

June 11, 2020  
1:00 P.M.  
Blue Building

The Commissioners of the City of Horton met for a special meeting on Thursday, June 11th at 1:00 p.m. at the Blue Building.

Mayor Stirton called the meeting to order and the opening prayer was led by John Calhoon. The Pledge of Allegiance was recited by all.

Present: Mayor Bryan Stirton, Commissioner Wade Edwards, Ken Krug, Richard Lovelady, and Rex West. City Administrator John Calhoon and Kevin Hill were also present.

### **30 Minute Executive Session**

Motion by Commissioner Edwards to go into a 30-minute executive session to discuss attorney client privilege to include Mayor Stirton, Commissioners Edwards, Krug, West, and Lovelady, John Calhoon, and Kevin Hill. Seconded by Commissioner Krug. All aye. After executive session no action taken.

### **15 Minute Executive Session**

Motion by Commissioner Edwards to go into a 15-minute executive session to discuss attorney client privilege to include Mayor Stirton, Commissioners Edwards, Krug, West, and Lovelady, John Calhoon, and Kevin Hill. Seconded by Commissioner Lovelady. All aye. After executive session Motion by Commissioner Edwards to authorize Kevin Hill to address the public on what his findings have been since this issue arose. Seconded by Commissioner Lovelady. Aye – Commissioners Edwards, Lovelady, and West. Abstain – Commissioner Krug.

Kevin Hill stated that the City of Horton is in receipt of the letter dated June 5, 2020 and have had an opportunity to review the letter at our city commission meeting held on June 11, 2020. The City is familiar with the terms of the Lease Purchase Agreement executed on May 1, 2007 between the City of Horton, Tri-County Manor Living Center, Inc. as Lessee; and Union State Bank, Horton. Likewise, the city is familiar with the current corporate documents relative to Mission Village Living Center, Inc. and Northeast Kansas Center for Health and Wellness, Inc. After reviewing those documents and our understanding of current factors pertaining to the parties involved, Kevin Hill, on behalf of the City offered the following comments:

Section 10.1 of the Agreement provides that the “Lessee shall have the option to purchase the Facility, upon giving written notice to the City at least 30 days before the date of purchase, and upon the following terms:

On any Rental Payment Date, upon payment in full of the Rental Payments due hereunder in the aggregate total of \$250,000.00”

As you are aware, the Lessee under the agreement was Tri-County Manor Living Center, Inc., which is now known as Mission Village Living Center, Inc. The city notes that your letter was sent to us in your capacity as President of an organization by the name of Northeast Kansas Center for Health and Wellness. As said entity is not a Lessee under the above referenced Lease Agreement, their letter would not be effective to exercise the option under Section 10.1 of the Agreement referenced above. As your board is aware, the Articles of Incorporation for Mission Village Living Center, Inc. and Northeast Kansas Center for Health and Wellness, Inc. were amended on April 29, 2019 by the board. Pursuant to that amendment, the City of Horton, Kansas was designated as the sole member of each corporation. Pursuant to K.S.A. 17-6801(a), Mission Village Living Center Inc. does not have the authority to sell, lease or exchange its property and assets without the approval of a majority of the members of the corporation. In that regard, Mission Village Living Center Inc., will need the approval of the City of Horton, Kansas to sell the nursing home to a third-party such as Jefferson County Memorial Hospital Foundation or related entities under Kansas law.

Before the City would be in a position of approving any sale to Jefferson County Memorial Hospital or related entities, there are a number of questions that would need to be addressed.

The City of Horton Kansas must approve any sale of your property to a third party pursuant to Kansas law.

Jeff Perry, CEO of Atchison Hospital presented the following: they are very interested in providing the full spectrum of care in Horton, especially through Mission Village Living Center, BUT for them to consider to do that they are requesting a UNIFIED decision with the City of Horton & Board of Directors for Mission Village. Shortly after Jeff's arrival last year, he immediately heard from their Horton patients and employees that they need to help the Horton community. They have many employees that currently reside in or near Horton. As an organization, they found that they regularly serve near 700 individual patients from Horton, about one-third of the population. At that time Jeff personally was informed by several patients and employees that the Horton Clinic & hospital facilities were being sold. They made the decision if they were going to move forward to bid for the healthcare facilities, then they were going ALL IN FOR HORTON. Their plan coming to this community was with the intent to invest, bring jobs, businesses, and hopefully grow the community by taking care of all healthcare needs, and bringing other types of care. The nursing home was part of their plan from the beginning of creating their new strategy to provide care to the communities they serve. They didn't come to Horton for an adversarial relationship, that's why we will hear in their proposal letter that they desire both the City of Horton & Mission Village Board to be in support. Jeff said that they found out about the offer Jefferson County Hospital was presenting by several employees and then by attending a commissioners meeting in May. He was shocked and disappointed they were not brought in to this discussion earlier. He met with the Mayor, some of the Commissioners, and John Calhoun, all in several small group meetings to check the temperature of them submitting a proposal and to ensure the door was still open. They began their due diligence immediately to consider to submitting a proposal, so the first step on June 1 was to request the commissioners to delay a decision since Lamont was negotiating directly with the City Commissioners and there was a potential final decision. Two verbal requests were sent directly to Mission Village board members, but they have been unsuccessful in obtaining a meeting with the Mission Village Board to hear their proposal.

They have invested over half a million dollars with the clinic, they created new jobs, they brought healthcare back to the community, they are working to do their part to try to bring more jobs and businesses to the city of Horton by talking to several interested parties that would receive donated land and possible funding for those businesses that could result in new jobs. They also have talked with several entities about options of using the hospital building. Jeff stated that their proposal is for a significant amount of money, offering security that the nursing home is sustainable. As a non-profit they are financially successful which allows them to reinvest in the communities they serve. They are a growing and thriving healthcare organization that has the means, capital dollars, and experience, and most of all the company that has actually invested in this community without being paid to do so. As a result of reviewing public documents, they believe Kansas Statutes clearly show the City of Horton is the Sole Member and has selected a Board of Directors. The sole member must approve the sale of assets. Jeff requested that the city support the business that is investing dollars and is utilizing efforts to grow the community.

LaMont Cook was also given the opportunity to also speak. Lamont said that he has not been presented with a proposal or offer from Atchison Hospital, nor is he aware that there was one. LaMont said that quite frankly, he is blown away. He was not notified by the city that he was doing a proposal today. He said that the Mission Village Board has not given him permission to submit any proposals, in fact they have removed anyone from negotiating with the city and providing a proposal through a motion.

Kevin Hill said that the letter that was sent to the city by LaMont and group was signed by Janis Krug as President of Northeast Kansas Center for Health and Wellness, it was not signed by her in her capacity as President of Mission Village. Kevin said to LaMont that when you send a legal document to somebody exercising your right, you need to do it as the member of the party that's exercising that right, and that was not done here. Kevin went on to say that the City would note that the Agreement does not require the conveyance to be by warranty deed and further does not require any warranties of title or that the same be free and clear of all liens. For that reason, any future conveyance by the City will be pursuant to a quitclaim deed.

Lamont said that the facility is in better shape than it ever has been. Their census is up almost 37% since they took the facility over, and they have paid off nearly \$180,000 in old debt. The staff and employees are proud and happy in the work that they do, and the residents are happy. They have made improvements to the facility and continue to do so, and that is the result and work of their team, not Atchison Hospital.

LaMont said that they have not charged the city a monthly management fee that was initially agreed upon with the city.

Kevin asked what Bruce and LaMont's role is in the Jefferson County Memorial Hospital Foundation, and why they are wanting the sale to take place with them. LaMont stated that they have a management contract with them (with the hospital, not the foundation).

Kevin asked that neither Bruce or LaMont, or anyone else with a conflict of interest be present with the Mission Village Board when they hear a proposal from Atchison Hospital. LaMont said that he has told the board from day one that they are independent, and they do not need to have him in that room to make a decision. But under consulting, Lamont said that he would consult with them as long as they choose.

During closing comments, Commissioner Edwards voiced that the rumor mill in this town is horrible and it is destructive. The city meetings are public and people are welcome to come, and they can ask questions to the Commission, and they can get the scoop. Unfortunately, we have people in this town who won't listen to the facts, they would rather listen to emotion. It really disturbs Edwards that our City Administrator, John Calhoun has been raked over the coals on Facebook, supposedly because he is the one who is favoring Atchison Hospital coming in and taking over Mission Village. To Edwards knowledge, John has suggested that the Commission listen to proposals and he agrees with that from a business point of view. Edwards apologized to Calhoun for the way that he has been treated on Facebook and by the members of this community and believes the community owes Calhoun an apology.

LaMont stated that when they first came here a year ago, they were very transparent. The city Commissioners knew that they worked with Jefferson County Memorial Hospital, and one of the things LaMont said to the Commissioners up front is that if they take over this operation and make improvements to the facility and it turns profitable, they then don't want the Commission to go out and get additional bidders, and/or change the price based on their work, because the work was done by them. LaMont said that he made it very clear that they did not want the property to be reevaluated after they spent all of their time and energy making it profitable, and making improvements. He said here we are now, doing exactly that. LaMont thinks it is wrong because it was very clear and upfront from the beginning.

Several questions and comments from the audience were fielded by the Commission, Kevin Hill, LaMont Cook, and Jeff Perry throughout the meeting.

Motion by Commissioner Edwards to adjourn at 3:27 p.m. Seconded by Commissioner Lovelady. All aye.

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Kim Knudson, City Clerk

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Bryan Stirton, Mayor