

Village board puts pen to paper, signs agreements for nursing home

Written by Wauneta Breeze

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Village Board Chairman Lloyd Sinner (seated) signed the Gift and Asset Purchase Agreement with Vetter Health Services last Tuesday after the Village Board approved the terms of the agreement. Terry Engell (left), nursing home organizer, and Village Board members Page Johnston and Tony Cribelli look on as Sinner puts pen to paper to finalize the nursing home purchase.

By Sheri Hink

The Wauneta Breeze

The Village of Wauneta will soon be the proud owner of the nursing home on the hill. Last Tuesday, the Wauneta Village Board finalized the last three items needed to make the purchase happen—an ordinance to approve revenue bonds, the gift and purchase contract with Vetter Health Services (VHS) and the management contract with Rural Health Development (RHD).

With the approval of these three items, along with the recent approval of the option to purchase bed licenses and the successful fundraising campaign, the planning and preparation process to purchase the nursing home is complete. Nursing home organizers will now move forward with

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implementation of the plans set forth.

Revenue bonds

Village board members signed ordinance 2012-02 which authorizes the Village to take up to \$500,000 in revenue bonds from four lenders—Adams Bank and Trust, First Bank and Trust, BWTelcom and Valley Bank and Trust.

It was reported at the meeting that because the community raised so much so fast for the nursing home purchase, it reaffirmed the bond holders' desire to issue the bonds to the Village of Wauneta.

According to the Municipal Securities Rulemaking Board, a revenue bond is in essence a loan to municipalities that will be paid back from specific sources which do not include taxation.

If the Village decides to take the full \$500,000 the terms of the bonds would require monthly payments of roughly \$3,600 per month for 15 years with a 3.5 percent interest rate. Payments will be split equally between bond holders. The bond terms allow for early repayment with no penalty.

The Village Board will determine the amount of bonds to take closer to the nursing home closing date.

The bonds will not be secured with physical assets. Instead, they will be secured by a debt reserve fund which must be maintained at a minimum amount of approximately \$43,000.

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There is another provision in the bond ordinance that the Village must charge enough for nursing home services to net at least 125 percent of their debt obligations each fiscal year. This amount translates to approximately \$50,000 per year if the full amount of available bonds is used.

A copy of the ordinance, which lays out all the terms of the bonds, is available for public inspection at the Village office.

Purchase from VHS

Village Board Chairman Sinner put pen to paper and signed the Gift and Asset Purchase Agreement with Vetter Health Services (VHS) after the Village Board approved the terms of the agreement last Tuesday.

The agreement was titled “gift and...” because both parties acknowledge that the property and assets of Heritage of Wauneta are worth more than the purchase price of \$75,000. The actual value of the property is not listed in the agreement.

The nursing home purchase transaction will closed at the end of June. The exact date of closing is not known at this time because the target date of June 30 falls on a Saturday.

The agreement, available for public inspection at the Village office, outlines the terms of the sale and a list of property included in the sale.

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Contract with RHD

Lastly, the Village Board approved the Facility Management Agreement with Rural Health Development (RHD). The company will manage the day-to-day operations of the nursing home while the Village Board will maintain fiscal control and oversee RHD's operation of the nursing home.

The article in last week's edition of the Breeze transposed the employer of the nursing home administrator and all other staff. The agreement between RHD and the Village outlines the administrator as an employee of RHD. All other employees will be employed by the Village of Wauneta.

Under the agreement, the Village of Wauneta will pay RHD \$8,500 per month for their management services. The management fee will increase 4 percent each year on its anniversary.

Under the contract, RHD will maintain the financial records for the nursing home, which the Village Board may inspect at any time. The agreement gives RHD the authority to perform ordinary repairs and maintenance activities up to \$500. The Village Board must approve all non-emergency repairs in excess of \$500.

The Village Board approved a second agreement with RHD, a consulting agreement which allows the Village to pay RHD a one-time payment of \$8,500 in return for their assistance in purchasing and taking over the nursing home.

The public may inspect the agreements between RHD and the Village at the Village office.

Local support key to effort

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The Village's ability to purchase the nursing home was first dependent on a private fundraising campaign which was met, and exceeded, in record time.

Community members living near and far, businesses and organizations came together to raise over \$238,000 in private funds.

Nursing home organizers tagged \$225,000 as the amount of private donations needed towards the \$800,000 necessary to purchase the nursing home facility from VHS and cover initial operating costs including bed licenses and mandated updates to the facility.

Private funds raised in excess of the \$225,000 goal will be used to cover unexpected expenses, to decrease the amount of debt incurred for the purchase and for future operations of the facility.