

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday January 4, 2011
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, January 4, 2011, 7:00 p.m. in the Conference Room of the Allen County Hospital. All seven board members were present to wit: 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 at the hour of 7:02 PM. The first item on the docket was the approval of the agenda. A motion was made by Jay Kretzmeier along with a second from Karen Gilpin to approve of the agenda. The motion carried.

Minutes of the meeting dated December 28, 2010 were referenced for approval. It was noticed that three corrections were being made to the minutes since last distributed. The corrections include changing one date to January 11, 2011 and correction of the name of the architects to HFG. A motion was received from Patti Boyd with second from Debbie Roe to approve the minutes as corrected. The motion carried.

Chairman Harry Lee recognizing there were several guests in attendance at the meeting, suggested the board consider modifying the order of its meetings so as to accommodate guests who wish to speak to the board. Discussion followed. Out of this discussion it was concluded that board meetings would include an item of business listed as Public Forum to be placed immediately before Old Business upon the agenda. This was approved by common consent.

The chairman addressed the audience and asked if there was anyone present who had questions or would like to speak. Mr. Larry Macha was present at the meeting and asked to be recognized for a few minutes. Mr. Macha indicated he had been a contractor for 32 years. He was aware of action taken by the board in its previous meeting to reduce construction manager choices to three companies. It was his position that the list of three companies was too small. It was his suggestion that the opportunities be given to five or six companies. The board held discussion and asked questions of counselor Alan Weber and architect David Wright. A motion was made by Tom Miller with second from Karen Gilpin to establish an agenda item later in the meeting for the purpose of considering two additional companies as construction manager. On a call for the vote, the motion passed five in favor with two opposed.

A report was received from the architects that the standard form agreement was progressing but it is not yet ready for execution.

Item 2 on the agenda was tabled to be placed immediately after consideration of the two additional companies as construction manager.

The next item of business was a report from trustees. Feedback from construction manager references came before the board. This item was tabled so as to follow the board's decision on the consideration of adding construction managers to the shortlist later in the meeting.

The board reviewed language for a proposed resolution in favor, and in honor of, the life of the late Robert V. Talkington. From this review several revisions were suggested made, the hospital advisory board be consulted, and the revised resolution be a joint statement from the two boards. It was noted that the revised resolution would be submitted to Joyce Heismeyer for the advisory board approval and to this board for consideration at a future meeting.

The board sought methods and ways to involve community input as to the construction of a new hospital. The board asked several questions of David Wright. He indicated the first step was the interviews with hospital staff which is taking place this week. He noted that hospital volunteer groups, auxiliary, and focus groups could be consulted during the design stage. He indicated that this can be done 3 to 4 months from now. The chairman asked if Mr. Wright would keep the board advised so as preparations could be made one month ahead of time to make available to the public, the architect's schematic design. David Wright indicated he would do so.

The chairman expressed appreciation to Mary Ann Arnott for her written reports to the board as to hospital commission visitations to area hospitals.

Coming off the table to the board from earlier in the meeting was the possibility of increasing the number of construction managers for consideration. Discussion followed and upon completion of the discussion no motion came from the board members. It was duly noted by the chairman that all contractors would still have opportunity to participate in the proposed new hospital construction in the capacity as a subcontractor.

At this time item 2 on the agenda was brought back to the table for reports. Board member Tom Miller provided the board with the results of his seeking references from hospital facilities managers. He provided a written report. CEO Joyce Heismeyer reported she had spoken to seven of nine hospital CEOs and gave a report to the board on the references she had received. Chairman Harry Lee reported on his contacts with the Board Chairman of several hospitals. Finally, Karen Gilpin issued a report on her references from hospital directors of nursing.

The board discussed the upcoming scoring of construction managers and reviewed the interview process. It was noted that Greg Gerstner from the law firm of Siegfried, Bingham, Levy, Selzer, & Gee would be present at the construction manager interviews. Alan Weber advised he would send a revised scoring document to members of the board.

Upon a call for further business, at the hour of 8:45 PM Debbie Roe made a motion that the board adjourned its meeting. This motion was seconded by Karen Gilpin. The motion carried and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 1/11/2011

Allen County Hospital Board of Trustees Meeting

4:00 P.M. Tuesday January 11, 2011
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, January 11, 2011, at 4:00 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, Debbie Roe, and ex officio member Glen Singer M.D.

The meeting was called to order by Chairman Harry Lee at 4:04 PM. The first item of business was the approval of the agenda. Item 2b, HCA negotiations was added to the agenda and adopted by common consent.

A motion was made by Patti Boyd with a second from Tom Miller to approve of the minutes of the meeting dated January 4, 2011 as last distributed. The motion carried and the minutes were approved.

At the time of public forum and comments, the chairman asked if there were any comments or questions for the board. None were requested and the meeting continued.

At 4:08 PM a motion was made by Sean McReynolds with second by Tom Miller to enter into executive session for one hour each for the purpose of holding construction manager interviews with three construction companies, the first being the Hutton Construction Company. Included in the motion for attendance were Chuck Wells, ACH CEO Joyce Heismeyer, ACH CFO Larry Peterson, ACH Director of Plant Operations Pat Rowe, representatives from Health Facilities Group, attorney Greg Gerstner, and Counselor Alan Weber. The motion carried unanimously and the board entered into the executive session.

At 5:18 PM with the previous interview having been completed, the board held an interview with the J.E. Dunn Construction Co.

At the hour of 6:33 PM with the J.E. Dunn Company interview completed, the board conducted an interview with the Murray Construction Company. At 7:45 PM the board exited the executive session for a break.

At 7:55 PM a report was received by Joyce Heismeyer as to the Hospital Administration Board approval of the resolution below. A motion was presented by Jay Kretzmeier with a second from Karen Gilpin for the adoption of the following:

“Be it Resolved, the Boards of Trustees of the Allen County Hospital hereby jointly acknowledge the dedication and accomplishments to the citizens of Allen County and the State of Kansas from the life of the late Senator Robert V. Talkington. Lifting up with the highest appreciation his service to his country in the United States Army, twenty years of representation to the Kansas House of Representatives and Senate, service to the Kansas Board of Regents, the Kansas Turnpike Authority, to Allen County Hospital as attorney, and his leadership in the formulation of the Allen County Health Care Foundation. May the strength of his leadership, quality of ideals, and capacity to bring people together be long remembered and serve as an example to the many people whose lives he has touched.”

Upon a call for discussion, none was heard and the resolution was adopted unanimously.

The matter of negotiations with HCA was presented by board member Patti Boyd. A motion was made by Tom Miller with a second from Debbie Roe that a subcommittee consisting of Patti Boyd, Sean McReynolds, Karen Gilpin, Joyce Heismeyer, and Alan Weber be adopted for the purpose of negotiating with HCA. The motion carried unanimously.

The Chairman made a call for other reports, none was heard and the meeting continued.

A motion was made by Patti Boyd with second from Sean McReynolds to enter into executive session for 15 minutes, along with the individuals identified and present at the previous executive session for the purpose of evaluating the construction manager financial information and interviews. The motion carried and at 8:03 PM the board entered into executive session. At the hour of 8:18 PM the board exited from the executive session.

The board reviewed a summary and comparison of the cost proposals from the Hutton Construction Company, the J.E. Dunn Construction Co., and the Murray Construction Company. It was noted by the board that 50% of scoring of the companies must be attributable to their written proposal. As to this end the board agreed and assigned a point value of 1000 points to the Murray Company for having the lowest cost proposal. 890 points were awarded to the Hutton Company, and 800 points were awarded to the J.E. Dunn Company for their respective proposed cost amounts. Discussion about the qualifications and outcomes of the construction manager interviews followed. A motion was made by Sean McReynolds with second duly made by Tom Miller for the awarding of 925 points each to the Hutton and Murray companies and 850 points to the J.E. Dunn Company for the results from their printed qualification and interviews. Upon a call for the vote the motion carried unanimously.

The totaling of the awarded points resulted with the Murray Construction Company receiving a total of 1925 points, the Hutton Company a total of 1815 points, and the J.E. Dunn Company a total of 1650 points and it was announced that the board's selection for the company serving as

construction manager at risk for the proposed new hospital construction will be the Murray Construction Company.

The board examined its calendar of upcoming scheduled events. A motion was made by the Patti Boyd with second from Karen Gilpin that the next scheduled meeting of the board shall be called for Tuesday, January 25th at 7:00 PM. The motion carried.

Upon hearing no other business a motion was received by Sean McReynolds with second from Tom Miller to adjourn the meeting and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 1 - 25 - 11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday January 25, 2011
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, January 25th, 2011, at 7:00 PM 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:00 PM. Sean McReynolds moved for the adoption and approval of the agenda. This motion was seconded by Patti Boyd and the motion carried.

The minutes of the board meeting dated January 11, 2011 were subject to the approval of the board as last distributed. A motion was made by Karen Gilpin with second from Tom Miller to approve of the minutes as submitted. Upon a call for the vote the motion carried.

The chairman called upon visitors and guests in attendance seeking questions and comments of the board. Jim Gilpin gave a report from the hospital foundation task force meeting which had taken place January 24th. He commented that Stacy Addison of Hartsook company had visited on January 13 and 14th and that their program was off and running. Gilpin noted that contributions made to the foundation would be used for items beyond those funded by the sale of Public Commission bonds.

The first item of old business was the matter of ex officio board members. Discussion ensued concerning the nature of the Allen County Hospital CEO serving in that capacity. Discussion was also held concerning the possibility of having a representative of the city of Iola serving as an ex officio member. Some discussion surrounded the issue of the CEO being an ex officio member of the board prior to negotiations with, or the reaching an agreement with, a hospital management group. The chairman asked if there was a motion to be made from the board, none was heard.

Allen County Counselor Alan Weber reported a number of changes have been made with the HFG standard form agreement. He indicated the parties were down to three specific lines within the agreement. The most crucial of these issues pertains to the limitation of liability and specifically as to consequential damages. Questions and comments were addressed to the representatives from HFG. The representatives acknowledged that recently more attention was being paid to limits of liability in their agreements and they may in fact need to reevaluate their position. They indicated they would speak to their legal counsel. Inquiry was made as to whether practical language could be developed that would possibly deal with the issue by placing a cap on liability or covering the exposure with insurance.

An answer for a progress report from Aul and Hatfield appraisals had been received. Deedra O'dell advised the board that appraisals on land parcels under consideration will be issued as each is completed and that the last of the appraisals should arrive by the end of the day on February 4, 2011. The board discussed a plan of action as to when the appraisals are received. Alan Weber indicated that as soon as he received appraisals he would distribute them to the board members and those upon the new hospital construction team including bond counsel, Chuck Wells, the architects, and the construction manager. It was noted that the board meeting scheduled for February 8th will include an agenda item for a discussion and action on the appraisals.

The board discussed communication with the Allen County Commissioners as to upcoming financing needs. It was noted that option agreements for the purchase of land may require a 10% payment with the option which would apply to the purchase price if the option is taken. It was duly noted by the architects that the option agreement should include language authorizing site surveying and geotechnical sampling. Alan Weber indicated he would speak with the commissioners at their next meeting and would report back to the board on the commissioner's financing commitments.

At the hour of 7:50 PM Chairman Harry Lee moved the Board enter into executive session for a 10 minute period of time for the discussion of land acquisition. The motion was seconded by Sean McReynolds and the motion carried unanimously. At 8:00 PM the board exited their executive session and thereupon took no action.

Requesting proposals from accounting firms was the next item of business. Counselor Alan Weber indicated the board had no statutory requirements with this request. The board surmised that the firm to be chosen should have medical experience and sufficient qualifications and reputation to provide reliability for the quality sale of its bonds. During this discussion CFO, Larry Patterson was consulted from those in attendance at the meeting. By common consent the board approved of Debbie Roe, Alan Weber, and Patti Boyd reviewing the draft RFP previously provided by Chuck Wells for the making of a recommendation at a future meeting.

A motion was made by Tom Miller with a second from Debra Roe to establish a short list comprised of Emprise Bank and Community National Bank for the purpose of obtaining proposals as to the board's depository of funds. The motion carried unanimously.

The KDHE environmental study was discussed and it was noted, the need to establish communications between KDHE and the architects HFG, and the construction manager Murray Construction. During the meeting Stephen Lewallen coordinated with Dr. Brian Wolfe to obtain copies of the remediation plan used in construction of the doctor's clinic.

At this time the agreements with HCA were brought up for inquiry. Joyce Heismeyer reported that she had agreements in hand but they were in confidential form. It was duly noted that members of the board would need to execute confidentiality agreements prior to receiving the draft documents. It was reported the confidentiality agreements would be made available to board members, to be executed for the next board meeting.

On a closing side comment, Counselor Alan Weber indicated he would seek out and learn as to the existence of an engagement letter with bond counsel. Hospital management operating training and education was discussed by the board and it was noted that the secretary should place that item upon the agenda for meetings in April. A motion was made by Karen Gilpin with a second from Sean McReynolds that the next meeting of the board shall be held Tuesday, February 1, 2011 with subsequent meeting Tuesday, February 8, 2011. The motion carried.

A motion was made by Debra Roe for the adjournment of the meeting. This motion was seconded by Tom Miller and upon the vote which carried, the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 2-08-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday February 8, 2011
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, February 8, 2010, at 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd present by telephone conference, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order on a very cold and snowy night by the chairman Harry Lee at the hour of 7:03 PM. A motion was made by Debbie Roe with second from Karen Gilpin to approve of the agenda for the meeting. This motion carried. A motion was made by Karen Gilpin with a second to the motion from Tom Miller to approve the minutes of the meeting dated January 25, 2011. The motion carried.

The chairman called to a limited number of visitors, as to their questions or comments to the board. There were no questions or comments received.

The first item on the agenda was the agreement with the architect firm Health Facilities Group. Counselor Alan Weber indicated he had continuing discussions with representatives of HFG concerning their responsibilities for consequential damages. Several options were discussed. Those included HFG agreeing to \$1 million of potential liability attributable to consequential damages or HFG providing \$2 million of insurance towards consequential damages with a cost to the hospital of \$6000 per year. A motion was made by Karen Gilpin, with a second received by Sean McReynolds, to proceed with the HFG agreement including the language listing the \$1 million cap towards HFG for consequential damages from failures of their work. Discussion followed and upon the vote the motion carried unanimously.

The request for proposals from accounting firms was discussed. This RFP had previously been presented to the board in revised form from Counselor Alan Weber. A motion was received from Debbie Roe with a second by Jay Kretzmeier to send the request for proposal as revised to three accounting firms and for meetings to be held on March 1, 2011 at the hour of 7:15 PM to interview the prospective firms in 30 minute sessions. During this discussion Alan Weber advised that costs of the accountants and other costs would be paid by the Allen County Commissioners and that when construction of the hospital begins costs will be paid for by the Public Building Commission (PBC). He reported that County Clerk Sherrie Riebel would be paying bills and accounting for the PBC. Consultant Chuck Wells who was present for the meeting by telephone conference, acknowledged that his responsibility as advisor was to be a scorekeeper of the budget and to keep the board apprised of amounts and events that might challenge or compromise the budget. Tom Miller asked Mr. Wells if he was in the loop as to all of the contractual providers and events before the board. Mr. Wells replied that he will make it his business to do so. Upon a call for the vote on the motion before the floor, the motion carried unanimously.

Confidentiality agreements with HCA were presented to board members who had not yet signed the agreements. The agreements were signed and it was noted that all members and ex officio members and counsel had now executed the agreements.

The board examined the project timetable dated November 9, 2010 provided by Chuck Wells. The board discussed several items upon the timetable and it was noted by Joyce Heismeyer that HFG now has now listed as the groundbreaking date that of October 18, 2011.

A written report was provided to the Board by Jay Kretzmeier from his conversation January 31, 2011 with Mr. Rick Bean, Chief of the Remediation Section KDHE. In summary it was reported that Phase I reports have been completed for both the North and South sites. The analytical reports are currently in draft form. It was noted that these reports which are referred to as the Voluntary Cleanup and Property Redevelopment Program will be necessary for an environmental engineer and our construction manager to prepare a cleanup plan. Mr. Bean indicated that the North properties did not have much contamination. He indicated the South properties had a lot of contamination. He reported, as it looks now the report would be available in late February or early March and that when the report is complete KDHE will be glad to come to Iola to meet with the board, the architect, and construction manager to present and explain the report.

Trustee Tom Miller presented communication he had received from Mr. Dale Coomes from the Heartland Rural Electric Cooperative. This presented a Rural Economic Development and Loan Program that would be available to the new hospital. The board discussed the terms of the loan which required an irrevocable letter of credit and a 10 year payback term. The board held a thorough discussion and by taking no action, the proposal was not to be considered.

Joyce Heismeyer reported on a meeting that had been held all day, on the previous Friday, with HFG. Board members Harry Lee and Tom Miller were also present at portions of that meeting. Plans for a public meeting was discussed and a second draft of the design was shared. It was noted HFG will be back in Iola on Friday, February 11th for consultation with nursing personnel. The design concept is now evolving around a 60,950 square-foot facility.

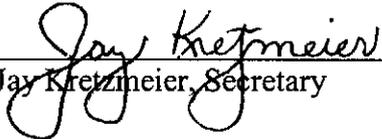
Concerning a bond counsel engagement letter, Alan Weber indicated he would e-mail a sample letter Wednesday to all members of the hospital board team.

At the hour of 8:19 PM board member Tom Miller made a motion to move into executive session for 15 minutes for the purpose of land appraisals and land acquisition. This motion was seconded by Sean McReynolds. The motion carried and the executive session ensued. At 8:34 PM a motion was made by Karen Gilpin with second from Sean McReynolds to extend the executive session until 8:45 PM. This motion carried and the public was duly notified. No action was taken following this executive session.

The board held a lengthy discussion concerning property appraisals, taking into account that not all of the appraisals have yet been received. Meeting times, dates, and strategies were discussed. By common consent it was agreed that Chairman Lee would look at the appraisals when all have

been received and would communicate to everyone on the board about the possibility of holding a special meeting for the purpose of evaluating the appraisals.

On a closing note it was reported that the meeting February 22nd will not be held at the hospital meeting room but rather will be held at the Allen County Courthouse. A motion was made by Tom Miller and second by Karen Gilpin to adjourn the meeting and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 2-10-11

Allen County Hospital Board of Trustees Meeting

6:00 P.M. Thursday February 10, 2011
Conference Room - Allen County Hospital
101 S. First St., Iola, KS 66749

A special meeting of the Board of Trustees of the Allen County Hospital was held Thursday, February 10, 2010, at 6:00 p.m. in the Conference Room of the Allen County Hospital. Notice of the special meeting was sent by email earlier in the day, to all parties requesting notice. Board members present were Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Tom Miller, and Debbie Roe. Board member excused was Sean McReynolds. Member Patti Boyd was in attendance and arrived as noted in the minutes below. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at the hour of 6:06 PM. A motion was made by Karen Gilpin with second from Tom Miller to approve the agenda of the meeting. This motion carried. A motion was made by Debbie Roe with second from Tom Miller to approve of the minutes of the meeting dated February 8, 2011 as previously distributed. This motion passed.

There were no visitors present for the purposes of any public forum. There were no trustee reports.

At 6:15 PM a motion was made by Tom Miller with a second from Debbie Roe that the board move into executive session along with Joyce Heismeyer, and on teleconference Stephen Lewallen and David Wright, for a 30 minute period of time for the purpose of discussing land appraisals and land acquisition. The motion passed. The board entered executive session. At 6:24 PM board member Patti Boyd arrived at the meeting and joined in the executive session. At 6:45 PM a motion was made by Patti Boyd with second from Debbie Roe to continue the executive session for an additional 30 minutes. The motion carried and counselor Alan Weber notified the public of the extended executive session.

At 7:00 PM the board exited from their executive session and the public was duly notified. Upon entering the open session a motion was made by Jay Kretzmeier that the Board of Directors of the Allen County Hospital seek to obtain purchase options on 10 parcels of real estate in the amount of the appraised values as obtained by the board from Aul and Hatfield Appraisals, L. C. This motion was seconded by Tom Miller. The board held discussion on the motion and upon a call for the vote and showing of hands, the motion passed unanimously.

The board discussed assignments for delivery of appraisals and reached agreement by common consent. At the hour of 7:22 PM Patti Boyd asked to be excused and departed from the meeting.

The board consulted with CEO Joyce Heismeyer and Karen Gilpin made the following motion which was seconded by Debbie Roe. The meeting of the board to be held February 22, 2011

shall be relocated, and will be held at the Allen County Hospital cafeteria room. The motion carried.

The board reviewed a draft letter to accompany the requests for options to purchase real estate. A number of changes were made to the letter and its final form was accepted by common consent.

Upon hearing no further business to come before the meeting a motion to adjourn was received from Tom Miller, a second to this motion was made by Debbie Roe. The motion carried and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 2-15-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday February 15, 2011
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, February 15, 2010, 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

Chairman Harry Lee called the meeting to order and the first item of business was the approval of the agenda. A motion was made by Karen Gilpin with a second received by Patti Boyd to adopt the agenda as printed. This motion carried. A motion was made by Patti Boyd accompanied by a second to the motion from Debbie Roe to approve the minutes of the meeting dated February 8, 2011 as distributed. This motion passed.

The Chairman called for a time of public forum to answer questions of guests attending at the meeting. None was heard.

The commissioning of an environmental engineer was discussed. Counselor Alan Weber indicated that the KDHE Phase I report had been delivered to the city of Iola. It was noted that this information needs to be distributed to the hospital architects and construction manager. Tom Miller indicated he would contact Cory at the City of Iola towards that end. Possible environmental engineers include the company, Terracon and Tom Miller brought forth the name of Kent and Associates, a firm from Joplin Missouri who had completed work locally for Larry Macha. He indicated that he would, or had already, given this name to Sheldon Streeter.

It was duly noted that the board had received a communication dated February 15, 2011 from Allen County Hospital CEO Joyce Heismeyer. The communication reported that the Medical Executive Committee of the hospital had met earlier in the day and has officially appointed Dr. Brian Wolfe as their designee to the new hospital board of directors to serve as an ex officio member until further notice. This appointment was accepted by common consent.

At 7:10 PM a motion was made by Sean McReynolds that the board move into executive session for a 20 minute period of time for the purpose of discussing land acquisition. Included in the motion for attendance during the session were Chuck Wells, Joyce Heismeyer, and landowners Don and Ella May Britt, their son David, and his wife. The motion carried unanimously. The public was advised. At the hour of 7:30 PM a motion was made by Sean McReynolds with a second from Debbie Roe to extend the executive session until 7:45 PM. The motion carried unanimously and the public was so advised.

At 8:00 PM the meeting opened while the Don Britt family departed from the meeting. At this time board member Patti Boyd was excused from the meeting. Sean McReynolds made a motion to enter into executive session for 15 minutes for the purpose of discussing land acquisition, this motion was seconded by Tom Miller and the motion carried unanimously. At the hour of 8:15 PM the board exited from the executive session, no action was taken.

Chuck Wells presented to the board a revised sources and uses of funds for the construction of a proposed new hospital, and a chart reflecting trends in municipal interest rates. The board reviewed components of the proposed uses of funds to isolate in on those items which are fixed and those items which may have some amount of adjustment. Questions and answers accompanied this presentation.

A motion was made by Sean McReynolds with a second from Karen Gilpin that the board meeting to be held February 22, 2011 be held at the hour of 6:00 PM. Discussion followed and upon the vote the motion carried. Upon a call for other business and hearing none, a motion was made by Tom Miller to adjourn the meeting. A second to the motion was received from Karen Gilpin. The motion carried and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 2-22-11

Allen County Hospital Board of Trustees Meeting

6:00 P.M. Tuesday February 22, 2011
Cafeteria 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, February 22, 2010, at 6:00 p.m. in the Cafeteria 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. Ex officio member Brian Wolfe, representing the ACH Chief of Staff was excused in order to be attendance at another meeting.

The meeting was called to order by Chairman Harry Lee at the hour of 6:05 PM. Chairman Lee added an item to the agenda under new business, that being financial analysis. Debbie Roe moved to approve the amended agenda, the motion was seconded by Sean McReynolds and upon the vote the agenda was approved. The secretary noted the minutes of meeting February 15, 2011 as distributed had been changed for the proper spelling of one name. A motion was made by Karen Gilpin to approve of the minutes as corrected; this motion was seconded by Patti Boyd. The motion carried and the minutes were approved.

At the time for hearing public comments, guest in attendance Mr. Paul Sorenson, asked the board about the color scheme of the interior and exterior of the new hospital. Chairman Harry Lee and architect David Wright, who was in attendance at the meeting provided an answer to Mr. Sorensen indicating there would be some input from the public, hospital personnel, the board and the architects.

County Counselor, Alan Weber reported that the accounting firms of the BKD and Wendling & Noe had provided word to him that they would be submitting a proposal to the board and in attendance at the scheduled board meeting for interviews.

At 6:13 PM a motion was made by Sean McReynolds accompanied by a second to the motion from Karen Gilpin that the board enter into executive session until 6:45 PM for the purpose of discussing real estate acquisition, the meeting to include Joyce Heismeyer, David Wright, Phil Schultze and Sheldon Streeter. This motion carried unanimously. At 6:45 PM a motion was received by Sean McReynolds with second from Patti Boyd to continue the executive session until 7:00 PM. This motion carried and the public was advised of the extended executive session. At 6:50 PM landowner Mr. Rick Michael was invited into the meeting by common consent. At 7:00 PM a motion was made by Sean McReynolds with second by Patti Boyd to extend the executive session until 7:30 PM. This motion carried and the public was notified. Mr. Rick Michael departed the board meeting and land owner Eldon Strickler came into attendance at the meeting and was invited by common consent. Approaching the hour of 7:30 PM, Mr. Eldon Strickler departed the meeting and a motion was received from Sean McReynolds, with second to the motion from Tom Miller to extend the executive session until 7:45 PM. This motion carried. The public was notified of the continued executive session. At

7:45 PM a motion was received from Sean McReynolds with second by Tom Miller to continue the executive session until 8:00 PM. The motion carried and the public was advised of the continued executive session.

The board departed from the executive session and at the hour of 8:02 PM Chairman Lee commented that the board's interaction with two landowners proved to be cordial and allowed for an exchange of information from the landowners to the board and from the board to the landowners.

Chairman Lee then moved the following: The Board of Directors of Allen County Hospital will continue to encourage property owners of land on which the board has solicited purchase options, to accept the appraisals and values offered to them by the board and will extend non-monetary adjustments of the previous offers to two land owners; it shall be the board's intent to communicate these modified offers within the next week to the two landowners. This motion was seconded by Karen Gilpin. Discussion followed and upon the vote the motion carried unanimously.

By common consent it was noted that Karen Gilpin along with Patti Boyd would discuss the previous motion with one landowner, Jay Kretzmeier would discuss it with the other landowner, and Tom Miller agreed to discuss the lack of response with the owner of one real estate parcel.

The board discussed the matter of financial analysis, receiving financial information from HCA, in order that the board might begin to evaluate reasonable expectations for results of operations and debt retirement. No action was taken and it was noted that this item should be placed upon the agenda of the next meeting. It was also noted that the next meeting of the board should schedule an update of the management agreement with HCA.

Upon a call for further business none was heard. Sean McReynolds made a motion to adjourn, this motion was seconded by Tom Miller, and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 3-1-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday March 1, 2011
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, March 1, 2011 at 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was officially called to order at 7:07 PM by Chairman of the Board, Harry Lee. A motion was made by Karen Gilpin to approve of the agenda of the meeting. This motion was seconded by Debbie Roe and upon a call for the vote the motion carried.

Board member Patti Boyd made a motion that the minutes of the meeting dated February 22, 2011 be approved as distributed. This motion was seconded by Tom Miller and the motion carried unanimously. The Chairman made a call for visitors to speak or ask questions of the board. No requests were received.

At the hour of 7:12 PM the accounting firm of the BKD was introduced to the board. Representatives from the BKD included Mr. Phillip Brummel, Ms. Sue Brammer, and Mr. Joseph Watt. These individuals represented the Kansas City location of the firm. They made a presentation of their proposal for forecast financial statements, audit engagements, and Medicare Cost Reports for the hospital as requested by the board. Following their presentation the board asked questions of these individuals.

At 7:52 PM representatives of the certified public accounting firm of McGladrey & Pullen came before the board for their proposal as outlined in the board's request. This firm also operates from Kansas City and their presentation was made by partner Raymond Custer and Jim Mozena. There was a question and answer period following their presentation.

At 8:30 PM the accounting firm of Wendling, Noe, Nelson and Johnson from Topeka, Kansas made a presentation to the board. The firm was represented by John Wendling and Eric Otting. Again a question and answer period followed this presentation.

The board briefly discussed these presentations from the three accounting firms. CFO, Larry Peterson was questioned as to his opinion of the three presentations. By common consent it was decided to place the selection decision of the accounting firm upon the agenda for the next meeting.

At the hour of 9:10 PM a motion was made by Patti Boyd with a second received from Sean McReynolds to move into executive session for the purpose of discussion of land acquisition

until 9:45 PM and for the meeting to include Chuck Wells and Joyce Heismeyer. This motion carried. At the hour of 9:45 PM a motion was received from Patti Boyd with a second from Tom Miller to extend the executive session until 10:00 PM. There was no discussion and the motion carried. At the hour of 10:00 PM a motion was received from Sean McReynolds with a second from Karen Gilpin to extend the executive session until 10:20 PM. This motion carried.

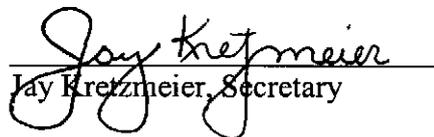
At the hour of 10:16 PM the Board of Trustees exited from the executive session. The motion was received from Sean McReynolds that the Board of Trustees recommend to the Allen County Commissioners the execution of purchase options for the purchase of real estate for a proposed new hospital from willing sellers, the Iola Medical Developers LLC, the O'Brien Rock Company, and the 1.72 acres from Jack McFadden at the values provided in the appraisals having been obtained from the Aul and Hatfield appraisal firm. This motion was seconded by Patti Boyd. Discussion followed and upon the vote this motion passed unanimously.

Karen Gilpin moved that the Board recommend the Allen County Commissioners pursue condemnation proceedings under eminent domain statutes, at the values provided to the board in the appraisals having been obtained from the Aul and Hatfield appraisal firm, as to the remaining parcels of land under consideration for the proposed construction of a new hospital. The parcels identified as properties 15, 16, 17, 13, 10, 9 and 8 as listed upon the map being used by the board. This recommendation to be withdrawn, as to any property whereby the landowner acquiesces and accepts the appraised price prior to the initiation of the proceedings. Significant discussion followed. Upon the ending of discussion and a call for the vote the motion passed unanimously.

A motion was next made by Jay Kretzmeier that the board of directors communicate personally to each landowner of property included in the previous motion, and advise them of the action of the board. This motion was seconded by Tom Miller and upon the vote carried unanimously. By common consent it was agreed that Tom Miller would contact Bob Walden, Karen Gilpin would contact Don Britt, and that Jay Kretzmeier would contact Rick Michael, Eldon Strickler, Gerald Lilly, and Jack McFadden.

The next item of business was negotiations with HCA. The negotiations committee reported that it had held a 45 minute meeting with legal counsel and they have no recommendations at this point in time. It was noted this item should be placed upon the agenda of next week's meeting.

The chairman asked for further business, none was heard. A motion was made by Karen Gilpin with a second from Tom Miller to adjourn and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 3-8-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday March 8, 2011
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, March 8, 2011, 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:01 PM. The first item of business was the adoption of the agenda. Two items were added to the published agenda, item 7, HCA financial information and item 4a, KDHE phase II/III report. The motion was made by Sean McReynolds with a second to the motion from Debbie Roe to adopt the agenda as amended. The motion carried. The motion was made by Patti Boyd with a second from Tom Miller that the minutes of the board meeting dated March 1, 2011 be approved as submitted. The motion carried.

The chairman announced a time for public questions and input from guests attending the meeting. No requests were heard.

The first item old business was a report on negotiations with HCA. Patti Boyd moved that the board enter into executive session until 7:20 PM with counselor Alan Weber, Joyce Heismeyer, and Larry Peterson for the purpose of discussing negotiations with HCA. This motion was seconded by Tom Miller and upon the vote carried unanimously. Upon conclusion of the executive session the public was invited to return to the meeting. No action was taken by the board. It was noted that HCA negotiations shall be placed upon the agenda for the next meeting of the board. Negotiation committee member Patti Boyd reported that by the end of March the board should be in a position to make a decision about the bidding process for a hospital management company. It was duly noted that a management agreement should incorporate a vision, which is currently being arrived at, as to what the proposed new hospital will be.

The next item of business was the selection of an accounting firm for the purpose of compiled forecast financial statements, audit services, and Medicare Cost Reporting. The board called upon Larry Peterson for his comments on the selection. Mr. Peterson reported that he had spoken with representatives from McGladrey and Pullen, LLP and a hospital who utilized their services. The board asked questions of Mr. Peterson and lengthy discussion ensued. Jay Kretzmeier made a motion that the board select the accounting firm of the BKD of Kansas City to serve as the accounting firm as outlined in the board's request for proposal. This motion was seconded by Tom Miller and discussion followed. Upon a call for the vote the motion carried unanimously.

At the hour of 8:10 PM Patti Boyd made a motion that the board move into executive session along with Counselor Alan Weber and CEO Joyce Heismeyer for the purpose of real estate acquisition until the hour of 8:30 PM. This motion was seconded by Sean McReynolds. The motion carried.

At 8:30 PM a motion was made by Sean McReynolds to extend the executive session until 8:45 PM. This motion was seconded by Tom Miller and upon the vote was carried. The public was notified of the action. At 8:45 PM the board exited from the executive session and the public was invited to return to the meeting. It was reported by counselor Alan Weber that the Allen County commissioners, earlier in the day had taken action to agree with condemnation proceedings as to the acquisition of land at such time as the hospital board determined that a further negotiation with a landowner appeared fruitless. No action was taken by the board at this time.

The board discussed communications received from Mr. Rick Bean, Chief of the Remediation Section of KDHE and coordinating plans for KDHE to meet with the construction manager and architects. It was also discussed to include representatives from Allen County, Bill King or the County Commissioners at the appropriate time. By common consent it was agreed to communicate to Mr. Bean the date of Wednesday, March 30, 2011, 9:00 AM at the hospital for a proposed meeting. No action was taken to schedule a full board meeting on this date.

The Chairman called for other trustee reports and none was heard. Existing hospital financial information was the next item upon the agenda. It was noted that operating statements for three years including 2008, 2009, and 2010 would be desirable. Discussion followed as to how this might be presented. It was during this time that hospital CEO Joyce Heismeyer distributed to the board a listing of reports currently in use by the existing hospital for the purposes of evaluating quality assurance, safety, financial performance, and a host of other management objectives.

At the hour of 9:05 PM the chairman issued a call for any further business. No further business came forth. Patti Boyd moved that the meeting be adjourned. This motion was seconded by Tom Miller and upon the vote the motion carried. The meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 3-15-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday March 15, 2011
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 called for Tuesday, March 15, 2011 at 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order at 6:58 PM by Chairman Harry Lee. It was duly noted that financial advisor Chuck Wells was also in attendance for the meeting by telephone. The first item of business was the approval of the agenda. A motion was received from Patti Boyd accompanied by a second to the motion by Tom Miller to modify the agenda placing item 3 as item 1, item 1 as item 2 and item 2 is item 3. Also added was item 6, meeting times and dates. The motion carried and the agenda was adopted.

Upon a call from the chairman for the approval of the minutes of the board meeting dated March 8, 2011, Patti Boyd moved to accept the minutes as distributed. This motion was seconded by Tom Miller and upon the vote the motion carried. There were no requests from those in attendance at the meeting to be heard for comments or questions. At 7:08 PM Karen Gilpin arrived at the meeting along with Mr. Phil Schultz. Karen Gilpin had made a previous request to the chairman to be excused for late arrival at the meeting.

Hospital financial information was the next item on the agenda. Sean McReynolds moved that the Board enter into executive session until 7:20 PM for the purpose of discussing financial information and included in the motion the attendance of Larry Peterson, Phil Schultz, and Chuck Wells. This motion was seconded by Debbie Roe and upon the vote carried unanimously. At 7:20 PM Sean McReynolds moved that the executive session be continued until 7:40 PM. This motion was seconded by Tom Miller and the motion carried. Karen Gilpin announced to the public the continuation of the executive session. At 7:40 PM Patti Boyd moved to continue the executive session until 7:50 PM. This motion was seconded by Debbie Roe and carried unanimously. The public was duly notified. Upon exiting from the executive session no action was taken by the board. Chairman Lee announced that the board had discussed hospital finances, a business plan, and looking forward with what was just learned from the confidential hospital information.

The next item of business was negotiations with HCA and land acquisition. A motion was made by Patti Boyd with second from Sean McReynolds to move into executive session along with Joyce Heismeyer, Phil Schultz, and Chuck Wells for the purposes of discussing negotiations and land acquisition until 8:30 PM. This motion carried unanimously. At 8:30 PM a motion was made by Karen Gilpin with a second to the motion received from Debbie Roe to extend this

executive session until 8:40 PM. This motion carried and the public was notified. Upon exiting the executive session no action was taken by the board. The chairman announced that the board had been approached by a landowner offering the sale of 20 acres of land having a good site appeal to the board and the board is seriously looking at this location as a possible site for a new hospital while at the same time the board continues to negotiate with landowners at the East Street and Monroe Street location.

There was a call for trustee reports. At this point in time Dr. Brian Wolfe offered that the medical executive committee of the current hospital board was making arrangements to interface with the new hospital construction architects HFG.

Meeting times were discussed for future meetings. Comments were made and heard and no action was taken as to the changing of the Tuesday meeting dates or times.

The chairman presented a finalized contract with the architects for the new proposed hospital, that being the firm, Health Facilities Group from Wichita, Kansas. Counselor Alan Weber was consulted as to whether the terms contained in the agreement are now agreeable to him. He acknowledged they were. Jay Kretzmeier moved the Board approve the contract and authorize the appropriate board member's signature be placed upon the agreement. This motion was seconded by Patti Boyd. There was time for discussion and upon a call for the vote the motion carried unanimously.

There was a call for further business none was received. A motion was made by Patti Boyd the second was received from Tom Miller to adjourn the meeting and the meeting was adjourned at 8:50 PM.


Jay Kretzmeier, Secretary

Read and approved 3-22-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday March 22, 2011
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 called for Tuesday, March 22, 2011 at 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff. Board members Tom Miller and Karen Gilpin arrived by teleconference later in the meeting.

The meeting was called to order by chairman of the board Harry Lee at 7:02 PM. The first item of business was approval of the agenda. Under new business item 5 was added, Rick Bean of KDHE. The amended agenda was adopted by common consent.

A motion was made by Patti Boyd to approve of the minutes of the meeting dated March 15, 2011. This motion was seconded by Debbie Roe and upon the vote the motion carried. The chairman asked if anyone present at the meeting would like to speak or ask questions of the board as to items that were not listed upon the agenda. There were no requests received.

At 7:05 PM Karen Gilpin arrived at the meeting by teleconference. The chairman asked if there were any trustee reports and none were received. Patti Boyd issued a brief report as to HCA negotiations, indicating that the committee had met this last week, they were ready for a big meeting to take place this next week and would ask to be placed upon the agenda for the next meeting.

A report on the accountants' engagement reflected that the accounting firm BKD had been notified, an engagement agreement was expected to be received in the upcoming week, and work is expected to begin shortly thereafter.

At 7:08 PM Patti Boyd moved that the Board enter into executive session for the purpose of discussing land acquisition and for the session to include Joyce Heismeyer, Chuck Wells, and Karen Gilpin who were all attending by teleconference. Sean McReynolds made a second to this motion and upon the vote the motion carried unanimously.

Following the executive session there were no motions made and at 7:15 PM Chairman Lee indicated the open meeting would move toward the consideration of possible locations for the proposed new hospital. Chairman Lee presented ground rules, explaining that the board would make every effort to protect information that it needed to hold confidential and at the same time try to keep as much of the meeting open to the public as possible.

The chairman first called upon Mary Ann Arnott for the purpose of receiving a summary of information as to how the hospital committee had arrived at possible sites. Mrs. Arnott explained that when the committee began a year ago January 1, the first seven or eight months were spent with no location in mind. That time was spent in determining, along with Health Facilities Group, whether remodeling of the existing hospital or replacement of the hospital was the recommended choice. After it was determined that new construction was the preferred choice, sites were then discussed. Many individuals examined the County and Iola area and out of those examinations two sites arose above the others. During this time advisor Chuck Wells remarked that as to the critical access designation, relocation would require Medicare preliminary approval and that the closer a replacement facility was placed to other critical access hospitals the more likely approval might be denied. Commissioner Gary McIntosh remarked that the County Commission was careful never to prejudice a particular location for the project. Mary Kay Heard commented that the committee had looked at many sites and East 54 was one of the best sites for the reasons that utilities were in place, it would improve an underutilized area of town, and that it was mutually agreeable with the City of Iola.

Mr. Gary Hoffmeier, an Iola electrician was the next visitor in attendance to speak. He noted the difficulties the hospital was having in acquiring property at the East Street and Monroe Street area and that the cost of land at that location seemed quite expensive. Accordingly he took initiative to speak with a landowner north of Iola who was known to him to learn if that property might be for sale. He investigated if it was suitable for hospital site consideration. He made arrangements for the landowner to execute a letter of intent for the sale of 20 acres of land for the price of \$5,000 per acre. He had contacted Homer Thatcher of Rural Water District number five to learn that a 5 inch high-pressure water line was close to the property and that this line could hold 80 to 120 pounds of pressure per square inch. Mr. Hoffmeier reported that he had been in contact with Kansas Gas, that they had informed him that a 4 inch high-pressure gas line was adjacent to the property that was presently holding 7 pounds of pressure and could hold up to 10 pounds of pressure if needed for the hospital. Mr. Hoffmeier had contacted Paul Morris of Heartland Electric Cooperative and learned that three phase power was present along the property and that the connection of the service to a new hospital would be made by Heartland at no charge. Mr. Hoffmeier's closing remarks addressed the sanitary waste sewer. He indicated that across the road south of the property on Oregon Road, existed a 30 foot easement which was currently in use by the Rural Water District number five. It was reported from the water district that a sewer line could be placed upon that easement if it remained 9 feet away from the existing water line. Hoffmeier indicated that the current hospital was using 300 units of water per month in its existing operations. The City of Iola's rate is currently fifteen dollars per unit and accordingly it would be expected that the city's charge for sewer usage would be \$450 per month. He reported his results of contacts with local plumber Donald Murray, and the civil engineering firm of Schaffer, Klein, and Warren indicate there exists 20 to 25 feet drop of elevation from this possible site to the nearest City of Iola sewage connection which might provide for gravity flow. The distance would be approximately 5000 feet and that the estimated cost of installation in the amount of \$20 per foot would be \$100,000 with an additional \$30,000 for 15 manholes at the cost of \$2000 each. Mr. Hoffmeier closed his remarks by saying that the estimated cost of the land and utility extensions at this Oregon Road site would total \$250,000 to \$300,000.

Questions came forth from the board and from those in attendance at the meeting. Construction manager Phil Schultze indicated that he had been contacted by Gary Hoffmeier and that he found no major disagreements with Hoffmeier's presentation. Schultze did remark that at this site the improvements would be centered more in the middle of the property and accordingly there would be longer runs of streets and utilities extensions and that his estimate of the cost for that would be \$225,000. Schultze noted that he had been in contact with the Kansas Department of Transportation and it was reported that there were no expected changes in Highway 169 north of Iola for the next approximate 20 years.

At 7:38 PM board member Tom Miller joined the meeting by teleconference. At this time the question was made to Phil Schultze as to the possible opportunities of geothermal heating and cooling of the hospital facility at this north side. He responded by saying at Greensburg, Kansas that was considered but based upon sampling of the soil it was not an effective consideration. Chuck Wells commented it was his observation that when geothermal methods were put into place that it was most often a luxury for those who had plenty of money to spend.

Mr. Paul Morris of Heartland Electric spoke with regards to their ability to serve the new hospital at the north location. He confirmed that there was three phase electrical service in front of the location and that they were very interested in serving a new hospital there. He reported they could make provisions for a standby electrical generation there and that it would be possible for the hospital to lease/purchase standby generation capacity from them. Questions were asked Mr. Morris as to reliability and to the topology of their distribution lines and service so as to assure reliability of service. Mr. Morris indicated there was a tie to a substation at Rose, Kansas and it was reported that from a rating service Heartland was rated 99.95% for continuous reliability of service. At this time it was noted the existing standby generator at hospital was 350 kilowatts and that for the new hospital 600 KW would be recommended. The cost of Heartland Electric power was reported to be 4.6 cents per kilowatt hour, not including demands charges. It was noted demand charges can sometimes make up 50 % of a monthly electric bill. The Heartland representative reported that with architect's specifications known they could project what the cost of utilities would be. It was also noted that if the city of Iola annexed the property Heartland could lose the service rights, but that several possibilities existed.

At this time questions were asked of the board and those making presentations. There was discussion as to the air-quality that might be present at this Oregon Road site. It was noted that hospital air-quality will require an exchange of outside air. The cost of the East Street property was requested by an attendee. It was noted that the cost currently estimated to be \$645,000 plus remediation. The topic of annexation to the City of Iola came before the meeting. Iola Commissioner Bill Shirley was present at the meeting and in summary reported he believes the City of Iola will support the requests that are made to it by the hospital board and that the city was comfortable with the methods the hospital board is using to determining the optimal site. It was noted at this time that if the hospital is not annexed, the City of Iola would still provide fire protection. Water drainage was next discussed by those in attendance. Mr. Phil Schultze advised that at either of the two locations what is referred to as a dry detention basin would be utilized. He also indicated at the Oregon location a method referred to as bios-well could be utilized.

It was noted by two attending the meeting that in order for the Hospital Foundation fundraising campaign to be effective it was important that the board be prudent in the spending of the budget it has available. Failure to do so might be detrimental to the capital fundraising campaign. At this time board member Tom Miller remarked by teleconference that location matters for the future success of the hospital, indicating that visibility and access were important features of a location.

At 8:30 PM a motion was made by Harry Lee with a second to the motion heard from Sean McReynolds to enter two into executive session until 8:45 PM for the purpose of discussing land acquisition and for Mr. Phil Schultze to be present with the board. This motion carried. At 8:45 PM a motion was made by Patti Boyd with second to the motion from Debbie Roe to extend the executive session for 10 more minutes. The public was duly notified. At 8:55 PM a motion was made by Sean McReynolds with a second from Debbie Roe to continue the executive session for another 15 minutes. This motion carried. The public was duly notified.

The board exited from open session and at 9:13 PM a motion was made by Jay Kretzmeier that the board notify one landowner offering for sale land west of State Street and one landowner south of Iola that the board appreciated their offering of land for use by the hospital, but that the hospital was not interested in their properties. This motion was seconded by Sean McReynolds and carried unanimously.

An attendee at the meeting asked when the hospital board would be making its decision as to the location of the hospital. The chairman's response was that the board was weighing both sites under consideration, negotiations continued on the East Street property, that the board would be considering a host of factors and that possibly two weeks from tonight might be able to make an announcement.

There was next some discussion as to the invitation to Chief of the Remediation Section of KDHE, Mr. Rick Bean at future meetings so as to include members of the board and others. No action was taken. At 9:29 PM Sean McReynolds made a motion to adjourn. This motion was seconded by Debbie Roe and upon the vote, the motion carried and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 3-29-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday March 29, 2011
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 called for Tuesday, March 29, 2011 at 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order at 7:00 PM by Chairman Harry Lee. A request was made for the approval of the agenda for the meeting. Patti Boyd made a motion to approve of the agenda as printed. This motion was seconded by Sean McReynolds and upon a vote the motion carried.

The chairman called for the approval of the minutes of the board meeting dated March 22, 2011. A motion was made by Karen Gilpin with a second to the motion being made by Tom Miller to approve the minutes as having been distributed. This motion carried. The chairman inquired of the audience as to questions they may have as to items that were not upon the agenda. No questions came forth.

The first item of business was HCA negotiations. Board member Patti Boyd issued a brief progress report and requested that this item be placed upon the agenda for the meeting next week or the week thereafter. The request was approved by common consent.

Counselor Alan Weber acknowledged to the board that the engagement letter from the accounting firm BKD had been received, had been e-mailed to all of the board members, and was ready for execution. It was noted the terms of engagement letter were consistent with the proposal the accounting firm had made to the board previously. Board member Patti Boyd made a motion that the board approve of the engagement letter and authorize Counselor Weber to properly sign and execute the document and return it to BKD. This motion was seconded by Karen Gilpin. The chairman asked for discussion on the motion, none was heard and upon a call for the vote the motion carried unanimously. It was noted at this time by CFO Larry Peterson that the previous Friday he had received a request for information from Sue Brammer with BKD, that it included a request for a considerable amount of information and that the hospital was in the process of preparing that information.

The next item of business was the proposed new hospital location. At this time David Wright and Phil Schultze presented information. David Wright, on a projected map displayed the Oregon Road site which was made up of a 900' x 900' parcel of land. He indicated the location had some attractive items. These included ease of development and favorable visual appeal. He indicated one of the obstacles included the bringing of sanitary sewer to the site.

Phil Schultze reported he had been in contact with Mr. Rick Bean of the KDHE and had received some preliminary information as to the Phase II/III environmental studies report on the East Street location. He indicated that both areas of the East Street properties contained soil with zinc, lead, and other ingredient contaminations. He reported that he learned that it would not be until a voluntary cleanup report was prepared that it would be known as to the exact costs of remediation. Making an assumption of encapsulation, he estimated the cost to be at least \$300,000 with possibilities of costs even being higher. His estimates included a marking down by about 50% of some of the ordinary costs, discounting those attributable to possible reduction of costs as a result of reports from local sources. He indicated that contamination could be 10 to 12 feet deep according to the study. He said he does worry to some extent as to the time line that will be involved in the voluntary cleanup report, and the voluntary cleanup program. His conclusion was that this would take over six months and would probably put beginning of construction into the spring of the year 2012. Chuck Wells commented as to the significant risk this might have as to increased interest rates.

Mr. Schultze presented a handout to the trustees that included projected costs of the East Street site and the Oregon Road site. The total on the East Street site was \$995,000 for site demolition, remediation, and the last reported cost of the land. He noted that this total was on the low end due to the unknown remediation factor. The estimated cost of the Oregon Road site totals \$680,000 and that he had adjusted this following the last meeting of the board for the boring under two paved roads and increasing the required number of manholes. Some discussion as to the annexation of the Oregon Road site was held. It was reported from discussion with City of Iola administrator Judy Brigham, that information from the Kansas League of Municipalities indicated annexation to the Oregon Road property could be made very swiftly if all property owners petitioned for the annexation. It was noted that the intersection of Oregon and Kentucky streets were within the city of Iola limits and accordingly the First Christian Church property and the Huskey property would qualify as adjoining the City of Iola.

The next item on the agenda was the recent offer for sale of additional alternative site locations. At 7:41 PM a motion was made by Patti Boyd, accompanied by a second from Debbie Roe, to move into executive session until 8:00 PM for the discussion of real estate acquisition and that the meeting included representatives from Murray construction, Chuck Wells, Mr. Kenneth Shetlar, Joyce Heismeyer, Larry Petterson, and representatives from Health Facilities Group. This motion carried and the board entered into executive session. At 8:00 PM the motion was made by Patti Boyd with a second from Sean McReynolds to extend the executive session until 8:15 PM. This motion carried and the public was informed of the extended session. At the hour of 8:15 PM a motion was made by Patti Boyd with a second from Debbie Roe, to extend the executive session until 8:20 PM. This motion carried and the public was advised.

At 8:20 PM the board exited from its executive session and the public was invited to return to the meeting. There was no motion or action taken by the board. The chairman announced that the board had discussed the possibility of three additional sites for the location of the proposed new hospital. He announced that as to the board's discussions there was not significant enthusiasm for any of the three sites to warrant further consideration. At this time Sean McReynolds was excused from the meeting.

No other reports were made by any of the trustees. Chuck Wells gave a brief report on the Congressional Budget Office recommendation to Congress concerning special status hospitals. He indicated there are approximately 5600 hospitals in the country with 3000 of the hospitals being special status hospitals. 1286 of these hospitals were critical access hospitals, and some remaining hospitals are what he referred to as Medicare dependent. Kansas has 90 critical access hospitals. He indicated this is not the first time Congress has been approached with regards to critical access hospitals and that the Senate Finance Committee was the controlling body of Congress in recent years, as to the critical access hospital issue. Jay Kretzmeier reported he had received an e-mail late in the day from a representative in Senator Pat Roberts' office and that he would be establishing communications with Roberts' office.

At 8:40 PM there were some questions asked of the construction manager and architect with regards to the locations. Board member Patti Boyd made inquiry as to effect the location of the hospital might have on the Hospital Foundation's capital campaign. Mary Ann Arnott was called upon and reported from foundation discussions in earlier weeks it had been noted that if the gifting community perceived the hospital board was not being prudent with spending decisions it might impact their gifting decisions. She offered that in the past week she had been in contact with a cross section of individuals and that of her contacts, forty out of forty favored the Oregon Road site over the East Street location. Air-quality was one of the items discussed; airflow was one of these items. A wind rose graphic made available to the board by meteorologist Bob Hawk was displayed on an overhead screen. It was noted this information was taken from the airport in Chanute Kansas. The graphic displayed that 8.5% of the time winds come from the southwest direction. This is the direction which would create the most likelihood of aroma from a local dairy impoundment. David Wright noted that the 20 foot elevation from the impoundment to the Oregon Road property would reduce somewhat the carryover of odor and would be preferable to an area which had lower elevations.

At 9:00 PM David Wright presented an overhead to the board showing a floor plan drawing of the proposed new hospital and included 3-D views of the construction. It was noted that the design included 17 patient rooms with a capacity of 25 beds. This configuration was designed to have single patient occupancy in rooms over 90% of the time. The configuration included two trauma rooms, four treatment rooms, and two surgical rooms. The board asked questions about expansion of the facility, the locations of storage buildings, power generators, and the type of roof installation for the facility.

At 9:23 PM there being no further business to come before the board, a motion was made by Patti Boyd with a second from Tom Miller to adjourn the meeting and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 4-5-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday April 5, 2011
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, April 5, 2011 at 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:01 PM. Brief comments were made and at 7:03 PM Karen Gilpin arrived at the meeting. The chairman approached the board as to their wishes concerning the agenda for the meeting. A motion was made by Patti Boyd to approve the agenda of the meeting as presented. This motion was seconded by Debbie Roe and upon the vote the motion carried. Patti Boyd moved that the minutes of the meeting dated March 29, 2012 be approved as last distributed. This motion was seconded by Karen Gilpin and upon a request for the vote, the motion passed unanimously.

Chairman Lee approached the audience providing them with an opportunity to ask questions or make comments to the board. None was received.

The first item of business was HCA negotiations. At 7:15 PM a motion was made by Patti Boyd accompanied by a second to the motion from Sean McReynolds to enter into executive session until 7:25 PM for the purpose of discussion of management negotiations. The motion included the attendance of Chuck Wells, Joyce Heismeyer, and Alan Weber. This motion passed. At 7:22 PM the board came out of the executive session. The public was invited to return to the meeting. Board member Tom Miller made a motion that the Board authorize the subcommittee on negotiations for hospital management to continue to pursue negotiations with HCA. This motion was seconded by Debbie Roe and discussion followed. Upon completion of discussion the motion carried unanimously.

It was reported that the secretary had made communications with the office of Sen. Pat Roberts and had received some information on the congressional budget office recommendations on Medicare and the 2014 IPAB provided in the HealthCare Reform Act and that the information would be shared with the board in a later meeting.

Tom Miller gave a report on the recent meetings with the City of Iola concerning the hospital property. He reported the site located at Highway 169 and Oregon Rd. would most likely be annexed by the City of Iola and the city would like to provide most of the utilities. He indicated Heartland Rural Electric was in agreement to not stand in the way to serve electricity to the hospital at that location provided that annexation was completed and the proper KCC filings were made by the City of Iola. In a meeting with department heads of the City of Iola, Miller

reported that there possibly could be problems with water volumes and pressure coming from the city proper. The same issue may also be present with gas service. Kansas Gas has a line that is adjacent to the Oregon Road property and it appears the City of Iola would waive gas service to the site. Anderson County Rural Water District # 5 reported it would like to retain water right to the area. Their board meets within a week. It appeared a demand study needs to be completed and that possibly water extended from the east underneath Kansas Highway 169.

Mr. Phil Schultze of Murray Construction provided a report from the meeting last Wednesday with the Kansas Department of Health and Environment. The report contained Phase 2 and Phase 3 studies of the north and south sites at the East Street and Monroe Street locations. He reported that two of the landowners north of Monroe Street had forbidden the testing of soil on their land. He reported that all locations contained lead, cadmium, arsenic, and chromium contamination. This contamination included 80% of the site and was as deep as 12 feet. On the south side it included 31,000 cubic yards of contaminated soil and on the north side 8000 cubic yards of contaminated soil. A significant outcome from this study was the conclusion that the shallow foundation that had previously been planned would need to be changed to a deep foundation which would require a foundation as deep as 20 feet and that this would cost an estimated amount of \$317,000. It was reported that to keep on track it would require the immediate hiring of an environmental engineer and that the timeline at best would be six months to complete all of the remediation. If the north side were included this would require an extra three months for a total of nine months to complete remediation. Construction would not begin until spring 2012. Some discussion followed.

At 8:09 PM a motion was made by Sean McReynolds to enter into executive session. Prior to hearing a second on the motion a request was made to those in attendance as to whether anyone wished to speak about the possible location decision for the proposed new hospital. Melinda Luttrell asked several questions as did also Mr. Larry Peterson. At 8:21 PM Sean McReynolds made a motion that the board enter into executive session until 8:45 PM with a purpose of land acquisition and that the meeting include Chuck Wells, Phil Schultze, Joyce Heismeyer, Alan Weber and David Wright and Stephen Lewallen. This motion was seconded by Debbie Roe and upon the vote the motion carried. At 8:45 PM Jay Kretzmeier made a motion to extend the executive session until 9:00 PM. This motion was seconded by Debbie Roe and upon the vote the motion carried. The public was informed of the extended executive session.

At 9:00 PM the board exited from its executive session and the public was invited to return to the meeting. The chairman asked the board if a motion was forthcoming. Sean McReynolds made the motion that the Hospital Board of Trustees recommend to the Allen County Commissioners that they execute an option to purchase the land from Sarah Jane Huskey located at Highway 169 and Oregon Road containing 20 to 25 acres. This motion was seconded by Karen Gilpin. There was a call for discussion. Board member Patti Boyd presented several reasons why she was speaking in defeat of the motion. The chairman then asked for a roll call vote. The vote is as follows: Debbie Roe – Yes, Harry Lee – Yes, Sean McReynolds – Yes, Jay Kretzmeier – Yes, Karen Gilpin – Yes, Tom Miller – Yes, and Patti Boyd – No. The motion carried six votes in favor and one vote opposed.

At this point the consultant Chuck Wells issued his congratulations to the board for their completion in reaching a difficult decision concerning the location of the proposed new hospital. Mr. Wells indicated that he had participated in approximately 50 similar hospital projects and that this board was the most exemplary of any of the 50 he had observed in their fairness, completeness, and in their deliberations, in arriving at a location decision.

The next item on the agenda was building designed issues. Mr. David Wright gave a presentation and asked questions of the board. One of these questions was the consideration of a storm shelter for the hospital. One consideration was the hardening of the radiology area of the hospital which contains around 4000 ft.² for the purpose of a storm shelter. The estimated cost of this was \$284,000. It was noted that this item is different from some others as it would need to be done at the time of initial construction, for the reason that it would be prohibitive in cost to do so at a later time.

Chuck Wells made a recommendation and request that the UMB bank be placed on the agenda for April 19th meeting for the purpose of updates of the hospital financing and bond letting. By common consent it was so ordered. Stephen Lewallen made a request of the board concerning site preparations. A motion was made by Patti Boyd, accompanied by a second to the motion from Debbie Roe that the board approve of HFG requesting proposals for geotech testing and surveying on the proposed site and they return the results for approval. The motion carried unanimously.

Joyce Heismeyer noted that on April 26th the meeting room would be in use at the hospital and that the Board of Trustees would need to make arrangements for another meeting location. At this time there was no other business to come before the meeting a motion was received by Patti Boyd to adjourn. This motion was seconded by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 4-12-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday April 12, 2011
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 called for Tuesday, April 12, 2011 at 7:00 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, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order at 7:00 PM by Chairman Harry Lee. Board member Patti Boyd moved to adopt the agenda for the meeting as published. This motion was seconded by Debbie Roe and the motion carried. The next item of business was the minutes of the board meeting dated April 5, 2011. The secretary noted that the minutes as distributed needed one correction, that being the inclusion of the name Stephen Lewallen among those individuals invited to attend the executive session. Patti Boyd presented a motion to approve of the minutes as distributed and corrected. This motion was seconded by Debbie Roe and upon the vote the motion passed.

The chairman invited those in attendance at the meeting to come forth with questions or comments to the board as to items that were not included on the agenda. At this time Mr. Lloyd Weeks rose to be recognized. He presented a question to the board as to whether they had yet begun to consider what the name would be for the proposed new hospital. He noted that there was considerable history to the hospital and that some of that history was contained in a time capsule buried on the hospital grounds. Some discussion followed.

At the hour of 7:07 PM Mr. Steven Strickler asked to be recognized by the chairman. Mr. Strickler announced for those who were not aware, that he was a dairyman with a farm and dairy operation located ½ mile south of the proposed Oregon Road site for a new hospital. He presented to the board that he wished to be a good neighbor but that his operation included approximately 1000 head of cattle and his proximity to the proposed site for the new hospital could present a number of problems. Mr. Strickler noted he regretted being unable to attend the board's meeting one week ago when the decision to pursue options on the Oregon Road property was made. He indicated his presence before the board was for the purpose of trying to obtain some reassurance that he would have nothing to worry about in the future from the hospital locating close to him. He acknowledged he held no present knowledge as to the types of litigation that might be aimed at him and his cattle operation at some point in time in the future but that it really was a cause for his concern. He reported he was supportive of a new hospital being built for Allen County and was optimistic upon learning the initial proposed site was on East Street. This optimism turned to real concern when he learned the location might be near his dairy operation. He indicated to the board that he had 10 employees and his hopes are to continue to operate the dairy at its present location until he reaches retirement. He advised the board that there were two lagoons which handled cattle waste and that these two lagoons were emptied two times annually and pumped up to 3 miles away and injected into soil in that area.

Questions of Mr. Strickler ensued and discussion followed. The board presented some of the factors it had taken into account regarding the dairy when the location decision was evaluated. One of Mr. Strickler's concerns is that at some point in the future a patron of the hospital might file legal action because of the odor coming from the dairy. Counselor Alan Weber made the remark that in Kansas the body of law favored heavily, agricultural landowners who occupy a given production area first. Board member Patti Boyd noted that a litigant would have to have a cause of action in order to win a legal judgment. Strickler remarked that even if the litigation was groundless, he would possibly have an expensive situation just to defend the litigation. Annexation into the city of Iola was a topic of concern for Mr. Strickler. He indicated that access to the city's utilities were of little value to him and in fact might add to his operating costs. The board noted its' incentive was for the hospital property to be annexed so as to satisfy the requests and conditions of the City of Iola. It was reported that up until this point in time it was the hospital board's recommendation that annexation be accomplished by crossing the intersection of Kentucky Street and Oregon Road, and then to include the First Christian Church, property owned by Sally Huskey, and then the hospital property. If this course of action alone is taken his dairy operation would escape the annexation. The chairman noted to those in attendance that while it was the present board's position not to annex Strickler, the existing board could not bind future boards to a particular course of action. Strickler closed his comments by indicating he certainly would appreciate any form of commitment or recording of minutes that might alleviate the concerns he has brought before the board.

The next item to come before the board was HCA negotiations. Patti Boyd reported that the negotiations subcommittee had met last Wednesday and had completed making a counter proposal to HCA which included asking for a 7% reduction (This % was corrected by Patti Boyd to be 15 % during the approval of the minutes at the April 19, 2011 board meeting) to the hospital for the cost of operating services. Joyce Heismeyer remarked that HCA was in its' first stage review and would soon be responding with a counter proposal.

At 7:28 PM Stephen Lewallen presented to the board a diagram and site plan of the proposed construction site on Oregon road. It was at this time he indicated it was their recommendation to the board to acquire property all the way west to the First Christian Church property. He was asked why this recommendation was being made. He responded by making reference to the Veterans Administration clinic that is currently under discussion with a local committee, the VA, and the State of Kansas and that it would be a wise investment for future growth. It was noted at this time that the land owner Sally Huskey was looking to sell no more than 1300 feet of property east to west on Oregon Road. There was brief discussion about the separate Veterans Administration project and a rough estimation that it may require 12,000 to 14,000 square-foot of space. Considerable discussion followed upon which Mr. Lewallen remarked that maybe getting an option on the property west to the church would be helpful.

The construction manager and architect presented a proposal for survey services to the board from the civil engineering firm Schafer, Kline and Warren. Jay Kretzmeier made a motion the board approve for signature the proposal for surveying to be completed by the SKW firm for an amount up to \$7,750. This motion was seconded by Patti Boyd and after discussion and a call for the vote the motion passed unanimously. Stephen Lewallen noted that he would talk to the landowner and tenant for the purpose of mutually agreeing upon the area that might serve best for the hospital location on the site. At 8:10 PM Patti Boyd made a motion that the Board authorize chairman Harry Lee to review and sign a contract proposal with a firm to complete

geo-technical studies of the property for a dollar amount not to exceed \$15,000. Upon a call for the vote, this motion passed unanimously.

The third item of business on the agenda was utilities update information. Phil Schultz commented the sanitary sewer would be in the hands of civil engineer who has not been named yet and that very soon items would be known with regards to gas and electrical service. Chairman Harry Lee asked about the possibility of the hospital utilizing for its backup electricity a generator that could also be used by the utility company for peak time electrical service. Discussion followed.

The meeting moved to the next item on the agenda which was a storage building on the site of the proposed hospital. It was noted that originally 1500 ft.² was considered but that 3000 ft.² was now being recommended, as the building would be used for medical records storage for a period of time. Phil Schultz indicated that while a building could be used during construction for storage their normal policy was to not utilize buildings on the site so that when the property was turned over to the occupant it was not used properly. Stephen Lewallen noted that there were hospital building code requirements that non-combustible components be utilized which might preclude a wood frame or post building.

The Chairman called for trustee reports. Patti Boyd asked if it would be appropriate for the board to discuss the Veterans Administration issue at a future meeting and to have a representative from that committee present at a board meeting on 26th of April. Discussion followed and the need to have a board liaison with the VA committee was noted. Karen Gilpin responded with a yes, to the question as whether she would serve as liaison.

CFO Larry Peterson noted to the board that the accounting firm of BKD would be receiving information by Friday and in response to questions from the board indicated he would inquire to BKD as to when their initial forecast reports might be available.

Item 6 on the agenda was the meeting location for next week's meeting. Joyce Heismeyer indicated it appeared at this point that the meeting could take place at the hospitals meeting room. Jay Kretzmeier advised he would confirm with Chuck Wells the scheduled meeting with the bond underwriters for that meeting.

At the hour of 8:34 PM there being no further business to come before the board, Patti Boyd made a motion to adjourn, this motion was seconded by Karen Gilpin and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 4-19-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday April 19, 2011
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 called for Tuesday, April 19, 2011 at 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order at 7:05 PM by Chairman of the Board Harry Lee. The motion was made by Patti Boyd accompanied by a second from Debbie Roe to approve of the agenda of the meeting. This motion passed unanimously.

At the time for the approval of the minutes of the last meeting the secretary reported there were two changes needing to be made. Karen Gilpin's name was added to those who were in attendance at the meeting. As to the HCA negotiations report, Patti Boyd had advised the board that the 7% reduction that was reported at the April 12 meeting should correctly have been reported at 15%. The secretary noted these changes have been made to the minutes and moved that the minutes be approved as amended. This motion was seconded by Patti Boyd and upon the vote, the motion carried unanimously.

The chairman called upon those in attendance at the meeting for anyone who had questions or would like to speak about an item not on the agenda for the evening. Dr. Tim Spears, Chief of Staff of the Allen County hospital arose to be recognized. Dr. Spears first apologized for not coming before the trustees at an earlier date. He indicated he represented a number of physicians and pharmacists who had strong feelings about reconsideration of the proposed new hospital site location and its long term impact.

Dr. Spears first point of concern was for the recruitment of physicians. He noted the past difficulties the hospital had incurred in recruiting new physicians and the importance of having a medical campus where the physician's office was located right next to the hospital facility. His second point of concern was the undeveloped East area of town which presently gives the impression that Iola is not a thriving town. Third on his list was the lack of specialty care and outpatient clinic space available at the Oregon road site. He suggested the importance of having a professional building next to the hospital. He then mentioned that the Family Physician Practice would champion a project with local resources for the construction of a professional office building, the cost of which might be 1.5 million dollars, notwithstanding that such a building would not be to their advantage if it was located on Oregon road. He also noted that the Family Physicians Clinic would be contributing .72 acres to the hospital project if it is located at the Highway 54 site.

The sixth item of concern mentioned by Dr. Spears was attributable to the quality of patient care, especially obstetrics security. He noted the importance of medical offices being proximate in location to the hospital so during OB deliveries the patient could swiftly be served by the attending physician without significant travel time or distance. The travel time and distance was also a point of concern with his seventh item; that being patients in the emergency room and/or intensive care unit. Dr. Spears closed his remarks saying that the long-term benefits of the Highway 54 location outweighed those of the Oregon road location.

At 7:19 PM Dr. Becky Lohman requested to speak and commented about her recruitment into the Iola medical community. She noted that in the absence of office space, recruitment of new physicians was arduous. Pharmacist Bill Walden spoke to the group concerning the air quality as a result of the dairy farm at the Oregon site. Pharmacist Jeff Dieker spoke as to the air quality and noted that his father-in-law had experienced ill health at the Coffey County Hospital and one of his most looked forward to events each day, prior to his death was to spend a few minutes outside in the fresh air. Dieker reiterated the importance of air quality to patients and it was also noted during these conversations that hospital employees who take breaks or lunches outside would be negatively affected by bovine bouquet.

Board member Tom Miller made an inquiry to consultant Chuck Wells as to other hospitals constructed recently and their related office space. Mr. Wells commented that several hospitals had a campus concept with clinics or office space. Of the five he mentioned, four had some form of clinic or office adjacent to the hospital. Board member Karen Gilpin offered some of the rationale the board had used in reaching the Oregon road decision. Board member Patti Boyd, who has been a dissenting board member as to the Oregon road site, commented that even though she did not agree with the board's previous decision she had a considerable amount of respect for the process with which the board had gone through. Area resident Don Britt commented that he had been in touch with all landowners at the Highway 54 site and there was only one landowner who was holding out from agreeing to offers which have been made by the board for options on their properties. Local banker and trust department representative Jim Gilpin commented that interest rates by the spring of 2012 could be significantly higher than interest rates available in the fall of 2011.

Patti Boyd made a motion the Board of Trustees reconsider the primary location being pursued for the construction of the proposed new hospital and that the agenda be amended for item 5a, the reconsideration of the site location. This motion was seconded by Tom Miller. Upon calling for the vote this motion carried six in favor and one opposed.

At 8:06 PM local veterinarian, Dr. Darrell Monfort commented with regards to the Oregon road site indicating he traveled the road at that location and along with his veterinary experience he knew there would be a problem with odors at that site from the Strickler Dairy for as long as it is in existence.

Mr. Scott Crist representing the bond underwriter UMB made a brief presentation. He indicated there would be approximately a 10 week time period for bond counsel and documents to be drafted for the issuance of bonds. He noted that presently UMB was in a holding pattern for now. He reported some of the debt would be bank qualified debt for the purpose of local interest. He noted that the bond markets were presently volatile and interest rates are expected to

increase. He was able to give no certainty as to when that increase would take place. Indicators for that would include comments from the Federal Reserve or their tightening of interest rates, those are currently expected prior to year end. He indicated that he would keep the hospital board informed. He reported that using the maximum amount of debt, the current interest rate would be expected to be four and three force percent on debt with a 25 year life.

At 8:20 PM the debt service reserve fund was discussed. Out of this discussion it was recommended that the municipal sales tax that is available to the hospital be used to fund the debt services reserve. Mr. Crist commented that it was preferable not to borrow money for a debt reserve fund. As to the \$5 million debt funded by UMB he indicated the current rate for tax exempt bank qualified debt was 1.3%.

At 8:30 PM Patti Boyd reported to the board that the management negotiating committee had received a response from HCA and attorney Mark Thompson would be firming up a couple of items that still needed attention. The committee was however hopeful that within the next week an acceptable proposal will be worked out for the board. Mrs. Boyd indicated there would of course be timing issues as to transfer and a few other things that would need to be worked out in addition to the agreement per se. At this point Patti Boyd made a motion to enter into executive session until 8:40 PM for the purpose of discussing the management agreement which included privileged HCA financial information. Tom Miller seconded this motion and the public was invited to be excused from the meeting. Upon inviting the public to return to the meeting there was no action taken by the board.

A progress report was given with regards to the rural water district and no reports were received as to sanitary or gas service available for the Oregon road site. The next item on the agenda was the relocation application for the preliminary attestation for the critical access hospital. It was noted that the certainty of the site was required in order for that process to proceed.

At the hour of 8:56 PM the board began to reconsider the location site for the proposed new hospital. Chuck Wells first commented that things would be different if the Highway 54 site work could be done within a two week time period. It was noted however that the Geotech testing and environmental studies would take considerably longer. Patti Boyd asked if the process could be speeded up in some manner. Board member Karen Gilpin indicated she had been in contact with Citizens Bank officer Jeff Johnson concerning their voluntary remediation. One member Tom Miller indicated he liked the Highway 54 property but that timing was an issue. Dr. Brian Wolfe commented that with their remediation program he believed they had the "B" team and it might be possible to obtain better results. It was noted that the only way for this to occur was for the hospital to have its "ducks in a row". It was noted that the untested land would take at least three months for testing and six months to take all the way through the voluntary remediation program. At this time Tom Miller asked Scott Crist if there was any way to hedge interest-rate costs. Some discussion followed and a negative response was received.

A Veterans Administration clinic under wishful consideration for Iola was next addressed. It was noted that the hospital footprint would be best at property south of Monroe Street if the VA clinic were to become a reality. Phil Schultze commented that ideally the hospital property would be constructed right over Monroe Street. However, the utilities which include sewer parallel to Monroe Street would make that very expensive. During these discussions it was

mentioned by Iola Medical Development LLC owners that they would donate .72 acres as a gift to the Highway 54 project.

At the hour of 9:40 PM Jay Kretzmeier moved that the Board enter into executive session until 10:20 PM for the purpose of land acquisition and site determination. This motion was seconded by Tom Miller. At 10:20 PM the board exited from executive session and the public was invited to return to the meeting. At this time the chairman asked if there was a motion to come before the board. Patti Boyd moved that the Board alter its preferred site for the proposed new hospital to the East Street site previously considered by the board. This motion was seconded by Tom Miller. Discussion followed and pharmacist Jim Bauer asked to speak to the board. He reiterated comments about physician recruitment and that while the Oregon road property may have some lower costs, having a hospital at that location with few new physicians or any specialty physicians or outpatient services would not well serve the County. A dramatic example of this would be to have a lower cost hospital building but have no medical providers there to offer services. Each board member made a comment as to the question before the board. Jay Kretzmeier commented to those offering to champion the construction of a medical clinic/office building, that the vote he was about to make would rely upon the commitment from them to see that to fruition. The additional delays to the Hwy 54 site would add project risk to the site. He noted to them he was counting on their commitment which would provide increased hospital revenues and reduce the overall project risk.

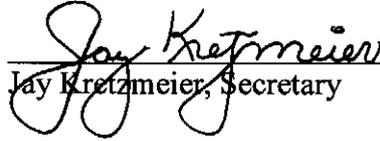
A 10:30 PM there was a call for the question. The chairman asked for a roll call vote. Karen Gilpin abstained, Debbie Roe voted yes, Harry Lee voted no, Sean McReynolds voted yes, Patti Boyd voted yes, Jay Kretzmeier voted yes, Tom Miller voted yes. The motion passed five votes yes, two votes no.

The Chairman called for trustee reports and none was heard. Larry Peterson was called upon for a report from the accounting firm BKD. He indicated that he would request a progress report from BKD and an estimated date to receive a preliminary report from them and email that to the board members.

The architects and construction manager requested the board's position as to storm hardened space for the proposed new hospital and canopy choices. This resulted in some discussion as to the design team's job and the inefficiencies of excessive consultation with the board. Chuck Wells reiterated to the board the budget that would be available as a result of the debt service reserve fund mentioned previously in the meeting and suggested utilizing those funds available for the items the design team was requesting. In a non-vote common consent, five board members indicated a preference for the property to include some form of storm hardened space.

At this time Scott Crist inquired about a resolution for the purpose of reimbursements coming from the bond funds. Counselor Alan Weber responded by saying that the resolution was under the auspices of the Public Building Commission and the resolution had been adopted by them.

Rapidly approaching the 11 o'clock hour, Patti Boyd made a motion to adjourn. This motion was seconded by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and Approved 4-26-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday April 26, 2011
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 called for Tuesday, April 26, 2011 at 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by board chairman Harry Lee at 7:00 PM. Board member Patti Boyd moved to adopt the agenda of the meeting as printed. This motion was seconded by Tom Miller and upon the vote the motion carried unanimously. The minutes of the meeting dated April 19, 2011 were referenced for approval. Two additional changes were noted for the minutes. In the last paragraph on page 3 the word north was changed to south and on page 4 Karen Gilpin's vote was changed to abstain. Debbie Roe made a motion to approve of the minutes with these changes. This motion was seconded by Sean McReynolds and upon the vote the motion carried unanimously.

At the time for public forum Dr. Glen Singer was recognized. He made a favorable comment about the East Highway 54 location for the hospital and made brief comments with regards to Iola Medical Developers and the construction of a new clinic. An employee of the Allen County Hospital, Peggy Marple was recognized. She read a letter which she had previously e-mailed to members of the board. Her letter presented her concerns and disagreements with the East Highway 54 location and relationships with the group of medical providers offering to develop a clinic in that area.

The first item of old business on the agenda was HCA negotiations. Patti Boyd reported that an offer had been made by HCA, that the subcommittee had made a counteroffer and was awaiting word from attorney Mark Thompson regarding a contract. It was noted that HCA was putting together a draft and that it might be available next week sometime. Some planning was mentioned with regards to the medical office building co-existing with the hospital. Some discussion was held centering on attorney Mark Thompson being involved with such planning. Some members of the board expressed concerns about the duplication of services that might exist with said clinic and the hospital. Additionally the concern was mentioned that the clinic might be in competition for services with the hospital. Chairman Lee noted that the clinic needed to be developed in such a manner that it did not leave out other practitioners and that it was important to avoid any perception that other practitioners were being left out of the clinic process. Members from Iola Medical Developers present at the meeting were notified that diagnostic equipment was of concern. Most likely the developers might be able to acquire equipment at an earlier date than the hospital. Their acquisition of equipment that the hospital might later acquire could then result in competition with the hospital. This would be a real concern and

communication will be needed to avoid such problems. Chuck Wells noted that the clinic would be enhancing property, but not the hospital property, and that maybe the hospital could serve as a tenant of the clinic property and seek noncompete agreements from the owners of the clinic. Again, mention was made of consulting Mark Thompson for advice on this process. It was duly noted that Dr. Glen Singer would serve as the spokesperson for the Iola Medical Developers.

The next item of business was the BKD compiled forecast report. Larry Peterson reported the draft of the report would be available May 31st but BKD could not make a presentation on that date. By common consent the board asked Mr. Peterson to request the draft be made available to the board on that date and BKD attend the following meeting of the board on June 7th to comment on their report.

At 7:30 PM Sean McReynolds made a motion to enter into executive session until 7:45 PM for the purpose of discussing land options and access consents with the session to include Alan Weber, Chuck Wells, Joyce Heismeyer, and Stephen Lewallen. This motion was seconded by Debbie Roe and the motion carried. At 7:45 PM the board exited from executive session and invited the public to return to the meeting. No action was taken at this time.

Item 4, trustee reports was the next item before the meeting. At this time Dr. Brian Wolfe presented a handout concerning bacteria and the increasing resistance to antibiotics. Pharmacist Nich Lohman reported that research towards new antibiotics has been quite limited in recent years with few new advances being made. Dr. Wolfe commented about the importance of housekeeping in the new hospital and how cleaning of surfaces in the future will undoubtedly be made in new ways. He noted the concept of entering into a post antibiotic era would soon be upon the medical community. Accordingly design of the new hospital would need to take into consideration surface substances and how they are cleaned and maintained. It was noted that the time may arrive when antibiotics would be administered only by intravenous injection. This might increase the importance of outpatient services.

The landowner to be included on item 5 of the agenda was not present at the meeting and accordingly this item was placed for attention later in the meeting.

Item 6, financing condemnation purchases came before the board. Counselor Alan Weber noted that if just one property was condemned the county would be in a position to handle the cost of proceeding with the condemnation.

It was noted that bids were being sought by Sheldon Streeter for the services of an environmental engineer. Six prospects were named and the board might have items to review at its meeting next week. This item will be placed upon next week's agenda.

It was reported that a voluntary cleanup application and \$200 fee was subscribed and issued with KDHE on April 25 and that Sheldon Streeter was to follow up with regards to that application. It was noted concerning the two properties which have not been tested, it might be possible to bypass the proposal stage and just submit a plan. A six step process was reviewed of those things needing completion before construction begins. State funding of testing was discussed.

Alan Weber indicated he would contact the state to see if they had funds to provide the services for the testing on the two Monroe Street properties.

The request was made to approve survey proposals to Schafer Klein and Warren for costs ranging \$10,640-\$12,140 to survey the 17 acre parcels. Tom Miller moved to accept the survey proposal for the East St. properties in accordance with this request, this motion was seconded by Debbie Roe and following discussion the motion was approved unanimously.

The land exchange noted in item 9 was not necessary, it having been discussed previously during an executive session.

At 8:15 PM the landowner Eldon Strickler was not yet present at the meeting. An attempt was made to locate Mr. Strickler by telephone. Telephone contact was made. At 8:27 PM Jay Kretzmeier moved the Board enter into executive session until 8:45 PM for the purpose of holding a teleconference landowner discussion with Mr. Eldon Strickler. This motion was seconded by Tom Miller and upon the vote the motion carried. Visitors at the meeting were excused and the board entered into executive session. At 8:45 PM Debbie Roe made a motion to the extend executive session until 9:00 PM. This motion was seconded by Patti Boyd, the public was notified and the executive session continued.

The board exited from executive session and the public was invited to return to the meeting. The chairman announced to all visitors the board had held telephone communications with Eldon Strickler and no agreements resulted from the consultation. The chairman noted that Allen County Commissioners had previously approved of condemnation proceedings and accordingly no action was necessary by the board at this time.

At the hour of 9:12 PM Patti Boyd made a motion to adjourn the meeting, Tom Miller seconded the motion and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 5-3-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday May 3, 2011
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, May 3, 2011 at 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Board Chairman Harry Lee at 7:01 PM. Member Patti Boyd made a motion for the approval of the agenda for the meeting. This motion was seconded by Debbie Roe. The motion carried.

Patti Boyd made a motion for the approval of the minutes of the meeting dated April 26, 2011 as distributed. This motion was seconded by Sean McReynolds and upon the vote the motion carried.

The chairman opened the floor for the purpose of receiving public comments or questions for the board. Dr. Glen Singer commented that Iola Medical Developers had met this past week along with Joyce Heismeyer and progress was moving forward toward bringing together a medical clinic and office building.

Harry Lee then stepped away from his leadership position and moved close to the guests and visitors for the meeting. He shared concerns held by what he referred to as groups among the community. He first commented that the hospital board was experiencing a public relations problem surrounding the choice of location for the hospital. He noted several of the complications the board faced when pursuing the East Street site location. He noted an acceptance by the community when an alternative site was presented at Oregon road. He commented on the board meeting at which the Oregon road site was overturned in favor of the East Street location. The unknown remediation costs, the uncertainty of construction beginning dates, and space limitations were three items of his concern. He acknowledged there was some need for the hospital to be close to medical offices. He offered forth public perception was the board was influenced by medical staff attending a board meeting. He expressed his concern about a new medical office building and competition to the hospital from those in the clinic and physician's offices nearby. He reiterated the absolute importance of open access by all medical providers to participate in ownership and occupancy of a new medical clinic. He expressed his hope that the Family Physicians and Iola Medical Developers would be agreeable to signing noncompete agreements as to services available from the hospital in hopes that this would improve the public relations image.

Following these comments Dr. Brian Wolfe commented that the medical clinic facility would be available to those persons, practitioners, and interested parties in an open environment and that they were presently talking about that now. At this time the architect Mr. David Wright responded to a question saying that at the East street site the 17 acres there were adequate for several layout options of the hospital, clinics, with all things fitting within that space with some limited room for expansion.

Margaret Leshar asked a number of questions and presented a number of comments to the board. Carolyn McLean spoke to the board about the Veterans Administration project. She noted the project was far from being a certainty. She reported there would be a convention on June 3, 2011 which would be a referendum as to the facility. She noted the living facility if approved, would be funded 65% by federal funds and 35% by state of Kansas funds. She noted that if an outpatient clinic were included it would be funded 100% by federal funds. There was much discussion about the hospital location by visitors and the construction manager and architects. The architect David Wright displayed upon a large screen one of the possible layouts at the East Street site and also distributed to the board a printed second option. These discussions continued until 8:25 PM.

At 8:27 PM Patti Boyd made a motion that the board enter into executive session until 8:45 PM for the purpose of reviewing financial information and invited Alan Weber, David Wright, Joyce Heismeyer, Sheldon Streeter, Phil Schultze and by teleconference Mr. Chuck Wells for the session. The motion was seconded by Sean McReynolds and upon the vote passed unanimously. At 8:45 PM the board exited from executive session, the public was invited to return to the meeting and no immediate action was forthcoming from the board.

Item 2 on the agenda was the selection of a nominee to serve on the Iola Medical Developers board. Jay Kretzmeier made a motion to enter the name of Patti Boyd into nomination for the position of ex officio member of the Iola Medical Developers board. This action was seconded by Sean McReynolds. The chairman asked for other nominations. Discussion followed and upon the vote the motion passed unanimously.

At 8:55 PM Karen Gilpin moved that the Board enter into executive session until 9:10 PM for the purpose of receiving an update as to land acquisition with Alan Weber, Sheldon Streeter, Phil Schultze, David Wright, and Joyce Heismeyer invited to the session. This motion was seconded by Sean McReynolds and upon the vote was carried. At the end of the executive session the public was invited to return to the meeting and no action was taken by the board.

Item 4 on the agenda, proposals as to an environmental engineer was the next item of business. Sheldon Streeter presented a proposal analysis for, and reported his findings from, four companies who responded out of eight companies whose invitations had been sought. Sean McReynolds made a motion to accept the Terracon company as the environmental engineer for the proposed new hospital project, that the Board authorize a contract with them which allows the board to enter into a voluntary cleanup plan with the Kansas Department of Health and Environment and for the Board Chairman to sign an agreement and the payment of \$3000 by the Allen County Commissioners. This motion was seconded by Karen Gilpin and upon the vote the motion carried unanimously.

At the time for trustee reports, Patti Boyd noted there was not yet a complete agreement with HCA.

Discussion was held between the architects, the construction manager, and Alan Weber concerning soil borings at the East St. location. Phil Schultze noted if soil borings could be completed the cost differences between the north and south side of Monroe Street could be determined within a month. It was noted at this time that if the construction of the hospital building goes north of Monroe St. the sources and uses of funds schedule prepared by Chuck Wells and dated 04/20/11 does not include the additional cost of longer utility hookups.

There being no further business to come before the board, Patti Boyd made a motion to adjourn, this motion was swiftly seconded by Tom Miller, and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 5-10-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday May 10, 2011
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, May 10, 2011 at 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Tom Miller, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:00 PM. Board member Debbie Roe made a motion to approve of the agenda of the meeting. This motion was seconded by Karen Gilpin. There was no discussion and the motion carried unanimously. The secretary noted two changes to the minutes of the meeting dated May 3, 2011. Karen Gilpin made a motion to approve the minutes as distributed and modified with these changes. This motion was seconded by Debbie Roe and upon the vote passed unanimously.

The chairman offered the floor for public comment or questions; there were no comments or questions which came forth.

The first item of old business was trustee reports. Sheldon Streeter from Murray Construction reported on a conference meeting earlier in the day with the Kansas Department of Health and Environment, Patti Boyd, Terracon Company and Health Facilities Group. He included comments written by board member Patti Boyd which had been submitted to the secretary. It was noted that Terracon and KDHE were greatly expediting the process to complete studies on the two East Street properties not previously tested. It was noted that this work can take place parallel to the Voluntary Cleanup Plan, with these properties to be added later by amendments to the VCP.

It was reported that Rick Bean of KDHE had determined that the hospital will not need to do a voluntary cleanup proposal, only a voluntary cleanup plan. Here again, KDHE has eliminated a step and has streamlined the process. The final notation from board member Boyd was that the designers need to know fairly soon where the trustees want to locate the hospital on the site. That will determine how quickly Terracon and all other parties can begin work on the design portion of the VCP. Sheldon Streeter indicated that KDHE will issue a letter sometime next week that would indicate that the hospital is approved to move forward with the plan. Some discussion followed concerning the use of Allen County resources for moving of dirt at the site. It was noted that in order for individuals to be involved with the moving of contaminated soil, hazardous materials training would be required. Sheldon Streeter and Alan Weber communicated with each other as to the amount of advance notice required for the county to complete necessary training. Streeter noted that after a 30 day review there would be a 15 day

comment period from the public and that there had been some discussion about having a town hall type meeting to facilitate education and the comments.

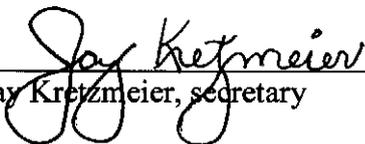
David Wright reported his approach to Terracon, concerning the subsoil conditions north and south of Monroe Street and the estimates of cost for the boring of soil samples. Tom Miller made a motion for the board to approve and to authorize chairman of the board to execute documents with Terracon engaging them for the necessary soil borings of the East Street properties for an amount not to exceed \$18,000. This motion was seconded by Debbie Roe. Discussion followed and when the vote was taken the motion carried unanimously.

The fourth item on the agenda was the invitation to a city council person to serve as an ex officio member of the hospital board. Discussion followed and Chairman Lee indicated he would meet with Mayor Bill Shirley to ask them to consider placing this invitation upon a City Council future meeting agenda. Secretary Jay Kretzmeier acknowledged he would send notice of this invitation to members of the City Council.

At 7:20 PM Karen Gilpin made a motion that the board enter into executive session for the purpose of land acquisition and for the meeting to include Alan Weber, David Wright, Sheldon Streeter and attorney Robert Johnson. This motion was seconded by Tom Miller and upon a call for the vote, the motion carried unanimously. At approximately 7:45 PM the board exited from executive session. The public was invited to return to the meeting and the chairman indicated there was no action to be taken and nothing to report from the executive session.

Item 6 on the agenda was the City of Iola sales-tax commitment. Chairman Lee reported information he had received from attorney Mark Thompson. Alan Weber reported on the original pledge agreement with the City of Iola and he advised the board it would be best practices to better define the terms of the agreement and receive the city's commitment. He reported the next step was for him, city attorney Charles Apt, and bond counsel, to formulate agreed-upon language.

At the hour of 7:58 PM, Jay Kretzmeier, serving as a proctor for Patti Boyd, made a motion to adjourn the meeting, the motion was seconded by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, secretary

Read and approved May 17, 2011

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday May 17, 2011
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, May 17, 2011 at 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., and Sean McReynolds. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

At 7:00 PM Chairman Harry Lee announced a quorum was present and called the meeting to order. Board member Patti Boyd opened the meeting with a motion to approve of the printed agenda. This motion was seconded by Sean McReynolds and upon answering the Chairman's call for a vote, the motion carried. Karen Gilpin made a motion that the minutes of the board meeting dated May 10, 2011 be approved as distributed and modified. This motion was seconded by Chairman Harry Lee and upon the vote the motion carried.

There were no guests or visitors at the meeting who wished to speak at the time of public forum.

The first item of old business was a report on the KDHE voluntary cleanup plan. It was noted that the Terracon estimate of services was well under the amount previously approved by the board. It was noted that architects are working on drawings to be submitted to the KDHE and that KDHE had issued a letter yesterday which has not yet been received. Geotechnical information is needed from the site in order for the development of the remediation plan. Some mention was made of the board's need to see some additional design concept information so as to have the opportunity for input. Joyce Heismeyer reported that the architects and construction manager would be in Iola next Tuesday, Wednesday, and Thursday. Jay Kretzmeier inquired of the board as to whether the meeting next Tuesday would be an opportune time to invite several members of the Iola community currently receiving physical therapy in Chanute, Kansas. By common consent the board agreed and Kretzmeier indicated he would extend the invitation and place those citizens on the agenda for the next meeting.

The second item on the agenda was Allen County hazmat training. Short discussion was held no action was taken.

The third item on the agenda was the HCA operating agreement. Joyce Heismeyer noted that the agreement was very close to being completed. The latest draft included 23 pages. The agreement likely will be made available Wednesday or Thursday of this week. Board member Patti Boyd noted that a summary of the agreement would be made to the full board and that the board will have considerable amounts of time to examine and ask questions about the agreement before making decisions on acceptance.

The next item of business was the HCA lease termination. A fair amount of discussion was held concerning the advantages and disadvantages of early termination of the agreement. These included the benefit of operating profits during an interim. It also included the risk of operating losses or facilities repairs during the period. Chuck Wells noted the bond underwriter; Scott Crist was most inclined for the hospital to wait for termination. In that manner interim financing issues would be reduced. At this time some discussion was held with regards to the 2013 mandate for electronic medical records.

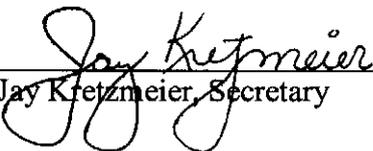
In the absence of the presence of the construction manager or architects no action was taken as to item 5 on the agenda.

Patti Boyd gave a short report about her attendance at a meeting of the Iola Medical Developers held last Tuesday. Their next meeting will take place one week from today. Chairman Harry Lee reported he had spoken with Iola Mayor Bill Shirley concerning the relocation of electric lines on the south side of Monroe Street. Mayor Shirley was in attendance at the meeting and indicated he would request the head of the city electric department be in attendance at the next meeting of the board. Some discussion was held as to the closing of portions of Monroe Street at the hospital site. In answer to the board's invitation to the city of Iola to attend hospital board meetings, Mayor Shirley indicated he would be in attendance at all of the hospital board meetings with the exception of next Tuesday, or in his absence he would designate a liaison substitute.

A brief report was given by Alan Weber concerning the exchange of properties with the landowner Gerald Lilly. He noted a zoning hearing would be held Wednesday, May 18 at 6:00 PM at the Allen County College Board Room. Mayor Shirley reported that he would consult with the city department heads before he could commit on the city's behalf, as to providing the costs of curbing at the corner of Monroe and Kentucky streets.

At 8:03 PM Jay Kretzmeier made a motion that the board move into executive session until 8:10 PM, along with Chuck Wells and Joyce Heismeyer for the purpose of attorney/client discussions about land acquisition and an upcoming condemnation hearing. This motion was seconded by Sean McReynolds. The chairman asked for the vote and the motion carried unanimously. At 8:10 PM the board exited from executive session and invited the public to return to the meeting. There was no action forthcoming from the board.

At the hour of 8:14 PM board member Patti Boyd made a motion for the adjournment of the meeting. This motion was seconded by Karen Gilpin. The board voted in favor of the motion and the meeting was adjourned


Jay Kretzmeier, Secretary

Read and approved May 24, 2011

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday May 24, 2011
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, May 24, 2011 at 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd, Jay Kretzmeier, Tom Miller, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Board Treasurer Debbie Roe. Debbie Roe announced the absences of Chairman Harry Lee, Vice Chairman Karen Gilpin and Sean McReynolds. It was acknowledged by common consent that Debbie Roe, being an officer of the board, would serve as moderator of the meeting.

A motion was made by Patti Boyd, with a second to the motion from Tom Miller to approve of the agenda of the meeting. The motion carried unanimously. Jay Kretzmeier moved that the minutes of the board meeting dated May 17, 2011 be approved as distributed. This motion was seconded by Patti Boyd and upon the vote passed unanimously.

There were no comments received during the period of public forum.

Mr. Clyde Toland, an Allen County resident and a rehabilitation patient was present at the meeting as an invited guest. Mr. Toland explained about the stroke he had experienced in June of 2010 which left him partially paralyzed. He described the physical therapy rehabilitation he received at Wesley Rehabilitation Hospital in Wichita, Kansas for 4 ½ weeks following his stroke and an additional one month as an outpatient there. He reported he had continued with therapy at the Neosho County Hospital for nine months. He described some of his experiences there and the group of individuals from the Iola area with whom he was sharing some form of rehabilitation at Neosho County. There were several things Mr. Toland highlighted. One of these was the availability of a CarCare transportation system whereby patients were driven to and from the hospital. He noted that patients from Iola included physical therapy, occupational therapy, and cardiac rehabilitation. It was his personal observation that a majority of the therapy was related to cardiac rehabilitation. He encouraged the hospital board to consider a strong rehabilitation unit for the hospital not only to properly serve Allen County residents but also because of the strong revenue possibilities. His final remarks included the importance of having drive up and covered access for rehab patients so as to properly accommodate their mobility needs. He also noted importance of a Swim-x unit used in therapy.

Following Mr. Toland's remarks, Joyce Heismeyer noted the CarCare arrangement established by the Chanute Hospital was probably property of their Hospital foundation. She reasoned that there were prohibitions from hospitals engaging in "referral buying" practices. It was noted that this might be a proper supportive role for a Hospital Foundation.

The first item of old business was a report on the Conway property from counselor Alan Weber. He reported that options had been signed by Gerald Lilly and the attorney for Wesley Hospital and that he had made arrangements with Larry Wilson to appraise the property. He reported that once the property was acquired the county would clear the property of building and trees and provide rock. He noted that from Mayor Bill Shirley, the city would provide services for a new curb, asking the hospital to pay for the concrete for the curb. Councilman Joel Wicoff was present at the meeting in the absence of Mayor Shirley.

Mr. Kent Tomson, Superintendent of Electric Utilities with the city of Iola was present at the meeting to explain the city would be cleaning up a drainage area north of the hospital property and would make arrangements to reroute overhead electric lines along that slough. He noted he was uncertain as to the routes that cable television and telephone used in that area. He noted they would feed off of Kentucky and go east to Kansas Drive and that it should not be a big problem. He noted that one of the other lines was a fiber-optic cable.

Board member Patti Boyd reported that the Iola Medical Developers had held a meeting immediately preceding the hospital board meeting and that they discussed a number of things which included tenants for the property and the type of facilities needed.

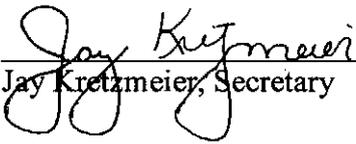
Mr. Phil Schultze reported that Terracon had been on site and had completed drilling of soil samples and some results should be known by the end of next week. Sheldon Streeter reported that KDHE had issued a written approval bypassing a voluntary cleanup proposal and that only a voluntary cleanup plan would be required. This letter was submitted to counselor Alan Weber. Phil Schultze indicated a meeting would be held with civil engineers tomorrow so that when boring results are known they will be more ready to make decisions. Some discussion followed about gathering information about the north versus south of Monroe site locations. It was noted that once all information is gathered a decision will need to be made very quickly. David Wright reported that if the soil samples were the same for each of the two site locations it would cost \$300,000 more if the North site is chosen. He noted his observation from information available at this time would be, the site north of Monroe offered the most long-term flexibility. At the closing of this discussion David Wright commented that having held communications with the Iola Medical Developers it appeared increasingly important that the medical office building/clinic building actually connect to the hospital.

Alan Weber reported that he had received an agreement from Kevin Cowan and it was sent to city attorney Charles Apt concerning the language contained in the city sales tax commitment. It was noted that the City Council did not have time at their last meeting, but they were holding an adjourned meeting this Thursday at 3:00 p.m. and the matter would be brought before them at that time.

Patti Boyd reported that HCA had provided a management agreement document last Thursday but the subcommittee had not yet been able to meet to discuss the proposal. She also noted that the asset assessment would be coming very soon.

Counselor Alan Weber reported that a date and time had not yet been set for the appraisal hearing as to the land condemnation action with Eldon Strickler. He was asked if further action or expert witnesses might be needed. It was determined that this discussion would best be made in executive session and there was time for that decision to be made. By common consent it was agreed that this matter would best be delayed until a meeting when more board members would be present.

At the hour of 8:00 PM Patti Boyd made a motion to adjourn. This motion was seconded by Tom Miller and upon the vote the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved May 31, 2011

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday May 31, 2011
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, May 31, 2011 at 7:00 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, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:00 PM. Two items were added to the agenda under new business. Item 2, summer meeting schedule was added and item 3, VA Clinic was added. A motion was made by Patti Boyd accompanied by a second from Sean McReynolds to approve of the agenda for the meeting. This motion passed unanimously.

Debbie Roe moved that the minutes of the meeting dated May 24, 2011 be approved as last distributed. This motion was seconded by Patti Boyd and upon the vote the motion carried unanimously.

During the time for public comment, Mr. Lloyd Weeks was recognized and asked the question about the HCA operating agreement and whether it will be compared to agreements from other providers. Board member Sean McReynolds responded to the question by saying, yes the terms of the document were being compared to other hospital agreements the board had examined. The board had not however taken bids for a management agreement. Board member Patti Boyd commented that the negotiation had included a list of services with price tags and that there was value in the services themselves that would be coming from HCA. Dr. Dan Myers spoke at this time noting that since negotiations took place in executive session there was little way for the public to have knowledge of what would be in the agreement. He encouraged if there was a reasonable way of doing so to communicate some of the contents prior to getting into "the ninth inning". Dr. Brian Wolfe made some comments about the medical staff having had input as to the agreement, that the board may wish to meet with them again. It was noted that there should be plenty of time to evaluate the agreement before a final decision is made.

At 7:18 PM Sean McReynolds moved the board enter into executive session with attorney Alan Weber until 7:30 PM for attorney-client privilege regarding land condemnation. This motion was seconded by Debbie Roe and upon the vote, was carried unanimously. At 7:28 PM the board completed the executive session, no action was taken at this time.

Board member Patti Boyd noted there would be a management agreement subcommittee meeting held Wednesday, June 1. It was at this time that visitors attending the meeting Lloyd Weeks and Brad Vanriette noted that one of the most significant concerns of employees presently at the

hospital was for benefits and wages to stay the same under a new agreement. This was duly noted.

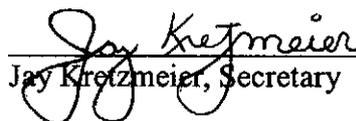
The Board's summer meeting schedule was discussed. A motion was made by Patti Boyd that through August 31, 2011 the board hold its meetings on the second and fourth Tuesday of each month, recognizing that there exist agenda items for June 7th and that a meeting would be required on that date. This motion was seconded by Karen Gilpin. Discussion followed and upon the vote the motion was approved unanimously.

The Secretary reported he had received an inquiry from Carolyn Mclean as to whether the Hospital might make land available at no cost for a possible VA Clinic. The secretary had responded saying that decision would be up to the Allen County Commissioners and the board had not previously considered the matter. Responding to Mrs. McLean's request, the board agreed to place upon the agenda for its next meeting, the matter of a recommendation to the Allen County Commission as to land related to a VA Clinic.

At 7:50 PM CEO Joyce Heismeyer and CFO Larry Peterson arrived at the meeting. A motion was made by Sean McReynolds with second to the motion received from Debbie Roe to move into executive session until 8:15 PM to include Joyce Heismeyer, Larry Peterson, and Alan Weber, for the purpose of evaluating confidential financial information. This motion passed unanimously. At 8:15 PM Sean McReynolds moved to extend the executive session until 8:30 PM. This motion was seconded by Debbie Roe and the motion carried unanimously. At 8:30 PM the board exited from executive session and the public was invited to return to the meeting. No action was taken.

Upon returning to the meeting the reporter from the Iola Register, Susan Lynn noted that as to the possible VA Clinic the decision would be totally in the hands of Sen. Jerry Moran. It was noted the VA Resident Units were subject to the decision by the Kansas governor. Patti Boyd commented about learning more about the rehabilitation services the hospital has offered in the past and what should be offered in the future. She noted and Joyce Heismeyer acknowledged this should be on the agenda of a future meeting.

At 8:48 PM Patti Boyd made a motion to adjourn the meeting. This motion was seconded by Sean McReynolds. The motion passed and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved June 7, 2011

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday June 7, 2011
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, June 7, 2011 at 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:04 PM. The first item of business was the proposed agenda of the meeting. Under new business, Item 1, Health Facilities Group was added to the agenda. Board member Patti Boyd moved the agenda be adopted as changed. This motion was seconded by Sean McReynolds and upon the calling of the vote passed unanimously.

The minutes of the board meeting of May 31, 2011 was the next item to come before the meeting. A motion was made by Debbie Roe to approve of the minutes as distributed. This motion was seconded by Tom Miller and upon the vote passed unanimously.

At the time of hearing of a public forum no requests came forth from visitors.

The first item of old business was the review of forecast financial statements from the accounting firm of BKD. At 7:10 PM a motion was made by Patti Boyd to enter into executive session until 7:45 PM for the purpose of reviewing confidential financial information related to HCA and those invited to be in attendance for this session included Alan Weber, Sue Brammer, Matthew Klauser, Chuck Wells, Phil Schultze, Larry Peterson, Patti McGuffin, and Joyce Heismeyer. This motion was seconded by Sean McReynolds and the motion carried unanimously.

Shortly after 7:45 PM the board exited from executive session. At 7:48 PM Tom Miller was excused to leave the meeting for the evening. A summary of the financial forecast information was provided to those in attendance at the meeting. Matt Klauser explained that in the ordinary course of revenue bonds a common requirement of the bonds is for the maintenance of a debt service ratio of 1.25. He explained this provides a 25% cushion of revenues and cash flows in order to retire debt service. It was noted that for 2015 the projection for the Allen County Hospital was a debt service ratio of 1.66. Mr. Klauser submitted a summary page to Susan Lynn, a reporter for the Iola Register.

Board member Patti Boyd asked a question as to whether a possible VA clinic might affect the hospital's treatment as a critical access hospital. CEO Joyce Heismeyer noted that as long as the two facilities were properly separated there would be no impact to the hospital as to its critical access designation. She noted that the hospital could not provide the VA any item of value. She indicated such things as VA parking would need to be designated and a lease established for the VA parking.

There were no trustee reports to come forth.

The next item of business was a consideration of recommending to the Allen County commissioners land at the hospital site that might be used as a Veterans Administration clinic. It was noted that 1.7 acres would be needed. Stephen Lewallen noted that it would be prudent to not be hasty with regards to making an offer. With the separate facilities it would be important to the hospital to maintain certain controls. He suggested not giving too much too early. Counselor Alan Weber noted that it was believed the Allen County commissioners would want to accommodate the VA in any ways possible. The secretary noted this item was on the agenda as a result of the request from Carolyn McLean. Some discussion followed and by common consent it was agreed that Jay Kretzmeier should contact Carolyn McLean and coordinate her contact with Counselor Alan Weber.

It was noted that the draft management agreement from HCA had been provided to all of the board members. Attorney Mark Thompson will be in attendance at a future meeting to review the draft with the board. At the hour of 8:22 PM Patti Boyd made a motion that the board enter into executive session along with Alan Weber, Joyce Heismeyer, Chuck Wells, Larry Peterson, and Patti McGuffin for the purpose of attorney-client privilege until 8:40 PM. This motion was seconded by Sean McReynolds and the motion passed. At 8:35 PM the board opened from executive session and no action was taken.

Counselor Alan Weber indicated that city attorney Charles Apt had the documents committing Iola City sales tax under review, and that it could be taken up at the June 13 meeting of the city. That document would set the payment schedule for the sales tax commitment.

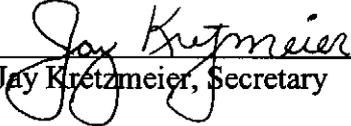
Item 6 on the agenda was eliminated by the item of new business next to come before the board.

Sheldon Streeter, Phil Schultze, and Stephen Lewallen reviewed with the board preliminary soil boring samples at the East HWY 54 site. The early findings from these samples were reported not to be very favorable. It was noted that these samples were taken 100 feet apart from each other. The results showed that the soil throughout the sampling area was very unpredictable. The land was found not to be solid, but rather soft and mushy. In instances where normal blow counts might be 10, 20, or 30, in order to drive a stake 12 inches deep into the ground it was noted in one location a single blow moved the rod 12 inches. It was noted that the area seemed to have been excavated and filled at some time in its history. This fill was varied, with wood and many other components. Phil Schultze noted that normally with soil samplings you can make several assumptions. In this instance none of the normal assumptions could be considered valid.

It was noted that with this problem of soil base one of four solutions could be utilized as a remedy. One method was to drill piers. Another method would be driven piles. A third method would be for rock piles. A fourth method would be to remove and replace soil. It was noted that with a pier system a structural slab might be utilized. The cost of the systems could start at \$600,000 and could easily be over \$1 million. Phil Schultze noted that normally a parking lot could be guaranteed for 20 year period, but on the type of land found at the location a parking lot may only have a 10 year life before it would need significant repair. The consultants noted that

in order to properly plan for remedying the subsoil problems sizable contingencies should be put in place. Another issue of the site was groundwater. It was noted that in some places groundwater existed at a soil depth of 1 ½ feet. This groundwater and its flow could present a significant problem. The consultants noted they would be studying the boring results in detail and would present information and recommendation at the board meeting to be held June 14, 2011 as how to best proceed.

At the hour of 9:20 PM there being no further business to come before the board, Patti Boyd made a motion to adjourn the meeting. This motion was seconded by Debbie Roe and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved June 14, 2011

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday June 14, 2011

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, June 14, 2011 at 7:00 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 was present via teleconference, Tom Miller, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:02 PM. The first item of business was the agenda for the meeting. The chairman spoke of the importance of hearing the engineer's report and that it might serve well for that item to be moved immediately before the public forum. Chairman Lee moved to change Item 2, the architect and construction manager's report immediately before the public forum. Patti Boyd seconded the motion and when the vote was taken, the motion carried unanimously.

The minutes of the board meeting dated June 7, 2011 was the next item of business. Patti Boyd moved the minutes be approved as last submitted. This motion was seconded by Tom Miller and upon the vote the motion carried unanimously.

The next item of business was comments from trustees. Board member Jay Kretzmeier made a brief comment or two about decisions the hospital board had made and attempted to fill in some of the gaps to the public. He mentioned the preliminary geotechnical reports which had been received during the meeting held the previous week. He noted the board had been diligent in the selection of its architect and construction manager and that the board was awaiting from them the engineer's findings and their recommendations.

One item Jay Kretzmeier wanted to make clear to those attending the meeting was that any location for the hospital was going to be very expensive. This would be attributable to expensive land along East Street which was based upon the comparable sales of the Citizens Bank and the Physicians Clinic. The alternative was land which was less expensive but at a distance, where the cost of bringing utilities and some paving resulted in the site being very expensive.

Kretzmeier remarked that while there was some public opinion that the board had flip-flopped in its past decisions or had been manipulated, that was not in fact the circumstance. Following the board's meeting to reconsider the East Street site there had been no coverage or explanation to the public as to why board members had made that decision. In fact that was left to speculation. Kretzmeier presented some explanation which included the importance of a medical office building. A medical office building being important because it would provide additional medical disciplines to the residents of Allen County. These would include such disciplines as cardiology, nephrology, urology, dermatology, neurology, and orthopedics. In addition to the increased

availability of medical services to citizens these additional services would also increase the profitability of the hospital. This would be attributable to increased laboratory fees and diagnostic services.

Patti Boyd followed with comments about the importance of a medical office building and the methods the board has used in its decision-making process. Board member Tom Miller also commented to those in attendance at the meeting.

The chairman noted the recent accidental automobile death of Allen County Hospital employee Katie Gant, a wife and mother of three whose life was lost June 10, 2011. The chairman asked in reverence, for a few moments of silent reflection for the life of Kati Gant and for the survivors of her family. There was silence.

The next item of business was the report of the architects and construction manager. David Wright introduced those involved with the preparation of engineering information and sampling of soil at the East Street site. This included Clay Cline, a representative of TERRACON who had performed the geotechnical samples and analysis. It was noted that there had been 32 borings taken at the East Street site. Projecting on a screen David Wright presented circles of areas at the site where there existed pits which are problematic for construction. He noted that the borings had been made across the property in 50 to 100 foot grid. In areas where parking was expected to be the borings were limited to 5 foot in depth. In areas where the building would be expected to be located the borings went to a depth of 25 feet. It was reported that in the pit areas the subsurface was both unstable and inconsistent. The area contained sand, slag, clay, water, brick, and wood. The pit area was identified as being muck. It was noted that from an engineering approach this area was described as ugly. In other areas there was 6 to 8 feet of fill and the rest of the property bedrock was observed at a depth of 12 to 14 feet. It was noted that bedrock was described as, a shale and limestone floor, subject to holding a load and not reacting. It appeared at the 12 to 14 foot level that depth was considered consistent and would be a good medium for construction.

The team of consultants, having met in recent days, has determined that the northeast corner of the property held less substructure problems. They made some analysis north of Monroe and on the northeast corner of the property. Phil Schultze spoke as to the methods of foundation systems that might be used to engineer the deficiencies of the site. The four methods were included in the presentation he had made in the prior week. He noted that with regards to the replace and removal method that one of the complicating factors was the removal of 30,000 cubic yards of contaminated soil. The other methods involved a supporting foundation system along with a structural elevated deck for the 60,000 square foot building. He noted one of the issues moving to the far Northeast would be the additional cost of utility and driveway at that location. One of the methods would be to drill, rock, and pound. It was noted that it would take approximate 930 rock piles for this site and that 40 or 50 such piles could be completed per day. The guests in the audience asked and Phil Schultze responded that this method has been used for a hospital in Osage Beach Missouri. At this point in time he noted that there was need to bore at additional locations moving toward 50 feet intervals.

A question came from those in attendance at the meeting as to whether the muck pool would reduce the flexibility of the medical campus. It was noted that engineering techniques could solve the issues with the buildings and that green space could be used to achieve a welcoming campus. It was noted however that there would likely be long-term maintenance issues with paving in the driveways and parking areas. At this time the construction manager offered that at the first site presented, which was near the muck pit, the estimated additional cost of construction would be \$1.3 million. In addition it was noted from the consultant Chuck Wells that a big contingency should be planned and it was suggested this be a 50% additional contingency resulting in an estimated additional cost of \$1.9 million. It was determined that on the far northeast corner of the properties there was significant elevation changes to the existing grade. Early indications are however that there is less underground water at this site and that a more normal foundation could be utilized. The estimated additional costs at the northeast corner of the site would be \$450,000. It was not noted, but if the contingency is included there at 50%, the additional cost would be \$675,000 for the northeast corner. It was noted these costs were net costs as a result of some savings in remediation costs.

At this point in the meeting the public offered forth a number of questions to the consultants. There were several questions from the audience over a wide range of construction, financing, design, medical office building and other issues beyond those included on the agenda, to which trustees and their advisors responded. Some of the questions are included on a separate page and are included here by reference. Chuck Wells who was present by teleconference noted that if more study is required fine, but that the upcoming recommendation needed to have a high level of certainty. He noted that the hospital cannot deal with uncertainty. He stated outright that the possible killer of the East Street site for the hospital might be uncertainty. Questions continued. When the construction manager was asked, he noted that this site was the worst site they had ever seen. This was later qualified to note that the central area of the site where the muck pit is located was what was being referred to. Other outlying areas of the site contained substructure conditions they were accustomed to dealing with. It was noted that on the northeast corner location there would not be a structural slab and they would not be digging to the 25 foot depth.

The report came from Alan Weber and Commissioner Bill Shirley that the City of Iola had not yet taken action with regards to the requested city sales tax commitment.

A few additional questions came from those attending the meeting. The question was again raised about the aesthetics of the campus if the hospital was built on the northeast corner of the property. It was noted that soil remediation would be completed up to the 3 acre area on the north then to the south and all the way to the northeast. About 7 acres would be excluded which would leave approximate 10 acres to be remediated. It was noted that the cost of this remediation was not yet known.

In requesting information from Phil Schultz, he advised he would like authority to proceed with additional borings so that final determinations can be made. Proposals have not yet been sought but it was estimated this cost might be \$12,000. The land under condemnation was mentioned. It was suggested it might be a favorable idea to attempt to obtain permission for borings on that property. No action was taken. It was noted that the county commissioners may withdraw from

the purchase commitment under condemnation within 30 days after the July 18th hearing date. No action was taken on the request for boring authority.

The next item of business was the scheduling of a meeting with attorney Mark Thompson. The importance of that meeting was discussed and by common consent a tentative date of July 12, 2011 was set to invite him to the board meeting. Chuck Wells indicated he would be absent but could be present by teleconference.

The matter of the request for approval for additional borings continued before the board. The board being uncertain as to the effect a change of locations would have on the Iola Medical Developers, was left with uncertainty as whether to spend money for additional borings or not. It appearing increasingly important for the board to meet in the following week, Jay Kretzmeier made a motion that the board schedule a meeting for June 21, 2011 at 7:00 PM at the meeting room of the Allen County Hospital. This motion was seconded by Patti Boyd and upon a call for the vote the motion passed unanimously.

Upon having no further business to come before the meeting, Patti Boyd made a motion to adjourn. This motion was seconded by the Debbie Roe and upon the vote the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved June 21, 2011

1. What if 'Obamacare' or other federal action results in loss of Medicare reimbursement to Critical Access Hospitals?
2. Why is the proposed hospital's floor plan smaller than that of the current hospital? Will the same patient services be provided?
3. Will there be a basement?
4. Will there be a storm shelter?
5. How much has the equipment budget been decreased?
6. How will the trustees manage the risk of unforeseeable and increased costs once construction begins? (Answer here was explanation of Construction Manager At Risk.)
7. How do you account for a budget of \$30 million when construction costs will be \$17 million?
8. Will there still be access to contaminated soil once the hospital is built?
9. Who is Mark Thompson?
10. Can the trustees do a newsletter?
11. Why do the medical office building and possible VA clinic have to be on the same site as the hospital?
12. Why can't the doctors privately finance and build a medical office building at a location purely of the hospital's choosing?
13. How will the hospital prevent doctors and specialists from competing with it for services?
14. Can the hospital add a second floor to the current hospital building rather than building a new hospital?
15. Why didn't the trustees publicize the offer of a private individual to sell land on which to build the hospital for \$7000 per acre?

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday June 21, 2011
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, June 21, 2011 at 7:00 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, and Tom Miller. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by chairman Harry Lee at 7:00 PM. Chairman Lee initiated the meeting by asking those in the audience who wished to ask questions or speak during the meeting to please stand until such time that they would be recognized by the chairman before speaking.

The first item of business was the approval of the agenda. It was suggested the agenda be amended to move Item 6 just below Item 3 and to move Item 4 to be the last item of old business. Patti Boyd made a motion to approve the agenda as amended. This motion was seconded by Sean McReynolds and upon the vote the motion carried unanimously.

The minutes of the board meeting dated June 14, 2011 was the next item to be addressed by the board. Board member Patti Boyd made a motion to approve of the minutes as last distributed. Tom Miller presented a second to the motion, there was no discussion and the motion passed unanimously.

At 7:04 PM the meeting moved to the Public Forum portion of meeting. One visitor, Richard Schneider was recognized and asked a question concerning the physicians and the Iola Medical Developers. Board member Patti Boyd addressed the question indicating she would provide an answer to the question in a report she would give later in the meeting. At 7:05 PM Karen Gilpin arrived at the meeting.

The first item of old business was HCA negotiations. Board member Patti Boyd remarked that attorney Mark Thompson would be scheduled for further discussions of the HCA contract June 29th with Alan Weber, Joyce Heismeyer, Patti Boyd, and others. Boyd commented that she had spoken with some of the hospital employees recently and tried to update them and let it be known that the board had the employee's interest at heart.

Mr. Phil Schultze of Murray Construction was called upon to comment about the East Street contamination remediation costs. He reported that the revised plan would be for remediation to take place all the way south to East St. and to proceed west as far as the east edge of the three or 4 acres north of Monroe St. He indicated that they had completed more precise computations of the location of the hospital on the northeast corner of the properties and their revised

computations were additional costs of \$510,000. It was noted that some additional soil borings would offer additional information as to total costs. He summarized that the original differences in site costs alone with this revised estimate placed the East Street site costs at \$1.1 million more than original estimates.

The matter of subsurface water at the East Street site was the next item on the agenda. Phil Schultze noted that extreme water existed at 60% of the boring sites. He advised there were two types of water flow on the East Street property, a water migration issue under the building and then surface water. It was noted that surface water from the roof would be pitched north and that the approximate 100,000 square-foot paving would be diverted in part to the north. He noted that by engineering, surface water could be redirected. As to the under building water migration issue, he advised that stone columns would elevate the building up to a two or three foot level so there would be no problem with subsurface water.

At the hour of 7:18 PM a motion was made by Sean McReynolds for the board to move into executive session for the purpose of land acquisition discussion until 8:00 PM and those in attendance to be the representatives from Health Facilities Group, Patti McGuffin, Sheldon Streeter, Phil Schultze, Alan Weber, and Joyce Heismeyer. This motion was seconded by Tom Miller. Prior to the public exiting from the meeting room a member of the public began speaking to the board. A number of comments were made and received from the individual without being properly recognized. The Board Secretary raised a point of order to the chairman indicating that a motion had been made and seconded and the question was ready for a vote. Upon a call for the vote the motion passed unanimously and the board entered into executive session.

At 8:00 PM. A motion was made by Patti Boyd to extend the executive session until 8:30 PM. This motion was seconded by Karen Gilpin and upon the vote passed unanimously. At 8:30 PM the board exited from the executive session and the public was invited to return into the meeting room. The chairman announced that the board had nothing to report coming out of the executive session.

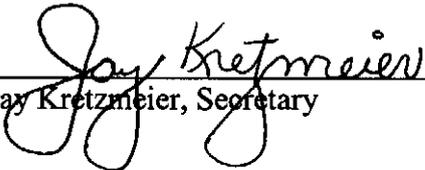
The next item of business was trustee reports. Patti Boyd speaking to answer the question addressed earlier in the meeting spoke as to her attendance with the members of the Allen County Medical Developers. She noted that the Allen County Medical Developers had indicated a willingness to be involved with the construction of a medical office building. She reported that from their group, they indicated that they had no wish to compete with services offered by the hospital. She reported that they are listening and are aware of what the hospital board is faced with. She acknowledged the entrepreneurial risk those members would be taking and that if hospital facilities were located at a far distance away from them it would not make sense for some of them.

The next item to come before the meeting was the matter of proposals for additional geotechnical borings. Board member Sean McReynolds made a motion to table this matter until the next meeting of the board. This motion was seconded by Tom Miller. When the vote was taken the motion passed unanimously.

At this time there were comments and questions to the board from guests in attendance at the meeting. Carl Letsinger asked why utility extensions were so expensive to the Oregon Road site. Susan Sullivan commented about the unfavorable characteristics of the East Street site. Jim Luttrell spoke in favor of the East Street site and of improving the appearance of that portion of Iola. Citizen Peggy Marple criticized the board for its previous East Street decision. She criticized the board about their approach to the medical office building. Other comments were offered.

Joyce Heismeyer noted that the existing HCA Hospital Board had rescheduled its meeting next Tuesday and accordingly the ACHBT would be able to meet in the hospital meeting room at 7:00 PM the following week.

At 9:16 PM there being no other business to come before the board, Patti Boyd made a motion to adjourn. This motion was seconded by Sean McReynolds, and upon the vote the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved June 28, 2011

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday June 28, 2011
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, June 28, 2011 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, Tom Miller, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Vice-chairperson Karen Gilpin at 7:03 PM. The first item of business was the approval of the agenda for the meeting. Under new business Item 1, Allen County Hospital Employee Advisory Group was added to the proposed agenda. Board member Patti Boyd moved to adopt the agenda as amended. This motion was seconded by Tom Miller and the motion carried.

The minutes of the board meeting held June 21, 2011 was the next item scheduled to come before the meeting. One change to the minutes was noted on the last page. The word scheduling was changed to the word scheduled. A motion was made by Debbie Roe to approve of the minutes as modified. This motion was seconded by Sean McReynolds and upon the vote the motion carried.

The chairperson called for questions or comments to come from those in attendance at the meeting as to items not listed on the agenda. Mr. Richard Schneider stood and was recognized. He made a point to note that at the last meeting of the board when the board entered into executive session for the purpose of land acquisition, he was of the opinion that the ex officio member of the board should have removed himself from the meeting, citing a conflict of interest with his position with the Allen County Medical Developers. The Board noted that the ex officio member was not a voting member of the board. It was Mr. Schneider's position that this conflict gave the appearance to the public of impropriety and should be avoided. The board thanked him for commenting about his concern and took it upon consideration.

Susan Sullivan asked if blueprints of the hospital were available. Sean McReynolds and other board members responded saying that all plans today were working plans and that the public would have available proposed plans multiple times before the final design decision would be made. Another visitor inquired about the existing condemnation proceeding being undertaken by the County. Counselor Alan Weber responded by saying that it was continuing.

The first item of old business was HCA negotiations. Board member Patti Boyd reported that a revised operating management agreement had been made available and would be distributed to the board members. It was noted that for the July 12, 2011 board meeting there would be time scheduled to address the agreement with Chuck Wells by phone conference, along with Joyce

Heismeyer, and Mark Thompson. She noted that the subcommittee meets tomorrow and is working on several items contained in the contract.

At 7:11 PM Patti Boyd made a motion to move into executive session for the purpose of financial information subject to confidentiality agreements, and that those in attendance be the board, Alan Weber, Chuck Wells, Scott Crist, Joyce Heismeyer, Larry Peterson, and Patti McGuffin until 7:30 PM. This motion was seconded by Sean McReynolds and upon the vote the motion carried unanimously. At 7:28 PM the board exited from the executive session and no action was taken.

Scott Crist from UMB Bank commented with regards to the issuance of public commission bonds. He noted that UMB was presently in a holding pattern. He reported that interest rates are currently as low as any those that have been seen recently. He noted the high domestic unemployment rate, decrease in manufacturing, and decrease in home prices were factors that were holding interest rates down. He noted that a recent PCB issue here in Kansas with a 20 year redemption life was issued at the rate of 4%.

The next item of business was trustee reports and no reports were presented. Counselor Alan Weber noted that the sales tax language with the City of Iola was close to agreement. He also noted that the April sales tax receipts for the hospital from Allen County were above estimates and had been reported to be \$40,091.56.

At 7:33 PM Tom Miller made a motion that the board enter into executive session for 15 minutes for the purpose of land acquisition and that those in attendance be Alan Weber, the architects and construction manager personnel, Joyce Heismeyer, Patti McGuffin, Larry Peterson, Chuck Wells, and Scott Crist. This motion was seconded by Sean McReynolds and upon the vote carried unanimously.

At the hour of 7:45 PM board member Tom Miller made a motion to extend the executive session until 8:00 PM. This motion was seconded by Debbie Roe. No further discussion came forth and upon the vote the motion carried. The public was advised.

At 8:00 PM Sean McReynolds made a motion to extend the executive session further until 8:15 PM. This motion was seconded by Debbie Roe and upon the vote the motion passed. The public was duly advised.

Shortly after 8:15 PM Sean McReynolds made a motion to extend the executive session until 8:30 PM. This motion was seconded by Debbie Roe and upon the vote the motion carried. The public was advised.

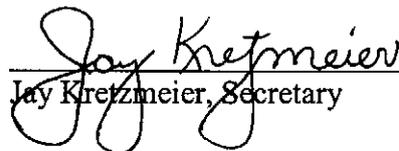
At 8:30 PM Sean McReynolds made a motion to extend the executive session until 8:45 PM. This motion was seconded by Debbie Roe and upon the vote the motion carried. The public was advised. During this executive session the board requested the presence of the Executive Director of Thrive Allen County, in the person of Mr. David Toland. Mr. Toland was invited into the meeting.

At 8:45 PM the board exited from executive session and the public was invited to return to the meeting room. Chairperson Gilpin announced that there was no motion or action to come out of the executive session.

The next item of business was geotechnical borings. Jay Kretzmeier made a motion to authorize the expenditure of up to \$17,350 for the purpose of obtaining geotechnical, survey, and Phase I environmental results at the Oregon Road site the board currently has under option. This motion was seconded by Tom Miller. The moderator asked for discussion, no discussion was heard. Upon the vote, the motion carried five members in favor of the motion and one member abstaining.

The board had reached the place in the meeting scheduled for new business. The Allen County Hospital Employee Advisory Group was on the agenda. The leader of the group Marilyn Miller was introduced by hospital CEO Joyce Heismeyer along with other members from the group. It was at this time that the group unrolled a large banner containing signatures of employees of the hospital expressing their appreciation to the board for their service to the hospital. This banner was then graciously presented to the board and was received with fond acknowledgment by the board members.

There being no further business to come before the meeting Sean McReynolds made a motion to adjourn. This motion was seconded by Tom Miller and upon the vote passing the motion, the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 7-12-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday July 12, 2011
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, July 12, 2011 at 7:00 p.m. in the Conference Room of the Allen County Hospital. The following board members were present to wit: Patti Boyd, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Tom Miller, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

Chairman Harry Lee called the meeting to order at 7:01 PM. The chairman announced an addition to the agenda under new business Item 2, receiving a report from Joyce Heismeyer on Strategic Initiatives. Karen Gilpin made a motion to approve of the agenda as modified. This motion was seconded by Patti Boyd. Upon a call for the vote the motion passed unanimously.

The minutes of the board meeting dated June 28, 2011 was the next item of business to come before the meeting. The secretary announced one change needing to be made to the draft minutes as last distributed. On page 2, the fifth paragraph, the name of Chuck Wells needed to be added to those entering into the executive session. Patti Boyd made a motion to approve the minutes as amended. This motion was seconded by Karen Gilpin, and upon the vote passed unanimously.

During the time for public forum Karen Hartwig from Yates Center asked the board if it had considered a 16 acre site on Patterson Road as a location for the replacement hospital. She noted that she had approached the Allen County Commissioners last October concerning the property. She noted that the property was offered for sale at the price of \$538,000. The chairman advised Ms. Hartwig that the property had not been under consideration by the Board. He noted one of the preferred attributes for possible sites was a location on either Highway 54 or Highway 169 for the purposes of optimal access to emergency vehicles and for visibility, deemed important for a favorable marketing presence. Further discussion followed. Construction manager Phil Schultze inquired as to the dimensions of the property. It was noted that one dimension was 500 feet. This was contrasted to another property previously considered by the hospital board which had a 640 foot dimension and was considered too narrow. Following the presentation by Mrs. Hartwig, Chairman Lee invited the Board to express interest in considering additional sites for the replacement hospital project. No motion was advanced from the board. The board thanked Ms. Hartwig for her inquiry.

The next item of business was trustee reports. No reports were received.

Patti Boyd reported that the management agreement subcommittee of the board would be meeting jointly with HCA on Wednesday, July 13th along with attorney Mark Thompson and

Joyce Heismeyer. She reported that they were close to ironing out the issues which the subcommittee held.

It was noted that before executing any legal document with HCA it would be necessary for the board to have adopted and have in place operating bylaws. Some discussion followed as to the progress of the bylaws and it was noted that bylaws should be placed upon the agenda for the next meeting to be held by the board.

Mr. David Wright presented an update concerning the geotechnical results on property under consideration located on Oregon Road. He indicated in the last two weeks Shafer, Kline and Warren had completed survey, topography and utility information. Terracon had completed Phase 1 environmental analysis, and geotechnical borings had been completed but testing of the boring information was being awaited. Mr. Wright noted that there is 20 feet of rise across the site and noted that the site works really well for the layout of the hospital. There exists a favorable 2% to 4% grade across the parking area and there was a lower area for on-site water detention. Tentative geotech results indicated composition of shale, mostly soft shale, and that nine borings indicated this to be at a depth of 6 to 9 feet. He noted this would be right where the footings would be and should allow for a lower PSI concrete fill which should have a very high bearing capacity.

Phil Schultze noted that at this location a strike count of 50 was commonly obtained and that this was an outcome they were custom to finding in Kansas. He noted that with this type of substructure there would be less swell and it was his observation that this site looks hopeful. Schultze had been in contact with a Mr. Luttrell who is accustomed to shale in this area to find a consistency recipe of shale and clay to be used at the site. He noted that the Oregon Road site would take a lot a risk out of the project and that the sewer installation appeared workable. Board member Patti Boyd asked if there would be increased cost for a sewer installation. Schultze replied that he did not have enough information, and it would be advisable to complete borings for the sewer line. Civil engineer Kenneth Shetlar offered that there was certain information known to the area along Miller Road and Kentucky which gave some indication as to the magnitude of risk. Schultze indicated that a full report and lab testing of soil samples would most likely not be available until the meeting to be held July 26. Schultze noted in his closing comments there were two important issues that need to be addressed before that next meeting. First of these is a further and full investigation into utilities. Second, is coordination with the city as to annexation.

The board proceeded with discussion of utilities. Board member Tom Miller commented about a meeting held with the City Council the evening before. It was noted that the city water main to the area paralleled Kentucky and the line had been inherited by the city. It was noted that the line was some 40 years old and its integrity was somewhat suspect. It was noted that one option might be for one of the rural water districts to sell wholesale water to the City of Iola at the hospital site if it were to be on Oregon Road and for the City of Iola to have a meter and sell water at retail to the hospital.

At this point the chairman suggested that a report of the City of Iola roundtable discussion be presented before the meeting. Secretary Jay Kretzmeier presented an oral report of the

roundtable meeting held the previous evening with the City of Iola Council. He presented a written copy of the report and made a motion that the report be accepted by the board and be included in the minutes of the meeting by reference. This motion was seconded by Patti Boyd. No discussion came forth and upon the vote the motion passed unanimously.

To formalize actions the board will be taking, Alan Weber acknowledged he had been in contact with Paul Morris of Heartland Rural Electric Cooperative by e-mail and he would follow up in effort to obtain a written commitment from Heartland as to releasing electric rights to the City of Iola. Jay Kretzmeier committed to attending the next meeting of the Anderson County Rural Water District # 5 for the purpose of inquiring about conditions for water service from them or release of their rights to the City of Iola. It was noted that he would contact Mayor Bill Shirley in an effort to request a representative from the City of Iola to also attend the meeting. Chairman Harry Lee committed that he would be in contact with Mayor Shirley and the City of Iola as to gas and water service capabilities from the City of Iola. Board member Tom Miller committed to contacting Kansas Gas Service for the purpose of receiving possible terms of service from them.

The chairman inquired of David Wright as to what was required in order to meet a fall start date on construction. Mr. Wright indicated the project was close to the edge of not being able to meet a fall start. For any possibility as to a fall start he would need a consensus from the board in a week or two concerning the commitment to build at the Oregon location. He indicated at the Oregon Road site it would be necessary to make a mirror image of all of the drawings and make modifications. At this time the board was engaging to determine the next best course of action. The question was asked and the answer given that if a third site came forth at this time it would definitely be into the 2012 year before construction could begin. The board inquired of the consultants about the costs of mirroring the design in order to provide the construction manager with information so that a guaranteed maximum price could be presented by some day certain. David Wright advised that the cost related to mirroring and modifications would be within a \$10,000-\$11,000 range. He noted that this expenditure would not be lost if the Oregon Road site was selected or another site selected where the mirror image would be used. He noted that Health Facilities Group would request additional compensation for this effort, but would credit the previous costs attributable to the Oregon Road site and would be requesting full payment for those expenditures related to the East Street site.

Inflation costs were reported to the board. It was noted that if the board authorized the additional expenditure to HFG they could start immediately. The consequence, if the authorization is not given, would be an inability to start this fall and the expected inflation between now and next year is a 5% rate. An informal timeline was discussed. It was noted that if HFG was allowed to proceed now the design development drawings would be expected to be completed by mid August. The construction manager would then need five weeks to apply the drawings and accordingly a guaranteed maximum price from the construction manager might be available by mid September.

Discussion followed as to what type of construction could be started in the fall of 2011. The construction manager indicated that if they started November 1, they would move dirt build a pad level and below slab utilities, and that footings could be completed in the ground.

At 8:12 PM board member Tom Miller concluded and commented that what the board was really talking about at this point in time was whether to adopt another site for the hospital other than East Street. Board member Patti Boyd remarked that she continued to have a lot of questions about the Oregon Road location. At this point in time Councilman Ken Roe inquired about the Kansas Department of Transportation and a turn lane on US Highway 169 at its intersection with Oregon Road. Discussion followed. Following this discussion civil engineer Kenneth Shetlar noted that in April when the hospital was first considering the Oregon Road site the Kansas Department of Transportation had been consulted and had indicated to him they would not require a turning lane or make any modification to Highway 169 at Oregon Road if the hospital was to be built at that location. The board then asked Mr. Shetlar if he would obtain for the board a written indication of this from the Kansas Department of Transportation. Mr. Shetlar acknowledged he would seek that written communication.

At 8:28 PM board member Tom Miller made a motion that the Board authorize Health Facilities Group to proceed with their mirroring plans necessary at the Oregon Road site, to include drawing modifications necessary, and for the board to expend up to \$11,000 for that work to be completed. This motion was seconded by Karen Gilpin. A call was made for discussion on the motion and none was heard. Upon the vote the motion passed unanimously. Following the vote board member Patti Boyd wished for the minutes to record one qualification as to her vote on this issue. She wished for it to be recorded that in no way did this vote limit the consideration of another possible site for the relocation of the replacement hospital.

Allen County Hospital CEO Joyce Heismeyer next made a presentation as to possible options for Strategic Initiatives for the future at the hospital. Her presentation was interesting and insightful. Details included in her presentation contained some competitive information, accordingly nothing more will be reported concerning that information.

The board was asked if a replacement hospital site would be selected at its next meeting. The board moved through a checklist of items necessary for that to occur. It would require good information from the City of Iola concerning utilities and annexation. Patti Boyd required an acknowledgment letter from the Kansas Department of Transportation as to the turning lane on Highway 169. It was noted that a recap of the costs at Oregon Road would be necessary as well as a listing of the reasons why the East Street location would not be selected. Finally, Patti Boyd requested that the board have in place an answer or plan as to the medical office building. Much discussion followed with regards to the medical office building. It was noted that were several possible plans available. There exist some planning involving benefactors with which the board needs to hold in close confidence and could not discuss. One possible plan would be for a medical office building to be constructed out of retained earnings of the hospital at a time in the future. Richard Schneider from the audience, inquired about the physicians group involvement with a medical office building at the Oregon Road site. The chairman called upon Virgil Bourne to provide an answer. Bourne responded by saying that the medical professionals were not interested in pursuing the investment in a medical office building at the Oregon Road site.

At the hour of 9:13 PM there being no further business to come before the meeting Patti Boyd made a motion to adjourn. This motion was seconded by Tom Miller and upon the vote the motion carried and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 7-21-11

Allen County Hospital Board of Trustees Meeting Report

6:00 P.M. Monday, July 11, 2011
New Community Room, Riverside Park
Iola, KS 66749

The Trustees of the Allen County Hospital were invited to be in attendance at the City of Iola Council meeting July 11, 2011, 6:00 P.M. held at the New Community Building located in Riverside Park, Iola, Kansas. The invitation was to be part of a roundtable discussion to answer questions about the proposed Allen County replacement hospital. Four members of the Board of Trustees were in attendance at the meeting. Anticipating that a quorum of members might be present at the meeting, and in compliance with the Kansas Open Meetings Act, K.S.A 75-4318(b) proper notice had been issued of the meeting.

At approximately 6:30 p.m. the Mayor called for the roundtable discussion to begin. The Mayor asked the City Attorney several questions concerning a previous sales tax agreement between the city and the hospital, and about annexation. The City Attorney, Charles Apt indicated there were various ways to annex property to the City of Iola. He remarked that procedurally the annexation would not be a huge factor. The matter of utilities was discussed and it was noted that if another utility was serving the area they would either need to sell or surrender their utility rights to the annexing municipality.

At this time ACHBT member Tom Miller reported information the hospital had accumulated concerning utilities at a potential site located on Oregon Road. The council asked several questions. Miller advised that as to a sanitary sewer it was within the hospital plan and budget to extend a City of Iola sewer with an 8 inch sewer line from the southwest corner of East Miller Road and North Kentucky Street approximately 5,280 linear feet, along with easements, fence, and 21 manholes. It was noted that city water pressure in the area could be inadequate for the needs of the hospital. The hospital has spoken with both RWD 5 and RWD 5 Anderson County about their ability to supply water. Appearances are that either has the ability to supply water. It was noted by the hospital and Councilman Ken Rowe that Anderson County RWD 5 was interested in either supplying water or selling their water rights. It appeared they are not interested in surrendering the rights without compensation. It is presently unknown what compensation they would require. If water would be supplied from a supplier other than the City of Iola, City Administrator Judy Brigham noted that water usage information could be obtained from the supplier in order that the City of Iola could assess the proper sewer charges each period.

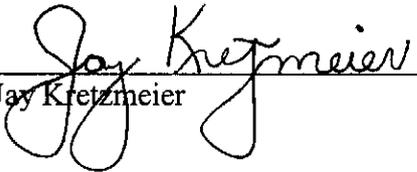
Tom Miller reported the electric utility rights at the Oregon location were held by Heartland Electric. Representatives of Heartland have previously indicated to the hospital board that if the City of Iola annexed the hospital at the Oregon Road site, made the appropriate KCC filings, they would relinquish their electric utility right to the City of Iola. Later in the meeting a question was asked and it was noted by the city, that normally the City pays for the extending of electric service to a new user within the city.

Natural gas was the final utility item discussed. There appeared some consensus from the city officials that gas pressure to the Oregon Road site would be problematic for the city. City

employee, Corey Schinstock noted it would require an extension from an area near Stricklers. Kansas Gas Service serves the area on Oregon Road. Tom Miller reported that Kansas Gas Service has in place a gas line adjacent to the potential site on Oregon Road and it is believed they would be able to provide the hospital with adequate gas service. The hospital would include in its budget the cost to extend a gas line from the south side of Oregon Road and include the cost of approximately 75 linear feet of new line across Oregon Road.

The hospital board conveyed to the city council that previous discussion with the Allen County commissioners indicated Allen County would commit to road clearing and snow removal on Oregon Road for the ten year period in which the sales tax covenant agreement is in effect with the City of Iola.

This concludes my report.


Jay Kretzmeier

Allen County Hospital Board of Trustees Meeting

5:00 P.M. Thursday July 21, 2011
Conference Room - Allen County Hospital
101 S. First St., Iola, KS 66749

A special meeting of the Board of Trustees of Allen County Hospital was held Thursday, July 21, 2011 at 5:00 PM in the Conference Room of the Allen County Hospital. Notice of the meeting had been issued to those requesting notices on Wednesday July 20, 2011. Board members present were Patti Boyd, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

At 5:02 PM the meeting was called to order by Chairman Harry Lee. Board member Patti Boyd made a motion to approve of the agenda of the meeting. This motion was seconded by Tom Miller and upon the vote passed unanimously.

Minutes of the board meeting dated July 12, 2011 were brought forth for discussion. It was noted that one change had been made to the minutes and the revised minutes had been distributed to the board. A motion was made by Tom Miller with a second by Karen Gilpin to approve of the minutes as changed. There was no discussion and the motion carried unanimously.

At the hour of 5:05 PM Patti Boyd made a motion to enter into executive session for the purpose of discussing land acquisition for a period of 60 minutes and for the meeting to include Alan Weber, Phil Schultze, David Wright, Chuck Wells, Larry Peterson, and Joyce Heismeyer by teleconference phone. A second to this motion was received from Karen Gilpin. The Chairman called for a vote and the motion passed unanimously.

At 5:16 PM board member Sean McReynolds arrived at the meeting had entered into the executive session.

At 6:00 PM board member Patti Boyd made a motion to extend the executive session for one hour until 7:00 PM. This motion was seconded by Sean McReynolds. Upon the call for the vote the motion passed unanimously. The public was notified of the extended executive session.

At 6:58 PM the board exited from the executive session and invited the public to return to the meeting. Chairman Lee reported that there was no action to be taken by the board and advised that the board was not ready to announce a decision as to the location of the proposed replacement hospital.

Consultant Chuck Wells offered a brief report concerning federal budget cuts to rural hospitals. He referenced an e-mail he had sent to the board members containing information from the National Rural Health Association. The material referenced federal debt reduction proposals to cut \$14 billion of programs to rural hospitals. He indicated that there were no details at this time.

He also advised that the annual Medicare budget totaled in excess of \$500 billion per year. He noted that while the \$14 billion of possible cuts was significant, compared to the total Medicare budget it would not create a crisis. He advised that he and the board watch these developments with great interest. He also noted that usually when cuts are made they are phased in over five, 10, or 12 year periods.

The secretary read a report from a meeting of the board held Monday, July 18, 2011 in cooperation with the city of Iola Council. Following the reading of the report, Jay Kretzmeier made a motion that the report be received by the board and made a part of the minutes of the meeting by reference. The motion was seconded by Patti Boyd and upon the vote the motion carried.

Upon having no other business to come before the meeting Patti Boyd made a motion to adjourn. The motion was seconded by Tom Miller, and at 7:12 PM the meeting was adjourned.


Secretary, Jay Kretzmeier

Read and approved 7-26-11

Allen County Hospital Board of Trustees Meeting Report

5:00 P.M. Monday, July 18, 2011
New Community Room, Riverside Park
Iola, KS 66749

The Trustees of the Allen County Hospital were invited to be in attendance at the City of Iola Council meeting July 18, 2011, 5:00 P.M. held at the New Community Building located in Riverside Park, Iola, Kansas. Six members of the Board of Trustees were in attendance at the meeting. Those in attendance were Harry Lee, Tom Miller, Patti Boyd, Debbie Roe, Karen Gilpin, and Jay Kretzmeier. Anticipating that a quorum of members might be present at the meeting, and in compliance with the Kansas Open Meetings Act, K.S.A 75-4318(b) proper notice had been issued of the meeting.

At approximately 5:00 p.m. Mayor Bill Shirley called the meeting to order. The City Council unanimously passed a motion to give to the Allen County Hospital a tract of land containing 16.9 acres located south of Oregon Road and just east of the Prairie Spirit Rail Trail if the hospital would use it for the construction of a replacement Allen County Hospital.

The Mayor reported the site was served by city sewer, city electricity and water, and that gas could be provided to the site by the city from Miller Road. Maps were provided and it was noted that two parcels of property were privately owned and may need to be acquired in order to use the land. The mayor indicated the land was available now, but it was not the intent of the city to hurry the hospital in making its decision.

Chairman Harry Lee made comments to the City Council as to some of the criteria which had been used in the selection process for the hospital site. He commented about the City Water net revenues as to the hospital and about the city having rights to electricity sales if the hospital was annexed to the city. Several questions ensued. Karen Gilpin provided the Council with a first response email the Hospital Board had received from its architect Stephen Lewallen. Chairman Lee asked the City Council as to their position as to a site proposed on East Oregon Road. Mayor Shirley responded saying there did not appear to be support by the council for that site. He gave utility revenues as a major reason for their position. During some discussion Chairman Lee called upon local banker Jim Gilpin for a comment. Mr. Gilpin advised that the Community National Bank had evaluated the credit worthiness of a medical office building to accompany the hospital. He reported the bank would provide financing for a medical office building next to the hospital regardless of where the hospital site is chosen to be.

This concludes my report.


Jay Kretzmeier

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday July 26, 2011
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, July 26, 2011 at 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order at 7:00 PM by Chairman Harry Lee. Board member Patti Boyd made a motion to approve the agenda of the meeting. This motion was seconded by Sean McReynolds and upon the vote passed unanimously.

Minutes of the board meeting dated July ²¹~~26~~, 2011 and the Trustees Meeting Report of the meeting with the Iola City Council dated July 18, 2011 were brought forth for discussion. No changes were noted. A motion was made by Patti Boyd with a second by Sean McReynolds to approve of the minutes and to incorporate the Trustees Meeting Report therein. There was no discussion and the motion carried unanimously.

Chairman Lee inquired if anyone desired to speak in the public forum to which there was no response.

The first item of business was the appointment of three representatives to work with three members of the Iola City Council to negotiate items related to construction of the replacement hospital. Jay Kretzmeier moved that Tom Miller, Harry Lee and Patti Boyd be appointed as the three representatives. The motion was seconded by Karen Gilpin and upon the vote, passed unanimously.

At the hour of 7:10 PM, Sean McReynolds made a motion to enter into executive session for the purpose of discussing land acquisition for a period of thirty-five minutes and for the meeting to include David Wright, Chuck Wells, Larry Peterson, Patty McGuffin, Joyce Heismeyer and Ken Shetler. The motion was seconded by Patti Boyd and upon the vote, passed unanimously.

At 7:45 PM, Tom Miller made a motion to extend the executive session for fifteen minutes until 8:00 PM. The motion was seconded by Sean McReynolds and upon the vote, passed unanimously. The public was notified of the extended executive session.

At 8:00 PM, the board exited from the executive session and invited the public to return to the meeting. Chairman Lee reported that the board had a fruitful discussion about land acquisition and that before the end of the week we may call a special meeting to authorize geotechnical borings.

In answer to questions from the audience regarding visibility of the land offered by the City of Iola, Chairman Lee stressed that the board still considers good visibility and accessibility as important criteria in site selection. Chairman Lee further stressed that there are many things to consider, including proximity of utilities and shape and condition of the property. He noted that, although there is no perfect site, the board has worked diligently in their effort to select the best site for the new hospital and that we believe the search is near completion.

The next item of business was an update on establishing By-Laws. Patti Boyd reported that she would schedule a meeting with Joyce Heismeyer and Karen Gilpin to review and revise the draft of the By-Laws. She suggested that the By-Laws be split into three sections to be adopted by the board as each is completed. The sections would be: (1) organization of the board, (2) information specific to the hospital (i.e. vision, philosophy) and (3) medical executive staff. She further noted that the first section, organization of the board, could be completed fairly quickly.

A motion was then made by Patti Boyd, seconded by Debbie Roe, to meet next Tuesday, August 2, 2011 at 7:00 PM. Motion passed unanimously.

Upon having no other business to come before the meeting, Patti Boyd made a motion to adjourn. The motion was seconded by Tom Miller, and at 8:15, the meeting was adjourned.



Acting Secretary, Debbie Roe

Read and approved 7-29-11

Allen County Hospital Board of Trustees Meeting

5:00 P.M. Friday July 29, 2011
Conference Room Allen County Hospital
101 S. First, Iola, KS 66749

The special meeting of the Board of Trustees of Allen County Hospital was held Friday, July 29, 2011 at 5:00 p.m. in the Conference Room of the Allen County Hospital. The following board members were present to wit: Tom Miller, Karen Gilpin, Patti Boyd, and Harry Lee, Jr.

Chairman Harry Lee called the meeting to order at 5:00 p.m.

Karen Gilpin made a motion to approve the agenda as provided. Patti Boyd seconded the motion, upon the vote passed unanimously.

The minutes of the board meeting dated July 26, 2011 was the next item of business to come before the meeting. A motion to approve the minutes was made by Patti Boyd and seconded by Harry Lee, and upon the vote passed unanimously.

Public Forum:

A Chuck Ritchey inquired when this meeting was called. The meeting was called this morning and public notice was given to those who have requested notification. Mr. Lee noted that the Trustees have been attempting to complete an option agreement and that was not completed until mid morning. The Trustees did not know if a meeting would be needed until this morning. The Trustees decided to add the radio station to the public notification listing for future meetings.

Old Business:

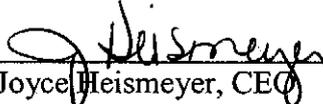
Land Acquisition. A motion was made by Karen Gilpin and seconded by Patti Boyd to go into executive session for 10 minutes for the purpose of land acquisition. The motion passed unanimously. Upon return from executive session, a motion was made by Tom Miller and seconded by Karen Gilpin to execute an option to purchase real estate on North Kentucky Street known as the "Hopper property" at a cost of \$5,000 for the purpose of building the Allen County Hospital. The motion passed unanimously. Mr. Lee noted that the cost of the land should it ultimately be purchased will be at a rate of \$12,000 per acre.

New Business:

Engineering/Architectural Agreements. A motion was made by Patti Boyd to authorize the engineers to solicit a site survey, a geotechnical engineering survey and Phase I Environmental studies at a total cost of \$20,790. The motion was seconded by Tom Miller and upon vote passed unanimously. A motion was made by Karen Gilpin and seconded by Patti Boyd to remove trees as necessary to allow the site borings up to a cost of \$3,000 on the Kentucky Street land. Upon vote the motion passed unanimously. Trustees discussed the requirement by the City of Iola to choose a site within or adjacent to the city

limits of Iola to secure the ¼ cent sales tax revenue proposed to be allocated to the hospital through 2019. Discussion regarding the need for a medical office building (MOB) to address the needs of the community and the possibility of an investment group assisting in the building of a MOB ensued.

Being no further business a motion was made by Patti Boyd and seconded by Tom Miller to adjourn at 5:57 p.m. Motion passed.


Joyce Heismeyer, CEO

Read and approved: 8-2-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday August 2, 2011
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, August 02, 2011 at 7:00 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 at the hour of 7:00 PM. The first item of business was the approval of the agenda for the meeting. A motion was made by Patti Boyd to approve of the agenda. This motion was seconded by Sean McReynolds and upon the vote the motion passed unanimously. Karen Gilpin arrived at the meeting at this time.

The minutes of the board meeting dated July 29th were discussed. It was noted by Joyce Heismeyer there needed to be two corrections made to those minutes. A reference to Tuesday would be corrected to Friday and the word exercise would be corrected to execute. A motion was made by Patti Boyd, accompanied by a second to the motion by Debbie Roe, to approve the minutes of the meeting with these two corrections. There was no discussion and the motion passed unanimously.

At 7:07 PM the meeting was opened to the public for comments or questions as to items not listed upon the agenda. Few questions or comments were heard.

The next item of business to come before the meeting was land acquisition. Chairman Lee called upon construction manager, Phil Schultze and architect, David Wright to provide summary information as to four sites which have been under serious consideration as to the location for a replacement hospital for Allen County. Mr. Schultze provided a handout to the board which included site evaluations and site ratings for the four sites. During a presentation the sites were described as the East Street site, the Oregon site, the Cedarbrook site, and the Hopper site. He noted that as to the relative cost comparison information the East Street site was sufficiently expensive so as to deprive the hospital budget of established items. He noted the outcome was similar as to the Cedarbrook site. The two front runners of properties would be the Oregon site and the Hopper site. Financially, the Oregon site was the relative least expensive. Schultze noted that this analysis was a relative analysis of the properties and not a definitive or pure cost projection. Additionally, he remarked that the most accurate information was as to the East Street and Oregon sites since some actual cost figures there were known amounts.

Mr. Schultze then reviewed the site ratings for the four locations. From this analysis the Cedarbrook site resulted in the lowest rating, followed by the East Street location, then the Hopper property, and finally the highest rating resulted from the Oregon site. He noted that as to weightings of the components he had used an equal rating to all the components and that board

members may choose to apply different weightings to each of the components and comprise their own analysis.

The board held open discussion with regards to these sites. Board member Patti Boyd spoke saying, that while she continued in her long held opinion that the best location for the hospital was on East Street, weighing all factors now known, she surmised it is not the best site. She noted the problems of excessive costs over budget, the use of a structural slab, and unknown future costs anticipated at that location. She referenced that with the many problems known with the East Street site, it might even be a breach of a trustee's duty to allow public monies to be spent there.

Board member Karen Gilpin shared similar views as to the Cedarbrook site. She referenced the construction manager's estimates of high costs of fill dirt, storm pipe, and additional land that would need to be acquired there which would also exceed the budget and take away from needed hospital construction. Board member Jay Kretzmeier noted his concern as to the Cedarbrook site. The absence of an access road from the south was of concern to him. While he acknowledged the City of Iola expressed all hope and intentions of extending Cottonwood Street to Oregon road, the absence of that certainty did not bode favorably for the Cedarbrook site.

Karen Gilpin made a motion that the Board of Trustees eliminate from consideration the East Street site and the Cedarbrook site and focus its attentions favorably between the Hopper property and the Oregon site. This motion was seconded by Debbie Roe. The chairman asked if there was further discussion to be held, none was heard and the chairman asked for a roll call vote. Harry Lee voted yes. Patti Boyd voted yes. Debbie Roe voted yes. Sean McReynolds voted yes. Tom Miller voted yes. Jay Kretzmeier voted yes. Karen Gilpin voted yes. The motion carried unanimously.

At this time, the chairman recognized Larry Macha. Mr. Macha advised the board that he owned property located south and west of the Hopper property. He was not too concerned with his property on the west but as to property owned on the south, it being residential property, he held a concern. He respectfully requested the hospital, if it acquires the Hopper property; consider selling to him a 200 foot buffer strip on the south in order that the residential area might be separated from the commercial hospital property by trees or nature barrier.

Counselor Alan Weber inquired of the board as to its intentions with the land condemnation suit with Eldon Strickler. Patti Boyd made a motion that the hospital and county dismissed the Eldon Strickler condemnation lawsuit. This motion was seconded by Tom Miller and upon the vote the motion carried unanimously.

At 7:41 PM the meeting took on some open discussion; water flow, hydraulic rates, at the Hopper property was discussed. Visiting citizen Paul Sorenson noted that the Coon Creek waterway was not in any position to take on additional water flow. The construction manager noted that with the use of a retention pond the design of the project would be such that the release rate of water from the site would be the same as it is today. It was noted that the present CMS approval process is taking approximately 4 months now, and accordingly it would be at least December 1st before bonds and construction could begin on the project. Presentation of

drawings and design of the hospital was discussed. David Wright noted that the critical path for this would be to have surveyors on site soon. He noted that once the site is chosen and settled upon, some information could be made available within several weeks.

It was stated that geotechnical results on the Hopper property would not be known by next Tuesday and accordingly the board decided, by common consent, for its' next meeting to be held on August 16, 2011.

Upon a call for further business none was heard. A motion was made by Patti Boyd to adjourn the meeting. This motion was seconded by Tom Miller; the motion carried and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 8-16-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday August 16, 2011
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, August 16, 2011 at 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:01 PM. The approval of the agenda for the meeting was the first item of business to come before the meeting. Patti Boyd made a motion to approve of the agenda. This motion was seconded by Debbie Roe. The motion carried.

The second item of business to come before the meeting was the approval of minutes of the previous board meeting dated August 2, 2011. A motion was made by board member Tom Miller to approve of minutes of that meeting as distributed. This motion was seconded by Sean McReynolds and upon the vote the motion passed.

At the time of hearing of public comments, none were presented to the board.

The first item of old business was the geotech and survey reports as to the property located on Kentucky Street also known as the Hopper property. Mr. David Wright from Health Facilities Group presented an update. He noted that soil borings had been delayed several days attributable to the requirement of removing trees at boring locations. The borings have been completed Tuesday and Wednesday and lab testing is still in process. Boring logs are expected on Friday with written results expected in the latter part of next week. The survey of the property will become known this Friday at such time the survey results will be mostly complete.

Preliminary geotech results indicate that at sites 7 and 8 a limestone formation was close to the surface. Sites 14 and 15 looked to be similar in appearance to land at the Oregon Road site. It was therefore noted if the site is moved slightly east it is expected conditions would be encountered similar to those on Oregon Road. At this time some individual comments were presented from citizens attending the meeting. The chairman answered and addressed questions as they came before the board. After several questions were received a request was made by the chairman to allow Mr. Wright to complete his presentation and for questions to then follow.

Mr. Wright continued and indicated that an orientation on the property towards the west presented more distance and gave the property more prominence. It also might reduce the need for land fill. It was noted that the City of Iola had requirements and that there would be a designed and engineered release of storm water from the property that would be equivalent to the

water runoff from the property as now occurs. Mr. Wright presented several layout options in a handout to board members and overhead with a projector. These options involved different locations and layouts of the proposed hospital on the Kentucky Street site. It was noted that at this site there is space available for a future medical office building and separately a VA clinic. With these options, in-patients room views, ER access, location of the helipad, the design of the parking lot, and the landscape view are all items to be considered.

There were two factors as to the options available with which the board expressed some common consent. First, there appeared agreement among the board members that there should be more than one vehicle exit/entrance to the hospital. Second, there seemed some agreement as to the favorability of Option C. Mr. Wright commented that the civil engineering firm of Shafer, Kline, and Warren would be confirming the status of utilities to the Kentucky Street site. Presently there appeared to be some conflicting information. That is expected to be resolved by the end of next week. At this time Mr. Wright noted that as to the hospital orientation, the building would be there for a long time and it was important to get it right. The survey and geotech results are to be important in that decision. Accordingly, the board took no action in favor of recognizing that it needed important information that will not be available until its next meeting on August 30th.

At this time board member Tom Miller made a motion to modify the agenda of the meeting to include item 5, land acquisition. This motion was seconded by Patti Boyd and upon the vote the motion passed unanimously.

The next item of business was a response from Anderson County Rural Water District # 5 as to the hospital board's request made to them in July. The written request had asked the water district if they would consider relinquishing, selling, or disposing of their water distribution rights to the City of Iola to the location of the proposed hospital at Highway 169 and Oregon Rd. The request also asked if they were not willing to relinquish their distribution rights at that site if they would allow a meter to be set at the site and sell wholesale water to the City of Iola which could then sell retail water to the hospital. Secretary Jay Kretzmeier reported he had contacted the water district yesterday to learn of what action they had taken at their meeting August 10, 2011. He learned from the inquiry that the water district had taken no action at their meeting concerning the request. Their reasons were not fully explained. Board member Tom Miller noted that he had received a telephone call from Paul Stevens, field manager for the water district in the previous weeks. Stevens had advised their district was considering testing of their water lines which would incur certain costs. As results of their discussion it was concluded that the district should not incur costs until the hospital provided them with further information.

Discussion ensued. It was noted that in order for the hospital to complete its due diligence and selection of sites, answers to the previous two questions were important to the hospital board. It was noted that the two questions addressed to the water district were general in nature and would not seemingly require an analytical response or testing be performed. Phil Schultz indicated that certain requirements had been provided to RWD # 5 and that there might be a mix up as to two different issues being addressed to the water district. One issue is, a capacity issue as to whether that district could supply the water required by the hospital. The other issue being; the water district's willingness to sell territory, or supply wholesale water to the City of Iola. Councilman Ken Rowe commented that possibly the rural water district did not want to respond until the

hospital had committed to a specific site. It was noted by the board that the board could not commit on a site until it had some understanding from the rural water district as to the water supply. By common consent the board agreed the secretary should initiate a follow-up correspondence to the rural water district attempting to clarify the separate issues and request the water district provide the hospital with an answer to the two general questions previously asked.

At the time of hearing trustee reports, board member Patti Boyd noted that Counselor Alan Weber had agreed to serve as a hub as to a review of bylaws. Board members should examine Articles 3 through 6 of the Mark Thompson draft and make their comments known to Counselor Weber prior to next Monday.

A citizen in the audience inquired as to the status of the joint committee meetings between the hospital and the City of Iola. It was noted that the first meeting had gone smoothly. The hospital had asked the city to facilitate a zoning change at the Kentucky location. The hospital had asked the city to provide all utilities to the Kentucky location at no charge to the hospital, except for sanitary sewer waste, which would be paid for by the hospital. There appeared to be little issue as to electricity and water. Natural gas would need to be run from a site located south on Kentucky Street. Councilman Ken Rowe, who was in attendance at the meeting, offered his opinion that the city would work out, in some manner, the supply of gas so that it would not be an impediment to the hospital project.

At 8:30 PM Tom Miller moved that the Board enter into executive session for the purpose of land acquisition and that those in attendance include the architect, construction manager, Alan Weber, Joyce Heismeyer, and Larry Peterson. This motion was seconded by Sean McReynolds and upon the vote the motion carried unanimously.

At 8:45 PM the board exited from the executive session. Jay Kretzmeier made a motion that the board initiate further communications with the owners of the Hopper property, and seek an option to purchase the remaining 5 acres at the Northwest corner of the property for the same \$12,000 per acre price and terms as in the existing option agreement, with a \$1000 payment to acquire the option, which would be applied to the purchase price if the option is exercised. This motion was seconded by Tom Miller. The chairman asked for further discussion. Upon the vote the motion passed unanimously.

The next item of business was the consideration as to approaching the City of Iola Planning Commission about rezoning the Kentucky Street property from residential to commercial to allow for the construction and operation of the replacement hospital. Counselor Alan Weber indicated he would contact city employee Jeff Bauer on Wednesday to learn of any problems with that request and to place in motion the required formalities in which to make the request.

It was determined by common consent that the next meeting of the board shall be August 30, 2011 with a tentative meeting time of 7:30 PM, subject to sharing the meeting room with another hospital board that day.

The motion was made by Patti Boyd to adjourn the meeting. This motion was seconded by Tom Miller and the meeting was adjourned.

Jay Kretzmeier
Jay Kretzmeier, Secretary

Read and approved 8-30-11

Allen County Hospital Board of Trustees Meeting

7:30 P.M. Tuesday August 30, 2011
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, August 30 at 7:30 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:33 PM. The first item of business was the approval of the agenda. Pursuant to a request from the construction manager the proposed agenda was modified. Jay Kretzmeier made a motion that the agenda be changed so as to place a report from Anderson County Rural Water District # 5 as the number one item on the agenda. The number one item was moved to item 3, development budgets was added as item 4, and the remaining items were moved down the agenda. This motion was seconded by Patti Boyd and upon the vote the motion carried.

Tom Miller made a motion that the minutes of the board meeting dated August 16, 2011 be approved as distributed. The motion was seconded by Karen Gilpin and upon the vote the motion passed.

At the time of public forum James Hillbrant spoke to make three points. He asked the hospital board to be careful and not get in a hurry to construct the replacement hospital. He cited the downturn in the economy, concern for changes in government health plans, and concern for the future of the Gates Rubber Co. presently located in Iola.

The first item of old business was the report from Anderson County Rural Water District # 5. The secretary reported he had received word earlier in the day from the office secretary for that water district. It was reported that the water district board had met the previous evening and that they voted in favor of keeping all of their water distribution rights at the Oregon Road Site and that it would be their intention to sell water to the hospital if it were to be located at the East Oregon Road site. They also made a reminder that if there would be needed additional infrastructure to properly supply the hospital with water, those costs would need to be at the expense of the hospital.

Allen County Counselor Alan Weber reported that the Iola City Planning Commission would be holding a meeting and hearing on September 21, 2011 for the purposes of receiving a request for a change of the Hopper North Kentucky site to be zoned as commercial. He noted he had been in communication with city employee Jeff Bauer and that the planning commission wanted a site certain before taking any action. Weber encouraged there to be a strong showing in attendance by those supporting the zoning change at the zoning hearing.

David Wright and Phil Schultze presented information as to survey and geotechnical results for the Hopper site. Wright remarked that the survey and soil sampling resulted in a more complicated outlook than was previously thought. As a result of the large change in elevations across the property, over 30 feet, and strata of rock and soil the hospital building would be moved further to the east. This would also result in a minimum cutting into the hill on the west. Some column piers would be used on the east. They would be under 10 foot deep. Mr. Wright indicated he was very comfortable this layout would provide for a stable building on the site. The building would have a good arrival presence and a 230 foot set back from Kentucky Street.

Phil Schultze noted that water supply at the Hopper site indicated static pressure of 35 and residual pressure of 15 and that these were low. Accordingly, a pump has been included in the plans. A holding tank would be evaluated. As an alternative he noted the city may wish to replace the line. He noted the electrical lines would come along Oregon from the West and then south to the hospital on the hospital's West side. A project budget summary was then presented by Schultze contrasting the cost of the project at each the Oregon and Kentucky Street sites. The total project budget of each totaled \$31,550,000. The Kentucky Street site initially included a larger budget margin; however after adding additional costs of 5 acres at the Kentucky Street site the budgets for the sites are very similar in total to each other.

At this time counselor Alan Weber noted the importance of the filing with CMS the request for relocation of the critical access hospital. Some discussion followed and out of the discussion a motion was made by Patti Boyd with a second to the motion from Sean McReynolds that the board focus on the Hopper site, to approach the Iola City Planning Commission for rezoning of that location to commercial, and that the hospital make application with the CMS for relocation of the existing hospital to the Hopper site. Discussion followed. The chairman asked for a roll call vote. Tom Miller – yes, Debbie Roe – yes, Karen Gilpin – yes, Harry Lee – yes, Jay Kretzmeier – yes, Sean McReynolds – yes, and Patti Boyd – yes. The motion passed unanimously.

The board asked the engineering firm as to their needs to meet a time schedule. David Wright noted that in order for bonds to be able to be issued in 2011 they needed authority to precede full speed ahead with drawings and engineering at the Hopper site. Karen Gilpin made a motion that the board authorized Health Facilities Group to proceed full speed ahead as Wright requested, with drawings and engineering for the Hopper site. This motion was seconded by Tom Miller. Considerable discussion followed. A telephone communication was established with consultant Chuck Wells. Bank qualified debt was discussed and Wells provided answers to the board's questions. It was noted that bank qualified bonds might carry an interest rate of 150 basis points lower than bonds without that designation. Following the discussion and a call for the vote the motion carried unanimously.

The next item of business was discussion of bylaws. Some suggested language was discussed and Alan Weber noted he would disseminate information next week.

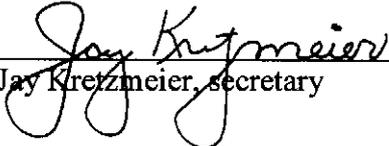
Board member Sean McReynolds reported on a loan and grant program through the Reach Foundation, USDA, and the HSA. Patti Boyd noted that there would be a management

agreement meeting tomorrow and there was a tiny handful of items to be dealt with and a proposal to the full board should be available for the September 13th meeting. There was a comment about the lease buyback and it was noted that HCA had worked well with the committee and had been responsive to their requests.

By common consent it was agreed that the meetings to be held in September would be on September 13 and September 27.

Under new business the departure of CEO Joyce Heismeyer was discussed. Heismeyer noted that HCA had an internal candidate under consideration and was in a national search for a CEO replacement. She reported that it was HCA's goal to have a replacement in place before September 30 which would be her final date of employ.

There being no further business to come before the board, a motion was made by Patti Boyd to adjourn the meeting. This motion was seconded by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, secretary

Read and approved 9-13-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday September 13, 2011
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, September 13, 2011 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was brought to order at 6:59 PM by Vice Chairman Karen Gilpin. The first item of business to come before the board was the approval of the agenda. Patti Boyd made a motion that the Item 1 under new business be combined with Item 2 under old business and that the agenda be approved as amended. This motion was seconded by Debbie Roe and upon the vote the motion carried unanimously.

Secretary Jay Kretzmeier announced there were two changes to the minutes of the board meeting dated August 30, 2011. Those changes were read. Upon reading of the changes Jay Kretzmeier moved that the minutes be approved as previously distributed and modified by these two changes. This motion was seconded by Sean McReynolds and upon the vote the motion passed.

At the time for public forum there were no requests to be heard.

The first item of business was a request to be heard from City of Iola Administrator, Carl Slaugh. Mr. Slaugh addressed the board requesting clarification as to the exact expectations the hospital board held concerning City of Iola utilities at the possible replacement site at N. Kentucky Street. Board member Patti Boyd referenced Mr. Slaugh to meetings held between the three City of Iola Councilman and three Hospital Trustee board members. She reported that as to electricity, water, and natural gas, it was understood and expected that those utilities would be extended to the hospital site by the City of Iola. With regards to sanitary sewer the cost of extending that to the hospital site would be paid for by the hospital in its construction budget. Counselor Alan Weber responded by saying that based upon communications from the Iola Mayor, and several Councilmen at hospital board meetings, the hospital board has relied on the city providing extension of those utilities in its budget and that if any less is provided by the city it would result in a smaller hospital or less equipment for the hospital. Some discussion followed and Patti Boyd noted it appeared the group of six should meet together to confirm this understanding prior to the City of Iola's next Council meeting.

The HCA management agreements were the next item on the agenda. This discussion was moderated by board member Patti Boyd. Mrs. Boyd introduced Mr. Steve Corbeil, President of HCA Midwest, Holly King Vice-President of business development for HCA Midwest, Mark

Thompson attorney representing the hospital Board of Trustees, and teleconference attendee Mr. Mark Gordon attorney for HCA.

Mrs. Boyd offered a summary to the public in attendance at the meeting as to the process the board subcommittee had completed concerning the choice of pursuing bids or entering negotiations with HCA as a manager of the proposed new hospital. It was noted there had been discussions about the HCA management agreement with existing physicians and staff. Employees of the hospital expressed desire for continuation with HCA. It was noted that in negotiations with HCA they had bargained in good faith and that the board had exerted diligence in the review of terms of the agreement. It was reported there had been considerable give and take between the parties in arriving at an agreement which is now being presented before the full board.

Mr. Mark Thompson commented about the decision to have chosen a negotiation route as contrasted to opening the management for bids. He noted there were advantages of selecting the negotiation route with HCA as manager. One advantage was the speed of the process. It was noted by advisor Chuck Wells that a change to a new operator had many diseconomies and to be changing suppliers, employees, management, managed care agreements would be very expensive and to do so at the same time as building a new hospital would be a nightmare. Thompson noted the employee satisfaction with HCA. He noted the managed care contracting leverage being the best rates with HCA. He noted the rich array of support services available with HCA, the biggest healthcare provider in United States of America.

Thompson noted that in April time was devoted to the basic outline of an agreement with HCA. By the end of April and beginning of May there was together a formal agreement with a final agreement coming to fruition in mid-May. It was decided at that time by the board that there needed to be the termination agreement and buyback agreement completed at the same time as the management agreement. That process took through the summer so that the final drafts of the management agreement came into existence at the end of August. Thompson noted that HCA gave considerable amounts during negotiations and that he believed there was a fair bargain to all the parties. Steve Corbeil was then called upon for comments from HCA's position on the agreement. He noted that HCA was the largest health care system in the world having 160 facilities in multiple states. They had the ability to share many of their best practices which included ethics, quality, and service. He noted that the rural critical access hospital was important to them and that there were three currently within the HCA Midwest territory.

Corbeil then made comments concerning the search process for the Allen County Hospital replacement for CEO Joyce Heismeyer. He noted that several people within the HCA community have expressed interest. He noted that the new construction of the Allen County Hospital was an exciting opportunity for a new CEO replacement. He announced that this coming Thursday they would introduce a CEO candidate to the hospital board members.

The meeting returned to Mr. Mark Thompson who noted high points contained within the HCA management agreement. He noted the agreement was a five-year agreement with two renewal clauses, a two-year period and then a five-year period. He noted that non-renewal of their agreement could take place by either party with 180 days notice. The proposed management

agreement is to be in the amount of \$350,000 per year to be paid in monthly installments. 27 items of specific responsibilities were identified in the agreement. He noted the availability to the hospital utilizing HCA's centralized credentialing of physicians. He noted that as to the employment of physicians the agreement allowed them to be treated either as employees of HCA or the hospital. The trustees had reserved authority as to number of items. These include the authority to govern, the authority to set the budget, the authority to select medical staff and credentialing, the right to select CEO, CFO and CNN positions, and the right to incentivize those employees, the right to select physician recruitment goals, and the scope of services are dealt with in the agreement. Some of the nuts and bolts of the agreement include HCA providing a division liaison, HCA providing management operating reports, the existence of an early termination right available to HCA after one year with six months notice, a noncompete clause within a 15 mile driving distance of the Allen County Hospital, and the right of first opportunity for HCA to acquire the hospital if it ever were to be sold. During these presentations the group purchasing power available to the Allen County Hospital through HCA and managed care contracts were highlighted as being valuable components of an HCA management agreement.

The meeting next addressed the existing lease agreement termination with HCA. Thompson reported there were seven elements being proposed by HCA. Capital assets would be valued at book value. Land would be valued at \$30,000 per acre. Buildings would have no value except what is on the HCA books of record. Inventory would be valued at cost. Noncapital inventory assets would be valued at \$400,000. He then noted that based upon the lease dated 1984 with HCA a \$1.5 million credit existed to the Allen County Hospital. The final results of these items would be that the buyout would cost between \$1.5 and \$1.9 million as presently proposed by HCA.

At the hour of 8:23 PM board member Patti Boyd moved that the Board enter into executive session until 8:45 PM for the purposes of attorney-client privilege with Mark Thompson to discuss the HCA documents, and for the meeting to include Alan Weber. This motion was seconded by Sean McReynolds and upon the vote the motion carried. At the hour of 8:45 PM Patti Boyd made a motion to extend the executive session until 8:55 PM. This motion was seconded by Sean McReynolds and upon the vote the motion carried. The public was duly notified of the 10 minute extension. At 8:55 PM the board exited from the executive session and the public was invited to return. There was no action taken by the board. Vice Chairman Karen Gilpin reported that the board was feeling very positive with the agreements being negotiated with HCA, there exist a few questions to be worked out, and the board would like to have a full complement of board members at such time as it votes on the management agreement decision and lease termination.

The next item of business was presentation for the City of Iola Planning Commission. It was noted that Counselor Alan Weber would be preparing a presentation, and there would be a request made of David Wright to be present at the September 21 City Planning Commission meeting for the purpose of a demonstration similar to the presentation he gave to the hospital board at their last meeting.

Joyce Heismeyer reported that the letter of attestation for relocation of the Allen County Hospital had been sent to the Center for Medicare Services. Several board members reported on a

conference telephone call that had taken place September 6th coordinated by Scott Crist. The conference call included the architects and construction manager and set a time schedule of events leading up to the issuance of bonds to finance the proposed new hospital.

There were no reports to come from trustees. There being no further business to come before the board a motion was made by Patti Boyd to adjourn the meeting. This motion was seconded by Debbie Roe. The motion carried and at 9:07 PM the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 9-20-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday September 20, 2011
Conference Room - Allen County Hospital
101 S. First St., Iola, KS 66749

A special called meeting of the Board of Trustees of Allen County Hospital was held Tuesday, September 20, 2011 at 7:00 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, and Debbie Roe.

The meeting was called to order by Chairman Harry Lee at 7:03 PM. The first item of business was the approval of the agenda. There was discussion about modifying the agenda to add Item 3 under old business to be HCA negotiations and under new business Item 1 hospital financial information. A motion was made to this effect by board member Sean McReynolds. This was accompanied by a second to the motion from Patti Boyd. Upon a call for the vote the motion passed.

Next was a motion from Patti Boyd to approve of the board minutes of the meeting dated September 13, 2011 as revised and last distributed. This motion was seconded by Karen Gilpin and upon the vote passed unanimously.

The chairman issued a request and there were no visitors present at the meeting who wished to speak before the board.

The first item of business was the zoning issue for the proposed replacement hospital at the Hopper site on North Kentucky Street. Chairman Lee made several comments concerning the North Kentucky location. Two local residents were present at the meeting in the persons of Larry and Bob Macha. The Macha's presented their concern about the existence of a buffer zone between the hospital at the Kentucky Street site and area residences. In the previous week board members Tom Miller and Jay Kretzmeier had met with the Macha's to hear of their concerns. Since that time counselor Alan Weber had prepared and communicated to the Macha's attorney, Robert Johnson and the board a draft agreement for the purpose of addressing concerns of those in the neighborhood. Bob Macha had received a copy of the draft and indicated he was fundamentally in agreement with its terms. An interchange of questions took place between the board members and the Macha's.

The board had not had opportunity to discuss the draft agreement or Weber's communication as a collective body and at 7:12 PM board member Karen Gilpin made a motion to enter into executive session with counselor Alan Weber, Joyce Heismeyer, and Patti McGuffin until 7:30 PM for the purpose of land acquisition. This motion was seconded by Patti Boyd. Upon the vote the motion carried. At 7:30 PM Sean McReynolds made a motion the board extend the executive session until 7:45 PM. This motion was seconded by Debbie Roe and upon the vote the motion carried unanimously. The public was advised and the executive session resumed. At

7:45 PM a motion was made by Patti Boyd accompanied by a second to the motion from Sean McReynolds to invite Larry and Bob Macha into the executive session and for it to be extended until 8:00 PM. Upon a call for the vote the motion carried. The public was duly notified and the Macha's were invited into the meeting. At the hour of 8:00 PM the executive session ended. The board then exchanged a number of questions with the Macha's. Harry Lee made a proposal to the Macha's that the hospital would recommend to the county a sale of a 100 ft strip of land to the Macha's at the same price the hospital had under option and the hospital would agree to a deed restriction on an additional 100 feet north thereof. Negotiations and discussions with the Macha's ensued. A motion was made by Sean McReynolds accompanied by a second to the motion from Debbie Roe to enter into executive session until 8:15 PM with Alan Weber, Joyce Heismeyer, and Patti McGuffin for the purpose of land acquisition. This motion passed.

At 8:15 PM the trustees exited from executive session and the public was invited to return. Jay Kretzmeier moved that the board of trustees recommend to the Allen County Commissioners that an agreement be entered into with the Macha's granting a deed restriction in accordance with a draft document which had been prepared by Counselor Weber, modifying that agreement in two respects, the 200 foot buffer zone to be reduced to 150 feet and language to be added whereas the Macha's shall be responsible for maintaining the property. This motion was seconded by Sean Mc Reynolds. Chairman Lee asked for discussion. Upon the vote the motion carried unanimously.

The board discussed the extension of City of Iola utilities to the proposed replacement hospital site on North Kentucky Street. By common consent it was agreed that the hospital expected the city to bring electricity, water, and natural gas to the hospital site at the city's expense. It was noted that the committee of three would meet with the City Council committee of three prior to the September 26th meeting of the Iola City Council.

At 8:52 PM a motion was made by Karen Gilpin, accompanied by a second to the motion by Sean McReynolds to enter into executive session for the purpose of HCA financials and for the meeting to include Alan Weber, Joyce Heismeyer, and Patti McGuffin. This motion passed. At 9:02 PM the board exited from executive session, no action was taken.

At 9:03 PM a motion was made by Patti Boyd accompanied by a second to the motion from Sean McReynolds to enter into executive session for five minutes for the purposes of attorney-client privilege and for the meeting to include Alan Weber. Upon a vote this motion passed unanimously. At 9:08 PM the board exited from executive session and no action was taken.

At 9:12 PM there being no further business to come before the board a motion to adjourn was received from Patti Boyd. This motion was seconded by Sean McReynolds and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 9/27/11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday September 27, 2011
Conference Room - Allen County Hospital
101 S. First St., Iola, KS 66749

A scheduled meeting of the Board of Trustees of Allen County Hospital was held Tuesday, September 27, 2011 at 7:00 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:00 PM. The agenda for the meeting was discussed. A motion was made by Patti Boyd accompanied by a second to the motion from Sean McReynolds to amend the agenda and to place a report from architects immediately following Item 2 and to add Item 6 financial data under new business. Upon the vote the motion carried.

A motion was received from Debbie Roe to approve of the minutes of the board meeting dated September 20, 2011. This motion was seconded by Karen Gilpin. Upon the vote, the motion carried.

There was no one present at the meeting who wished to speak at the time for the public forum.

The first item of the business was a report of the City Planning Commission action on the board's rezoning request. The Secretary reported that on Wednesday, September 21, 2011 the City of Iola Planning Commission held a public hearing for the purpose of receiving a request from the Allen County Hospital to change the zoning of property on North Kentucky Street, known as the Hopper property, from residential to commercial for the purpose of constructing a replacement county hospital. Presentations were made to the commission by Counselor Alan Weber and architect David Wright. Hospital trustees also presented comments to the commission. There were members from the community who were also heard by the commission. The commission's vote was five in favor and one opposed to denying the hospital's request for rezoning. The Planning Commission's recommendation will be acted upon at a City of Iola Council meeting to be held October 11, 2011.

The next item of business was to receive a report from Joyce Heismeyer as to the hospital's filing with CMS in Kansas City. She repeated the advice coming from that office that the application would move as fast as our hospital was in reminding them to move it along. Joyce recommended that the hospital be in touch with CMS on a weekly basis and noted that in her soon-to-be absence she was making arrangements to have someone moving towards that end.

David Wright indicated that he had met with the leadership team of Joyce Heismeyer, Patty McGuffin, Paula Sell, and Larry Peterson. The design development drawings were proceeding

and they are moving ahead with plans for location at the Kentucky Street site. He noted possible options if the budget would allow. The base plans call for 17 total hospital patient rooms with eight rooms being super two rooms, with ability to contain two beds. One option if the budget would allow would be to have more rooms and fewer super two rooms. This issue was discussed by the board. Another option he presented was a four pod specialty addition on the north side of the hospital site. This might contain 5,000 to 6,000 square feet, to be attached to the hospital with a two hour barrier between. This might serve to provide specialties until a full medical office building might be put in place. He noted the decision point for this consideration would be the time of letting bids for construction. Stephen Lewallen inquired as to whether the board wished to authorize architects time for this consideration. It was noted by the chairman that at this time there was not enough information for the making of that decision. There seemed to be agreement on this from the remainder of the board. Wright noted that the technical part of the drawings was the present emphasis, but that before long pictures and presentable drawings for public viewing would be available. Discussion was held about drawings available for the Iola Farm City Days October 15th. Board member Sean McReynolds asked if they could provide a map showing the tree line on the property and the buffer zone which will be planned for the project.

Chairman Lee reported that the previous Friday the hospital/city group of three and three met with the media along with Carl Slaugh. Out of that meeting City Administrator Slaugh indicated he would be recommending to the Iola City Council that the city pay the cost of bringing electricity, natural gas, and water to the site of the proposed hospital on North Kentucky Street. He indicated that there were precedents for that. It would be the hospital's responsibility to receive utilities from that point and to pay for the cost of bringing sanitary sewer to the hospital site. It was noted this would require 4,550 feet of poly pipe for natural gas. It would require 2,550 feet of eight inch C- 9000 pipe for the water main, and 3,600 feet for three phase electricity. It was noted city water pressure was low to the site and it was noted to construction manager Phil Schultze that a pressure pump and tank system most likely will be required. Schultze inquired about the street curbing and guttering. Lee reported that City Administrator Slaugh indicated there was precedent in the City of Iola to provide the roadbed. All involved recognized that a traffic study should be employed. David Wright offered to get input on that. Chairman Lee concluded his remarks by saying that the city was trying really hard to work with the hospital trustees and that the hospital also needed to be sensitive to the needs of the City of Iola.

At 7:48 PM a motion was received from Patti Boyd for the board to move into executive session until 8:15 PM for the purpose of attorney-client privilege to discuss the HCA management agreement and for the meeting to include counselor Alan Weber and on teleconference, attorney Mark Thompson. This motion was seconded by Sean McReynolds and upon the vote the motion passed. At 8:15 PM a motion was made from Sean McReynolds accompanied by a second from Patti Boyd to extend the executive session until 8:45 PM. The public was advised and the executive session continued. It was at this time that board member Tom Miller arrived into the meeting by teleconference. At 8:45 PM the board exited from executive session. There were no actions taken by the board.

At 8:47 PM a motion was made by Karen Gilpin with a second to the motion from Patti Boyd to move into executive session with Joyce Heismeyer, Larry Peterson, and Alan Weber until 9:00

p.m. for the purpose of attorney client privilege and review of confidential HCA financial information. At 9:00 PM the board exited from executive session and no action was taken. The public was invited to return to the meeting.

The next meeting of the Board of Trustees is scheduled to be held Tuesday, October 11, 2011. So as to properly attend the City of Iola Council meeting 6:00 p.m. of the same date, it was determined that the hospital meeting will be scheduled to be held at 7:30 PM. This was agreed to by common consent.

There being no further business to come before the board a motion was received from Patti Boyd to adjourn the meeting. This motion was seconded by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 9-30-11

Allen County Hospital Board of Trustees Meeting

5:30 P.M. Friday September 30, 2011
Conference Room - Allen County Hospital
101 S. First St., Iola, KS 66749

A special called meeting of the Board of Trustees of Allen County Hospital was held Friday, September 30, 2011 at 5:30 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd (by teleconference), and in person Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debbie Roe.

The meeting was called to order by Chairman Harry Lee at 5:30 PM. A motion to approve of the agenda was made by Karen Gilpin. A second to this motion was made by Debbie Roe. The vote was taken and the motion passed. Debbie Roe presented a motion that the minutes of the board meeting dated September 27, 2011 be approved. This motion was seconded by Karen Gilpin. When the vote was taken the motion passed.

The chairman asked those persons seated in the audience as to whether they wished to speak or ask a question as to an item that was not listed upon the agenda. No requests were received.

It is noted for the record that at this time in attendance at the meeting through teleconference were board member Patti Boyd, attorney Mark Thompson, and consultant Chuck Wells.

The first item of business was HCA agreements. The chairman asked if there was any need to move into executive session for the reason of attorney-client privilege. The board concluded by common consent there was no confidential items to be discussed. It was also noted that it wished to hold as much open discussion as it could, to accommodate a number of hospital employees present at the meeting.

A general and open discussion began among the trustees summarizing recent changes being made to the operating management agreement and the lease termination agreement. Member Tom Miller presented a summary of his understanding of recent updates to the documents. Chairman Lee reviewed four items under recent consideration for changes. All of the board members were in receipt and possession of the final draft of the management agreement and termination agreement from attorney Mark Thompson. One final change to the management agreement coming from attorney Mark Thompson was distributed to the board members. That change involved establishing that if the effective date of the agreement was more than five years beyond the signing date of the agreement, the management agreement would be terminated and without effect.

Board member Patti Boyd presented a motion to adopt the proposed management agreement by adopting the following resolution;

RESOLVED, that the proposed Management Agreement with Midwest Division-ACH, LLC ("Manager) presented to and discussed at this meeting is hereby approved.

This motion was seconded by Karen Gilpin. Discussion followed. At the end of discussion the chairman called for a roll call vote. The resulting vote count is as follows: Patti Boyd-yes, Karen Gilpin-yes, Jay Kretzmeier-yes, Harry Lee-yes, Sean McReynolds-yes, Tom Miller-yes, and Debbie Roe-yes. The resolution passed unanimously.

Sean McReynolds made a motion that the Board adopt the following resolution as to the termination of the lease agreement with HCA;

RESOLVED, that the proposed Termination of Lease Agreement with Midwest Division-ACH, LLC presented to and discussed at this meeting is hereby approved and recommended to the County Commission for its consideration and approval.

This motion was seconded by Debbie Roe. Discussion followed. The chairman called for a roll call vote. The resulting vote count is as follows: Patti Boyd-yes, Karen Gilpin-yes, Jay Kretzmeier-yes, Harry Lee-yes, Sean McReynolds-yes, Tom Miller-yes, and Debbie Roe-yes. The resolution passed unanimously.

A motion was made by Karen Gilpin accompanied by a second to the motion from Tom Miller to adopt the following two (2) resolutions as to authority to sign and deliver final agreements;

RESOLVED, that upon final approval by the County Commission of the Termination of Lease Agreement, the Chairman and Secretary or other appropriate officers of the Board of Trustees are hereby authorized and directed to sign and deliver the Termination of Lease Agreement and the Management Agreement.

RESOLVED, that the Trustees recognize and acknowledge that the Effective Date of the termination of the Lease and, therefore, the Effective Date for transfer to the County of assets owned and leased by Midwest Division-ACH, LLC d/b/a Allen County Hospital ("Lessee") and the Effective Date for commencement of the Management Agreement remain subject to exercise by the County upon recommendation by the Trustees of the right to terminate the Lease upon 180 days notice to the Lessee.

Discussion followed. The Chairman called for a roll call vote. The resulting vote count is as follows: Debbie Roe-yes, Tom Miller-yes, Sean McReynolds-yes, Harry Lee-yes, Jay Kretzmeier-yes, Karen Gilpin-yes, and Patti Boyd-yes. The resolutions passed unanimously.

At the hour of 5:58 PM there being no further business to come before the meeting a motion was received from member Patti Boyd to adjourn the meeting. This motion was seconded by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 10-11-11

Allen County Hospital Board of Trustees Meeting

7:30 P.M. Tuesday October 11, 2011
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, October 11, 7:30 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. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order at 7:35 PM by Chairman Harry Lee. A motion was presented by Patti Boyd to approve of the agenda of the meeting. This motion was seconded by Karen Gilpin and upon the vote the motion passed. Board member Tom Miller introduced a motion to approve of the minutes of the meeting dated September 30, 2011. This motion was seconded by Debbie Roe and upon the vote the motion passed.

At this time the chairman introduced the new Allen County Hospital CEO, Chris Rivera.

The chairman asked if anyone attending the meeting wished to speak at the time of public forum. A question came forth from Judy Snavelly concerning the amount of public debt held by Allen County. Counselor Alan Weber was able to answer her question.

First item of business was a report from the City of Iola Council as to its action upon the hospital's rezoning request for property on North Kentucky Street. The chairman reported that the vote had taken place by the city council earlier in the evening and it approved of the zoning request by a vote of 7 to 2.

The second item of business was a report from Chuck Wells as to national healthcare issues. Mr. Wells indicated there were three actions presently in place which the board needed to pay attention to. First he mentioned the PPACA, the Patient Protection and Affordable Care Act. Then the President's proposed deficit reduction act. The president's proposal would reduce Medicare reimbursements for critical access hospitals from 101% to 100%. It would also limit critical access hospitals that are within 10 miles of each other. Finally, in order to achieve the national debt limit there is established a 12 person commission to make \$1.6 trillion in cuts over the next 10 years. Beginning January 1 of 2013 there would be a 2% sequestering introduced to the Medicare budget. That Medicare budget is currently \$500 billion per year and less than 10% is attributable to critical access hospitals.

Wells indicated that to achieve affordable care there would be a bundling of services to providers. He indicated that this would mostly be an urban phenomenon. He noted that in 2014 the present Affordable Care Act would bring about employer penalties for not providing health insurance. These provisions very well may result in employers paying penalties instead of

providing insurance. He indicated this might head matters toward a zero pay system of which he did not have current advice as to how the hospital would navigate through.

The next item of business was the HCA management agreement and lease termination. At this time the final agreement was presented by counselor Alan Weber and was signed by Chairman Harry Lee and Secretary Jay Kretzmeier. It was noted that the termination agreement contained a clause concerning the identification of a consulting firm for dispute resolution. This item is to be placed upon the agenda of the next meeting

It was noted by David Wright, along with Larry Peterson that Bruce Jones of HFG would be delivering to the hospital several boards to be used for presentation to the public at the next Saturday's Farm city days event. Peterson noted the hospital had reserved vendor space upon the city square for the event.

The matter of future town meetings for Humboldt and Moran was discussed. By common consent this item is noted to be placed upon the agenda of the next meeting.

With the city of Iola having properly approved rezoning of the Hopper property the timeline for exercising options was discussed. Counselor Alan Weber indicated he would be providing the property owners with notice of the hospital and county's decision to exercise the option on the property and that closing on the property would be scheduled to take place in late December at the time of receipt of bond proceeds. The architect indicated that this would be in line with time projections and that closing on real estate in conjunction with receiving bond proceeds would be a normal procedure.

The next item on the agenda was follow up as to the most recent contact with CMS. Former CEO Joyce Heismeyer who arrived at the meeting by teleconference indicated she had been in touch with CMS on Friday, September 30th.

Discussion between the board, the architect, and construction manager took place. David Wright indicated he would start pursuing a traffic study for the Kentucky Street. Phil Schultze indicated he would be making contact with the Iola Fire Chief to see about approval for utilizing the retention pond for fire protection purposes. At this time it was noted that Allen County Wholesale Water District # 5 had a raw waterline coming from the river at the north end of the property. The question was raised as whether this might be a possible source for fire hydrant supply. The construction bid climate was discussed. Phil Schultze indicated he would be attending an economic forecast meeting in the next two weeks. Some discussion was made as to the specialty clinic and it was noted David Wright had provided plans for that to Phil Schultz. Discussion followed as to the importance of being able to carve out invoices as to the construction costs for a chapel and specialty clinic costs if it were to be built, so as to maximize Medicare reimbursements. Larry Peterson noted this need.

Patti Boyd made a motion that the Allen County Hospital CEO be admitted as an ex officio member of the hospital Board of Trustees. This motion was seconded by Sean McReynolds. Upon the taking of a vote the motion passed unanimously.

At the time for trustee reports, only one item was heard. It was noted that hospital bylaws should be placed upon the agenda for the next meeting.

At the hour of 9:08 PM a motion was made by Patti Boyd to adjourn the meeting. This motion was seconded by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, Secretary

Signed and dated 10-25-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday October 25, 2011
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, October 25, 7:00 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, and Tom Miller. Also in attendance were ex officio members Brian Wolfe representing the ACH Chief of Staff and Allen County Hospital CEO Christina Rivera.

The meeting was called to order by Chairman Harry Lee at 7:08 PM. The agenda of the meeting was the first item of business. Discussion was held about amending portions of the agenda. Under old business the CMS follow-up report was moved immediately after item 1. Item 4 was amended to read lease termination agreement and management agreement. Item 2 under new business, ex officio member was added to the agenda. A motion was made by Patti Boyd accompanied by a second to the motion from Karen Gilpin to approve of the agenda as amended. The motion passed.

The minutes of the meeting dated October 11, 2011 were discussed for approval. Two items were noted for change. A motion was made by Karen Gilpin to approve of the minutes with the accompanying two changes. This motion was seconded by Patti Boyd and upon the vote the motion carried unanimously.

The chairman offered the floor for a time of public forum. There were no requests received.

The first item of business was a presentation regarding the new replacement hospital. Advisor Chuck Wells presented a revised timetable of scheduled events and a revised report of sources and uses of funds. He noted that everything appeared to be on target for the Preliminary Official Statement (POS) that would accompany the bond offering materials. He noted that Scott Crist of UMB would be at the meeting scheduled for November 8, 2011. As it presently stands it appears the bonds would be issued for up to a 25 year maturity date and would carry a 4.3% interest rate.

As a point of notation only it was noted board member Sean McReynolds arrived at the board meeting at this time in the meeting.

Construction manager Phil Schultze reported that construction of the new replacement hospital at the Kentucky Street site would be scheduled to begin in April 2012. He gave a report of a meeting he held with the City of Iola Department Heads on October 18, 2011. He presented a positive report which noted they had come to good predictable conclusions as to all utilities. He noted there was a surprise to come before the meeting as to the city's request for a roadbed on Kentucky Street. He reported they were still working on details as to that. He indicated that

there would be meetings held every 2 to 3 days with the architects to go over a combination of drawings, the design development drawings and specifications. He noted the plans currently were to have all information available to the board by Friday, November 4, 2011 for the purpose of the board's decision on November 8th as to the maximum guaranteed price for the replacement hospital presented in the design development drawings.

At 7:41 PM David Wright began a presentation of detailed floorplan drawings of the replacement hospital to be located on North Kentucky Street. In a working format plans were placed upon tables in three different locations and the board and some members of the public reviewed the plans and asked questions of the architect and construction manager. One question came forth as to an intensive care unit. It was noted that there was no ICU present in the plans. The plans call for monitored beds to serve the function. This was the recommended design attributable to a critical access hospital.

At 9:12 PM a report was received as to the CMS follow-up. Chris Rivera reported a communication from Joyce with CMS indicating that the whole pack had been reviewed and that one question existed. Chris Rivera noted that she was providing the answer to the CMS question and that hopefully by the end of the following week CMS would be making a final decision on the relocation application for the critical access hospital.

There was next held a discussion as to dates for presentations of show and tell and listening to be held at four locations in Allen County. The locations included Iola, Humboldt, LaHarpe, and Moran. By common consent it was concluded that two meetings would be held on November 21, 2011 simultaneously and that two meetings would take place at the other locations on December 1, 2011. The times were established to be held from 7:00 PM to 8:30 PM on each respective date.

The next item of business was the lease termination and management agreement with HCA. Chris Rivera noted the signature had been placed upon the documents by HCA but the documents were not yet delivered pending evaluation of items of inventory and fair market value. Some discussion followed and Chris Rivera indicated she would be in communication with HCA to obtain final results.

By common consent the bylaws were left to be discussed until a later meeting.

Without official action the board discussed groundbreaking for construction of the project with the construction manager and among the board members. It was noted that groundbreaking would most likely take place in the spring 2012 during the month of March.

Chairman Harry Lee presented for consideration the asking of the standing Mayor of the City of Iola to be an ex officio member of the Hospital Board of Trustees. Questions and comments came from, among, and to the board members. No motion came from the trustees. This item was taken to be upon consideration for possible action at some future time.

There being no further business to come before the meeting a motion was received from board member Patti Boyd to adjourn the meeting. A second to this motion was made by Tom Miller and at 10:02 PM the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 11-8-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday November 8,, 2011
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, November 8, 2011 at 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd, Karen Gilpin, Harry Lee, Jr., Sean McReynolds, Tom Miller, and Debbie Roe. Also in attendance were ex officio members Brian Wolfe, representing the ACH Chief of Staff, and Allen County Hospital CEO Christina Rivera.

The meeting was called to order at 7:00 PM by Chairman Harry Lee. Chairman Lee recommended adding to the agenda under new business City of Iola representation on the Board. Board member Sean McReynolds made a motion to approve the agenda as amended. This motion was seconded by Tom Miller and upon the vote passed unanimously.

Minutes of the board meeting dated October 25, 2011 were brought forth for discussion. No changes were noted. A motion was made by Tom Miller with a second by Sean McReynolds to approve of the minutes. There was no discussion and the motion carried unanimously.

Chairman Lee inquired if anyone desired to speak in the public forum to which there was no response.

The first item of business was the status of the HCA management and Termination Agreements. Christina Rivera reported that the Management Agreement has been signed and is waiting for an effective date. The fair market value assessment has been completed. On the advice of legal counsel, the language regarding identification of an entity for dispute resolution will be by mutual consent.

Christina Rivera reported that she had talked to Joyce Danner, CMS representative, and that she is reasonably sure that the approval will come through soon. She supplied additional information regarding contracted personnel to CMS today and believes they have everything they need to complete their analysis.

Scott Crist reported that the meeting with the Iola City Council went well. He noted that the City attorney wanted some additional language included in the Sales Tax Distribution Agreement regarding excess funds. Alan Weber is working with Chuck Apt, City Attorney, to finalize the language.

Mr. Crist distributed and reviewed updated bond information. He noted that the bond documents are basically finalized and they are waiting on the rating agency to price the bonds. The rating is expected on November 22nd. The 2011 bonds will be sold on November 28th and the 2012 bonds will be sold on December 14. The Board will need to approve the Parameter Resolution at the next meeting.

Phil Schultze outlined changes in the project costs due to adding a curb between entrances and a sidewalk from our North property line to the South property line as requested by the City of Iola. Changes in the design of the foundation, the kitchen equipment and soft costs also added to the budget and in total reduced the owner's contingency by \$122,000.

Chairman Lee then asked for input from the medical staff regarding the design of the new hospital beginning with Christina Rivera. Ms. Rivera would like us to consider the addition of a pneumatic tube system to connect the lab and pharmacy with the emergency room and surgery. These systems are more economical to install in original construction than to add at a later date. Phil Schultze and David Wright responded that they don't normally see those in Critical Access Hospitals but they will do a cost benefit analysis and report their findings. Ms. Rivera also inquired if the building will be LEED certified. David Wright stated that while they have been sensitive to the environment, they haven't focused specifically on LEED certification. Sheldon Streeter stated that he would go through the point system to see if we have enough points to qualify. Ms. Rivera noted that she would like to use the LEED certification in her marketing efforts if we qualify.

Patty McGuffin, CNO, reported that she would like to have more private beds. As currently designed, the hospital will have nine private rooms and eight super singles, which can be used as double rooms when needed. Eight additional private rooms are estimated to cost \$1.5 million. Hospital staff will review patient numbers, including outpatients requiring a bed but not counted in the daily census, to determine if four additional private rooms might be adequate.

Dr. Wolfe reported that the medical staff likes the design and is excited about the new hospital. He cautioned that adding electronic medical records, which is not included in the current budget, is critical for recruiting new doctors.

At this time discussion returned to the City sales tax and the Sales Tax Distribution Agreement. It was noted that the City's contribution of ¼% of its sales tax to the hospital project was effective April 2011 and ends December 31, 2019. Counselor Alan Weber has prepared a Sales Tax Distribution Agreement which includes language requiring the hospital to return the City's sales tax if the hospital operations generate excess funds. Negotiations are still in process between Counselor Weber and City Attorney Chuck Apt regarding the conditions that trigger the reimbursement. Patti Boyd moved to authorize Chairman Lee to sign the Sales Tax Distribution Agreement subject to further negotiations with the City. Karen seconded the motion and it was unanimously approved.

Phil Schultze requested an increase to the preconstruction fees in the amount of \$37,794 to cover additional costs related to addressing the feasibility of working with the contaminated soil at the East Street site, utility services to the Husky and Hopper sites, feasibility of the Cottonwood site and rezoning of the Hopper site. He also requested an increase to the general condition fees in the amount of \$18,425 for delay in starting construction in the spring of 2012 in lieu of the fall of 2011. Tom Miller moved that the Board authorize the additional preconstruction fees in the amount of \$37,794 and general conditions fees in the amount of \$18,425. Patti Boyd seconded the motion and it was unanimously approved.

At this time, 8:50 p.m., Jay Kretzmeier joined the meeting.

Phil Schultze requested approval of the Guaranteed Maximum Price (GMP). He noted that bids will be due in February and will be presented to the Board in mid to late March. At that time if additional funds are available, we can determine what we would like to add to the project. Karen Gilpin moved that we accept the GMP of \$18,237,231. Sean McReynolds seconded the motion and it passed unanimously.

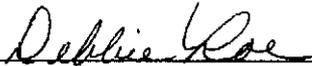
Phil Schultze reported on his discussion with the City regarding the Kentucky Street roadbed. Per his discussion with the City, no improvements to Kentucky Street are required at this time. Mayor Bill Shirley added that street maintenance is the City's responsibility.

The Board then discussed the timing of public meetings regarding the new hospital facility. Karen Gilpin shared some preliminary information to be included in a handout she and David Wright are developing. The handout includes general information on the hospital and a list of hospital equipment needs we hope to purchase through the capital campaign. The architects are also developing a power point presentation. The architects and engineers will have representatives at each meeting to answer questions. Karen Gilpin moved that the public meetings be scheduled as follows: November 21, 7:00 p.m. at the Humboldt Public Library, November 21, 7:00 p.m. at the Iola High School Auditorium, December 1, 7:00 p.m. at the LaHarpe City Hall and December 1, 7:30 p.m. at the Moran Community Building. Patti Boyd seconded the motion and it passed unanimously.

The Iola City Council has requested we include a representative from the Council as a member of our Board. Since they are contributing up to \$350,000 per year for the next 8½ years they feel they need someone on our Board to keep them informed and to share ideas. Karen Gilpin moved that the Mayor of the City of Iola be added to the Board as an ex officio member through December 31, 2019. Harry Lee seconded the motion. Discussion followed wherein Jay Kretzmeier noted that he had not had time to thoroughly analyze the pros and cons of adding this position to the Board. Patti Boyd noted that she wants to continue the good open communication we have developed with the City and is appreciative of their important support of our project; however, she would prefer to continue working with the City as we have in the past. At this time she was not in favor of adding an ex officio member since we have not adopted By Laws which would govern ex officio positions. She noted that the two ex officio members on our Board both have expertise in health care and provide insight to the Board regarding hospital operations. There was no further discussion and upon the vote, the motion failed.

Chairman Lee noted that the next meeting would be held Tuesday, November 22, 2011.

Upon having no other business to come before the meeting, Patti Boyd made a motion to adjourn. The motion was seconded by Tom Miller, and at 9.45, the meeting was adjourned.



Acting Secretary, Debbie Roe

Read and approved 11-22-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday November 22, 2011
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, November 22, 2011 7:00 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, Debbie Roe, and Tom Miller. Also in attendance were ex officio members Brian Wolfe representing the ACH Chief of Staff and Allen County Hospital CEO Cristina Rivera.

The meeting was called to order by Chairman Harry Lee at 7:01 PM. A motion was made by Patti Boyd to approve the agenda of the meeting. This motion was seconded by Karen Gilpin and upon the vote the motion carried.

The minutes of the meeting dated November 8, 2011 were addressed by the board. Karen Gilpin made a motion to approve the minutes as distributed. This motion was seconded by Patti Boyd. There was no discussion and the motion passed unanimously. The chairman announced a time for public forum. No persons came forth with questions or comments for the board.

The first item of business to come before the board was the authorization of certain documents in connection with the issuance by the Allen County, Kansas Public Building Commission of its Revenue Bonds. Counselor Alan Weber noted that the Allen County Commissioners and the Public Building Commission had authorized and signed their documents earlier in the day.

The board reviewed Resolution Number 201101 having been prepared for them by legal counsel Gilmore and Bell, P. C. Sean McReynolds made a motion that the board approve and adopt Resolution Number 201101 as printed, to authorize the Chairman and Secretary to sign the Resolution, and for the Resolution to be made part of the minutes of the meeting by reference. This motion was seconded by Tom Miller. The chairman asked for discussion. No discussion came forth and upon the vote, the motion passed unanimously.

Following the approval of the resolution Cris Rivera made an inquiry as to where the executed documents would be housed. Counselor Alan Weber indicated that previous documents and these documents would be in his possession at the county courthouse. Consultant Chuck Wells commented about the significant number of documents that would be coming forth with construction of the hospital. He noted that CEO Cris Rivera and CFO Larry Peterson would be wearing multiple hats during the transition period until the hospital terminates its' lease agreement with HCA. It was noted that this resolution, being part of the minutes of the meeting, would be included on the Allen County website which contains all meeting minutes.

It was noted that there would be a conference call with Scott Crist next Monday morning at 8:30 PM for the purpose of final review with all participants prior to the setting of the bond price and sale of the bonds series 2011.

The next item of business on the agenda was the Sales Tax Disbursement agreement with the city of Iola. Counselor Alan Weber noted he was not successful in negotiating previously noted language into the agreement with the City of Iola. He noted a successful outcome which includes language from the August 30, 2010 commitment agreement. He reported the agreement has now been signed by all parties and sent to United Missouri Bank. It was noted that the language in this approved agreement left several terms undefined but that in the next two years this would not likely be an issue. Debbie Roe observed the hospital should operate for awhile and then look at the definitions in 2013 at the earliest.

Reports of town meetings were presented to the board. Sean McReynolds reported on the town meeting taking place in Humboldt. Attendance was noted to be in excess of 15 with many more females in attendance than males. Those in attendance encouraged the hospital to be efficient and frugal in constructing and equipping the hospital, making use of equipment presently in place at the existing hospital. Attendees commented favorably about the single floor construction and the walking path was well received. Karen Gilpin reported on the town meeting taking place in Iola. It was noted that 16 in total were in attendance at the meeting. Andrew Rutenbach from HFG and Sheldon Streeter from Murray Company presented as well as CEO Cris Rivera who was present at the meeting.

CEO Cris Rivera reported that the letter of preliminary approval for relocation of the Allen County Hospital had been received from the Center for Medicare and Medicaid Services. The letter was dated November 15, 2011 and is made a part of these minutes by reference. The letter noted that between 6 to 12 months after the hospital has been constructed and is operating additional information would need to be submitted to the CMS.

Consultant Chuck Wells noted that the National Rural Health Association had reported, and in part due to their efforts, that federal Medicare cuts have not been imposed at this time.

The next item of business was the development of bylaws for the Board of Trustees and Allen County Hospital. The board reviewed language as to several of the items contained in the current working draft. Counselor Alan Weber noted the changes. Some alternative bylaw language was discussed by Chuck Wells and Cris Rivera volunteered to seek out some bylaw language from a different source.

At the time of board member reports Cris Rivera noted that she had met with David Wright and Phil Schultze and had obtained an overview of the replacement hospital construction project, was reviewing questions with them, and establishing methods of communication. She spoke of a construction committee, frequency of meetings, and real-time responses during construction.

Chairman Harry Lee reported he had received an inquiry from the Iola Plaza Shopping Center whereby the shopping center made known the availability of space for occupancy if there should be a need from the medical community or one of the hospital providers.

Board member Patti Boyd noted she had observed the replacement hospital landscaping plan and that preliminary work had been completed. She expressed her exuberance for the plan and noted that there was only one plant species present in the plan which was not native to the area.

The board discussed receiving an update of financials from HCA. The board apprised CEO Cris Rivera as to their existing confidentiality agreements and the review of financial information which has taken place prior to her appointment as CEO. The rationale for the examination of the financials is in part due to the Board's determination as to the date in which to terminate the lease agreement with HCA. Cris indicated she would look into the availability of the information and would report to the board.

The board meetings for December were established as December 13 and December 27 by common consent.

There being no further business to come before the meeting a motion was received from Patti Boyd to adjourn. This motion was seconded by Tom Miller and the meeting was adjourned.

Attachments: Next five (5) Pages

RESOLUTION NO. 201101

A RESOLUTION AUTHORIZING THE BOARD OF TRUSTEES OF ALLEN COUNTY HOSPITAL AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE BY THE ALLEN COUNTY, KANSAS PUBLIC BUILDING COMMISSION OF ITS REVENUE BONDS, SERIES 2011 AND SERIES 2012 (ALLEN COUNTY HOSPITAL PROJECT).

WHEREAS, the Allen County, Kansas Public Building Commission (the "Issuer") is a duly organized municipal corporation created by Allen County, Kansas (the "County"); and

WHEREAS, the Issuer is authorized by K.S.A. 10-1201 *et seq.*, and K.S.A. 12-1757 *et seq.*, as amended and supplemented by Charter Resolution No. 201014 of the County, all as amended (collectively, the "Act"), to issue revenue bonds, the proceeds of which shall be used for the purpose of paying all or part of the cost of acquiring, constructing, furnishing and equipping health care facilities; and

WHEREAS, pursuant to the Act, the Issuer proposes to issue its Revenue Bonds, Series 2011 (Allen County Hospital Project) (the "Series 2011 Bonds") and its Revenue Bonds, Series 2012 (Allen County Hospital Project) (the "Series 2012 Bonds") for the purpose of acquiring, constructing, furnishing and equipping a new Allen County Hospital facility; and

WHEREAS, the Series 2011 Bonds and Series 2012 Bonds (collectively, the "Bonds") will be issued under a Bond Trust Indenture dated as of December 1, 2011 (the "Bond Indenture"), by and between the Issuer and UMB Bank, n.a., as Trustee (the "Trustee"); and

WHEREAS, the County intends to enter into a Base Lease whereby the County leases certain real property (the "Land") to the Issuer, and a Lease (the "Lease") to provide for the construction of the new Allen County Hospital facility (the "Improvements") and the leasing of the Land and the Improvements by the Issuer to the County (the Land and the Improvements collectively referred to as the "Project"); and

WHEREAS, the new Allen County Hospital (the "Hospital") will be operated by the Board of Trustees of Allen County Hospital (the "Hospital Board") as provided in K.S.A. 19-4601 *et seq.*, and the Hospital Board will have responsibility for collection and application of the revenues generated from operation of the Hospital; and

WHEREAS, it is the intention of the County and the Hospital Board to provide for rental payments under the Lease in part from such revenues, to the extent that there are available moneys after making provision for payment of the ordinary and necessary operating expenses of the Hospital; and

WHEREAS, it is further the intention of the County and the Hospital Board to provide for the rental payments in part from the proceeds of a portion of a one-half of one percent (.50%) City-wide retailers' sales tax (the "City Sales Tax") approved by the voters of the City of Iola, Kansas (the "City") and pledged to the Hospital Board to assist in paying the costs of the Project, including debt service on the Bonds; and

WHEREAS, it is further the intention of the County and the Hospital Board to provide for the rental payments in part from the proceeds of a one-quarter of one percent (.25%) County-wide retailers' sales tax (the "County Sales Tax") approved by the voters of the County for the purpose of paying costs of the Project, including debt service on the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF ALLEN COUNTY HOSPITAL:

SECTION 1. Authorization of Documents. The following documents are hereby approved in substantially the forms presented to and reviewed by the Hospital Board at this meeting and attached to this Resolution (copies of which documents shall be filed in the records of the Hospital Board), and the Hospital Board is hereby authorized to execute and deliver each of such documents (the "Hospital Documents") with such changes therein as shall be approved by the officials executing such documents, such officials' signatures thereon being conclusive evidence of their approval and the Hospital Board's approval thereof:

(a) Pledge of Revenues and Operation Agreement between the Hospital Board and the County with respect to the operation and maintenance of the Hospital and the pledge of moneys derived from time to time from operation of the Hospital;

(b) Sales Tax Disbursement Agreement among the City, the County, the Hospital Board and the Trustee with respect to the distribution of City Sales Tax revenues and County Sales Tax revenues;

(c) Continuing Disclosure Agreement among the County, the Hospital Board and the Trustee, as Dissemination Agent; and

(d) Tax Compliance Agreement (the "Tax Compliance Agreement") among the Issuer, the County, the Hospital Board, and the Trustee, pursuant to which the requirements relating to the federal tax status of the Bonds are set forth.

SECTION 2. Execution of Documents. The Chairman is hereby authorized and directed to execute and deliver the Hospital Documents for and on behalf of and as the act and deed of the Hospital Board. The Secretary is hereby authorized and directed to attest, by manual or facsimile signature, to the Hospital Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

SECTION 3. Further Authority. The Hospital Board shall, and the officials, agents and employees of the Hospital Board are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments, including, without limitation, any credit enhancement and security documents, arbitrage certificate, redemption notices, closing certificates and tax forms, as may be necessary or desirable to carry out and comply with the intent of this Resolution, and to carry out, comply with and perform the duties of the Hospital Board with respect to the Bonds and the Hospital Documents.

SECTION 4. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Hospital Board.

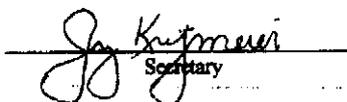
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ADOPTED by the Board of Trustees of Allen County Hospital on November 22, 2011.

(SEAL)


Chairman

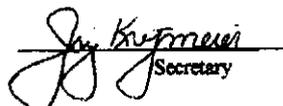
ATTEST:


Secretary

CERTIFICATE

I, hereby certify that the above and foregoing is a true and correct copy of Resolution No. 201101 of the Board of Trustees of Allen County Hospital adopted on November 22, 2011, as the same appears of record in my office.

DATED: November 22, 2011.


Secretary

Midwestern Consortium
Division of Survey and Certification



November 15, 2011

Cristina Rivera, CEO
Allen County Hospital
101 South 1st Street
Iola, Kansas 66749

CMS Certification No: 17-1373

Dear Ms. Rivera:

We are in receipt of Allen County Hospital's September 30, 2011 letter and follow up email communications attesting that the critical access hospital (CAH) meets the requirements for the 75-percent rule for same services, same staff and same service area. We have also received and reviewed the Kansas Office of Rural Health's September 7, 2011 letter confirming your CAH meets the necessary provider designation requirements currently and at the new location.

We are pleased to provide you preliminary approval for the relocation of Allen County Hospital to an area of undeveloped land located at the north end of Kentucky Street, approximately 1.9 miles from the current location at 101 South 1st Street, Iola, Kansas

If any changes are made to your attestations and/or previously provided information used to support our preliminary approval, please notify the Kansas Department of Health and Environment (KDHE) and the CMS Kansas City Regional Office (RO) prior to the CAH's relocation. In addition, you must notify your Medicare Administrative Contractor of the relocation.

Between 6 to 12 months after the CAH is relocated, you must send the CMS RO information as specified in section 2256F of the State Operations Manual (SOM) demonstrating that it:

- continues to serve 75% of the original service area,
- continues to provide 75% of the same services provided at the original location,
- 75% of the same staff remains on staff after the relocation
- holds any required State license at the new location, and
- meets all Conditions of Participation as determined by an accreditation or SA survey.

In addition, as outlined in section 2256F of the SOM, the RO makes a **final determination** that the relocated necessary provider CAH will be permitted to continue Medicare

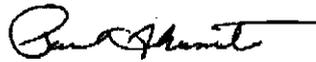
233 North Michigan Avenue
Suite 600
Chicago, Illinois 60601-5519

Richard Bolling Federal Building
501 East 12th Street, Room 235
Kansas City, Missouri 64106-2808

Participation under its original provider agreement after receiving and evaluating the relocated CAH information.

Please feel free to contact Joyce Danner, Health Quality Review Specialist, in our Kansas City Office at (816) 426-2011, Monday – Friday 8:00 AM to 4:30 PM if you have additional comments or concerns.

Sincerely yours,



Paul Shumate, Branch Manager
Division of Survey, Certification & Enforcement
Kansas City Regional Office

cc:
KDHE
KS Office of Rural Health – Jane Faubion


Jay Kretzmeier, Secretary

Read and approved 12-13-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday December 13, 2011

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 13, 2011, 7:00 p.m. in the Conference Room of the Allen County Hospital. Board members present were Patti Boyd, Karen Gilpin, Jay Kretzmeier, Harry Lee, Jr., Tom Miller, and Debbie Roe. Also in attendance were ex officio members Brian Wolfe representing the ACH Chief of Staff and Allen County Hospital CEO Cris Rivera.

The meeting was called to order by Chairman Harry Lee at 7:06 PM. Two additions to the agenda were made. Item 9 under old business, trustee reports was added. Item 2 under new business, payment requisitions was added. The motion was made by Patti Boyd to approve of the agenda as amended. This motion was seconded by Karen Gilpin and upon the vote the motion passed.

The minutes of the board meeting dated November 22, 2011 were discussed for approval. Two items were changed to the minutes as previously distributed. These two items were spelling corrections as to Sheldon Streeter and Cris Rivera. A motion was made by Karen Gilpin to approve of the minutes as corrected. This motion was seconded by Debbie Roe and upon the vote the motion passed.

The chairman announced the time for public forum, no requests were received.

The first item of business was a report of the Series 2011 bond sale. It was noted that a communication dated November 29, 2011 had been received from Scott Crist. In that communication he noted that the sale of the Series 2011 bonds went extremely well. He noted that the call date for those bonds will be December 1, 2019. He provided a pricing summary of the bonds. It was noted the bonds maturing in 2014 held a coupon rate of 1.1%. The bonds maturing in 2025 held a coupon rate of 3.95%, and the net interest of the entire Series 2011 bonds reflected the rate of 3.0334%.

The next item of business was the Series 2012 bond sale. Counselor Alan Weber reported that a conference telephone call would be held Wednesday, December 14, 2011 in the morning and that it was expected that the Series 2012 bonds would be placed for sale later in the day.

At the time of the standing report for construction developments Cris Rivera noted she had met with Phil Schultze and one other Murray company employee and had visited the site of the proposed new hospital. She had held more discussions with Health Facilities Group and noted that an interior finish color board would be coming for review. She noted there had been review made of the equipment listing which included significant amount of detail. This is to assist in future relocation versus new purchase decisions. It was noted on January 3, 2012 would be a

second part of the equipment review and it was estimated the complete review would be finished by January 14, 2012. There will be a design development meeting with hospital staff and the CEO has extended invitations to the medical staff to that meeting. Cris noted that the medical staff had shared some concern as to whether changes for the new hospital could still be made. She noted that efforts were being made to be as complete as possible so that once the permit starts there would be as few change orders as possible requiring cost additions. It was noted that the date for cut off would be established by HFG and that would probably be in February, 2012. It was noted the Iola planning commission would meet tomorrow and would be brought up to date concerning the hospital site approval. The City of Iola is requesting a traffic study be performed for the hospital site. That study has been ordered. David Wright is in continual communication with the planning commission and site approval is expected to be received in the following month.

Chairman Harry Lee reminded the board of the printed article previously provided by Dr. Brian Wolfe concerning housekeeping, microbes, infections and surface cleaning. Cris Rivera and Patty McGuffin each spoke to this issue indicating some modifications have been made to the architect's proposal as to glass divisions in the nursing area. Each of these two asked Brian Wolfe as to the availability of the printed article and Dr. Wolfe indicated he would see that they received copies of it.

The change order approval process was discussed. Proper authorization and timely process flow were two of the items receiving the most attention. It was noted it may be appropriate to adopt a policy of a threshold dollar amount below which approval of the trustees would not be required. A constituent inquiry as to energy system evaluation was mentioned to the board. It was noted that during one of the town meetings building energy transfer systems was discussed. Cris Rivera noted the existing plans included provisions for some items that meet LEED criteria.

The meeting moved to Item 4 on the agenda, document flow and document retention was discussed. Counselor Alan Weber indicated all documents to date and payment requisitions were being retained in his files with the county and it was his intent to send to all of the board payment requisitions in the future. A central repository of documents was discussed. Jay Kretzmeier indicated he would contact Phil Schultze of Murray Company and inquire if there would be such a repository available in the construction management system and report that at the next board meeting. Councilor Weber indicated during the construction process invoices would need to be reviewed and paid on time which would normally be about 20 days. There seemed to be some consensus that the flow of documents would be for the architects to review invoices first, and then be submitted to the hospital where the CEO would see to their review, and the board may wish to authorize the CEO to issue approvals.

Inquiry was made as to the length of time with which Chuck Wells would be retained by the hospital. Alan Weber indicated that he would be employed until such time as the hospital has all of its working capital. The board discussed quality assurance during the construction process and whether an additional advocate should be retained. It was noted the City of Iola would be inspecting the site, as well as the hospital plant operations manager, along with the architect. Cris Rivera noted that a construction committee is usually formed. It would be expected that the

construction manager foreman would hold weekly meetings with the hospital. It was noted the trustees may need to appoint a member of its board to serve on that committee in the near future.

Financial operating statements were the next item upon the agenda. Cris Rivera reported she had been in contact with senior executive of HCA and that inquiry had been extended to their legal counsel who wished to examine closer Kansas sunshine law as to requirements for complying with the Kansas Open Meetings Act. She indicated she was to have consultation with HCA the following day at 2:30 in the afternoon. Patti Boyd addressed the timing of the hospitals meeting the electronic medical records requirements. Rivera noted she would be receiving information and it would be forthcoming as to systems available and costs.

Alan Weber reported that all of the executed documents for the bond sales had been received back from United Missouri Bank.

Board members reported on the town meetings which took place at LaHarpe and Moran. It was reported there were five guests in attendance at LaHarpe, the meeting was pleasant and informative. It was noted 11 persons were in attendance at the Moran meeting, six of those persons were involved in the presentation and that several good questions came from persons attending. Future events were discussed with some agreement that coordinating it with an already scheduled event might be most effective. Two members from the Campaign Leadership Cabinet were present at the meeting. It was noted that the capital campaign would include \$3.8 million for equipment and \$1 million for endowment. A Uniting for Excellence brochure was also discussed.

The hospital board bylaws were the next item to come before the meeting. Cris Rivera reported she had received approval for release of the HCA Model Hospital Bylaws and that she would make them available to trustees and Counselor Weber in word processing form. It was noted that Articles 1 through 6 of the existing draft had been revised. By common consent a goal was established of completing the bylaws by January 31, 2012. The board will next complete the revision of the drafts it is working on, contrast this to the language provided by HCA and then reach a final version for approval.

Board member Tom Miller noted he had received a request as to the cutting and removal of firewood from the property under option for the proposed new hospital. Out of this discussion Counselor Weber indicated he would talk to the current owners of the property and to County Supervisor Bill King to see if signage could be placed there to post no trespassing. Discussion followed as to what manner the board might establish for the use of downed timber so that it did not go to waste. No plan was adopted.

Under new business, the following motion was made by Jay Kretzmeier with a second to the motion from Karen Gilpin:

Resolution 201102

“Resolved, the Trustees of the Allen County Hospital hereby recommend to the Allen County Commissioners the January 2012 reappointment to the Hospital Board of Trustees of the persons Harry Lee, Jr. and Debbie Roe whose trustee terms are scheduled to expire December 31, 2011.”

Discussion followed, and upon the vote the motion passed. The matter of the election of officers for the next term came before the board. It was noted that bylaws have not yet been adopted but that it would be expected those elections would take place in January 2012. Chairman Lee noted discussion he held with Cris Rivera as to establishing in the bylaws and order of succession for the chairman position.

Four requisitions were presented to the board from Counselor Alan Weber. He noted that the county commissioners had approved of them earlier in the day. Karen Gilpin made a motion to approve of requisition numbers one through four. This motion was seconded by Tom Miller. Short discussion followed and upon the vote the motion passed.

Hearing no further business to come before the board a motion was made by Patti Boyd to adjourn the meeting. The motion was seconded by Tom Miller and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 12-27-11

Allen County Hospital Board of Trustees Meeting

7:00 P.M. Tuesday December 27, 2011

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 27, 2011, 7:00 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, and Debbie Roe. Also in attendance was ex officio member Brian Wolfe representing the ACH Chief of Staff.

The meeting was called to order by Chairman Harry Lee at 7:04 PM. The motion was presented by Patti Boyd to approve of the agenda of the meeting. This motion was seconded by Sean McReynolds and when the vote was taken the motion passed.

Board member Debbie Roe made a motion that the minutes of the board meeting dated December 13, 2011 be approved as last amended. This motion received a second from board member Karen Gilpin. There was no discussion and the motion passed.

The chairman offered a period of public comment or questions, none was received.

The first item of business was to report the sale of the Series 2012 bonds. Portions of a December 14 e-mail from Scott Crist were read. It was noted that the bonds maturing in 2025 carried a 5% coupon rate, sold at a premium, and had a yield of 4.1%. Bonds with maturity dates of 2036 also carried a 5% coupon rate and a yield of 5.1%. Overall the bonds sold at a premium of \$189,753.90. The average life of these bonds is 20.193 years and the true interest cost was listed at 4.9826%.

The next item of business was a standing report as to construction developments. There was no immediate report from anyone present at the meeting. Hospital CFO Larry Peterson made several comments as to recent meetings which have been held. A short list of items was presented of modifications and cuts to some of the design plans. One of these included reducing the backup generator from a 750 KW plant to a 600 KW plant. It was noted that until such time as contracts are put up for bid comparisons to the construction budget are very difficult. Larry Peterson noted that as to some of the interior color selections a display board would soon be coming to the board for demonstration.

The next item of business was the central records repository. Jay Kretzmeier reported he had spoken with Phil Schultze on December 15 as to the availability of a records platform within the construction manager's IT products. Mr. Schultze indicated that the building information modeling system or BIM was one product they would be using but that it did not have capability suitable for records dissemination. He indicated they had software for contract management and that Sheldon Streeter held information concerning that. Kretzmeier reported that he spoke with

Streeter on December 22 and out of that discussion Mr. Streeter indicated they had a web-based program that would most likely be suitable and that he would recommend that. Some discussion took place at this time as to document flow and items listed later on the agenda. Counselor Alan Weber explained as to authorizations for payment of invoices during construction of the hospital, three signatures were necessary to authorize UMB's payment. These signatures included the architect, a member of the county board of commissioners, and a representative appointed by the hospital Board of Trustees. It was Weber's recommendation the hospital board's representative be a member of the Board of Trustees. At this time the board discussed their responsibilities. It was noted the board would have the oversight of the architect, the hospital plant operations manager, the construction committee, City of Iola Code Enforcement Officer, sub-contractors, and the hospital CEO. The board also acknowledged members would be making site visitations during construction. It was noted the board had 30 days from receipt of invoices with which to make payment. Weber noted that if invoices were submitted to the commissioners at its morning meeting on the second Tuesday of a month, they could be approved and signed and submitted to the trustees meeting the same day. Payment could often be made by the 15th of the month.

Financial operating statements were next item on the agenda. An e-mail received from CEO Cris Rivera was referenced. The e-mail noted that financial summary information will be reported to the board starting January of 2012.

The board discussed timber on its new land which had been pushed over during a period of Geotech testing. By common consent it was agreed to make an attempt that the timber not be wasted and to make it available for removal. This would also facilitate cleanup of the area prior to construction and earth moving. A motion was made by Patti Boyd accompanied by a second from Sean McReynolds to publicize that anyone with interest in removing the felled timber should contact Counselor Alan Weber for the purpose of being placed in a random lottery, selected, and execution of a felled timber agreement with the county. Submission into the lottery should take place by January 3, 2012. Discussion followed and upon the vote the motion passed.

Bylaws were the next item on the agenda. It was noted that articles 8, 9, 10, and 11 remained to be completed. It was noted that to properly discuss the matter it would be best to include the input from Cris Rivera and accordingly no action was taken. A mission statement was briefly discussed. Board member Sean McReynolds volunteered he would obtain several from other sources that might provide a starting place for the board.

Under new business the matter of board representation on the construction committee came before the board. Jay Kretzmeier made a motion to nominate Karen Gilpin as the board's representative on the hospital construction committee. This motion was seconded by Patti Boyd. Karen Gilpin accepted the nomination and upon the vote the motion passed unanimously. Jay Kretzmeier next made a motion to nominate Patti Boyd and Harry Lee as alternates to serve on the hospital construction committee. Board members Boyd and Lee accepted the nominations. Debbie Roe made a second to the motion and upon the vote the motion passed.

The second item of new business was the designation of a point of contact for Murray Company's Sheldon Streeter. Patti Boyd made a motion the board appoint CEO Cris Rivera as

the contact person for Sheldon Streeter and Murray company. This motion was seconded by Karen Gilpin and upon the taking of the vote the motion passed unanimously.

Electronic medical records were briefly discussed by the board along with a discussion as to preparations and training of the board for hospital oversight and management by the Board of Trustees. Planning and establishing criteria for terminating the existing lease agreement with HCA was mentioned for future action. No action was taken at this time.

At the hour of 8:36 PM there being no further business to come before the board a motion was received from Patti Boyd to adjourn the meeting. This motion was seconded by Debbie Roe and the meeting was adjourned.


Jay Kretzmeier, Secretary

Read and approved 1-10-12