

| | | |
|---|---|---|
| Community Medical Center 2827 Fort Missoula Road Missoula, MT 59804 | Board of Directors Meeting July 24, 2014 Meeting Record | Recorder: Caroline Deak, Executive Assistant |
|---|---|---|

PRESENT: Scott Stearns; Tanya Ask; Frank D'Angelo; 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

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

NOT PRESENT: Timothy Richards, MD

GUEST(S): Timothy Provow, MD; Stan Moser, EVP; Gary Chumrau (Garlington, Lohn & Robinson); Carsten Beith and Daniel Koob (Cain Brothers) via telephone; Holly Carnell and Geoff Cockrell, (McGuire Woods) via telephone

| TOPIC | DISCUSSION | FOLLOW-UP | RESPONSIBLE PERSON |
|--|---|-----------|--------------------|
| <u>Call to Order</u> <u>Agenda</u> <u>Consent Agenda</u> <u>Quality and Patient Safety</u> <u>Medical Staff Report</u> | <p>Mr. Scott Stearns, Chair, called the CMC Board of Directors meeting to order at 12:05pm.</p> <p>The agenda stood as presented. All referenced materials are filed with the permanent record.</p> <p>A MOTION was made, seconded, and carried to approve the June 26, 2014 CMC Board of Directors meeting record, June 26, 2014 CMC Audit and Finance meeting record, May 21, 2014 CMC Quality and Patient Safety Committee meeting record, and March 18, 2014 CMC Planning Committee meeting record.</p> <p>Mr. Stearns presented and reviewed the Claims, NCQA and Medical Home, FY 2014 HCAHPS, and the Process Improvement Plan Policy reports.</p> <p>A MOTION was made, seconded, and carried to approve the redline changes of the Process Improvement Plan Policy, as recommended by the CMC Board Quality and Patient Safety Committee.</p> <p>Dr. Timothy Provow presented the medical staff recommendations on behalf of Dr. Timothy Richards, who could not attend meeting.</p> <p>A MOTION was made, seconded, and carried to approve the seconded motion of the Board Quality and Patient Safety Committee to approve the five initial applicants, and twelve reappointments as recommended by the CMC Medical Executive Committee.</p> <p>A MOTION was made, seconded, and carried to approve the seconded motion of the Board Quality and Patient Safety Committee to approve the three privilege lists; Wellcare Clinic (Non-Hospital, Surgical Oncology, and credentials policy changes, as recommended by the CMC Medical Executive Committee.</p> | | |

| | | | |
|---|--|--|--|
| <p><u>Committee Reports</u></p> <p><u>Audit and Finance</u></p> <p><u>Planning</u></p> <p><u>Governance Committee</u></p> <p><u>Foundation Report</u></p> <p><u>President's Report</u></p> <p><u>Partnering Update</u></p> <p><u>Foundation Task Force and Strike Force</u></p> | <p>Mr. VanStrydonck provided an overview of the financial reports. The Cain Brothers document listing the estimated proceeds was also presented.</p> <p>Mr. Hacker said the 2015 strategy map was presented. Committee members would like more time to review, so a vote to approve was deferred until the September meeting.</p> <p>Mr. Johnston stated the committee did not meet in July.</p> <p>Mr. Kenfield noted the Community Medical Center Foundation would be interested in managing net proceeds of a CMC sale. CMCF would then be reconfigured in both mission and governance with a focus on embracing the health and wellness of Western Montana.</p> <p>██████████ is looking to acquire land to build a new MOB on the CMC campus. CMC will submit a proposal to ██████████ for this consideration.</p> <p>Mr. Beith, Ms. Carnell, Mr. Koob and Mr. Cockrell joined the discussion to discuss the Asset Purchase Agreement (APA). Governance, operational covenants and financial commitments were discussed. Mr. Carlson stated the outstanding issues should be resolved and negotiated by early next week. He recommended Mr. Stearns and Mr. Hacker be allowed to approve the APA on behalf of the board. The APA will then go to the Montana Attorney General for approval.</p> <p>Mr. Phillips made the following motion: "based upon the advice we've received from Counsel, McGuire Woods, and from our consultants, Cain Brothers, and being mindful of the effect of the Asset Purchase Agreement on the ongoing business of CMC as noted by the President, I move that the Chair and a Vice Chair are authorized to execute the APA, on behalf of the Board of directors, in its current form, with CMC being the Seller. Minor details to be negotiated and included, so long as no changes, additions or deletions are material. Any material change in the agreement as it now exists shall be brought back to the Board for any action."</p> <p>The MOTION was made, seconded, and carried to approve by the members of the board, with the exception of Mr. VanStrydonck, who voted against the motion.</p> <p>Mr. Carlson stated the 340B program will end with the closing, resulting in a reduction of income. ██████████</p> <p>A site visit was made to Empire Health Foundation in Spokane, where they have established a successful program, with the proceeds from the sale of the Deaconess Healthcare System.</p> <p>Mr. Hacker presented his and Mr. Philips' joint recommendations relative to the donation of net proceeds from the sale of CMC. Mr. Philips suggested that the money be used to source University of Montana (UM) projects.</p> | | |
|---|--|--|--|

| | | | |
|----------------------------------|---|--|--|
| | <p>A segregated fund could be created with UM; consisting of a board of CMC board members, UM Foundation members and community members, with a mission to approve funds to benefit the community - not necessarily UM. The goal would be to negotiate lower fees, or have them waived. A fund for a repurchase option should be established, and a plan for managing trailing liabilities.</p> <p>Mr. Chumrau discussed the conflict of interest law. The conflict of interest policy needs to be honored, and board members need to recognize if they have a conflict of interest.</p> <p>Steve requested Mr. Kenfield and Ms. Thorn-Gildea from the CMC Foundation have the opportunity to give a presentation to the board at the August meeting.</p> <p>Mr. Hacker and Mr. Phillips will present updates at the August board meeting. A decision needs to be made at the August meeting from the three options for the CMC invested sale proceeds: 1) University of Montana Foundation; 2) Community Medical Center Foundation; or 3) a third party, establishing an entirely new foundation.</p> | | |
| <p><u>Adjournment</u></p> | <p>Mr. Stearns adjourned the meeting at 2:07 pm.</p> | | |

July 24, 2014 Board of Directors/Members Meeting Record

Approved by Scott Stearns, Chair

SIGNATURE