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CHARTER ORDINANCE NUMBER 17

A CHARTER ORDINANCE EXEMPTING THE CITY OF GALENA, KANSAS, FROM ALL OF THE FOLLOWING PROVISIONS OF THE KANSAS STATUTES ANNOTATED, AS FOLLOWS, 12-1615, 12-16,128, 14-601c, 14-602, 14-604, 14-605, 14-606, 14-607, 14-608, 14-609, 14-610, 14-611, 14-612, 14-613, 14-614, 14-618, 14-633, 14-634, 14-635, 14-640d, 14-641, 14-644, 14-645, 14-646, 14-647, 14-648, 14-649, 14-650, 14-651, 14-652, 14-652a, 14-654, 14-654a, 14-655, 14-656, 14-658, 14-659, 14-660, 14-661, 14-662, 14-663, 14-663a, 14-663b, 14-665, 14-666, 14-667, 14-668, 14-669, 14-670, 14-671, 14-672, 14-673, 14-674, 14-675, 14-676, 14-677, 14-677a, 14-678, 14-679, 14-680, 14-682, 14-683, 14-684, 14-685, 14-686, 14-687, 14-688, 14-690, 14-691, 14-692, 14-693, 14-694, 14-695, 14-696, 14-697, 14-698, 14-699, 14-6,100, 14-6,101, 14-6,102, 14-6,103, 14-6,104, 14-6,105, 14-6,107, 14-6,108, 14-6,109, 14-6,110, 14-6,111, 14-6,112, 14-6,113, and 14-6,114, RELATING TO THE ESTABLISHMENT, FUNDING AND OPERATIONS OF A HOSPITAL BY A CITY, THE FORMATION AND COMPOSITION OF THE BOARD OF TRUSTEES OF A HOSPITAL, THE TERMS OF THE BOARD OF TRUSTEES, AND RELATED MATTERS.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF GALENA, KANSAS:

Section 1. Statutes Rendered Inapplicable. The City of Galena, Kansas, by virtue of the powers vested in it by Article 12, Section 5 of the Constitution of the State of Kansas hereby elects to and does exempt itself and make inapplicable to it all of the following provisions of the Kansas Statutes Annotated, as follows, 12-1615, 12-16,128, 14-601c, 14-602, 14-604, 14-605, 14-606, 14-607, 14-608, 14-609, 14-610, 14-611, 14-612, 14-613, 14-614, 14-618, 14-633, 14-634, 14-635, 14-640d, 14-641, 14-644, 14-645, 14-646, 14-647, 14-648, 14-649, 14-650, 14-651, 14-652, 14-652a, 14-654, 14-654a, 14-655, 14-656, 14-658, 14-659, 14-660, 14-661, 14-662, 14-663, 14-663a, 14-663b, 14-665, 14-666, 14-667, 14-668, 14-669, 14-670, 14-671, 14-672, 14-673, 14-674, 14-675, 14-676, 14-677, 14-677a, 14-678, 14-679, 14-680, 14-682, 14-683, 14-684, 14-685, 14-686, 14-687, 14-688, 14-690, 14-691, 14-692, 14-693, 14-694, 14-695, 14-696, 14-697, 14-698, 14-699, 14-6,100, 14-6,101, 14-6,102, 14-6,103, 14-6,104, 14-6,105, 14-6,107, 14-6,108, 14-6,109, 14-6,110, 14-6,111, 14-6,112, 14-6,113, and 14-6,114, and provides substitute and additional provisions as hereinafter set forth in this Charter Ordinance. These statutes apply to the City of Galena, Kansas, but are part of enactments which do not apply uniformly to all cities.

Section 2. Authority to Establish Hospital. The City of Galena, Kansas and its Governing Body shall have the authority to establish, develop, own, lease, manage and/or operate a hospital, as defined under K.S.A. 65-425 and any amendments thereto, and shall have the authority to establish or designate one or more separate entities or other bodies to establish, develop, own, lease, manage and/or operate such hospital. Without limiting the generality of the foregoing, the City of Galena, Kansas, its Governing Body, and any separate entity or other body so established or designated shall have the authority to enter into and/or accept assignment of any and all agreements, leases and other contracts with third parties relating to the establishment, development, ownership, leasing, management and/or operation of such hospital. If the City of Galena, Kansas and/or its Governing Body establishes or designates a separate entity or other body to establish, develop, own, lease, manage and/or operate such

hospital, such entity or other body shall have the authority to act and contract independently in its own name, and shall be excepted from Kansas' cash basis statutes to the greatest extent not prohibited by law. The following provisions of this Charter Ordinance shall govern the business, operations and affairs of such hospital.

Section 3. Definitions. As used in this Charter Ordinance, the following definitions shall apply:

"Board of Trustees" or "Board" shall mean the governing board of trustees of the Hospital, appointed in accordance with this Charter Ordinance.

"Chief Executive Officer" shall mean the chief executive officer of the Hospital appointed in accordance with this Charter Ordinance.

"City" shall mean the City of Galena, Kansas.

"City Council" shall mean the city council of the City of Galena, Kansas.

"Governing Body" shall mean the City Council and Mayor of the City of Galena, Kansas.

"Hospital" shall mean the hospital established, developed, owned, leased and/or operated by the City of Galena, Kansas and/or a separate entity or other body established by the City of Galena, Kansas pursuant to this Charter Ordinance.

"Mayor" shall mean the mayor of the City of Galena, Kansas.

Section 4. Hospital Name. The name of the Hospital shall be "Stateline Specialty Hospital" and/or such other name(s) as the Board of Trustees may designate.

Section 5. Principal Office and Place of Business. The principal office and place of business of the Hospital shall be in Galena, Kansas.

Section 6. Board of Trustees.

Section 6.1. Powers. The business, operations and affairs of the Hospital shall be governed and managed by and under the ultimate control, authority and direction of a Board of Trustees. The Board shall have the following authority, without limitation:

(a) To serve as the Hospital's "governing body" as contemplated under Kansas Hospital Regulations 28-34-1a. et seq.

(b) To determine the type and scope of health care services to be provided at and/or through the Hospital, and the charges therefor.

(c) To appoint and retain the services of a Chief Executive Officer to act on behalf of the Board in the overall management of the Hospital.

(d) To consider and act on applications and recommendations for appointment to the medical staff of, and the granting of clinical privileges at, the Hospital.

(e) To establish and fund pension and deferred compensation plans for Hospital personnel.

(f) To procure contracts insuring Hospital personnel, their dependents, or any class or classes thereof under a policy or policies of life, disability income, health, accident, accidental death and dismemberment, and hospital, surgical and medical expense insurance.

(g) To expend funds for the recruitment and/or retention of professional staff of the Hospital, including without limitation, the purchase of professional liability insurance for such staff.

(h) To accept and secure the benefits of federal aid and state moneys in the construction, improvement, maintenance and/or operations of the Hospital and for any other purpose, and to make contracts and agreements therefor.

(i) To accept grants, donations and gifts from any source whatsoever.

(j) To exercise all such additional and other powers reasonably necessary and to the fullest extent permitted by law that are ordinarily related to the conduct of the operations and affairs of a hospital, including but not limited to, the power to sue and be sued, execute contracts, leases and other agreements, appoint agents and employees, purchase, lease or otherwise acquire from, or sell, lease or otherwise dispose of, property, transfer assets, open bank accounts and otherwise invest Board and Hospital funds, borrow money for from banks or other lending institutions, and in connection with this power, to hypothecate, encumber or grant security interests in the Board's and Hospital's assets to secure repayment of the borrowed sums; purchase insurance on the Board's and Hospital's business and assets; retain accountants, attorneys and other agents; and take any other lawful action that the Board considers necessary, convenient or advisable in connection with any Board and/or Hospital business.

Section 6.2. Budget. Annually, on or before the date specified by the Governing Body, the Board of Trustees shall develop a proposed budget for the Hospital's upcoming fiscal year, which the Chairman or Chief Executive Officer shall present to the Governing Body for its consideration and approval. If the Board does not timely present a proposed budget, the Governing Body may develop and approve its own budget.

Section 6.3. Appointment and Term of Office. The Mayor by and with the consent of the City Council shall appoint a five (5) member Board of Trustees. Two (2) of the initial Trustees shall hold office for a term of two (2) years. The remaining three (3) initial Trustees shall hold office for a term of three (3) years. In each year during which the term of any Trustee expires, a successor Trustee shall be appointed for a term of three (3) years.

Section 6.4. Expansion of Board of Trustees. The Mayor by and with the consent of the City Council may increase the number of Trustees to seven (7) by appointing two (2) additional Trustees.

Expiration of the terms of the two (2) new Trustees shall coincide with the expiration of the terms of the other Trustees so that no more than a simple majority of the Trustees are appointed at the same time. The two (2) new Trustees shall hold office for a term not to exceed three (3) years. In each year during which the term of a new Trustee expires, a successor Trustee shall be appointed for a term of three (3) years.

Section 6.5. Appointments Exempt from K.S.A. 12-16,128. The City shall be exempt from the provisions of K.S.A. 12-16,128, and any amendments thereto. Without limiting the generality of the foregoing, the provisions of said statute shall not apply to the appointment of the Trustees, and such appointments shall not be subject to the provisions of said statute.

Section 6.6. Reappointment and Certain Physicians Ineligible. Trustees shall be eligible to serve multiple successive terms. Physicians who have clinical privileges at, or a direct or indirect financial relationship with, the Hospital shall be ineligible to serve as a Trustee.

Section 6.7. Removal. A Trustee may be removed at any time by the Governing Body with or without cause.

Section 6.8. Vacancies. In the event of a vacancy on the Board of Trustees, whether as a result of death, resignation, removal or otherwise, the Mayor by and with the consent of the City Council shall appoint a successor Trustee to serve for the remainder of the unexpired term.

Section 6.9. Meetings.

(a) Place. Meetings of the Board of Trustees shall be held at the Hospital unless otherwise determined by the Board.

(b) Annual Meetings. The Board of Trustees shall have an annual meeting at a time and place to be specified by the Board or the Chairman.

(c) Regular Meetings. Regular meetings of the Board of Trustees shall be scheduled as determined by the Chairman.

(d) Special Meetings. Special meetings of the Board of Trustees may be called in writing by the Chairman or a majority of the Trustees.

(e) Notice of Meetings. The Board of Trustees' annual and regular meetings may be held without call or notice at such place and at such time as may be fixed by resolution of the Board. Notice of special meetings shall be provided to the Trustees not less than seventy-two (72) hours prior to the time of such special meeting, which notice shall specify the time and place of such special meeting and the purpose and proposed action, in general terms, to be considered at such special meeting. A majority of the Trustees present at any meeting may adjourn the meeting from time to time without notice other than announcement at the meeting.

(f) Waiver and Consent. Any or all Trustees may, in writing, waive notice of any meeting of the Board of Trustees and consent to the conduct of business at any such meeting without notice or specification of the purpose of such meeting.

(g) Quorum and Voting. A majority of the total number of Trustees, excluding any vacancies, shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees. If at any meeting a quorum is not present, a majority of the Trustees present may adjourn the meeting periodically without notice other than announcement at the meeting until a quorum is present. The act of a majority of Trustees present in person at a meeting at which a quorum is present shall be the act of the Board. All matters brought before the Board shall be decided by majority vote of the Board.

Section 7. Officers.

Section 7.1. Election and Office Titles. At the annual meeting of the Board of Trustees, the Board shall elect such officers as it deems appropriate. Officers may include, without limitation, a Chairman, Vice-Chairman, and Secretary-Treasurer. The Chairman and Vice-Chairman shall be elected from among the Trustees. Two or more offices may be held by the same person.

Section 7.2. Term, Removal and Vacancies. All officers shall serve for a term of one (1) year and until his or her successor is elected. Officers shall be eligible to serve multiple successive terms. The Board of Trustees may remove any officer at any time with or without cause. The Board shall fill any vacancy in any office.

Section 7.3. Chairman. The powers and duties of the Chairman shall include, without limitation:

- (a) To preside at all meetings of the Board of Trustees.
- (b) To call meetings of the Board of Trustees.
- (c) To execute, on behalf of the Board of Trustees and the Hospital, all deeds, conveyances, mortgages, leases, obligations, bonds, certificates and other papers and instruments in writing that may require the same.
- (d) Annually or otherwise upon request by the Governing Body, provide to the Governing Body a report of the Hospital's activities over the past year, its financial condition, and the Board of Trustees' plans for the upcoming year. The Chairman shall transmit the Governing Body's comments to the Board.
- (e) Such other powers and duties as may be assigned by the Governing Body and/or the Board of Trustees.

Section 7.4. Vice-Chairman. In the case of the absence, disability or death of the Chairman, the Vice-Chairman shall take the Chairman's place and perform the Chairman's duties. The Vice-

Chairman shall have such other powers and other duties as may be assigned by the Governing Body and/or the Board of Trustees.

Section 7.5. Secretary-Treasurer. The powers and duties of the Secretary-Treasurer shall include, without limitation:

- (a) To keep full and complete records of the meetings and other proceedings of the Board of Trustees.
- (b) To make service and publication of all notices that may be necessary or proper, and without command or direction from anyone. In case of the absence, inability, refusal or neglect of the Secretary-Treasurer to make service or publication of any notice, then such notice may be served or published by the Chairman or Vice-Chairman, or by any person thereunto authorized by either of them, or by the Board of Trustees.
- (c) To receive all monies belonging to or paid to the Board of Trustees and/or the Hospital and give receipts therefor.
- (d) To deposit such monies, as he or she shall be directed by the Board of Trustees.
- (e) To disburse Board and Hospital funds, subject to the ultimate control of the Board of Trustees.
- (f) To supervise and control the maintenance of full and complete records of the funds received and disbursed.
- (g) To cause all official reports of the Board of Trustees and the Hospital to be filed with the proper officials.
- (h) To render to the City Council at any regular meeting thereof, and to the Board of Trustees at any annual and/or regular meeting thereof, or from time to time whenever the Board or the Chairman may require, an accounting of the financial transactions and the financial condition of the Board and the Hospital.
- (i) To exhibit or cause to be exhibited, during regular business hours, the books of the Hospital to the Board of Trustees or to any committee appointed by the Board, or to any other person entitled to inspect such books pursuant to applicable law.
- (j) To generally to do and perform all such duties as pertain to this office and as may be required by the Board of Trustees.

Section 8. Chief Executive Officer. The Board of Trustees shall appoint a Chief Executive Officer of the Hospital, who shall act on behalf of the Board in the overall management of the Hospital. The Chief Executive Officer shall be responsible for the day-to-day business of the Hospital under the general control, supervision and direction of the Board. Trustees shall not be eligible to serve as the Chief Executive Officer. Subject to the authority of the Board, the Chief Executive Officer and/or his or

her designee shall have the authority to: (a) employ, supervise, and dismiss agents and employees of the Hospital; (b) cause to be maintained records and accounts in such a manner that the true and correct condition of the Hospital's business may be ascertained therefrom at any time; (c) furnish the Board a current statement of the business and affairs of the Hospital at each scheduled meeting of the Board and at the end of each fiscal year of the Hospital and at such other times as the Board may direct; (d) carefully preserve and turn over to any successor all books, records, documents, and correspondence pertaining to the business of the Hospital which may come into the Chief Executive Officer's possession; and (e) perform such other reasonably related duties as may be assigned by the Board.

Section 9. Limitations on Authority. Unless approved by the Board of Trustees, no officer nor the Chief Executive Officer shall do any of the following on behalf of the Board or the Hospital in any single transaction or in one or more related transactions:

- (a) Enter into any agreement involving the expenditure of, or incur any indebtedness, in excess of \$10,000.
- (b) Make any capital or noncapital expenditures in excess of \$10,000.
- (c) Sell or otherwise dispose of any of its assets having a value in excess of \$10,000.
- (d) Enter into any agreement resulting in the change of control of the Hospital, its assets or operations.
- (e) Perform any other act or thing which this Charter Ordinance requires to be approved, consented to or authorized by the Board of Trustees.

Section 10. Assistance in Fulfilling Duties. The Board of Trustees, officers and the Chief Executive Officer may obtain the assistance of Hospital personnel or other capable person to assist in the performance of their functions and duties.

Section 11. Compensation and Reimbursement. Except as may be specifically authorized by the Board of Trustees, or by the Chief Executive Officer in accordance with policies and procedures approved by the Board, no Trustee or officer shall receive payment or reimbursement for their service on the Board, as an officer, or otherwise conducting business for or on behalf of the Board or the Hospital.

Section 12. Bylaws. The authority, powers, functions and duties of the Board of Trustees, officers and the Chief Executive Officer may be further amplified and enumerated in a set of bylaws to be adopted by the Board, which bylaws and amendments thereto shall be subject to approval by the Governing Body of the City of Galena, Kansas.

Section 13. Surety Bonds. The Board of Trustees may require the Chief Executive Officer, Secretary-Treasurer and/or other persons appointed or retained by the Board and/or Hospital to give the Board a good and sufficient surety bond or other insurance or indemnity device assuring performance of his or her duties on behalf of the Board and Hospital on such terms and conditions, and in such

amounts, as may be set and approved by the Board. The costs of any such surety bond or other insurance or indemnity device shall be paid out of the funds of the Hospital.

Section 14. Indemnification. The Governing Body may by resolution or otherwise provide for the indemnification of some or all of the Trustees, officers and others acting on behalf of the Board of Trustees and/or Hospital for liabilities resulting from, arising out of or otherwise relating to the person's service on behalf of the Board and/or Hospital, and shall do so to the extent required by the Kansas Tort Claims Act, K.S.A. 75-6101, et seq., as amended. Any such indemnification shall be subject to such terms, conditions and limitations as may be specified by the Governing Body.

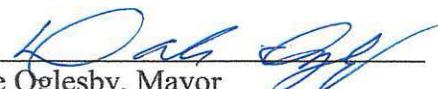
Section 15. Fiscal Year. The fiscal year of the Hospital shall be the calendar year, from January 1 to December 31.

Section 16. Books and Records. The books and records of the Hospital and the Board or Trustees shall be subject to inspection by the Governing Body.

Section 17. Publication of Charter Ordinance. This Charter Ordinance shall be published once a week for two consecutive weeks in the official City newspaper.

Section 18. Effective Date. This is a Charter Ordinance and shall take effect sixty-one (61) days after final publication, unless a sufficient petition for a referendum is filed and a referendum held on this Charter Ordinance, as provided in Article 12, Section 5, Subdivision (c)(3) of the Constitution of Kansas, in which case this Charter Ordinance shall become effective only if approved by a majority of the electors voting thereon.

Charter Ordinance 17 passed and approved by at least a two-thirds vote of the members-elect of the Governing Body of the City of Galena, Kansas, this 4th day of September, 2012.


Dale Oglesby, Mayor
Mayor of Galena, Kansas

Attest:



Flora R. Charles
Galena City Clerk
Charter Ordinance No. 17

Prepared by:
Kevin Cure, Galena City Attorney