

MINUTES OF THE BOARD OF DIRECTORS

OF

PRAIRIE PINES ALF

NOVEMBER 1, 2012

The meeting was called to order by Dick Scott at 6:32 p.m. Those in attendance were Commissioners Dick Scott, Bill Koehler and Donald Oswald, Board Members Mike Lening, Tom Davis, Theresa Weber, Michelle Wyckoff and Administrator Denise Riley.

Donald moved to accept the October minutes as written, Bill seconded, motion carried.

Members of the Weisbrod Hospital Board were there to discuss the possibility of taking over Prairie Pines as part of hospital services. At this time it is not possible. As soon as the assumption is complete, Prairie Pines will become its own entity.

There were several staff members there, as well as residents to offer suggestions about the food, hiring more full-time employees and what to do with the pool area.

Administrative Report: According to Cindy McCloud, Prairie Pines is part of the Entertainment District.

There is a possibility of one new resident moving to Prairie Pines. Denise will work with him and Social Services next week to see if he qualifies for Medicaid.

Theresa moved to increase the rates this year, Bill seconded, motion carried.

The rates for next year will increase by 2%, which is approximately \$50.00. The rate for an A apartment will increase from \$2275.00 to \$2321.00, a B apartment from \$2432.00 to \$2481.00, and a C apartment from \$2764.00 to \$2819.00. With this 2% increase in rates, Prairie Pines is still 4-6% lower than other assisted living facilities.

We will not be applying for Conservation Trust Fund money this year since the pool isn't open. Previously funds were used toward the cost of swimming pool chemicals.

January is officer election month.

Staffing: We hired a part-time cook for breakfast, which frees up a QMAP for when needed.

Additional QMAPs are still needed, as well as one overnight person for two nights a week.

Marketing: Denise will go to the Kit Carson Senior Citizens pot luck this month to explain the benefits of Prairie Pines to seniors there.

Tracey Weeks' Mary Kay party brought new people to our facility and one toured.

KCEDF held a meeting at the facility which brought in new people. Both of these meetings brought good exposure to Prairie Pines.

Maintenance Report: There was an expense of \$210.00 to Plains Heating and Air Conditioning for replacement of a relay switch outside of the swimming pool.

Old Business: Loan Assumption

The Board reviewed a proposal from the Board of Commissioners of Kiowa County wherein it presented to the Board a proposal that the County in turn had received from the Kiowa County Building Corporation (KCBC). Contained in KCBC's proposal was a copy of a letter it received from the United States Department of Agriculture (U.S.D.A.) through Rural Development dated April 19, 2012 and attached as Exhibit "A". The letter stated that U.S.D.A. had agreed to accept a debt settlement offer made by KCBC to it along with a plan of action concerning KCBC's assisted living facility located in Eads, Colorado. The plan of action called for the transfer of both KCBC's sole asset (namely, the assisted living facility) along with KCBC's assignment of an underlying debt [namely, a debt owed by the KCBC to Colorado East Bank & Trust (CEB&T)] to Prairie Pines, a Colorado non-profit corporation and Prairie Pines' assumption of said debt. Upon the successful transfer/assumption of said asset/debt, then U.S.D.A. has agreed to release its two direct loans as evidenced by two promissory notes and deeds of trust as "settled for less debt".

Chairman Dick Scott then spoke up and advised the Board that he was a County Commissioner of Kiowa County and that recently the County had received this proposal from the KCBC. He was informed that KCBC was in the process of dissolving and that Article Six of KCBC's Articles of Incorporation provided that in the event of dissolution, its assets "shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code or shall be distributed to the federal government, or to a state or local government for a public purpose."

Chairman Scott then outlined the debts associated with the assisted living facility. The first debt consists of a May 24, 2006 promissory note for the principal sum of \$1,200,000.00 executed by the Corporation in favor of CEB&T, being guaranteed by the United States of America, acting through the United States Department of Agriculture, together with an underlying deed of trust of the same date, recorded on

May 24, 2006 at Reception No. 26368. The second debt consists of a May 24, 2006 promissory note for the principal sum of \$1,500,000.00 executed by the Corporation in favor of the United States of America, acting through the United States Department of Agriculture, together with an underlying deed of trust of the same date, recorded on May 24, 2006 at Reception No. 263684 second debt??????????

Chairman Scott then advised that it was the decision of the Board of County Commissioners that due to the debt associated with this facility, it would be a violation of governmental finance laws including the TABOR amendment which specifically prohibits Colorado governments to undertake debt without the express vote and approval of its electorate.

The Board then discussed whether it would be interested in accepting the assisted living facility along with the underlying debt associated with the facility as the plan of action was more fully outlined in Exhibit "A".

Mike Lening then moved and Tom seconded to resolve as follows, to-wit:

Resolved, that the Corporation, Prairie Pines, accept ownership from the Kiowa County Building Corporation of the Prairie Pines Assisted Living Facility located in Eads, Colorado and to assume in full any and all debt associated with such Facility, and

Resolved, that the Corporation shall assume a promissory note in the amount of \$1,002,967.04 as assignee of the maker, and shall, by various instruments, pledge/acknowledge certain of its assets in favor of Colorado East Bank & Trust, Holly Colorado, and

Resolved, that Board Chairman Richard Scott as attested to by Board Secretary Michelle Wyckoff, shall have the power and authority to finalize negotiations and to execute any and all documents necessary in order to consummate the above-described transaction, and

The Board further certify that the Board of Directors of said Corporation has, and at the time of adoption of said resolution had, full power and lawful authority to adopt the foregoing resolution and to confer the powers that are granted to the persons named, and that such persons have full power and authority to exercise the same and that said Corporation has no restrictions or limitations from assuming said sums of monies or in pledging said collateral to act as security for said loan,

That the Board further acknowledge Corporation's ability to assume/borrow said monies and to pledge said collateral and that lender, Colorado East Bank & Trust, Holly, Colorado, is fully relying upon said representation of its ability to so loan/pledge in extending said loan to corporation.

Upon a vote taken the matter passed unanimously.

Prairie Pines shall write a letter to the U.S.D.A., the Kiowa County, Colorado Building Corporation, the Board of County Commissioners of Kiowa County, Colorado and Colorado East Bank & Trust of Holly, Colorado advising them of its decision to accept and assume ownership of the Assisted Living Facility and the assumption of its underlying debt in full.

Mike Lening moved to change the authorized agents to Dick Scott as Chairman and Michelle Wyckoff as Secretary Treasurer of Prairie Pines Assisted Living Facility, Donald seconded, motion carried.

Dick moved and Donald seconded to adjourn at 9:10, motion carried. The next meeting will be December 6, 2012, at 6:30 p.m.

Pending approval, these minutes are unofficial.

Exhibit "A".

