

# ATTORNEY GENERAL

## STATE OF MONTANA

Tim Fox  
Attorney General



Office of Consumer Protection  
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Via E-Mail [gbchumrau@garlington.com](mailto:gbchumrau@garlington.com)  
Original via U.S. Mail

September 23, 2015

Gary B. Chumrau  
Garlington, Lohn & Robinson, PLLP  
P. O. Box 7909  
Missoula, MT 59807-7909

RE: CMC/Missoula Community Hospital Legacy Foundation

Dear Mr. Chumrau:

Our office has received a number of questions and concerns from the proposed distribution of the hospital sale proceeds. Please respond to the following questions/concerns:

1. What are the specific ways for which the money could be used? Specifically, could the money be used for:
  - a. The handicapped?
  - b. Outreach programs for the rural poor?
  - c. Public health education such as publications advancing health care?
  - d. Training nurses, physician assistants, and other healthcare professional personnel at the University of Montana, Missoula College, Carroll College, Montana State University, and other Montana institutions?
2. Why do the submitted documents not commit the funds to identified, specific purposes?
3. What can be done to limit the amount of charitable assets that will be used for administrative expenses, so that more funds can be devoted to health and health-care programs?
4. If the sales proceeds were managed by an existing foundation with a similar purpose, what is the approximate amount of administrative expenses that could be saved annually?
5. Describe the efforts made, if any, to locate an existing foundation(s) with a similar purpose, and if an existing foundation was located, describe the efforts to reach an agreement with that foundation that would permit the foundation to manage the sales proceeds.

6. Earlier proposals specifically permitted the creation of a Healthcare Advisory Board. The latest proposal does not include that specific provision. Would an advisory board provide valuable guidance to the Board of Trustees in a transparent manner?
7. Why should any former officer or director of the former nonprofit Community Medical Center be permitted to serve as a trustee of the Missoula Community Hospital Legacy Foundation? Put differently, did the former board members have conflicts of interest (or appearances of conflicts of interest) by voting to sell the nonprofit Community Medical Center's assets when the board members knew that they would have the prestige and power associated with making decisions about disbursement of the sale proceeds?
8. The proposed Bylaws provide that "the Initial Board [of Trustees] shall consist of three (3) members who formerly served as board members of Community Medical Center, Inc. . ." Does this three-person limitation apply to those who served on that former board because of their ex-officio status, such as Steve Carlson, as well as other board members?
9. The proposed Bylaws permit up to two trustees to reside outside the region. What matters were considered in making this proposal? Put differently, would it not be better to require all of the trustees to reside within the region since it is more likely that they will be familiar with the health and healthcare needs of people who are the potential beneficiaries of this new foundation?

We look forward to receiving your responses as soon as practical.

Sincerely,



E. Edwin Eck  
Deputy Attorney General

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