Seigfreid Bingham Closes Lease Deal for St. Luke's Health System



On Tuesday, June 30th, Allen County Regional Hospital (ACRH) closed a Lease Agreement with a wholly owned subsidiary of Saint Luke's Health System which transferred the hospital and related health care operations of ACRH to Saint Luke's for a minimum 10 year period with an additional 10 year option for a potential lease term of 30-plus years. This concluded a 10-month effort helmed by the team of Mark Thompson, chair of Health Care Practice and shareholder, Lori Beam, shareholder, and Emily Crane, associate, with several able assists along the way from other Seigfreid Bingham attorneys and staff.

In Iola, Kansas, Seigfreid Bingham was privileged to work with the County Counselor, Bob Johnson; the Board of Trustees of the hospital, chaired by Loren Korte; the county commission chaired in 2019 by Jerry Daniels and in 2020 by Bill King; the onsite team of Larry Peterson, CFO and interim CEO; Patty McGuffin, CNO; Tina Spencer, Supply chain manager; Angela Slocum; risk manager and Cortney Orth, Administrative Assistant to the executive leadership.

In addition to the usual challenges that arise in the course of bringing a letter of intent to a fully negotiated binding Lease Agreement and through to a closed transaction that transfers the business operations, the various forms of financial support received by the hospital in response to the Coronavirus pandemic created several unique challenges which we helped the client and Saint Luke's to navigate with the in depth knowledge that members of our COVID-19 Response Team, shareholders John Fuchs and Mark Opara, developed regarding the Paycheck Protection Program loans and Cares Act Funding to health care providers.

Seigfreid Bingham has been involved in various efforts to keep the hospital going. We advised the county and the board of trustees when they negotiated termination of a prior lease to HCA and a entered into a separate agreement with HCA to manage the hospital. The city and county then passed two local sales taxes to finance a bond issue to build a new hospital facility that opened 7/1/13 replacing the original facility built in the 1940's. In 2019, the trustees concluded that stand alone ownership was no longer feasible and through a process run locally chose Saint Luke's as the party to Lease the hospital and take the reins of its business in 2020. At that point, the county counselor asked us to advise the

trustees and county throughout the rest of the transaction process.