



**Community
Report**

By

**Jim
Ferris**

**The Wealth of a
Community and its
Hospital Suddenly
Vanish**

DEFINITION OF FRAUD

1a: **deceit, trickery** specifically: intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right was accused of credit card fraud. b: an act of deceiving or misrepresenting: trick automobile insurance frauds. c; intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right.

INTRODUCTION TO THE FERRIS REPORT BY CHARLIE SERAPHIN

I'm new to Payson and have no allegiances to any groups or individuals. A September article in the Payson Roundup sparked my interest in the MHA. In the article, its founder, former Mayor Kenny Evans, was explaining the difference between the various organizations he controls--MHA, RCEA, SLE, and RCEF. My first question was: Why does a community nonprofit need so many iterations? The more I read, the more I questioned the manner in which these charities were created. I wondered how funds collected in the name of health care were diverted to building a university in Payson. And finally, I wondered how \$40 Million from the sale of the hospital was being used to benefit the community. For me, the numbers and explanations didn't add up.

Here are the critical issues:

1. Sale of the hospital and other community assets
2. Creation of a large real estate development
3. Unfulfilled promises associated with Payson University

As with any investigation it is important to follow the money, and not be distracted by words. As you will see in Councilman Jim Ferris' analysis, (The Ferris Report) attention was deflected from what was happening with the money (40 Million dollars) by promises of a major university educating 6,000 students annually in Payson. Although according to ASU's president, formal negotiations were never held with Arizona State University, ASU's name was used to help authenticate claims. The following are 9-year-old excerpts from www.universityinpayson.com. After you've read the promises, read Councilman Ferris' report.

"WHAT PROGRESS HAS BEEN MADE?"

The goal of bringing a new university campus to Payson is not just wishful thinking. Indeed, the foundation for a university campus in the Payson community started several years ago under the *visionary leadership* of Kenny Evans, the Town of Payson's Mayor, and other supporters, private donors and investors, local citizens, and Town of Payson representatives.

Lending commitments for up to \$500 million dollars for development and construction funding have been obtained.

Conditional pledges have been obtained for an additional *\$70 million in private grants and contributions* once the university becomes operational.

A development team for the design, construction, and management of the fiscal structure of the campus has expended *several hundreds of thousands of dollars* in preliminary planning and design work.

High level negotiations have progressed with Arizona State University to provide the educational and service-related functions of the campus.

If a commitment is not shortly obtained with ASU, we will select from among the *other universities that have expressed strong interest* in becoming the educational partner for the campus.

The project *has attracted national and international interest.*

INTRODUCTION TO THE FERRIS REPORT BY CHARLIE SERAPHIN

WHAT IS UNIQUE ABOUT THE PAYSON UNIVERSITY CAMPUS?

The campus will be a public educational facility ***built by private investors***. This unique public private partnership is being touted as the most financially viable model for developing large scale projects like this one in the future.

WHO IS RIM COUNTRY EDUCATIONAL FOUNDATION?

Rim Country Educational Foundation is a restricted fund established by Mogollon Health Alliance, a 501(C)3 tax exempt organization, headquartered in Payson, Arizona, *whose mission is to promote rural health care and education opportunities in rural Arizona*. Its mission is accomplished through programs, activities, grants and scholarships.

IS RIM COUNTRY EDUCATIONAL FOUNDATION PREPARED TO PROPERLY ADMINISTER THE FUNDS?

Rim Country Educational Foundation is uniquely qualified to receive and administer the requested funds. Its sponsor, Mogollon Health Alliance (MHA), has deep roots in the Payson Community. Growing out of the Payson Jr. Women's Club in the 1950s, and its successor non-profit organizations, MHA now owns the hospital buildings and grounds of the Payson Regional Hospital and is funded by rent received from the hospital and its many fund-raising activities*. MHA is governed by a nine-member Board of Directors with three full time employees and three part time employees plus an additional 100+ staff of active volunteers. An advisory committee of Rim Country Educational Foundation will advise and recommend use of the funds." (Italics and emphasis added.)

* The MHA Foundation did not exist until 4 years after this was published. MHA is a totally separate legal entity from Mogollon Health Alliance. Could MHA also stand for Money Has Advantages?

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By: Jim Ferris, Town of Payson Councilman

The following is the result of months of research and collaboration with some knowledgeable and insightful people. This report reflects my analysis and opinion of what I believe has transpired. It is written to inform and to motivate you to demand a just and fair resolution of the wrongs that I believe were committed. A covert and deceitful plot was successfully perpetrated on Payson. A group I will call the “Cabal” assumed ownership and control of the economic value that was embedded in our community hospital. Using a preconceived, complex, and legally questionable plan, they invested your assets in a private real estate venture with the intent to reap financial benefits for their own personal interests.

Here, in chronological order are the organizations involved in this scheme:

The **MOGOLLON HEALTH ALLIANCE, INC.**, a non-profit charitable corporation, was formed on 12/13/1954. On July 1, 1998, the Payson Regional Medical Center Foundation merged into Payson Medical Center, Inc. and the Organization’s name was changed to and merged with the Mogollon Health Alliance, Inc. Then in 2015 its board of directors agreed to merge with Banner Health. In return for control and ownership of Payson Medical Center, Banner Health agreed to donate \$40M. That money, however, didn’t go to the Mogollon Health Alliance. Instead, the Mogollon Health Alliance was absorbed by Banner, and the money was paid to a new entity using the same initials. The Mogollon Health Alliance faded away, and the new MHA Foundation took receipt of the funds acquired from the sale of the hospital and other real estate owned by the Mogollon Health Alliance, Inc.

The **RIM COUNTRY EDUCATIONAL FOUNDATION (RCEF)** was formed in 2011 as a non-profit fundraising arm of the Mogollon

Health Alliance. But on February 9, 2015 it was converted to a domestic LLC (limited liability company) — no longer a charitable organization. As a private corporation it has no reporting obligations to third parties. In effect, the RCEF became the secret arm of the MHA.

The **MHA Foundation (MHA)** was formed on April 1, 2015 as a 501(c)3 charitable corporation. It came into existence with the same officers as the Mogollon Health Alliance, Inc., but with no historical connection to the organization founded in 1954. The new MHA Foundation was created just prior to Mogollon Health Alliance, Inc.’s merger with Banner. The articles of incorporation were changed so that the stated mission would allow for and justify the MHA’s newly defined direction. The MHA became an educational foundation with the stated intention of bringing a university to Payson. Toward that end, they created yet another entity and purchased 253 acres of US Forest Service land adjacent to Payson under a little-known Arizona statute intended to create rural fire districts and such between two governmental political entities.

This **RIM COUNTRY EDUCATIONAL ALLIANCE - SEPARATE LEGAL ENTITY (SLE)** was formed by the Town of Payson and the Town of Star Valley to purchase and manage the 253 acres generally known as the ‘university property’. The purchase price of \$4.1M was funded out of the \$40M that Banner paid the MHA for the purchase of our community hospital. The SLE became a newly created political subdivision or public agency. The newly created SLE was the initial owner of record for the land purchased by the SLE; however, an undivided one-half interest was immediately transferred via a quit-claim deed to the Rim Country Educational Foundation (RCEF).

At the end of this report are names of the individual Board of

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Directors and Officers of the various entities. Take note when these individuals took office, and how long they have been involved. Also note how many serve on more than one of the Cabal's organizations.

WHAT I FOUND:

What transpired took time and a lot of thought. It was well planned and executed, but like every illicit endeavor--mistakes were made, and secrets have been shared. Months of research has exposed outrageous behavior. This document provides a source for future reference. I encourage you to question my analysis and challenge what I have to say. We may come to different opinions, but I prefer clarity over agreement. My arguments provide facts, evidence, a moral foundation, historical context, and logic. To quote John Adams, "Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passions, they cannot alter the state of facts and evidence."

It's easy to understand why the citizens of Payson did not perceive or were swayed from consciously perceiving that the hospital belonged to them. They were victims of a well-planned, professionally orchestrated effort to divert attention from what was happening to their community asset. Press release after press release talked about having a hospital AND a university. How cool is that? Nobody stopped to ask who's taken control of the money? Since 1954 donations, bake sales and volunteer time had built a community treasure. It definitely does not belong to anyone personally. The hospital was created, built and supported by all the people of Payson; and whatever the name or structure of the organization overseeing the operation of the hospital, that organization is morally and ethically responsible to the community for all the assets associated with it.

The dissolved Mogollon Health Alliance was a non-profit corporation. When its sister organization, the MHA Foundation, took possession of \$40M the MHAF as a 501(c)3 charitable corporation inherited a fiduciary responsibility to the greater community and to all the citizens that gave their blood, sweat, tears, and fortunes to create a valuable asset. Logically, morally, ethically, and perhaps legally, MHAF assets by extension still belong to the residents of Payson. Rightfully, all contributors should be the beneficiaries the assets they created. The 501(c)3 corporations which had custody of those assets had a fiduciary responsibility to manage those assets for the benefit of the principal investors — the community.

In August 2019, the SLE requested that the Town agree to a long-term commitment of \$500,000+ every year to build a community facility on their property. Be aware that the MILVRCEF has a huge interest in this so-called university property. Payson citizens would have limited access to the newly constructed facility. The story was that the facility would help them attract a preparatory school for international junior hockey players. The prep school would have priority use of the facility. It was not clear as to how accessible the facility would be to Payson citizens. What is certain is that the SLE/RCEF/MHA would receive substantial lease payments from the preparatory school with no plans to share those revenues with the Town. Several Council members were also concerned about what the SLE was doing on Mud Springs Road and how that would affect local residences and local traffic. As questions poured in, Former Mayor Evans and his group became increasingly evasive which raised red flags and suspicions.

Because of the large request (\$500,000 + a year), we began our due diligence inquiry. Individuals and the Town inquired multiple times about the SLE's financial statements and their plans. Our requests

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were treated in an insulting and disrespectful manner. Our research into intergovernmental agreements (IGA) exposed how egregiously the SLE had violated their IGA's with the Town. Consequently, we voted to dismiss the MHA-backed SLE board members that the Town had previously appointed. The MHA immediately sued the Town and several Council members personally. Our conflicted contract attorneys folded, unwilling to defend the advice and direction they had given to the Town Council.

In August 2019 when the Council voted to terminate the contract of the Town Manager, the MHA, RCEF, SLE went apoplectic and immediately began a frenzied effort to recall Council members that were not in lock step with their university real estate masterplan. Without their man in place, they feared that skeletons in Town closets might be exposed. They had no cover for their future endeavors. It was too much for them to handle. They spent several hundred thousand dollars in the following months to protect their agenda and intimidate any truth seekers. Using the largest, and one of the most expensive law firms in Arizona, Snell & Wilmer, they sued and threatened to sue your Town, and certain Town Councilmembers. Where did they get the money for all these legal fees? MHA? Kenny Evans? Why spend so much money and energy to defend and advance an agenda? The investigations and information requests would not pose a threat to any legitimate, honest, and transparent organization. What were they afraid of? What sort of individuals would engage in these types of threats and practices

In the June 9, 2020 Payson Roundup, Scott Nossek was asked by his major campaign donor, Larry Sugarman, "about the history of the hospital." Scott Nossek answered, "It's a myth that the town owns the hospital. There was never a time when that was the case.

Several times the hospital was on the verge of bankruptcy, but the town was never on the hook then, so it was never entitled to any of the sale proceeds. I will challenge this false narrative."

First, there is a difference between the town and the community. The corporate town never own the hospital, no one said it did. But it did belong to a non-profit that had a fiduciary responsibility to all citizens of Payson who contributed and donated to the hospital. None of these people individually or collectively own any of the assets of the MHA. No one owns the MHA. There is no stock ownership issued for non-profits.

Second, the year-end 6/30/1996 Arizona Corporation Commission filing for Payson Regional Medical Center, Inc. showed net equity of \$1.3M which had been declining year to year. In 1997 Community Health Systems (CHS) came in and signed an 18-year lease for the hospital. CHS paid approximately \$17M up front for the 18-year lease. CHS was the only entity to rescue the hospital. The assets, including all real property, rightfully belong to the non-profit overseeing the hospital as directed by the Articles of Incorporation.

The town, as such, was not entitled to sale proceeds, but all contributors should have been entitled to the benefits of the so-called sale. The assets were held by a non-profit that was dissolved to make way for the self-proclaimed 'private' MHA. The Mogollon Health Alliance, Inc. and the MHA Foundation are and were charitable 501(c)3 corporations, and consequently they had no stockholders of record. It was a charity, so the volunteers who ran the charity were responsible not to themselves and their personal interests, but to the broader community for which the non-profit was administered. Profit and personal benefit are not part of legitimate non-profit 501(c)3 operations. The IRS grants that status

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and requires that a significant percentage of the assets of a non-profit be returned to the community it serves each year. There is no allowance for building a treasure chest or amassing large sums of money. Money and donations acquired should translate to money paid out for the stated purpose and mission of the organization. That's how the IRS code is written and that's what is supposed to happen.

All the personal and physical resources invested in the hospital were for the purpose of providing immediate healthcare to the community when needed. No one ever filed a petition to change that mission to a self-serving purpose that was chosen and controlled by several individuals. It seems that a number of supporters also stood to benefit from the newly defined goals and purpose as they took control of the community's biggest asset. Redirecting the economic value of your community hospital to a self-serving enterprise allowed certain individuals power, influence, and prosperity. They transformed a community charity into a personal, private project designed to create a revenue stream.

The community no longer owns or controls its hospital. There was no motion, no vote, no public comment, nothing but some fancy legal maneuvering creating three new entities with letters. It's hard to follow the pea under three cups at the circus. They call it the shell game. In the flash of an eye, the community no longer owns or controls the funds or economic value associated with their hospital. It's not that citizens didn't care, it's that the conductor of the shell game was so clever that his moves were too fast for their eyes.

We know that while Kenny Evans was mayor, the Forest Service was seeking a buyer for Forest Service (FS) land in order to build a new ranger station. Why didn't he suggest that the Town of

Payson purchase that land? Keeping that option under wraps meant keeping the Town out of the deal. Does anyone remember the Town discussing the merits of the Town buying and owning the FS land? Probably not, since those discussions were never held in public. An article published in the Yuma Daily Sun on June 7, 1974 is titled 'Yuman Files \$3 Million Suit Against APS after Accident.' The Yuman referred to in the title was our own former mayor Kenny Evans.

The article stated, "Kenny Evans of Yuma was reported to have received third degree burns on May 26th of last year on his hands, arms and a knee when he came into contact with 7,000 volts of electricity." The article continues, "According to Sheriff's Deputies he was connecting electricity to a house trailer near Ave. A and County 14th St. when he received the jolt." Quoting further, "In his suit he charges APS and other unspecified parties were negligent in the design, construction, installation, placement, maintenance, regulation and/or control of said electrical equipment and/or said mini pad and or said transformer that were located on the ground and/or for the lack of ample safety or protective devices, warnings, or measures regarding same." Evans' suit went on to say among other things that, "there were no warning signs of any kind posted." Why was Kenny Evans getting into an APS transformer box and connecting electricity to a house trailer? Did Kenny Evans have permission to get into APS' equipment? Is it too much to assume that a reasonable person would understand that it is both dangerous and illegal to gain unauthorized access to a power company's equipment, and then turn around and sue them because they didn't put a warning sign on the transformer? What kind of person tries to take something that doesn't belong to him, and then blames the other party for their injuries? Stories change, but character is constantly revealed.

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The SLE was created to purchase and own 253-acres of Forest Service land. However, there developed a major disagreement over how the Forest Service land was to be titled and how it was to be financed. This disagreement was between Kenny Evans and Richard Johnson on the MHA/RCEF side and Steve Drury and Mary Kastner, RCEA-SLE directors, on the other side. Kenny Evans and Richard Johnson wanted the MHA to finance the purchase and have the RCEF take title to the property. Kenny Evans had prepared a nuclear option if things didn't go his way. This option was Town of Payson Resolution 2819. Resolution 2819's stated purpose was, "to authorize Rim Country Educational Foundation (MHA member-controlled LLC) as its designee for the purchase of the Forest Service Site." Would the Town have supported such a resolution that would have put the ownership and control of the FS land in the hands of an organization (MHA) whose President was Mayor Kenny Evans? The Town would have relinquished all control of the FS land to the MHA. As it turned out Kenny Evans was able to get Steve Drury and Mary Kastner off the SLE board and regain control. As it is now, the SLE is completely controlled by the MHA; it doesn't matter whether the SLE or the RCEF is in title to the FS property. However, one needs to understand that Kenny Evans was willing to go to extreme measures if necessary, to assure he maintained control of the FS property, even if it meant eliminating input, participation, and policy considerations from Town of Payson, a member of the SLE. Keep in mind the purchased FS property lies within the town limits of Payson. That's why I call the group a Cabal. Dissent is not allowed. Everyone must be in agreement with the ruling establishment.

We shouldn't forget about a contract that the Town entered into with the SLE to supply Chaparral Pines and the Rim Club with raw water for their golf courses. Joint Facilities Management ('FM) is the company that was contracted by the two residential communities to

supply ground or raw water to the golf courses. Kenny Evans and the Town entered into a contract with the SLE, to build this waterline. What experience and expertise in constructing waterlines did the SLE have that the Town would enter into a contract to have them construct a waterline? - Absolutely none! The contract was never let out for bids. Let's go over that again. The golf courses need water from the Town. The Mayor pushes the contract to build a water line to an organization he controls. The SLE that is supposed to be an education and health political subdivision suddenly becomes a water line building contractor. Town employees end up managing the project, and by Kenny Evans' own admission the arrangement provided the SLE with enough money to do required site studies on the FS land. The agreement obligating the Town to provide water to JFM was written for 50 years at a guaranteed rate that could have Payson homeowners subsidizing the cost of providing them the water. All this was done while your water rates rose 42%. The contract initially resulted in a substantial loss to the Town. How do you define 'conflict of interest'?

The MHA officers and board of directors were all formerly officers and directors of the Mogollon Health Alliance, Inc. As the Mogollon Health Alliance merged with Banner, these officers and directors instantaneously became the officers and directors of the MHA. All have been continuously engaged with these organizations for ten years or more. Kenny Evans became President of the Mogollon Health Alliance in 2006. With eight years as mayor of Payson and fourteen years of experience controlling your wealth and manipulating public perception, he is a powerful local figure. The past officers and directors of the Mogollon Health Alliance are the current officers and directors of the MHA. (See List at end of document)

Kenny Evans, Pres.

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The next three are also on the board of directors of the RCEF

John Naughton, Treas./Sect.

Richard Johnson

Gary Cordell, VP

Here's why it matters: Payson's swimming pool is on its last leg. We should have a year-round pool that would benefit the recreational and health needs of the community. Payson needs a community center that can offer senior citizens' activities and events that benefit the whole community. If the Event Center was covered, we could attract more and bigger events. The good news is we have the resources in the MHA treasury to make those things happen, but it won't happen unless members of the community stand up and demand it. The possibilities are endless, but only if you get involved.

This is your opportunity to get active in creating a vibrant community that enjoys a number of wonderful amenities. It's wrong to allow individuals to redirect community assets. To make it worse, they keep making promises that are unfulfilled while the MHA treasure chest grows and grows. There sits \$50M that belongs to you. And the final straw, the MHA pushes the narrative that the town should pay for all these amenities. It's clear that the town does not have the resources to build major facilities. The proceeds from the sale of the hospital, however, would be more than sufficient to get these community projects built and operating.

The MHA is holding our resources. Those resources embedded in the MHA could be used to build modern facilities providing needed amenities and still have enough assets in the foundation to produce sufficient income to cover operating deficiencies from year to year. You could have been enjoying all these amenities for the past several years and it would not have cost you one penny except what

you would have paid in program fees. The resources are still there. All you need is the will and courage to demand that they be used for your benefit and the benefit of all citizens of Payson.

Those that want a university in town try to convince us how much better Payson would be with diverse out-of-state and international students and faculty. They purport that academia would improve the culture of Payson; raise the common denominator. I have yet to meet a single resident that wants to discard the culture and character of Payson. We have a rich history. We have core values. We're hard-working no-nonsense people here in Payson. There's always room for improvement, but based on what we've been witnessing outside Payson, especially in cities with an academia culture, attracting students and faculty of diverse backgrounds, culture and values has both risks and rewards. Most people in Payson have seen what has happened in other college towns and do not desire to fundamentally transform Payson's culture to what they see in these communities. We stay here or we came here because we love the culture, character, and environment of Payson. Those who want to transform Payson into something other than what we love, don't appreciate what Payson and its citizens represent. A community center, a new pool, and a covered event center would improve the quality of life without destroying small-town values and culture. A university in Payson was a grand idea, but it was never viable. For years, the details on the progress of the negotiations with ASU were reported as a matter of fact that details of the agreement were at hand and construction was to start in the Fall. This false representation has gone on for years. People are numb to these false claims — credibility is long faded away. They claimed that that a university in Payson was just around the corner, but in reality, Arizona State never did enter into formal negotiations. Have we forgotten all the misleading stories? "It's right around the

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corner,” the press releases announced, but time has come and gone and still there is nothing to show for all the talk about a university.

If MHA funds were used to build a community/pool center and cover the event center, it would not affect MHA’s current and laudable charitable activities. Think about it - The MHA started with \$40M plus various real estate holdings. They spent \$4.1M on the Forest Service land. They receive nearly \$2M a year in revenues. The last reported MHA Foundation IRS 990 Form for the year ending 6/30/18 showed revenues of \$1.8M. Net revenues after expenses were over \$1 million. That means \$900,000 was expended and \$1M was retained by the organization. As a charitable organization, the MHA must pay out a certain portion of its income and assets every year to qualify as a 501(c)3 corporation. What they presently donate every year towards local charitable causes is only a miniscule portion of their total assets and income. It seems that the MHA does a great job applying for grants and collecting donations year to year. Is the money they give out mostly their own money or money they have received from donations and grants from other foundations? Who do you think gets all the credit? There is no cause for exalting their pious benevolence despite what you may read in the Payson Roundup. The MHA regularly buys advertising in the Roundup to promote their image. The two organizations have various and intertwining interests.

The MHA’s IRS 990 Form for year ended June 30, 2018 reported MHA Vice President Gary Cordell received a salary of \$105,000 as University Project Coordinator. An excellent salary for sure, but what exactly does a University Project Coordinator need to do to earn that amount? How many years has he received this salary? According to published reports in the Roundup, the SLE is completely separate and independent from the MHA. Yet Gary

Cordell is the paid University Project Coordinator. Is he paid by the SLE? Does he answer and report to the SLE? How does that all work?

The SLE is controlled by the MHA. After all, the SLE has little or no financial resources and they generate no revenues. The real money is controlled directly by the MHA. The towns of Payson and Star Valley are members of the SLE in name only, they have no control and no clue as to what the SLE (MHA) is doing. Neither town has been provided with any financial or operational details of the SLE. The SLE has refused to provide required financial reports.

Why then would members of either town government support this scenario? How can an elected official openly support this arrangement? Can anyone of them look you in the eye and say they are behind the SLE and the MHA, and then explain to you what happened to \$50M in community assets? Campaign contributions are often an indicator of future political policy. Pay attention to candidates who support the private administration of community assets. Watch who is nominated for the SLE board positions. The most recent nominees for Star Valley were Bobbie Davis and Vern Leis. Are there any independent SLE board nominees who are not aligned with or associated with the Cabal? When the MHA submits SLE board candidates to the Town of Payson and Town of Star Valley, they are the only nominees eligible for appointment to the SLE board. Why aren’t there any board members advocating that the SLE openly disclosing financial reports or opening of the books? An intergovernmental agreement and governance agreement between the SLE and member towns should provide that elected officials from each town have a voice. But the way this organization is structured, the towns’ authority has been usurped by the MHA. How did that happen? Well, for starters, former Mayor Kenny Evans

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negotiated/constructed the terms of the agreement; he promoted it; voted for it; and signed it, in effect giving himself control over a not so small fortune. Recusing himself for an obvious conflict of interest would have been proper. Calling APS to connect power to a mobile home would have been proper. His approach appears to have been consistently improper and self-serving.

Folks, the directors of the MHA Foundation may pretend like they own those assets, but the fact is you do! It's time the MHA replace the Board of Directors with people willing to pursue the best interests of the citizens of Payson. Let's appoint people that support funding the amenities you choose; built on your property; that belong to and are controlled by you. Imagine the economic boost to our community; not to mention all the amenities and programs provided to all generational segments of our community. Let's debate what is in the best interest of Payson and what is most desired by the people of Payson. Let's put it out there in the sunshine and open the discussion. The Payson Roundup conducted a survey. Kenny Evans claims that 92% of Payson's citizens support a university.

If someone asked me if I wanted a four-year university I might answer yes, but not at the expense of a community center, an indoor pool, and a covered event center. If anyone asked the question that way, I would have absolutely answer "NO". The question was misworded and was never posed to honestly reflect the will of the people.

There were 220+ respondents to a recent Town of Payson survey. The survey included several questions asking citizens what they would like to see developed in Payson. Not one (zero) said they wanted a four-year university. Many respondents identified the

same amenities I mentioned above. Are you seeing the picture?

Tricky public relations campaigns, and propaganda published in the Payson Roundup don't add up. It is time to wake up. Voters have the opportunity to substantially impact this community's quality of life. We can be more than a drive-through community. We have the chance to add to the reasons why people would choose to stay and live here. We can create more reasons to stop and visit. We can enhance the experience for young and old alike.

If you controlled the biggest assets in a small town, would you want to see the town grow and prosper, or would you exercise enough control to keep things the way they are while you get richer? Donating just enough to appease citizens with a public relations image seems to be working. The people controlling your assets aren't likely to turn your assets over to you without significant public pressure. Individuals and businesses alike stand to benefit greatly by reclaiming assets that rightfully belong to them. Those assets would allow us to construct and operate facilities that we want and need. It shouldn't be about collecting lucrative salaries or directing future income streams to individuals. It's a community asset, and it was taken away by legal(?) maneuvers and sleight of hand.

The only people who support these selfish actions are the ones who personally have something to gain from the organization's endeavors and those who were tricked into believing that the MHA is Payson's "most charitable" organization. Individuals are going to great lengths to defend and protect their baseless claim of privacy. When it's convenient they operate as charitable 501(c)3 corporation, but when we seek information, they operate a private corporation. When we ask hard questions about the nature of their

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operations, they counter with recall campaigns and high dollar legal threats. Why isn't there a single member of the MHA board seeking open reporting and transparency? Why is there so much ducking and diving and so little in the way of honest disclosure? If you have nothing to hide, why not just lay open your books and show people what's happening with their money? What kind of person would suggest that a charitable 501(c)3 corporation privately belongs to a small group of individuals? In their twisted sense of reality, we have no right to examine and inspect their records. If what was done is morally justified, let it stand the test of being put to the sunlight.

Community Health Systems, Inc. (CHS) had an eighteen-year lease of Payson Hospital which expired August of 2015. According to an article in the Phoenix Business Journal dated March 18, 2015 Sanja Long, CEO of MHA, speaking of the CHS said, "They've provided good care here. It's not a matter of complaints with the current tenant. They came in and helped get the hospital back on track and invested in the facility.... The MHA board decided it was time to see what's best for Payson overall." Sonja Long went on to say, "As part of the Banner acquisition, a new foundation will be created. Part of its mission will be to help Payson bring a four-year university to the area." And just like that, community assets switched direction under the careful guidance of former Mayor Evans. Suddenly there was an enlightened vision. Instead of returning assets to those who created them, they changed the name, came up with three different legal entities and took control of decisions concerning what is best for Payson. Ms. Long didn't mention that CHS had the right of first refusal to purchase the hospital. The legal maneuver used was to "give" the hospital to Banner Health (absorbing Mogollon Health Alliance) in return for a "donation" of \$40 Million to the new MHA.

A Payson Roundup article dated July 17, 2015 by Alexis Bechman

stated, "After failed negotiations with CHS, the MHA Foundation began looking for another operator and last autumn opened talks with Dignity Health, Banner and several others. Although it received an offer \$21 million over what Banner offered, the foundation went with Banner." The story goes on to suggest that the MHA board liked Banner's corporate philosophy. When is the last time anyone passed on a \$61M offer to accept a \$40M offer? How is Banner's corporate philosophy worth \$21 Million? How did the deal transform into Banner being in the best interest of Payson? Who would make a deal like that?

Selling the hospital to Banner for \$21M less than the competing offer was as easy as selling the story that the new foundation was building a four-year university. But here we are, nearly ten years after they first started spinning the story. We still do not have a university. Each year the same people make new promises. The community continues to wait while the MHA doles out a few thousand here and a few thousand there (as reported in the Roundup).

Search for the article which was in the Payson Roundup dated March 20, 2015 called 'Alliance shakeup.' It contains open, and brutally honest statements from those who were personally involved in the purchase and financing of the Forest Service property. This article is riddle with statements that I'm sure they wish they could take back. In the article you will read Richard Johnson, RCEF Chairman's quote, "the Foundation would not provide the money for the land unless it retained an interest in the land, which would effectively give the MHA Foundation veto power over anything the Alliance (RCEA) proposed." Richard Johnson was also Treasurer of the MHA at that time. Mary Kastner who was on the Board of Directors of the SLE countered, "The SLE's authority

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is not 'perceived' it is absolute under AZ State Statutes. Somehow, Richard Johnson, President of the Foundation, believes they have governing rights on SLE business. The Foundation mistakenly thought the same thing when it came to acquiring title to the Forest Service property." This article is the closest thing to the truth that you'll ever hear from this group. It exposes the chain of command and control. The SLE, created under Arizona statute, was subjugated to the money, power, and profit motives of the MHA.

The truth of the matter is that the SLE has no source of revenue. They have no liquid assets. The money comes from the MHAIRCEF. The MHA controls the purse strings and consequently everything that happens on the SLE property. The SLE does not, cannot, decide on anything unless it has the approval of Kenny Evans and the MHA. The SLE, theoretically, could independently decide to do whatever it wants, but the reality is that it cannot do anything without MHA funding and approval. And since the MHA controls who the Towns can appoint to serve on the SLE board they have COMPLETE control of the SLE; exactly the way former Mayor Kenny Evans set it up.

People that serve on the board of directors of a community charity, especially 501(c)3 charitable organizations, know they have a fiduciary responsibility towards the community and the organizations they serve. To conspire to deceive, defraud and ignore the needs and desires of the community and pursue an agenda which is self-serving is wrong. The MHA contributes to worthy charitable causes, but the scope and impact could and should be exponentially greater. The community assets controlled by the MHA could and should serve a much broader segment of our community with programs and amenities supported, needed, and desired by the community. I'm not suggesting that the MHA shouldn't continue the current level of charitable giving in Payson, I'm suggesting that

what they currently do is a drop in the bucket compared to the annual income and resources at their disposal. They could and should do much more.

The carrot-on-a-stick four-year university dream is in opposition with the current needs and desires of the community. The MHA agenda does not serve the needs and wishes of the citizens of Payson. Their relatively small charitable contributions create a public relation smoke screen while the financial activities of the foundation are anything but transparent. That begs the question: do they really want a university or is there a different agenda that is being hidden from the public? Why are they buying up commercial properties that have nothing to do with their mission? Are they trying to expand their power and influence in the community?

If the MHA cares about Payson, why don't they build a community center and year-round pool to give kids and adults an opportunity to build strong bodies and minds through physical activity, and provide crafts and artistic activities to help develop positive social skills? Instead, the foundation comes to the Town with a Canadian investor asking for \$500,000 a year of Payson taxpayer funds in perpetuity to support a junior hockey academy. When the Town rejected that idea, they said they would go it alone, but nobody is breaking ground for an ice rink.

A YMCA type community center and pool, easily accessible to both youth and seniors is a smart idea. The YMCA organization has many valuable programs for all ages of kids and adults. I encourage you to Google what they offer for both youth and seniors. Why Payson Seniors are planning to expend resources for a separate facility of their own, makes no sense to me. Such a facility could not afford all the amenities that an integrated community center

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would offer. Let's work together to create a win-win for the Senior Center and the Community. By working together, we can take advantage of substantial economic efficiencies and provide more amenities and programs for the whole community. With access to community assets and resources currently held by the MHA, we could easily build the community center and pool. Operational costs would be shared in a cost-effective manner and the facility and programs would be controlled by an independent board made up of volunteers, trained professionals and representatives from Town government. Financials would be published and open to review. The new center would be "owned" by the community.

The community center should be built at a location easily accessible to kids after school, and near Main Street. Such a facility would be a win-win-win for the whole community. But because it doesn't create future revenue streams and investment opportunities for the people controlling the MHA-RCEF-RCEA-SLE it hasn't even been given serious consideration. The conflict between public interest and private interests in Payson is strikingly apparent. A small group of selfish individuals are holding you hostage.

Approximately ten or twelve months ago I was in the Roundup office talking to Michelle Nelson. I was there because I was frustrated. I had been offered an opportunity to submit an op-ed. But when they restricted me to 600 words, it was no longer possible to convey a meaningful message. My original article was only 1100 words; relatively short compared to what is afforded the MHA every week. Anyway, I asked Michelle if she ever Googled the Roundup and Kenny Evans? I asked if she has read all the statements Kenny Evans has made in the past — statements made as a matter of fact that were not true. I asked what it would take for Kenny Evans to lose credibility in her eyes? She said something to the effect that well--

we have discussed the credibility problem with him. See for yourself. Read those articles that promise major developments right around the corner. If somebody promised to build you a new house, and ten years later you didn't have a single stick in place, would you continue to trust him with your financial resources?

Why doesn't the Town push back against the MHA? The MHA has loyal followers in community institutions and Town government positions. There are many Town employees that do not want to speak out for fear of losing their jobs and career advancements. Our past Acting Town Manager was on the MHA Board. She was Secretary of the MBA. Our past Town Manager was very closely connected to the MHA. Our past Town attorney worked closely with the MHA and attended many MHA meetings. I suspect that our current CFO is sympathetic to the MHA and its leadership. Her husband solicited signatures to get the Mayor recalled. What does it say when a Town department head's spouse solicits signatures to get the mayor recalled? Close and deep personal and financial ties have kept all these facts under wraps for many years. Next time you encounter one of the sympathizers, ask them what part of the MHA-RCEF-RCEA-SLE secretive master plan they support and what's in it for them.

The legal firm currently serving the Town has been reluctant to press any issue affecting Kenny Evans, SLE and the MHA. Would it surprise you to know that there are family connections between the Justin Pierce family and the Kenny Evans family that go back to their mutual hometown of Yuma? Or that they were both members of the same church; or that Gary Pierce (Justin's father) and Kenny Evans were involved in other organizations in Yuma that put them in close contact?

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From Town employees and contractors to outspoken members of his church, there is steady and strong support for Kenny Evans. Is it any wonder that the Town has failed to push the SLE to come into compliance with the IGAs? Jennifer Smith, Steve Smith, Bobbie Davis and Chris Higgins were all hand-picked by Kenny Evans to serve on the SLE Board. It is clear where their loyalties lie. Finally, we have an experienced, unbehind, without suspicion Town Manager from the outside. Many of you have been fighting for justice for a long time. Hang in there — stay in the fight.

The assets of the MHA-- securities, bonds, bank accounts or real estate, are or legally should be held in the name of the MHA Foundation, not Kenny Evans or Gary Cordell or John Naughton or Jennifer Smith. The MHA is simply the custodian of the assets that rightfully belong to those who created them — you the citizens of Payson. Are they being good stewards of your wealth? I think not. Especially when Kenny Evans declares that the MHA is a private organization, and they have a right to their privacy.

Aspire Arizona and most of the other charities that are currently supported by the MHA - already existed. It was convenient for the MHA to appease the supporters of these organizations by throwing them a few dollars to take the focus off the legal maneuverings surrounding the hospital deal. Those charitable donations amounted to an inexpensive public relation play in order to attain the big prize. The big prize was to purchase the FS land, develop it, and collect millions of dollars in lease payments in perpetuity. Income generated by the investment of your money was not designed to come back to you, the citizens of Payson. It was all part of a real-estate masterplan designed to provide risk free, tax free benefits to the people in control. It didn't work because unbalanced deals seldom find partners. The reason ASU didn't seriously consider

coming to Payson is because they didn't like the deal. If the MHA really wanted ASU, they could have offered to give them the land to build their campus. Instead, MHA tried to lease land to ASU. It's no wonder that negotiation never got anywhere. No university would want to plug into somebody else's real estate deal!

I have nothing to gain in trying to bring awareness to this charade — Nothing. My effort to find the truth has cost me financially and personally put me at risk. I have a threat of a lawsuit hanging over me, a Notice of Claim for \$87.4 million and another threat from the Cabal through Arthur Lloyds office. They allege defamation and slander. My First Amendment Rights allow me to ask questions and state facts. As a Christian and an elected official, I have a moral obligation to seek the truth. Once I became aware of the actions of the Cabal, I could not consciously remain silent. One of my favorite Scripture passages is Psalms 97:10 which states, "those who love the Lord, must hate evil." Another favorite quote comes from Dietrich Bonhoeffer who wrote, "Silence in the face of evil is itself evil. God will not hold us guiltless. Not to speak is to speak. Not to act is to act." And you have all heard it said, "the only thing necessary for evil to prevail is for good men to do nothing." I am not implying that anyone is evil or that I am good — there is only One that is good and only God knows a man's heart. But months of research suggests an unethical and possibly illegal scheme is being perpetrated to advance the financial interests and goals of individuals rather than the community. My effort to advance this cause is driven solely by a desire for justice and the potential benefits that could be realized for our community through restoration. I cannot do this alone. I need your help. All your prayers and your expressions of support and encouragement are appreciated, but you need to stand up and be counted.

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I do not have any personal animosity or desire to harm anyone; I just want what is best and just for the citizens of Payson — to restore what should be, and to enhance your quality of life. I believe restoration can be achieved if we can get several good and responsible citizens to replace the directors that currently sit on the various MHA associated boards. I wish to see the assets that are lodged in and controlled by the MHA restored to the stewardship of responsible and conscientious citizens of Payson.

This will take determination and courage. Stand up for your community.

Hebrews Chapter 11 reminds us that it was by faith, faith in action, that God's servants accomplished His purpose. If our hands are not going to do His work, then whose hands are? Let the next guy do it? Look around you right now. Good people have been sitting on their hands expecting (tempting) God to take care of everything. Unfortunately, it doesn't work that way. God helps those who help themselves. The truth is a powerful ally...it will set you free. It's time for each of us to get involved, to stand up for justice, to demand that the proceeds from the sale of our hospital be returned, and to demand that the MHA join in an open and honest dialog. Insist that the MHA elect unbiased members to its board allowing for community input and control. I pray for transparency and that all people will have the heart and mind to do what is best for Payson. Here's my call to action: be curious, expect answers, and demand transparency. Thank you.

DEFINITIONS

Definition of Fiduciary Responsibility

In the U.S. legal system, a fiduciary duty describes a relationship between two parties that obligates one to act solely in the interest of the other. The party designated as the fiduciary owes a legal duty to a principal (the Community), and strict care must be taken to ensure that no conflict of interest arises between the fiduciary and the principal (Community).

The term fiduciary derives from the Latin fiducia, meaning “trust” and it means that a person acting as a fiduciary for you as the community has a legal or moral obligation to put community needs and interests before any needs or interests of themselves. The word fiduciary is both a noun and an adjective.

Definition of Conflict of Interest

A.R.S. § 38-502(8): “Public Officer” means all elected and appointed officers of a public agency established by charter, ordinance, resolution, state constitution or statute. Regional Partnership Council members are public officers of a public agency.

A.R.S. § 38-503(A): “Any public officer or employee of a public agency who has, or whose relative has, a substantial interest in any contract, sale, purchase or service to such public agency shall make known that interest in the official records of such public agency and shall refrain from voting upon or otherwise participating in any manner as an officer or employee in such contract, sale or purchase.”

A.R.S. § 38-503(B): “Any public officer or employee who has, or whose relative has, a substantial interest in any decision of a public agency shall make known such interest in the official records of such public agency and shall refrain from participating in any manner as an officer or employee in such decision.”

A.R.S. § 38-502(11): “Substantial Interest” means any pecuniary or proprietary interest, either direct or indirect, other than a remote interest.

LIST OF ORGANIZATIONAL DIRECTORS AND OFFICERS

Member:

MHA Foundation On 6/22/2015 the **MHA Foundation** superseded the **Mogollon Health Alliance, Inc** as the controlling member.

Initial Managers at date of incorporation — 2/9/2015

Richard B. Johnson

Gary Cordell

Janet Vidnovic

JB Bancroft

Sanja Long

Initially the Mogollon Health Alliance, Inc. was listed as a Member

Statutory Agent: Sanja Long as of 1/6/2020

Rim Country Educational Alliance (RCEA):

Representing Star Valley:

Jon Cline, Vice Chairman of the Board of Directors

H. Ted Pettet

Vern Lies

Representing Payson:

Larry Sugarman, Member of the Board of Directors

Rich Richey

Jennifer J. Smith

LIST OF ORGANIZATIONAL DIRECTORS AND OFFICERS

MOGOLLON HEALTH ALLIANCE, INC.

Officers and Directors as of 11/11/2011

<u>Officers:</u>	<u>Date of Taking</u>
Office	
Kenny Evans, Pres.	7/1/2007
Pat Clearman, Sect.	11/17/09
Richard Johnson, Treas.	10/26/2010
Gary Cordell, V.P.	7/1/2009
<u>Directors:</u>	<u>Date of Taking</u>
Office	
Richard Johnson	10/26/2010
Dr. Alan Michels	9/9/2010
John Naughton	6/4/2008
Gary Cordell	6/24/2008
Richard Stockwell	9/25/2007
Paul Bates	9/25/2007
Pat Clearman	7/1/2006
Kenny Evans	7/1/2006
Don King	7/1/2006

Officers and Directors as of 12/21/2020

<u>Officers:</u>	<u>Date of Taking</u>
Office	
Kenny Evans, Pres.	4/1/2015
John Naughton, Secretary/Treas.	3/24/2016
Gary Cordell, V.P.	4/1/2015
Cliff Potts	12/20/2016
Statutory Agent, Hector Figueroa	10/30/2020
Past CEO and Statutory Agent: Sanja Long	
Current CAO, Heather Stage	

MHA Foundation continued:

<u>Officers:</u>	<u>Date of Taking</u>
Office	
Cliff Potts	12/20/2016
John Naughton	4/1/2015
Gary Cordell	4/1/2015
Kenny Evans	4/1/2015
Jennifer Smith	5/22/2018
Kim Alten	8/25/2020
Past Board Members: Richard Johnson	4/1/2015 (was Treas. of Mogollon Health Alliance, Inc. the previous 4- 5 years)
Richard Stockwell	4/1/2015
Paul Bates	4/1/2015
Susan Connell, Sect. (deceased)	3/24/2016
Sheila DeSchaaf (Resigned 12/201.9) Past Secretary	10/25/2016
Dr. Alan Michels	4/1/2015

Charitable 501(c)3, Formation Date: 4/1/2015 - Last ACC Annual Report Filed: 2020 Next Due: 4/1/2021 - Last IRS 990: Year Ending 6/30/2018

LIST OF ORGANIZATIONAL DIRECTORS AND OFFICERS

RIM COUNTRY EDUCATION NFOUNDATION, LLC

Officers and Directors as of 11/11/2011

<u>Managers:</u>	<u>Date of Taking</u>
John Naughton	6/6/2016
Kevin Dick	6/6/2016
Lance Porter	6/22/2016
Janet Vidnovic	2/9/2015
Sanja Long	2/9/2015
Gary Cordell	2/9/2015
Richard B. Johnson	2/9/2015

Formation Date: 2/9/2015 - Domestic LLC - Member: MHA Foundation - ACC Search 12/24/2020: RCEF Last Annual Report - Filed: One Has NOT Been Filed