

Community Medical Center  
2827 Fort Missoula Road  
Missoula, MT 59804

Board of Directors Meeting  
March 27, 2014  
Meeting Record

Recorder: Caroline Deak,  
Executive Assistant

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

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

**NOT PRESENT:**

**GUEST(S):** 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 12:01pm.		
<u>Agenda</u>	The agenda stood as presented. All referenced materials are filed with the permanent record.		
<u>Consent Agenda</u>	A MOTION was made, seconded, and carried to approve the January 16, 2014 and February 27, 2014 meeting records, and the January 16, 2014 and February 27, 2014 CMC Audit and Finance Committee meeting records.		
<u>Quality and Patient Safety</u>	Mr. Stearns gave an overview of CMC's results from the 2013 national patient safety goals.		
<u>Medical Staff Report</u>	Dr. Timothy Richards presented the medical staff recommendations. All reappointments were submitted without reservation.  A MOTION was made, seconded, and carried to accept the fourteen applicants, one resignation, thirteen reappointments and two privilege lists as recommended by MEC and the Quality and Patient Safety Committee.		
<u>Committee Reports</u> <u>Audit and Finance</u>	Mr. VanStrydonck provided an overview of the financial, and community benefit expense reports. He requested a vote to approve the capital equipment request of \$104,061.28 for an upgrade to the common area of Building #2. The space is dated and rundown, and possible tenants have been lost due to the poor condition.  A MOTION was made, seconded, and carried to approve the capital equipment request of \$104,061.28 for the upgrade to the common area of Building #2.		

<u>Planning</u>	<p>Mr. Hacker stated the partnering initiative was the primary topic of the meeting. The committee recommended a meeting with the Missoulian as the best method of disseminating information to the public.</p>		
<u>Governance Committee</u>	<p>The committee did not meet in March.</p>		
<u>Foundation Report</u>	<p>Mr. Kenfield stated the Cancer Care campaign has reached \$1,034,513, or 52% of the goal.</p>		
<u>President's Report</u>	<p>Mr. Carlson stated an agreement has been reached with the engineers union, and the cost to CMC will be an additional \$10,000 per year.</p>		
	<p>Discussions with Billings Clinic continue regarding the radiation oncology joint venture. Mr. Carlson requested the CMC Executive Committee meet prior to the next board meeting to finalize this joint venture.</p>		
	<p>A <b>MOTION</b> was made, seconded, and carried authorizing the CEO to finalize the radiation oncology joint venture with Billings Clinic with the CMC Executive Committee before the next CMC Board of Directors meeting.</p>		
<u>Adjournment</u>	<p>Mr. Stearns adjourned the meeting at 12:24pm.</p>		
<u>Executive Session Special Joint Meeting of CMC Board and Members</u>	<p><b>A special joint meeting of the CMC Board of Directors and Members was convened at 12:25pm with a quorum.</b></p>		
	<p>All members/directors were present with Barry Kenfield and Suzanne Peterson present via telephone. No advance notice of the special joint meeting was sent to the members/directors. All members/directors were advised the purpose of the meeting was to review and discuss the terms of the Letters of Intent from the two prospective partners and to vote to approve the terms of the Letter of Intent of the partner selected after such review and discussion. The members/directors were further advised that since no advance notice of the meeting was given, each member/director 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/director's attendance at the meeting constituted such member's/director's waiver of the lack of notice unless such member/director objected to such lack of notice at the beginning of the meeting. There was no objection to the lack of meeting notice.</p>		
	<p>A <b>MOTION</b> was made, seconded, and carried to waive notice of the joint membership/board meeting.</p>		

Partnering Update

Mr. Beith provided a detailed summary of the proposal structures, governance, financial, and other terms for the two partner candidates.

The meeting was opened for discussion and each member/director was given the opportunity to voice his/her comments. The discussion included the attributes of each proposal relative to the key objectives established by the board.

A **MOTION** was made, seconded, and carried to conduct the Letter of Intent vote by **WRITTEN** ballot.

Mr. Chumrau was asked to summarize the email he had sent to all members/directors prior to the meeting outlining their fiduciary duties as directors of a non-profit corporation. Mr. Chumrau explained that each of the members/directors has a duty of loyalty and a duty of care to CMC. Under Montana law each board member is required in general to discharge his/her duties (i) in good faith, (ii) with the care an ordinarily prudent person would exercise in a similar position under similar circumstances, and (iii) in a manner that he/she reasonably believes to be in the best interest of CMC and its mission. In discharging these duties Montana law allows board members to rely on information, reports, opinions or statements, including financial statements or other financial data, that are prepared or presented to the board by officers or employees of CMC that he/she believes to be reliable, as well as from outside experts like attorneys, accountants or consultants (e.g. Cain Bros.) he/she believes have the necessary expertise and competence. Mr. Chumrau advised that in order to fulfill the duty to get fair value for CMC's assets it was important for each member/director to be fully informed before making a decision.

A **MOTION** was made, seconded, and carried to accept the March 25, 2014 Letter of Intent from Billings/RCHP Healthcare Holdings, LLC. Ballots were distributed to the 13 voting board members/directors, with Barry Kenfield and Suzanne Peterson submitting their votes via email to Mr. Chumrau, who per authorization from Kenfield and Peterson marked their respective Ballots on their behalves. The ballots were reviewed and tabulated by Ms. Deak, verified by Mr. Chumrau, and the results were 7 ayes and 6 noes in favor of the motion which result was reported to Chairman Stearns.

The Motion read as follows: "Do you approve the Motion to approve the terms of the Billings/RCHP Healthcare Holdings, LLC Letter of Intent and attached Term Sheet dated March 25, 2014, pursuant to which CMC intends to sell certain assets and operations to Billings/RCHP"?

Adjournment

Mr. Stearns adjourned the meeting at 3:56pm.

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Approved by Scott Stearns, Chair

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SIGNATURE