

THE MEMORIAL HOSPITAL BOARD OF TRUSTEES MEETING

April 10, 2008, 7:00 p.m.

Page 1

ATTENDANCE: Ron Danner, Vice Chair; Corrie Ponikvar, Sue Lyster, Don Myers, Board of Trustee Members; George Rohrich, CEO; Robert Lindberg, CCO; Beka Warren, CQO; Barry Bergman, CFO; Chris Singleton, Controller; Saed Tayyara, County Commissioner; and Dr. Allan Reishus, Chief of Staff.

GUESTS: Sarah Meschak, Esquire and James Branum, Esquire, of the legal firm Caplan and Earnest. Gene Bilodeau, Dean of CNCC.

CALL TO ORDER: The meeting was called to order by Vice Chair Ron Danner at 6:10 p.m.

AGENDA REVIEW: The order of the agenda was changed. Item C – will be first, followed by Item D, then by Item B.

MEMORANDUM OF UNDERSTANDING BETWEEN CNCC SUBDIVISION #1 - 9TH STREET: Gene Bilodeau, Dean of CNCC, addressed the board to discuss the extension of 9th Street. The timeline for this construction is as soon as possible in order for the contractor, Twin Peaks, to begin mobilization of their equipment to complete the job. Sarah Meshak, legal counsel, said there are no legal issues that would jeopardize the hospital's standing with the anticipated HUD financing of the new hospital. Jim Branum, legal counsel will address the issue of the Memorandum Of Understanding between TMH and CNCC, either by amending the current MOU or drafting a new one. He will have that information prior to the April 18 Building Committee Meeting.

MOTION 2008:29 – Moved by Ron Danner, seconded by Sue Lyster, “That the Board of Trustees approve the concept of submitting a change order to Twin Peaks Construction to complete the work on 9th Street in the CNCC Subdivision #1 with TMH to be reimbursed the cost by CNCC and with a MOU to be submitted to the Board of Trustees for final approval at the next meeting to be held on April 30, 2008. Ayes, all. Motion carried.

FINANCING STRUCTURE OF THE NEW HOSPITAL: Sarah Meshak and Jim Branum of Caplan and Earnest made a presentation of the proposed financing structure for the new hospital.

The project will be financed by a FHA/HUD insured mortgage loan. InnoVative Capital is the lender. HUD insures the loan under the Section 242 loan insurance program. Under Colorado law, TMH, as a component unit of Moffat County, is unable to secure an FHA/HUD insured mortgage loan by mortgaging County property. To address this, TMH proposes the creation of The Memorial Hospital Building Corporation (TMHFC) which would serve as the borrower and mortgagor. Moffat County would enter into a fifty year lease of the site to TMHFC, with TMHFC paying nominal rents to the County. TMHFC would use the proceeds of the FHA insured loan to construct the Replacement Critical Access Hospital and enter into an operating lease with the Board of TMH for a term of fifty years. Operating lease payments to TMHFC would be not less than any debt service and other monetary requirements of the FHA insured mortgage loan. As security, TMHFC would mortgage its leasehold interest and its interest in the operating lease. In an event of default, HUD as mortgage insurer steps in to make payments on the loan and exercises its remedies as insurer.

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April 10, 2008, 7:00 p.m.

Page 2

This is a legally accepted method in Colorado for the financing of critical access hospitals owned by Colorado counties through HUD, having been done this way a number of times. To set up this corporation, board members need to be appointed, one of which is legally recommended to be the CEO of the hospital. Individuals active in finance, banking and/or having a working knowledge of the new hospital project should be considered. At the building meeting recommendations will be made for members of TMHFC.

Sarah Meshak will address several questions presented by the Board of Trustee including a draft of the MOU to reflect HUD requirements, her response to a question regarding critical access hospitals, and the board's involvement in TMHFC. She will have a report for the next meeting of the Board of Trustees.

BY-LAW REVIEW: The minutes of the March 10, 1008, meeting were accepted as presented. Sarah Meshak will review several items brought up in the discussion by Dr. Reishus including some definition suggestions. She will also research Joint Commission requirements regarding "level of care". The Board of Trustees By-Law Revisions will be placed on the April 30, 2008, agenda for approval.

NEXT MEETINGS: Finance Committee will meet at 5:30 p.m. on April 22 and the Joint Conference Committee will meet at 7:00 p.m. on the same night.

ADJOURNMENT: The meeting was adjourned at 9:50 p.m.

Respectfully submitted,

Ron Danner, Vice Chair

jah/ 4-15-08