

Community Medical Center 2827 Fort Missoula Road Missoula, MT 59804	Board of Directors Meeting November 20, 2014 Meeting Record	Recorder: Caroline Deak, Executive Assistant
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PRESENT: Scott Stearns; Tanya Ask; Frank D'Angelo; Mark Garnaas, MD; Scott Hacker; Bill Johnston (via telephone); Barry Kenfield, CMC Foundation President; Jay Lowder, MD; Jan Parks; Robert Phillips; Timothy Richards, MD; Mike Stewart, MD; John VanStrydonck

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

NOT PRESENT: Suzanne Peterson

GUEST(S): Gary Chumrau (Garlington, Lohn & Robinson); Carsten Beith (Cain Brothers) via telephone; Stan Moser, CMC EVP; Jeff Bertherton, CMCF Consultant; [REDACTED]

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 12:03pm.		
<u>Agenda</u>	The agenda stood as presented. All referenced materials are filed with the permanent record.		
<u>Board Meeting Records</u>	Mr. Johnston requested an amendment be made to the October 23, 2014 meeting record stating all board members up for renewal, or with an expiring term in 2014, stay on the board through the partnering process, and until the sale is final.		
<u>Consent Agenda</u>	A MOTION was made, seconded, and carried to approve the September 25, 2014 meeting record (amended), October 23, 2014 meeting record, October 23, 2014 Board Audit and Finance meeting record, and the September 23, 2014 Board Quality and Patient Safety Committee meeting record.		
<u>Quality and Patient Safety</u>	Mr. Stearns gave an overview of patient satisfaction results. Dr. Lechner gave an overview of the Series Safety Event report. CMC participates in the CMC Partnership for Patients program through the VHA's Hospital Engagement Network national program. Dr. Lechner presented the 2014 second quarter result; CMC was a platinum award winner for submitting outcome information in all eleven categories. Out of thirty six northwest hospitals, we are the only hospital that reported on all measures. CMC was a top performer in the following areas: early elective surgery; central line associated blood stream infection; surgical site infections; and ventilator associated pneumonia.		
<u>Medical Staff Report</u>	Dr. Timothy Richards presented the medical staff recommendations. A MOTION was made, seconded, and carried to approve the seconded motion for eleven initial applicants, fifteen reappointments, one change in privileges, and seven privilege lists, as		

<p><u>Committee Reports</u> <u>Audit and Finance</u></p> <p><u>Planning</u></p> <p><u>Governance</u></p>	<p>recommended by the Board Quality and Patient Safety Committee.</p> <p>Dr. Richards had questions regarding the board's participation and actions following a scheduled privileges hearing for a physician. Dr. Richards was advised to contact CMC's attorney Candace Fetscher and/or Medical Staff council.</p> <p>Mr. VanStrydonck provided an overview of the financial reports. He asked for approval of the seconded motion from the committee to approve a capital equipment request to build an [REDACTED]</p> <p>A MOTION was made, seconded, and carried to approve the seconded motion from the CMC Audit and Finance Committee for the approval of the capital equipment request for Cerner and [REDACTED]</p> <p>Mr. VanStrydonck stated since we are over plan on income, the committee recommends a mid-year bonus to CMC employees, payable on the December 15 payroll. Bonus would be based on performance of CMC.</p> <p>Mr. Carlson stated this would be in lieu of the regular \$15.00 gift card presented for Christmas. He requested a review of finances from Mr. VanStrydonck, prior to payout.</p> <p>A MOTION was made, seconded, and carried to approve the seconded motion from the CMC Audit and Finance Committee stating if CMC has achieved benchmarks for first half of year, board authorizes payment of bonus up to [REDACTED] subject to CMC Audit and Finance Chair review and approval.</p> <p>Mr. Hacker stated the committee did not meet.</p> <p>Mr. Johnston stated the committee did not meet, but provided a task force update. Items being worked on are: access to data rooms and electronic mail; audits, post-closing tasks; tail insurance (for liability out to eleven years); a review of Articles of Incorporation; and employee bonus. A revision to CMC's current bylaws will be presented at the next board meeting. The announcement serves as the thirty day notice of change to bylaws.</p> <p>A work space will be needed for "old" CMC post sale, to be named CMC Inc. Hiring of existing employees was discussed and Mr. Moser stated all CMC employees, with the exception of the CEO, will be offered employment. The unions have consented to the sale transaction. Mr. Johnston stated more information will be presented at the next board meeting. He also stated the CMC Governance Committee will need to meet to take care of a few of the items.</p>		
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President's Report

[REDACTED]

Missoula County Public Schools has launched the "Smart Schools Initiative" to support their 21st Century Model of Education and they're asking for donations.

A **MOTION** was made, seconded, and carried to donate \$20,000 to Missoula Country Schools for the "Smart Schools Initiative".

Foundation Presentations

[REDACTED] and [REDACTED] from the [REDACTED] gave a presentation.

[REDACTED] and [REDACTED] from the [REDACTED] gave a presentation.

Foundation Discussion

The board discussed the attorney general's concerns with the [REDACTED]. A **MOTION** was made, seconded, and carried to reconsider, or withdraw the motion made and passed at the last meeting.

After discussion of the alternatives, a **MOTION** was made, seconded and carried to have the Task Force prepare and submit a formal proposal to the Attorney General as soon as possible. The submittal would outline CMC's plan for distribution of the net sale proceeds (i.e. the sale proceeds less the \$10 million gift to the University of Montana Foundation), and less the amount reasonably determined to be needed to be held in reserve by CMC to cover its post-closing obligations). The proposal will be to create a new Montana non-profit public benefit corporation that will seek tax exemption under section 501 (c) (3) of the Internal Revenue Code. The net sale proceeds will be transferred by CMC to the new private foundation after closing when the new foundation has received its tax exempt status. Funds transferred to be held and managed as a permanent endowment with the mission/purpose of supporting projects and programs in CMC's geographic market area consistent with IHI's Triple Aim initiative. This proposal is on the condition that the AG make its decision by December 31.

A **MOTION** was made, seconded, and carried to have Community Medical Center withdraw as the sole Member of the Foundation, contingent upon the approval by the Montana Attorney General of the sale transaction and closing of the sale transaction.

[REDACTED] a **MOTION** was made, seconded, and carried to approve the gift of \$500,000 to the University of Montana, through the University of Montana Foundation, for healthcare triple aim services.

<u>Adjournment</u>	Mr. Stearns adjourned the meeting at 2:54 pm.		
<u>Executive Session</u>	<p>Executive session recorded by Gary Chumrau.</p> <p>Present: Scott Stearns, Tanya Ask, Frank D’Angelo, Scott Hacker, Bill Johnston, Barry Kenfield, Jay Lowder, M.D., Jan Parks, Robert Phillips, Mike Stewart, M.D., John Van Strydonck</p> <p>Not Present: Mark Garnaas, M.D, Suzanne Peterson</p> <p>Ex Officio: Steve Carlson, CEO, Gary Chumrau, Counsel</p> <p>At the end of the regular session of the November 20, 2014 Board Meeting, the Chair Scott Stearns, with the approval of the Board, called for the Board to retire into executive session. The Chair asked counsel, Gary Chumrau, to attend and act as Secretary. The purpose of the meeting was to discuss the need for CMC, Inc. to employ a person post-closing to lead and direct the corporation’s wind down activities, including dealing with trailing liabilities and enforcement of the Asset Purchase Agreement.</p> <p>Following the discussion of the need for a qualified person or company and the options that had been explored by the Governance Committee, a MOTION was made and seconded as follows:</p> <p>“Contingent upon the closing of the sale to RCHP/Billings – Missoula, LLC, to make an offer of employment to ██████████ which would extend his current employment contract for a term of two (2) years, with some modification, on the following terms:</p> <ul style="list-style-type: none">Annual Salary of ██████████ for Year 1 for full-time employmentAnnual Salary of ██████████ for Year 2 for half-time employmentSubstantially equivalent benefitsA guaranteed six (6) month notice of intent not to renew or extendA nine (9) month severance based on the then current annual salary except in the case of voluntary resignation or termination for cause.” <p>Following discussion, the Motion was approved by a vote of eleven (11) ayes against zero (0) nays.</p> <p>Chair Stearns adjourned the Executive Session.</p>		

November 20, 2014 Board of Directors/Members Meeting Record

Approved by Scott Stearns, Chair

SIGNATURE