

The Allen County Board of Commissioners met in regular session at 8:30 a.m. with Chairperson Dick Works, Commissioner Robert A. Francis, Commissioner Gary G. McIntosh and Sherrie L. Riebel, Allen County Clerk.

Cliff Ralstin, Humboldt Union, Bob Johnson, Iola Register, and Jim Talkington, Commissioner District #3 elect, were present to observe the meeting.

Commissioners corrected and approved the minutes of the December 4, 2012 meeting.

Sherrie reported Sewer District #2 pump station has had to have multiple repairs. She just wanted to make the commissioners aware of the repairs.

Sherrie stated in 2010 \$100,000 was transferred from the General Fund to the Health Insurance Fund. Discussion followed.

Sherrie requested on behalf of Clint Kraft to use the Humboldt Senior Center for a "Brand Name Apparel Sale". After much discussion, Commissioner Francis moved to deny the request. Commissioner McIntosh seconded, motion passed 3-0-0.

Sherrie requested on behalf of Isabell Plier, Service to the Elderly van driver, to transport elderly to see Christmas lights. Commissioners approved.

Commissioner Francis moved to reappoint Dick Works to serve on the Executive Committee of the Southeast Kansas Regional Planning Commission. Commissioner McIntosh seconded, motion passed 3-0-0.

Commissioner Francis moved to appoint Joyce Higinbotham to serve a term January 1, 2013 to December 31, 2015 at the Moran Senior/Community Center Board. Commissioner McIntosh seconded, motion passed 3-0-0.

Bill King, Public Works Director, discussed personnel. No action was taken.

Bill reported snow blades are on some of the equipment to get ready for winter. He reported the laydown machine is currently out of commission.

Sherrie requested commissioners review a proposed amended budget for the Ambulance Fund. Discussion followed. Commissioner Francis moved to publish for an Ambulance Fund budget hearing to be held December 31, 2012 at 2:00 p.m. Commissioner McIntosh seconded, motion passed 3-0-0.

Alan Weber, Allen County Counselor, requested approval on Hospital building payment #36 to Murray Construction Company \$2,683,804.00. Commissioner Francis moved to authorize payment #36 and for Chairman Works to sign. Commissioner McIntosh seconded, motion passed 3-0-0. Chairman Works signed the authorization. Alan will present it to the Allen County Hospital Board of Trustees for approval as well.

Alan presented Resolution 201216 for review.

**EXCERPT OF MINUTES OF A MEETING
OF THE BOARD OF COUNTY COMMISSIONERS OF
ALLEN COUNTY, KANSAS
HELD ON DECEMBER 11, 2012**

The Board of County Commissioners (the "Board") of Allen County, Kansas (the "County"), met in regular session at the usual meeting place in the County at 8:30 a.m. The Chairman presided and the following members of the Board were present:

The following members were absent:

The Chairman declared that a quorum was present and called the meeting to order.

Thereupon, there was presented a Resolution entitled:

A RESOLUTION AUTHORIZING ALLEN COUNTY, KANSAS TO ENTER INTO A SUPPLEMENTAL LEASE WITH THE ALLEN COUNTY, KANSAS PUBLIC BUILDING COMMISSION, AND AUTHORIZING CERTAIN RELATED DOCUMENTS IN CONNECTION WITH THE ISSUANCE BY THE ALLEN COUNTY, KANSAS PUBLIC BUILDING COMMISSION OF ITS REVENUE BONDS, SERIES 2013 (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 has issued its Revenue Bonds, Series 2011 (Allen County Hospital Project) in the aggregate principal amount of \$10,000,000 (the "Series 2011 Bonds") and its Revenue Bonds, Series 2012 (Allen County Hospital Project) in the aggregate principal amount of \$15,000,000 (the "Series 2012 Bonds") for the purpose of (a) acquiring, constructing, furnishing and equipping a new Allen County Hospital facility (the "Project") and (b) paying certain costs of issuance, all as further described in the hereinafter referred to Bond Indenture and Lease; and

WHEREAS, the Series 2011 Bonds and Series 2012 Bonds were issued under a Bond Trust Indenture dated as of December 1, 2011 (the "Original Indenture" and with the herein-defined Supplemental Indenture, the "Bond Indenture"), by and between the Issuer and UMB Bank, n.a., as Trustee (the "Trustee"); and

WHEREAS, simultaneously with the execution and delivery of the Bond Indenture, the Issuer entered into a Lease Agreement dated as of December 1, 2011 (the "Original Lease" and with the herein-defined Supplemental Lease, the "Lease"), by and between the Issuer, as lessor, and the County, as lessee, pursuant to which (a) the Project is acquired and constructed and (b) the Issuer leased its interest in the Project to the County, and the County agreed to pay Basic Rent Payments (as defined in the Bond Indenture) sufficient to pay the principal of and premium, if any, and interest on, the herein-defined Bonds; and

WHEREAS, the County and Board of Trustees of Allen County Hospital (the "Hospital Board") entered into a Pledge of Revenues and Operation Agreement dated as of December 1, 2011 (the "Pledge Agreement") pursuant to which the Hospital Board pledged certain Revenues (as such term is defined therein and in the herein-defined Supplemental Indenture) to the County for payment of rentals under the Lease; and

WHEREAS, in the Pledge Agreement, the Hospital Board has covenanted that all Revenues received from the operation of the Hospital (as defined in the Original Indenture) will be deposited into the General Operating Fund established with the Hospital by the Pledge Agreement and will be applied first to the payment of operation and maintenance costs of the Hospital and to the funding of certain operation and maintenance reserves, through transfer to the Operation and Maintenance Account of the General Operating Fund as more fully set forth therein, before being applied to pay debt service on the herein-defined Bonds; and

WHEREAS, the existing Allen County Hospital (the "Existing Hospital") will continue to operate prior to the opening of the Hospital, the lease agreement with Midwest Division-ACH, LLC for the Existing Hospital is being terminated, under which Midwest Division ACH, LLC had financial responsibility for the operation of the Existing Hospital, and the Hospital Board is assuming financial responsibility for the operation of the Existing Hospital prior to the opening of the Hospital; and

WHEREAS, there are no funds currently available to the Hospital Board to apply to the costs of operation and maintenance of the Hospital or the Existing Hospital (collectively, the "Allen County Hospital"), the Hospital Board will not have funds to apply to such costs until after Revenues begin to be received and there will be a period of time before sufficient Revenues are received to pay the costs of operation and maintenance of the Allen County Hospital in full; and

WHEREAS, the Hospital Board has estimated the anticipated Revenues to be available for deposit into, and the budgeted expenditures to be made from, the Operation and Maintenance Account of the General Operating Fund in the Fiscal Year ending December 31, 2013, and has concluded that cash flow management problems will occur during such Fiscal Year because Revenues from the operation of the Allen County Hospital will not be received in time to pay the projected budgeted expenses of the Allen County Hospital, and further that cash flow management problems may occur in future Fiscal Years; and

WHEREAS, the Original Indenture stated that in addition to the issuance of the Series 2011 Bonds and Series 2012 Bonds, the Issuer contemplated the issuance of Additional Bonds thereunder to provide working capital for the Hospital, on a parity with the Series 2011 Bonds and Series 2012 Bonds; provided, however, that any such Additional Bonds issued to provide working capital shall not be payable in any manner from City Sales Tax Revenues; and

WHEREAS, pursuant to the Original Indenture as amended and supplemented by the First Supplemental Bond Trust Indenture (the "Supplemental Indenture"), the Issuer is issuing its Allen County Public Building Commission Revenue Bonds, Series 2013 (Allen County Hospital Project) (the "Series 2013 Bonds" and with the Series 2011 Bonds and Series 2012 Bonds, the "Bonds") as Additional

Bonds in a maximum principal amount not-to-exceed \$5,000,000 in accordance with the terms of the Original Indenture, to provide working capital for the Allen County Hospital; and

WHEREAS, the Board hereby determines that it is in the best interest of the County that the County and the Issuer enter into a Supplemental Lease (the "Supplemental Lease") amending and supplementing the Original Lease to expressly provide, among other things, that the Basic Rent Payments under the Lease will include payments relating to the Series 2013 Bonds; and

WHEREAS, the Board further finds and determines that it is necessary and desirable in connection with the issuance of the Series 2013 Bonds by the Issuer that the County execute and deliver certain documents and that the County take certain other actions as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ALLEN COUNTY, KANSAS:

SECTION 1. Findings and Determinations. The Board hereby finds and determines, pursuant to the Act, that (i) the issuance of the Series 2013 Bonds by the Issuer to finance working capital requirements of the Allen County Hospital and (ii) entering into the Supplemental Lease with the Issuer relating to the Series 2013 Bonds, are necessary, convenient and in furtherance of the governmental purposes of the County.

SECTION 2. Authorization of Documents. The following documents are hereby approved in substantially the forms presented to and reviewed by the Board at this meeting and attached to this Resolution (copies of which documents shall be filed in the records of the County), and the County is hereby authorized to execute and deliver each of such documents (the "County Documents") with such changes therein as shall be approved by the officials of the County executing such documents, such officials' signatures thereon being conclusive evidence of their approval and the County's approval thereof:

- (a) Supplemental Lease amending and supplementing the Original Lease as set forth therein, relating to the issuance of the Series 2013 Bonds;
- (b) Funding Agreement among the Issuer, the County, the Hospital Board and the Trustee setting forth terms and provisions for draws of Series 2013 Bond proceeds; and
- (c) Series 2013 Bond Purchase Agreement pursuant to which Community National Bank agrees to purchase the Series 2013 Bonds.

SECTION 3. Execution of Documents. The Chairman is hereby authorized and directed to execute and deliver the County Documents for and on behalf of and as the act and deed of the County. The County Clerk is hereby authorized and directed to attest, by manual or facsimile signature, to the County 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 4. Further Authority. The County shall, and the officials, agents and employees of the County 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 County with respect to the Bonds and the County Documents.

SECTION 5. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Board.

ADOPTED by the Board of County Commissioners of Allen County, Kansas, on December 11, 2012.

The Resolution was considered and discussed; and on motion of Commissioner Robert Francis, seconded by Commissioner Gary McIntosh, the Resolution as a whole was adopted by the following roll call vote:

Aye: 3.

Nay: 0

Thereupon, a majority of the members of the Board of County Commissioners having voted in favor of the adoption of the Resolution, it was given No. 201216 and was signed by the Commissioners and attested by the County Clerk.

CERTIFICATE

"I, hereby certify that the above and foregoing is a true and correct copy of Resolution No. 201216 of Allen County, Kansas adopted by the Board of County Commissioners on

December 11, 2012, as the same appears of record in my office." Was signed by Sherrie L. Riebel, Allen County Clerk.

Commissioner McIntosh discussed the environmental fund for the foundation. Alan stated it could be done this year or next, we have met our requirement. Discussion followed. \$50,000 was paid out on December 5, 2012. No action was taken at this time for the next \$50,000.

Commissioners and Alan discussed budget on the hospital.

Alan discussed a letter from KAC concerning solid waste issues proposed by the legislature. This will be something Allen County will need to keep an eye on.

Commissioner Francis moved to go into executive session for 10 minutes to discuss non-elected personnel. Commissioner McIntosh seconded, motion passed 3-0-0. Those in the room will be Chairman Works, Commissioner Francis, Commissioner McIntosh, Alan Weber, Allen County Counselor, and Sherrie L. Riebel, Allen County Clerk. The time is now 9:39 a.m. Commissioners reconvened at 9:49 a.m. No action was taken.

Commissioner Francis moved to clear up all vacation carry over to be used by April 1, 2013; those employees affected will be notified by a written letter. Commissioner McIntosh seconded, motion passed 3-0-0.

Alan discussed items the Allen County Hospital Board of Trustees is dealing with.

Paul Finney, Wayne Smith, and Walter Wulf, Jr., City of Humboldt Downtown Action Team, and Larry Tucker, City of Humboldt Administrator, discussed the request for remodeling of the front of the Humboldt Senior Center. Commissioner McIntosh stated Allen County hasn't had time to get costs. Chairman Works stated the fact is, it doesn't need to be done as it is one of the better looking store fronts in Humboldt. The fact is that it doesn't have to be a priority and some requests should be priority. Discussion followed. Commissioners pushed off a decision to the new 2013 Commissioners. Commissioners stated the answer currently is "No". Larry stated one of the top priorities of this committee is to make a "Historic Preservation" in the City of Humboldt. Discussion followed on keeping mill levies down for all of Allen County.

Commissioners approved the following documents:

- a) Clerk's Vouchers Totaling \$29,781.91
- b) Payroll Changes
- c) Journal Entries 101-108
- d) Abatements RE Value 60 \$ 9.60
 PP Value 880,357 \$144,216.98

With no further business to come before the board, the meeting was adjourned until December 18, 2012, at 8:30 a.m. in the Commission room of the courthouse.

Dick Works, Chairperson

Robert A. Francis, Commissioner

Sherrie L. Riebel, Allen County Clerk

Gary G. McIntosh, Commissioner