposed new hospital facility. Board members had received and reviewed information from attorney Mark R. Thompson dated November 19, 2010 that discussed and recommended a design-bid-build approach with the use of a Program Manager or Owner's Representative. Mr. Chuck Wells along with Mr. Stephen Lewallen and Mr. David Wright made recommendations for each a Construction Manager Agency and Construction Manager At Risk methodology. Their recommendation tended toward the Construction Manager at Risk method. Lewallen indicated that of 33 hospital projects his firm had worked with all were CMAR. With the CMAR method construction may be initiated at a point when drawings are 70% to 80% complete with the construction manager taking risk as to the residual percentage. An advantage of this method is the opportunity to shorten the completion date by up to 90 days. It was noted shortening the completion date would have the effect of reducing the total project risk. With the CMAR the manager holds contracts, with the Construction Manager Agency the Hospital Board holds contracts. Extended discussion ensued.

A motion was made by Sean McReynolds and seconded by Tom Miller to publish Request for Proposal (RFP) for Construction Manager at Risk for the construction of a new hospital with responses to be delivered to the Allen County Clerk by 12:00 noon, Tuesday, December 28, 2010. Upon the vote the motion carried unanimously. Publication is to take place by November 27, 2010.

As a point of information Joyce Heismeyer, Allen County Hospital CEO offered the hospital facility/conference room for use for future board meetings.

Member Patti Boyd reported she had held a conference with Chuck Wells, Joyce Heismeyer, and attorney Mark Thompson regarding methods to proceed on operating management agreement with a hospital operating company. Out of their discussion the plan is to start with HCA's document sometime in mid-December and work out of that document to reach final agreement language.

A Standard Form Agreement with the architect firm of Health Facilities Group, LLC of Wichita, Kansas was reviewed. A number of language changes are to be considered. It was agreed the attorneys would work towards those changes and the agreement would be considered at a later meeting.

Joyce Heismeyer, on behalf of HCA proposed that HCA might be interested in executing a ten (10) year lease agreement of the hospital in the primary amount of the annual debt service on the new hospital facility. Questions and discussion followed. A motion was made by Jay Kretzmeier with second by Debra Roe to thank HCA for presenting this opportunity, but to reject the proposal. The motion carried unanimously.

Member Jay Kretzmeier reported that KDHE had approved plans for remediation of environmental issues on certain subject land north and south of Monroe Street. Selection of a company to perform the work has been accomplished on the south tracts of land. It was reported that appraisers had been solicited. Only one proposal was received. Upon common consent the board agreed that an additional twenty requests should be solicited from Kansas Type G Licensed Appraisers.

A report was received from Chuck Wells suggesting the engagement of certified public accountants be for both Compiled Prospective Financial Statements and the first certified audit. Discussion followed as to the time schedule for solicitation. Member Debra Roe reported she would consult an industry professional for the purpose of learning when solicitation should best begin.

Alan Weber reported that no draft of bylaws has yet been received from attorney Mark Thompson.

Karen Gilpin reported that the Allen County Health Care Foundation has formed a subcommittee for the purpose of a future capital campaign, appointed Jim Gilpin and Don Copley as co-chairs, and that selection of a professional fund raising company is likely to be decided November 30th.

It was noted the time of the meeting to be held December 14th no longer needs to be held at 4:00 p.m. and will be held at 7:00 p.m.

Upon hearing no other business the meeting was adjourned.


Jay Kretzmeier, ACHBT Secretary

Read and Approved Nov. 30th 2010

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday November 30th, 2010

Assembly Room-Allen County Courthouse

1 N. Washington, Iola, KS 66749

A scheduled meeting of the Board of Trustees of Allen County Hospital was held Tuesday, November 30, 2010 at 7:00 p.m. in the assembly room of the Allen County Courthouse. Board members present were Karen Gilpin, Jay Kretzmeier, Harry Lee Jr., Sean McReynolds, Tom Miller, and Debra Roe.

Chairman Harry Lee Jr. called the meeting to order. The agenda was amended to include item 5a, Board Records. A motion was made by Debra Roe and second from Sean McReynolds to approve the amended agenda. The motion carried.

The next item of business was the approval of minutes of the meeting November 23, 2010. A motion was made by Tom Miller second by Karen Gilpin to approve the minutes as written. The motion carried.

The next item of business was the Health Facilities Group standard form agreement. Mr. David Wright of HFG indicated he had been in touch with attorney Alan Weber but that changes were not yet made. It was agreed this item would be placed on the agenda for a future meeting.

Board member Jay Kretzmeier reported a list of 20 appraisers had been provided to Alan Weber and Requests for Proposal had been mailed to those appraisers located in Eastern Kansas. The request asked for a response date of December 10th.

Board member Debra Roe reported she had been in contact with a professional accounting firm and learned that requesting proposals during the month of February would not likely be a problem for the type of firms the Board will be contacting. It was determined by common consent to place this item on the agenda for the December 14 meeting.

It was noted that board members had received, on this day, a draft copy of bylaws prepared by attorney Mark Thompson. Alan Weber indicated there was no big rush, and it was decided to place this item on the agenda for the December 14 meeting at which time board member Patti Boyd would be present.

There was a call for other trustee reports, none was heard.

The Secretary reported that he had been in contact with the Allen County Clerk for the purpose of arranging for the permanent storage of minutes, contracts, and official Board documents. The Allen County Clerk has made provisions for the permanent storage of those records. The County Clerk indicated that minutes of the hospital Board of Trustees could be made available

on the Internet. The board approved by common consent the policy of allowing the Board's approved minutes of its meetings being available on the Internet.

A report and discussion with David Wright was held concerning land requirements and land utilization for a new hospital construction project. Mr. Wright indicated there were two sites presently under consideration. He indicated emergency room access was important for any site as well as visibility of the facility. He first indicated that a 7 acre site was somewhat on the small side but he had worked with facilities located on sites as small as 3 to 4 acres. He indicated a downside of the East Street location is the unknown costs of remediation of environmental issues. Local businessman and contractor Larry Macha was in attendance at the meeting and indicated he owned 25 acres of land east of this possible site and that he had completed remediation at a fairly reasonable price which he enumerated. Mr. Wright indicated that this location was core to the City of Iowa and that utilities were readily present. Board member Tom Miller reported from his discussions with the City of Iowa that there exist overhead utilities along Monroe Street which is a main feed to Gas City. It was also noted that sanitary waste lines were part of the Monroe Street easement.

Commissioner Robert Francis who was present at the meeting indicated that Allen County certainly had equipment that might be used for remediation and that county employees might be able to take a 40 hour class that would allow them to do remediation work. Before the conclusion of this discussion on the East street location Mr. Wright indicated he believed the project layout on a 7 acre tract would be workable situation.

The board discussed the issue of contacting present landowners of the East Street location. A motion was made by Tom Miller with second from Sean McReynolds to send a letter to all landowners of the approximate 17 acres there, indicating to them that the Board would like to make personal contact with them about the purchase of their land. Discussion followed and agreement was reached as to the content of the letter. The motion then passed unanimously.

A motion was made by Harry Lee Jr., second by Karen Gilpin to authorize board members Tom Miller and Jay Kretzmeier to represent the board in meeting with the landowners of the 17 acre site. Motion carried.

Tom Miller indicated he would contact the City of Iowa as to the possibility of the electric utility service being placed underground along Monroe Street and would make a report at a future board meeting.

David Wright indicated that construction management agreements would be a three-step process. Step one, would be to solicit qualified companies. Step two, create a shortlist of 3 to 5 responsible companies. Step three would be for the Board to conduct interviews with the companies on the shortlist. It was reported that the interviews will take place, January 11th 2011. He indicated that revised requests for proposal had been prepared. The invitation for proposals included the construction value in the amount of \$16,600,000 and construction duration of 17 months.

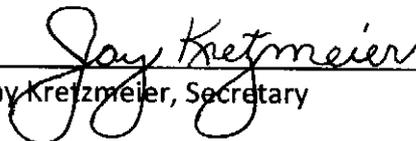
A grading sheet for board members use in selecting a construction manager was presented by David Wright. A motion was made by Sean McReynolds with second from Debra Roe that the Board adopt the grading worksheet which included a point system of five points for professionalism, 10 points for qualifications, 10 points for strength of the proposed project personnel, five points for trust, 10 points for proposed cost for construction management services, and 10 points for project performance track record. The motion carried.

A motion was made by Tom Miller with second from Karen Gilpin to publish the request for proposal for construction manager as presented at the meeting by David Wright to be published Thursday, December 2, 2010. The motion carried.

David Wright requested permission to solicit detail from the current Allen County Hospital supervisors. Joyce Heismeyer was present at the meeting and permission was given to Mr. Wright by the Board and Joyce Heismeyer to coordinate with Mrs. Heismeyer to schedule these meetings with hospital staff. This action was approved by common consent.

A motion was made by Debra Roe seconded by Karen Gilpin that beginning with board meetings on December 21, 2010 Trustee Board meetings be held at the Allen County Hospital meeting room. The motion carried.

Upon a motion may by Tom Miller with second by Debra Roe, the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 12/07/2010

Allen County Hospital Board of Trustees Meeting

6:00 P.M. Tuesday, December 7, 2010
Assembly Room-Allen County Courthouse
1 N. Washington, Iola, KS 66749

The scheduled meeting of the Board of Trustees of Allen County Hospital was held Tuesday, December 7, 2010, at 6:00 p.m. in the Assembly Room of the Allen County Courthouse. Board members present were Patti Boyd, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debbie Roe.

The meeting was called to order by Chairman Harry Lee, Jr. The first item of business was the approval of the agenda for the meeting. Patti Boyd moved to approve the agenda. Tom Miller seconded the motion and the motion carried.

The minutes of the meeting dated November 30th were presented for approval. A motion was made by Karen Gilpin with second from Patti Boyd to approve of the minutes as written. The motion carried.

Board member Tom Miller gave a report from his discussion with the City of Iola concerning overhead power lines. The City of Iola gave him an indication that following some additional consultation, the city may well have the capability of moving power underground along Monroe Street. Miller indicated he would have further conversation with the city about sanitary sewer at that location.

It was reported by board member Jay Kretzmeier that three appraisers had requested packets for submitting bids for appraisal of real estate. He reported that letters to eight landowners have been mailed.

Mr. Chuck Wells reported he had made changes to the requests for proposal for the auditing and financial forecast compilations. He indicated that selection in February or March would be appropriate and that the RFP's should be sent toward the end of January.

At the hour of 6:10 p.m. interviews of bond underwriters began to be held. The first presentation was from UMB Bank. The presenters were Mr. Philip Richter and Mr. Scott Crist. A written proposal dated December 7, 2010 was provided to each of the board members. An oral presentation followed. One of the items UMB presented concerned a "tax exempt rolling note" to be used for working capital. They indicated when these notes were for a period of less than 12 months they would retain their tax exempt status. They indicated up to \$5.1 million of these notes might be issued by UMB or local banking institutions and the \$25 million note and \$5 million note would each have separate note covenants.

The gentlemen indicated the Public Building Commission would in all likelihood be replaced by a bond payment trustee. They reported UMB could serve as bond payment trustee and that fees would be on annual basis and might be bid in at \$ 1,500/\$ 3,000. Section 4, page 6 of their presentation listed their underwriting fees at \$7.50 per \$ 1,000 for bond underwriting and \$6.50 per \$ 1,000 for the note.

The next item of business at 7:00 p.m. was the opening of a public hearing as to the decision to utilize a construction manager at risk for the construction of the proposed new hospital. The chairman opened the floor for public comments. A brief review of the construction manager at risk concept was made. Allen County Commissioner Dick Works mentioned he had received communications from public officials across the State of Kansas over a period of time and the conclusion from this would be the structure of using a manager at risk would be the only way to go. Upon hearing no further comments a motion was made by Tom Miller to close the public hearing and for the board to adopt the construction manager at risk as the method of constructing a new proposed hospital. This motion was seconded by Karen Gilpin and upon no further discussion the motion passed unanimously.

At 7:10 p.m. the board received a bond underwriter presentation from the Piper Jaffray company. Mr. Greg Vahrenberg and Mr. Todd Van Deventer made this underwriter's presentation. They provided a 25 page proposal to the board. They presented several options as to methods of satisfying the working capital needs of the new hospital project. One of these included the concept of the Public Building Commission purchasing the equipment now held by Hospital Corporation of America so that it could be included in the bond issue on a tax exempt basis. They also suggested avoiding the netting of transactions with HCA, but alternatively receive the Balance Sheet restoration amount in cash from HCA. It would appear this might approximate up to \$1,500,000. Page 24 of the Piper Jaffray presentation lists their fees at \$75 per \$1,000.

Following these two bond underwriter presentations the board held discussion about the strong points of each firm in order to meet the needs of the board for a new hospital project. The trustees inquired of and heard comments from audience member Jim Gilpin. A motion was made by Sean McReynolds with a second to the motion by Karen Gilpin to select the firm of UMB as the bond underwriter for the new hospital construction project. The motion carried by a vote of six in favor with one opposed.

At the hour of 8:49 PM a motion was made by Patti Boyd with second from Debbie Roe to enter into executive session for the purpose of discussing land acquisition. The motion carried. Chuck Wells and Commissioner Dick Works were in attendance during the executive session. At the hour of 8:54 PM the executive session was concluded. No action was taken following the executive session.

There being no further business before for the board, a motion was received by Sean McReynolds with second by Tom Miller to adjourn and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 12-14-10

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday December 14, 2010
Assembly Room-Allen County Courthouse
1 N. Washington, Iola, KS 66749

The scheduled meeting of the Board of Trustees of Allen County Hospital was held Tuesday, December 14, 2010 at 7:00 p.m. in the Assembly Room of the Allen County Courthouse. Board members present were Patti Boyd, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debbie Roe.

The meeting was called to order by Chairman Harry Lee, Jr. A motion was made by Patti Boyd with second from Debbie Roe to approve the agenda of the meeting. Discussion followed and the motion was amended along with the second to add item 4. a; that being the UMB Engagement Letter and items 6.a executive session to discuss real estate and 6.b executive session for discussion with legal counsel. The amended motion carried.

A motion was made by Debbie Roe to approve minutes of the meeting dated December 7, 2010. The motion was seconded by Karen Gilpin and discussion followed. The minutes were amended to include two changes, the motion and second were amended to include the changes. The phrase bond trustee was utilized and reference to Jim Gilpin's comments was included. The amended motion carried and the minutes were approved as amended.

The next item of business was the receipt of appraiser proposals. Three new proposals had been received. A proposal was received from Aul & Hatfield Appraisal, LC from Lawrence, Kansas in the amount of \$5,400. A proposal was received from Martens Appraisal from Lawrence, Kansas in the amount of \$8,000. The third proposal was from Robert E. Golden of Lawrence, Kansas in the amount of \$5,050. The board examined and reviewed all of the proposals and held discussion. It was noted that the Martens' appraisal was the only appraisal submitted that included references and all of the information included in the request for proposal. The discussion included questions about the first appraisal that had been received which was in the amount of \$ 15,000 with an eight week lead time. Alan Weber reported that he called two of Martens' references and had received good reports. The motion was made by Tom Miller, with a second by Patti Boyd to select the Martens Appraisal proposal to complete the hospital board's appraisals of real estate being considered for acquisition. The motion passed unanimously.

Allen Weber reported that his changes to the HFG standard form agreement had been delivered but that the attorney for HFG had been committed elsewhere. He indicated that a conference call was scheduled with the attorney later in the week. It was noted that this item should be carried on to the agenda of the December 21st meeting. Stephen Lewallen had been in telephone communication with board member Tom Miller. Mr. Miller indicated that Mr. Lewallen was asking to be added to the delivery list of meeting agendas. This request was approved by common consent.

Draft bylaws having been provided to the board by attorney Mark Thompson was the next item of business to come before the meeting. The board began reviewing and suggesting changes to the draft bylaws starting with page one. It was duly noted that the mission statement should be removed from the bylaws and placed in other documents and that the development of a mission

statement should be placed on the agenda of future meetings. The board continued reviewing and changing language to the bylaws through page 11 and included changes suggested by Joyce Heismeyer who was in attendance at the meeting. A motion was made by Patti Boyd with second from Tom Miller to close the review of the bylaws and to resume the review beginning with Article VI at the next meeting. The motion carried.

Karen Gilpin reported on her communications with the Allen County Healthcare Foundation. They had reported receiving three presentations from firms that provide fund-raising supervision and assistance. She reported that the foundation had selected the company named Hartsook. She reported further that a feasibility study would soon be in place, a survey would be issued to a 150 or so individuals and 40 key individuals would be selected for personal interview. From this information the company will be able to help the foundation set goals and establish proper approaches.

The UMB engagement letter was presented to the Board for review. The letter had previously been signed by the Allen County Commissioners. Jay Kretzmeier moved that the board approve of the engagement letter and execute it with proper signature. A second to the motion was received by Sean McReynolds and upon the vote the motion carried unanimously.

The board discussed future meeting times and business agendas. It was noted that for the next meeting, land acquisition, donations, and the further review of bylaws should be placed upon the agenda. Patti Boyd moved that the board regular meetings be held each Tuesday at the hour of 7:00 p.m. unless the time of a meeting needed to be specified differently. Sean McReynolds seconded the motion and upon the vote the motion carried unanimously. Debbie Roe moved that the December 28th meeting time be set at 6:00 p.m. in order to evaluate construction manager qualifications. This was seconded by Tom Miller and upon the vote motion carried unanimously.

At the hour of 8:50 p.m. a motion was received by Tom Miller with second from Debbie Roe to move into executive session for 10 minutes to discuss acquisition of real estate. The motion carried. Alan Weber attended the executive session. At 9:10 a motion was made to extend the executive session for another five minutes. This motion was made by Sean McReynolds and seconded by Patti Boyd. The motion carried and Alan Weber advised those outside the meeting of the extended session. Upon the return to open meeting no action was taken.

At 9:15 p.m. a motion was made by Sean McReynolds with the second by Karen Gilpin to enter into executive session for the purpose of attorney/client communications. The motion carried. Alan Weber, Commissioner Gary McIntosh and CEO Joyce Heismeyer were invited to attend the meeting. Upon return to the open meeting no action was taken.

A motion was received from Tom Miller with second by Patti Boyd to adjourn the meeting. The motion carried and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 12-21-10

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday December 21, 2010

Conference Room - Allen County Hospital

101 S. First St., Iola, KS 66749

The scheduled meeting of the Board of Trustees of Allen County Hospital was held Tuesday, December 21, 2010, at 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd, Karen Gilpin, Jay Kretzmeier, Sean McReynolds, and Debbie Roe.

The meeting was called to order by vice president Karen Gilpin. It was announced that a quorum was present. The agenda was presented and included one modification; item 2a was added and was described as amended appraiser proposal. A motion was made by Debbie Roe, a second to the motion was received by Patti Boyd and discussion followed and the modified agenda was adopted.

The next item of business was the approval of the minutes of the meeting dated December 14, 2010 as last distributed. A motion was received by Sean McReynolds; this was followed by a second by Debbie Roe to approve of the minutes as received. Upon hearing no further discussion and a call for the vote, the motion carried.

The development of bylaws was the next item of business before the meeting. The board discussed adopting a committee consisting of Karen Gilpin, Patti Boyd, Joyce Heismeyer, and Alan Weber for the purpose of finishing the review of bylaws and recommending changes at a later meeting of the board. The adoption of this committee was approved by common consent.

The next item of business was land acquisition. This being an item to be discussed in executive session, the board moved it aside to the last item on the agenda.

The board reviewed communications from counselor Alan Weber and Marten's Appraisal service concerning amended appraisal requirements. This report included the observation that a 10th tract of land needed to be included in the appraisal and additionally the appraisal needed to contemplate possible condemnation proceedings. Weber presented an amended proposal from Marten's Appraisal Service in the dollar amount of \$10,000. Karen Gilpin reported she had been in communication with Weber concerning obtaining an amended proposal from Aul & Hatfield Appraisal, LC. Weber reported that he had obtained an amended proposal from Aul & Hatfield and additionally he had obtained favorable references as to Aul & Hatfield. The revised Aul & Hatfield proposal was the amount of \$5,900. The board surmised both of these appraisals consisted of 10 different tract appraisals and included provisions for before/after valuations. The Aul & Hatfield proposal included a 4 to 5 week delivery date and accordingly the proposals by the two firms seemed to be substantially the same except for cost. A motion was made by Karen Gilpin a second was received by Patti Boyd to accept the revised proposal from the Aul &

Hatfield firm and to rescind the appraiser decision previously made with Marten's Appraisal Service. Discussion followed and upon the vote the motion carried unanimously.

The next item of business was the discussion of donations to the hospital for the purpose of construction and equipping the proposed new hospital. Jim Gilpin, a member of the audience and member of the Allen County Health Care Foundation reported the foundation will have a brochure at a future date available to the board. He indicated the health care foundation had already received a donation. He suggested that donation inquiries that are made before the end of this year could be made payable to the Allen County Health Care Foundation and may be made through the Thrive Allen County office who would accept funds and see that they are appropriately deposited.

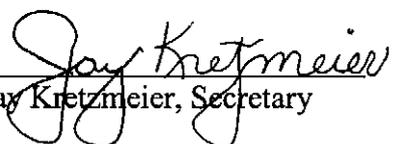
The next item to come before the board was the HFG standard form agreement. Counselor Alan Weber reported he had been in telephone communication with the HFG attorney. Stephen Lewallyn indicated that the following Tuesday he would have revised language from the attorney and he would be communicating that to the board or its attorney. It was noted that the item should be placed upon the agenda of a meeting following December 28th.

There was a call from the moderator for trustee reports. Board member Patti Boyd initiated dialogue with CEO Joyce Heismeyer concerning the development of a future agreement with HCA. Heismeyer indicated HCA was currently valuing assets present at the hospital and would be creating a timeline and proposal. She indicated that in the third or fourth week of January talking points would be developed that could lead to a draft of an official document with HCA.

It was duly noted that at the next meeting of the board December 28th there would be a review of construction manager qualifications for the proposed new construction of a hospital. Packets from nine construction companies will be on display for the board to review and to select 3 to 5 (referred to as shortlist) possible construction companies to interview. It was noted that meeting shall start at 6 p.m. Stephen Lewallyn described the process to the board. It was his recommendation that when it came to checking construction company references one or two board members accept responsibility and do that in some depth. He highlighted the importance of this being done by only one or two board members so that consistency would be a significant part of the process. He indicated one important factor for a construction company would be that it had experience in critical access replacement hospitals. He also indicated that job size experience would be an important factor. Finally, he indicated the operational structure of the company was important so as they could implement a good communication team with everyone involved in the project. He recommended at the next meeting it would be well to establish the query procedures as to the references.

At the hour of 7:45 p.m. it was time for the board to discuss land acquisition and a motion was made by Patti Boyd with second from Sean McReynolds to enter into executive session with Alan Weber and Joyce Heismeyer for the purpose of land acquisition. The motion carried. The board entered executive session. At the hour of 7:55 p.m. a motion was made by Patti Boyd with second by Sean McReynolds to extend the executive session for five minutes. The motion carried and Alan Weber announced the extended session to the attending community. The board continued the executive session.

At the hour of 8:00 p.m. the board returned to open session. No action followed the executive session. At the hour of 8:02 p.m. a motion was received from Sean McReynolds, a second by Debbie Roe to adjourn. The motion carried and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and Approved 12-28-10

Allen County Hospital Board of Trustees Meeting

6:00 P.M. Tuesday December 28, 2010

Conference Room - Allen County Hospital

101 S. First St., Iola, KS 66749

The scheduled meeting of the Board of Trustees of Allen County Hospital was held Tuesday, December 28, 2010, at 6:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debbie Roe.

The meeting was called to order by Chairman Harry Lee. The first item of business was the approval of the agenda for the meeting. A motion was made by Karen Gilpin with second by Sean McReynolds to move item 2 as item 3 and to replace item 2 with the legal opinion on construction manager qualifications. With no further discussion the motion carried.

The minutes of the board meeting dated December 21, 2010 having been distributed to all members of the board was the next item of business. A motion was made by Patti Boyd with a second received by Debbie Roe to approve of the minutes as distributed. The motion carried and the minutes were approved.

A communication dated December 28, 2010 to Counselor Alan Weber from attorney Gregory Gerstner was the next item of business. Mr. Gerstner's letter presented comments and suggestions regarding the construction manager at risk procurement documents. These included more explicit instructions and a better defined and weighted scoring mechanism to be used for Phase II and Phase III of the selection process. Counselor Weber advised there should be an attachment to the earlier documents indicating the board had been advised by counsel that certain of these items needed to be submitted in writing with proposals. He indicated that as to scoring of proposals, no more than 50% of scoring could be attributable to company interviews as is established by statute. Discussion followed. A motion was made by Patti Boyd with second from Sean McReynolds that the three to five companies chosen to be on the shortlist be notified by Thursday, December 30, 2010 that they should have their written proposal information to the board by noon Friday, January 7, 2011 in order that the board may review written materials prior to its meeting on January 11, 2011. Discussion followed and upon a call for the vote the motion carried unanimously.

Following this action David Wright, from HFG recommended that references be checked of the shortlist companies sometime within the next two weeks. It was noted that a list of questions to be used with each of the companies should be created. Mr. Wright indicated that the scoring worksheet might be one source from which to establish the questions. Discussion followed as to the references to be sought. The board decided by common consent to seek references from the following persons and established who would be seeking the references. It was agreed Joyce Heismeyer would obtain references from Hospital CEOs, Tom Miller would seek references from Facilities Managers and Plant Engineers, Karen Gilpin would seek references from

Directors of Nursing, and Harry Lee would seek references from Hospital Board Chairpersons. These references to come from constructed hospitals listed in the construction manager's qualification materials.

It was noted by Alan Weber that one set of construction manager qualifications had not met the request for notification to the architects. The board then evaluated whether to include the company as a consideration for the shortlist. Sean McReynolds moved with second by Karen Gilpin to include the qualification materials from the BD Company for consideration as a construction manager at risk. Discussion followed and upon a call for the vote the motion carried with six in favor and one opposed.

At the hour of 6:41 PM the board each individually examined the presentation of qualifications from 10 companies applying to be construction managers at risk for the proposed new hospital. Following a lengthy review of the companies the board held open discussion at which time six companies were eliminated from consideration. At the hour of 8:48 PM a motion was made by Tom Miller with second from Patti Boyd that the board reduce the shortlist to three companies. Discussion followed upon a call for the vote motion carried six in favor and one opposed.

Harry Lee moved that the Dunn Company be selected over the Nabholz Company. This motion was seconded by Tom Miller. Discussion followed and the motion carried unanimously. Patti Boyd moved that the shortlist of companies to be considered as Construction Managers at Risk for a proposed new hospital consist of the J.E. Dunn Company, the Hutton Construction Company, and the Murray Company. This motion was seconded by Debbie Roe. Discussion followed and upon the vote the motion passed unanimously.

At the hour of 9:03 PM the call was made for inquiries before the board. Doctor Brian Wolfe spoke at this time with concern that the board consider placing the hospital Chief of Staff as an ex officio member of the Board of Trustees. Discussion followed and Karen Gilpin moved that the Board of Trustees of the Allen County Hospital shall include the Allen County Hospital Medical Chief of Staff or such person's designee and the Allen County Hospital CEO as ex officio members. A second to this motion was received from Debbie Roe. Discussion followed and out of the discussion that motion was withdrawn by Karen Gilpin and the second to the motion was withdrawn by Debbie Roe.

A motion was made by Karen Gilpin with second from Debbie Roe that the Allen County Hospital Board of Trustees shall include the Medical Chief of Staff of the Allen County Hospital or such person's duly appointed designee. Upon hearing no discussion the motion was voted upon and passed unanimously.

Stephen Lewallen reported that HFG contracts were in process and may be available for the board to review in the coming weeks. He indicated HFG would be conducting program interviews January 6th and 7th 2011.

Upon no other business to come before the board Karen Gilpin made a motion to adjourn. This motion was seconded by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and Approved 1/04/2011