

Community Medical Center  
2827 Fort Missoula Road  
Missoula, MT 59804

Board of Directors Meeting  
February 27, 2014  
Meeting Record

Recorder: Caroline Deak,  
Executive Assistant

**PRESENT:** Scott Stearns; Tanya Ask; Mark Garnaas, MD; Scott Hacker; Bill Johnston; Barry Kenfield, CMC Foundation President; Jay Lowder, MD; Jan Parks; Suzanne Peterson; Robert Phillips; Mike Stewart, MD; John VanStrydonck (via phone)

**EX OFFICIO:** Steve Carlson, President/CEO; David Lechner, MD, CPG President and Chief Medical Officer; Timothy Richards, MD

**NOT PRESENT:** Frank D'Angelo

**GUEST(S):** Thomas Baumgartner, MD; Nicole Finke, MD; Janice Gomersall, MD; Glenn Jarrett, MD; Leslie Scott, MD; Michael Sterbis, MD; Karl Westenfelder, MD; Gary Chumrau (Garlington, Lohn & Robinson); Carsten Beith (Cain Brothers), Daniel Koob (Cain Brothers), Jim Moloney (Cain Brothers)

TOPIC	DISCUSSION	FOLLOW-UP	RESPONSIBLE PERSON
<u>Call to Order</u>	Mr. Scott Stearns, Chair, called the CMC Board of Directors meeting to order at 12:02pm.		
<u>Agenda</u>	The agenda stood as presented. All referenced materials are filed with the permanent record.		
<u>Physician Advisory Committee</u>	The members of the CMC Physician Advisory Committee presented their comments and recommendations for the partnering process.		
Special Joint Meeting of CMC Board and Members	<p><b>A special joint meeting of the CMC Board and Members was convened at 1:03pm with a quorum.</b></p> <p>All members were present with Frank D'Angelo present via telephone. No advance notice of the special meeting was sent to the members. All members were advised that the purpose of the meeting was to present amendments to CMC's Articles of Incorporation. The members were further advised that since no advance notice of the meeting was given, each member had the right under the Bylaws and Montana law to object to the meeting on the basis of lack of notice. They were also advised that each member's attendance at the meeting constituted such member's waiver of the lack of notice unless such member objected to such lack of notice at the beginning of the meeting.</p> <p>In order to give the members enough information to make a decision on whether to object, CMC attorney Gary Chumrau advised the Board that during due diligence it was discovered that the current 1976 Restated Articles ( as amended in 1988) were outdated. He presented a brief summary of each of the four following proposed amendments, and why they were recommended:</p>		

Article 3 is amended to add the following Section 3.G. after Section 3.F:

G. Notwithstanding the foregoing, the purposes set forth in Section A through Section F above shall not limit the ability of the Corporation to carry out any other charitable, scientific, or educational purpose within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Article 5 is amended to read as follows:

Article 5. Board of Directors and Their Powers. The management of the affairs of the corporation shall be vested in its Board of Directors which shall consist of persons elected in the manner provided in the bylaws. The number of directors constituting the Board of Directors shall be fixed by the bylaws, but should not be less than four (4) directors.

Article 8 is amended to read as follows:

Article 8. Dissolution. Upon the dissolution of the corporation, and after all of its liabilities and obligations have been paid, satisfied, and discharged, or adequate provisions made therefor, all of the corporation's remaining assets shall be distributed to one or more organizations that are organized and operated exclusively for religious, charitable, scientific, or educational purposes within the meaning of sections 501(c)(3) and 170(c)(2)(B) of the Internal Revenue Code.

Article 10 is amended to read as follows:

Article 10. Liability of Directors. No director of the corporation shall be personally liable to the corporation or any of its members for monetary damages for breach of a director's duties to the corporation and its members, except for liability (a) for any breach of the director's duty of loyalty to the corporation or its members; (b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (c) for a transaction from which a director derived an improper personal economic benefit or (d) under Section 35-2-418, 35-2-435 or 35-2-436 of the Montana Nonprofit Corporation Act. The process and conditions for indemnification of a director by the corporation, including the advancement of any expenses, shall be set forth in the bylaws.

After a short discussion, Chair Scott Stearns asked whether any of the members objected to conducting the members meeting despite lack of notice. There were no objections to proceed with the meeting to consider the amendment to the Articles.

One member requested that the four amendments be considered separately.

A **MOTION** was made, seconded, and carried to approve the amendments to Articles 3, 5 and 10 as written in Exhibit A to the Articles of Amendment. Vote: Yea:12/Nay: 0

A **MOTION** was made, seconded, and carried to approve the amendment to Article 8 as written in Exhibit A to the Articles of Amendment. Vote: Yea:11/ Nay:1

The special joint meeting of the CMC Board and Members adjourned at 1:25pm.

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The board of directors meeting resumed at 1:27pm

It was decided the vote to choose the partner will be postponed. The CMC Board Audit and Finance Committee will be holding a special meeting on March 6 to review financials related the partnering process. A survey will be sent to all board members to see if a special board meeting can be arranged after the finance meeting.

Mr. Carsten Beith (Cain Brothers) provided an update on the partnering process. They will continue negotiations with the two prospective partners, and will request their best and final offers.

Consent Agenda

The January 16, 2014 CMC Board of Directors and Audit and Finance Committee meeting records were not reviewed at this meeting. They will be presented at the March 27, 2014 meeting.

Quality and Patient Safety

The committee did not meet in January.

Medical Staff Report

Dr. Timothy Richards presented the medical staff recommendations. There are no exceptional issues with any of the reappointments.

A **MOTION** was made, seconded, and carried to accept the one resignation, and approve the two changes in status and thirteen reappointments as recommended by the Medical Executive Committee.

Committee Reports  
Audit and Finance

Ms. Ask presented the capital equipment request for a Hitachi Aloka ultrasound machine. Our current machine is outdated, and this machine will provide a clearer picture and higher degree of accuracy in diagnosing high risk obstetrical patients.

A **MOTION** was made, seconded, and carried to approve the capital equipment request of \$182,240 for the purchase of a Hitachi Aloka ultrasound machine.

<u>Planning</u>	The committee did not meet in January.		
<u>Governance Committee</u>	The committee did not meet in January.		
<u>Financial Report</u>	No financial report.		
<u>Foundation Report</u>	Due to time constraints, the foundation report for this month will be presented at the March meeting.		
<u>President's Report</u>	Mr. Carlson stated the notice to provide an informational picket by the facilities union has been withdrawn by the union.		
<u>Adjournment</u>	Mr. Stearns adjourned the meeting at 3:00pm.		

February 27, 2014 Board of Directors Meeting Record

Approved by Scott Stearns, Chair

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SIGNATURE