

**KREMMLING MEMORIAL HOSPITAL DISTRICT  
d/b/a Middle Park Health  
Board of Directors Special Meeting Minutes  
Tuesday, November 21st, 2023**

With meeting notice, Jodi Docheff called the Kremmling Memorial Hospital District board meeting to order at approximately 2:10 pm. The meeting was held in the Wellness Center Conference Room.

Board members present: Jodi Docheff, President; Chris Murphy, Vice President; Mike Ritschard, Member; Kim Cameron, Secretary/Treasurer; Dawna Heller, Member.

Non-Board attendees present: Ashley Dennis, Bond Attorney; Emily Ebert, CFO; Jason Cleckler, CEO; Deb Plemmons, CNO; Dr. Thomas Coburn, CMO; Andrew Radzavich, Director of Middle Park Medical Foundation; Rosalie Rust, Board Liaison

There were no conflicts of interest disclosed at the beginning of the meeting.

**Agenda Approval**

**Motion:** Chris made a motion to approve the agenda as presented and Kim seconded. **Motion adopted on a 5-0 vote.**

**Middle Park Health/Middle Park Medical Foundation MOU**

Further discussion of MOU will be tabled until next Thursday's board meeting, 11/30/2023, upon the request of the executive committee of the MPMF. Postponement is due to implementation of changes by various legal counsels.

**Review of Fraser Financing Documents**

Jason reiterates meeting today is for the board to have a chance to ask questions, receive information and engage in discussion regarding the Fraser financing documents. Ashley Dennis, as well as senior leadership, are available to describe the documents, answer questions and explain the timeline of the process moving forward. Ashley has been assisting in the preparation of the Certificates of Participation, which are the lending documents to be used to finance the building of the Fraser hospital. This process requires a trustee (UMB bank) and an underwriter (Colliers). Board packet contains financing documents which are in substantially final form; no significant changes will be made. However, final pricing and interest rates will be added if Board approves the authorizing resolution today.

- a. *Authorizing Resolution* has ceiling values included. Adoption of the resolution today will allow closing process to move forward as long as values fall into the range provided. However, adoption of the resolution does not bind the board to move forward if they hold concerns with the final documents. Another presentation of final documents is planned.
- b. *Site Lease AND*
- c. *Lease Purchase Agreement* Property will be leased to Trustee, who will lease it back to Middle Park Health. Trustee will pay the district the lump sum rental payment from the proceeds of the Certificates of Participation. Lease purchase agreement is operative document that provides financial covenants. Requirement is included to maintain 75 days cash on hand. Data demonstrating Middle Park Health is maintaining the financial covenants will be provided to investors. Board will periodically approve the renewal of the lease purchase agreement, which also affects the length of the Site Lease. Ownership interest is maintained by the district

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Board of Directors Special Meeting Minutes  
Tuesday, November 21st, 2023**

throughout the length of the Site Lease. A line item in the budget each year will be approved by the district to continue with this loan structure

- d. *Indenture of Trust* This is the main operative document for the trustee. Document outlines requirements of the trustee. Trustee's role is to accept the district's payment and to pay the investors.
- e. *Certificate Purchase Agreement* This agreement is between Colliers, the District and the trustee. Colliers will work with investors to structure this document before the day of pricing. Upon adoption of this document, final numbers are locked in and funds will be made available. Interest rate, final principal amounts and debt service payments will all be unchanged moving forward. This agreement will generate closing certificates and tax documents.
- f. *Continuing Disclosure Agreement* This document creates an annual obligation for the district to continue to supply hospital financial information to the investors going forward.
- g. *Preliminary Limited Offering Memorandum (PLOM)* This document is a marketing tool that will go to potential investors, providing background information. This helps potential investors make an informed investment decision. This document will help generate the pricing results agreed upon by underwriter (Colliers) and potential investors. Limited Offering Memorandum (LOM) will be generated once finalized pricing is determined.
- h. *Appendix A:* This document is part of the PLOM/LOM. It provides more detailed information on the District's assets, facilities, service lines and operations to potential investors. This is a tool to help an investor with less experience to get to know the district.

Upon potential adoption of the resolution, current USDA loans held by the district will be refinanced and will be included in the COP pricing. Ashley will be sending a conditional notice to USDA to obtain the final payoff amount. The payoff process requires a 30-day notice. The goal is to close in December. On the date of closing, trustee will wire the purchase amount to 2 accounts; one to pay off the original USDA loans and one for construction purposes. Construction progress is reported to the trustee, and that entity will pay the invoices due as they are received.

Board inquires about parameters still being identified in the PLOM. PLOM has ceiling values in place. Interest rate is expected to be less than 9% and total amount of COPs would not be over \$78 million. If LOM is above these amounts, board would have to reapprove those values with a new resolution. Prepayment penalties were also discussed and with the COPs, there would likely be no prepayment penalty as long as we have reached the call date. There is also a limitation on the potential prepayment penalty in the resolution, which is 3%. Another query arose about the final feasibility study, which will be generated before the PLOM is distributed to investors. Board further discusses parameters in the authorizing resolution. Additional board questions were answered about the timeline of receiving the final pricing. Sale date would be mid-December and at that point all remaining parameters would be final and known.

Board voiced concerns about other hospitals serving as collateral for the transactions. Dr. Coburn explained that this is because of the refinancing of the USDA loans, as we are financing a larger amount. Kremmling Hospital, Granby Hospital and Fraser Hospital are the owned assets that serve as

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collateral during this loan term. Also, as the amount owed decreases during the payoff process, each facility can be removed from the collateral pool, one at a time. Ashley explains that with Colorado tax law, level of collateral needs to closely match loan amount, or over-collateralization would occur, which is not allowed. Ashley further describes that to have the loan structure that we have, and maintain a tax- exempt offering, we need to ensure that we are following Colorado tax law (TABOR). One of Ashley's primary roles as our bond attorney is to ensure we are following the law correctly. Additional discussion ensued surrounded the difference between revenue bond enterprise financing (such as our current USDA loans) and lease-purchase financing format (new loan type). Neither type of transaction would fall under the jurisdiction of TABOR, nor require taxpayer input. Ashley provides numerous reasons that a lease-purchase financing arrangement is better suited to the Board's current needs.

Jason mentions that MPH has been in close contact with the business owner who sold us the land, and he remains supportive. Sale of COPs would also end his option to repurchase the land.

(Agenda contained provision for Executive Session, but no Executive Session was held as all discussion points were considered appropriate for an open meeting per counsel).

**Motion:** Chris made a motion to approve the Resolution No. 2023-11-1: RESOLUTION AUTHORIZING AND APPROVING A SITE LEASE, LEASE PURCHASE AGREEMENT, CERTIFICATE PURCHASE AGREEMENT, CONTINUING DISCLOSURE AGREEMENT, LIMITED OFFERING MEMORANDUM, AND RELATED DOCUMENTS AND TRANSACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY BY UMB BANK, N.A., OF THE HEREINAFTER DESCRIBED CERTIFICATES OF PARTICIPATION, SERIES 2023; AND AUTHORIZING OFFICIALS OF THE DISTRICT TO TAKE ALL ACTION NECESSARY TO CARRY OUT RELATED TRANSACTIONS as presented and Jodi seconded. **Motion adopted on a 4-1 vote.**

Roll Call: Jodi Docheff: Aye; Chris Murphy: Aye; Mike Ritschard: Aye; Kim Cameron: Aye; Dawna Heller: Nay.

**Adjournment of meeting at**

**Motion:** A motion was made by Kim and seconded by Mike to adjourn the meeting at 3:10 pm.  
**Motion adopted on a 5-0 vote.**

  
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Jodi Docheff, Board Chair

  
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Kim Cameron, Secretary/Treasurer

Approval Date: 12-14-2023

Minutes taken by: Rosalie Rust

