

| | | | | | | | |
|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|--------------------------|-------------------------------------|---------------------------------|
| Township Representatives: | | | | | | | |
| <input checked="" type="checkbox"/> | George "Bud" Banker, Bear Lake | <input type="checkbox"/> | OPEN, Oliver | <input checked="" type="checkbox"/> | Eric Hendricks, Orange | <input checked="" type="checkbox"/> | Diana Needham, Kalkaska Village |
| <input checked="" type="checkbox"/> | Gregory Bradley, Clearwater | <input checked="" type="checkbox"/> | Paul Erickson, Boardman | <input type="checkbox"/> | Ray Hoffman, Coldsprings | <input checked="" type="checkbox"/> | Tracy Nichol, Blue Lake |
| <input checked="" type="checkbox"/> | Nelson "Jerry" Cannon, Garfield | <input checked="" type="checkbox"/> | Dr. R. Troy Stobert, Springfield | <input checked="" type="checkbox"/> | Karl Klimek, Excelsior | <input checked="" type="checkbox"/> | Stuart McKinnon, Rapid River |
| <input checked="" type="checkbox"/> | Dale De Korne, Kalkaska Township | | | | | | |
| Members At Large Members: | | | | | | | |
| <input checked="" type="checkbox"/> | Robert "Bob" Barr | <input checked="" type="checkbox"/> | Kim Stephens | <input type="checkbox"/> | | <input type="checkbox"/> | |
| <input checked="" type="checkbox"/> | Melanie Pauch | <input checked="" type="checkbox"/> | Bruce Zenner | <input type="checkbox"/> | | | |
| Staff: | | | | | | | |
| <input checked="" type="checkbox"/> | Jeremy Cannon | <input checked="" type="checkbox"/> | Sandy Dilley | <input checked="" type="checkbox"/> | Andrew Raymond | <input checked="" type="checkbox"/> | Chandra Whiting |
| <input checked="" type="checkbox"/> | Daniel Conklin | <input type="checkbox"/> | Jeremy Holmes, DO (via TEAMS) | <input checked="" type="checkbox"/> | Kevin Rogols | <input checked="" type="checkbox"/> | Laura Zingg |
| <input type="checkbox"/> | | <input type="checkbox"/> | | <input type="checkbox"/> | | <input type="checkbox"/> | |
| Community: | | | | | | | |
| <input type="checkbox"/> | | <input type="checkbox"/> | | <input type="checkbox"/> | | <input type="checkbox"/> | |

| TOPIC | SUMMARY | ACTION ASSIGNMENT |
|--------------------------------|---|-------------------|
| Call to Order | Mr. Bruce Zenner called the meeting to order at 6:00 PM in the Dr. William W. Kitti Education Center. | |
| Pledge of Allegiance | The Pledge of Allegiance was recited. | |
| Conflict of Interest Roll Call | A roll call for Conflict of Interest was taken as follows: George "Bud" Banker, no; Nelson "Jerry" Cannon, no; Dale De Korne, no; Gregory Bradley, no; Paul Erickson, no; Eric Hendricks, no; Dr. R. Troy Stobert, no; Karl Klimek, no; Tracy Nichol, no; Stuart McKinnon, no; Diana Needham, no; Melanie Pauch, no; Robert "Bob" Barr; Kim Stephens, no; Bruce Zenner, no. | |

| | | |
|---|---|--|
| <p>Consent Agenda</p> | <p>Mr. Zenner thanked everyone for their attendance of the KMHC December Board Meeting.</p> <p>The Consent Agenda was reviewed.</p> <p><u>Motion was made and duly supported to approve the Consent Agenda as presented. All "AYE." Motion carried.</u></p> | |
| <p>Public Comment Regarding Agenda Topics</p> | <p>No public comment was made at this time.</p> | |
| <p>Moments of Excellence Grand Opening of New Acute Care Pavilion</p> | <p>Mr. Rogols welcomed the Board Members and thanked the guests from the community for attending the December KMHC Board Meeting.</p> <p>The Flour Pot Bakery was also recognizing for the preparation of the bags of cookies that were received by each of the Board Members at the Meeting.</p> <p>Mr. Rogols then shared two Moments of Excellence with the Board Members. The first was the open house event for the new Acute Care Pavilion at KMHC that was held on Sunday, November 12, 2023. The open house was a tremendous success with tours being provided to 700-900 people from the community. The overall feedback received was very positive regarding the new space. The event was also attended by 10 of the KMHC Board of Trustee Members. Mr. Rogols also shared a recent personal experience regarding a family member that was overwhelmed by the amazing care they received when they were being treated in the new Emergency Department.</p> <p>The second moment of Excellence that was shared with the Board Members was regarding Ms. Zingg, who is the chair of an opioid consortium. Last week Ms. Zingg gave a podcast regarding the topic and has now been invited to travel to Washington D.C. to represent Northern Michigan and share what is being done locally regarding the opioid crisis.</p> | |
| <p>Board Education Topic: Northern Michigan Substance Abuse Coalition</p> | <p>Ms. Zingg presented an overview of the Northern Michigan Substance Abuse Coalition: its mission, background, membership, efforts and successes.</p> <p>Ms. Zingg then answered questions for the Board Members regarding the topic.</p> | |

| | | |
|--|---|--|
| <p>Medical Staff Report Change to Medical Staff By-Laws</p> | <p>Mr. Rogols referenced the document that was included in the Board packet pertaining to a change to medical staff by-laws regarding the medical staff application. The Board is required to approve any change to the medical staff by-laws and medical staff application. The requested change is to remove the verbiage pertaining to "mental condition" from the medical staff application and replace with verbiage to identify any and all impairment.</p> <p>It was noted that this change is being made to the medical staff application across the Munson Healthcare system. The medical staff at KMHC has already approved this change to the medical staff application.</p> <p><u>Motion was made and duly supported to approve the change to the medical staff by-laws pertaining the medical staff application as presented. A roll call vote was taken as follows: George "Bud" Banker, yes; Nelson "Jerry" Cannon, yes; Dale De Korne, yes; Gregory Bradley, yes; Paul Erickson, yes; Eric Hendricks, yes; Dr. R. Troy Stobert, yes; Karl Klimek, yes; Tracy Nichol, yes; Stuart McKinnon, yes; Diana Needham, yes; Melanie Pauch, yes; Robert "Bob" Barr, yes; Kim Stephens, yes; Bruce Zenner, yes. 15 "AYES." 0 NAYS. Motion carried.</u></p> | |
| <p>Medical Staff Update</p> | <p>Dr. Holmes reported on the following:</p> <ul style="list-style-type: none"> • There will be a self-referral mammogram process that will be starting soon. | |
| <p>Committee Reports</p> <ul style="list-style-type: none"> • Strategic Planning Committee Meeting 11-06-23 • Executive/Finance Committee Meeting 11-08-23 | <p>Mr. Zenner informed the Board that the Committee Reports would be covered under the Board Chair Reports and the CEO Reports.</p> | |
| <p>Board Chair Report Munson Healthcare Update</p> | <p>Mr. Zenner informed the Board that he would be attending a Munson Healthcare Board Meeting the following day, December 06, 2023, and would provide a Munson Healthcare update at the January Board Meeting.</p> | |

| | | |
|--|---|--|
| <p>Calendar Year 2024 Board Committee Interest & Assignments</p> | <p>Mr. Zenner thanked the Board Members for submitting their interest regarding their participation on the Board Committees for the 2024 calendar year. Mr. Zenner then provided the Board Members with a list of proposed Board Committee assignments for the 2024 calendar year. These assignments will be voted on by the Full KMHC Board of Trustees at the January 23, 2024, Board Meeting.</p> <p>The Board Members were asked to direct any questions or comments regarding the proposed assignments to Mr. Zenner prior to the January Board of Trustees Meeting.</p> | |
| <p>CEO Compensation</p> | <p>Mr. Zenner updated the Board on the Executive/Finance Committee’s discussion regarding CEO compensation (base salary plus estimated annual incentive) on November 08, 2023.</p> <p>It was noted that in 2021, the decision was made to keep the CEO at the 50th percentile for such compensation. Based on 2023 survey data, the Executive/Finance Committee recommends an increase to the CEO’s compensation (base salary and estimated annual incentive) to the 50th percentile: \$396,650.</p> <p>The board was informed that, as in the past, the CEO compensation study was based on comparative FTE’s and annual net revenue for hospitals across the mid-west.</p> <p>Discussion ensued regarding the recommendation from the committee.</p> <p><u>Motion was made and duly supported to increase the CEO’s compensation (base salary plus estimated annual incentive) to \$400,000.</u></p> <p>Discussion ensued regarding the proposed motion.</p> <p><u>A roll call vote was taken as follows: George “Bud” Banker, yes; Nelson “Jerry” Cannon, yes; Dale De Korne, yes; Gregory Bradley, yes; Paul Erickson, no; Eric Hendricks, no; Dr. R. Troy Stobert, yes; Karl Klimek, yes; Tracy Nichol, yes; Stuart McKinnon, no; Diana Needham, yes; Melanie Pauch, yes; Robert “Bob” Barr, yes; Kim Stephens, yes; Bruce Zenner, yes. 12 “AYES.” 3 “NAYS”. Motion carried.</u></p> | |

| | | |
|--|---|--|
| <p>CEO Report KMHC Org Chart</p> | <p>Mr. Rogols reference the updated organizational chart that was included in the Board Packet for Board Members. It was noted that there had been only one change to the chart, Ms. Babcock retired in September, and Ms. Dilley has joined KMHC as the Vice President of Human Resources.</p> <p>The Board Members also received a copy of the organizational chart at this meeting to update their Board of Trustees manual.</p> | |
| <p>Not-for-Profit Decision Process Not-for-Profit Decision Process Flowchart</p> | <p>Mr. Rogols began the evening's discussion of the topic of Act 47 versus not-for-profit by reminding the Board Members of the timeframe that had been identified by the Board to educate themselves on the advantages and disadvantages of each structure and what the future would look like if KMHC remained an Act 47 entity or if KMHC became a not-for-profit entity.</p> <p>Mr. Rogols then clarified the decision before the Board of Trustees today. Specifically, the Board's decision at this meeting is to decide whether becoming a not for profit demonstrates enough benefit for leadership to complete, by the May 2024 meeting of the Board of Trustees, due diligence including:</p> <ul style="list-style-type: none"> • Drafting membership model not-for-profit articles and bylaws. • Negotiation of potential "pay-backs" with each individual township/village. • Drafting ballot language, and • Negotiating an additional one-year extension with MHC. <p>Questions were addressed for Board Members and discussion ensued regarding the proposed flowchart.</p> <p>It was concluded through discussion, that a board sub-committee would not be needed for the due diligence process, as was reflected in the flowchart. If the Board chooses to move forward with due diligence, the Strategic Planning and Executive/Finance Committees could provide monthly updates to the Full Board of Trustees. There was no dissent to this conclusion.</p> <p>All Board Members were reminded that they are able to attend any of the committee meetings as they are open to the public.</p> | |

| | | |
|--|--|---|
| <p>Act 47 Versus Not-for-Profit Act 47 Decision Matrix</p> | <p>Mr. Rogols then referenced the Act 47 Decision Matrix included in the Board packet and reviewed the results for each category of governance, operations, prior success, resulting in an overall grand total for the Leadership Team.</p> <p>As the matrix clearly reflects, the Leadership Team believes that KMHC and the community is better served by the hospital becoming a not-for-profit entity rather than remaining an Act 47 entity. Additionally, the team believes that a "membership" not-for-profit model demonstrates potential for continued community involvement, oversight and control.</p> <p>Members of the KMHC Senior Leadership Team then shared what they believe are the most significant findings reflected in the decision matrix as follows:</p> <p>Mr. Raymond:</p> <ul style="list-style-type: none"> • Mr. Raymond has been in healthcare for 16 years. • The business of healthcare is hard and dramatically changing; it is very different than it was in 1945, when Act 47 was enacted. • Being an independent facility is also very difficult, especially as an Act 47 entity which is prohibited from engaging in equity partnerships. • There would be no change to reimbursement for KMHC as a not-for-profit. KMHC would remain a critical access hospital. • KMHC becoming a not-for-profit would impact tax collection; the hospital would have to negotiate with the townships and the village regarding the past five years of levied taxes as well as it would impact the ability to levy future taxes. • As a not-for-profit, KMHC would have the ability to participate in equity joint ventures, philanthropy, and building campaigns. • Becoming a not-for-profit would require refinancing the portion of KMHC's debt that is specifically collateralized by the capital levy. KMHC's remaining revenue bonds may or may not require refinancing depending upon, among other things, how the not-for-profit is structured. • Such debt would be refinanced. Sources of refinancing would look very favorably on KMHC strong balance sheet and cash position. <p>Mr. Conklin:</p> <ul style="list-style-type: none"> • Mr. Conklin has been in healthcare for almost 20 years. • Mr. Conklin stated that if KMHC is going to become more independent, KMHC will need to provide value as defined as the ability to provide a high quality of service at a cost that is lower than that of competitors. | <p>The due diligence process will begin led by Mr. Rogols and the Senior Leadership Team.</p> <p>The Board Chair will reach out to other hospitals that had transitioned from Act 47 to not-for-profit to get commentary on the pros as well as the cons of the transition and what factors drove their decision.</p> |
|--|--|---|

- KMHC will also need to continue to expand and improve the services we provide to the community.
- To accomplish this will need to make sure that partners align with goals and objectives.
- As a not-for-profit, KMHC can engage quality partners to expand services, enhance quality/service, and to drive down costs.

Mr. Cannon:

- Mr. Cannon has been in healthcare for 15 years.
- The opportunity for KMHC as a not-for-profit is the ability for the expansion of services, providing access to additional services in a rural area.
- Mr. Cannon described numerous examples of services that could be expanded through partnerships including anesthesiology, gastroenterology, orthopedics, general surgery (robotics), outpatient cardiac catheterization services, and care for higher acuity inpatients (ICU).
- For expanded access to care in the future, joint ventures are going to be necessary.

Ms. Dilley:

- Ms. Dilley has been in healthcare for 21 years in rural communities.
- KMHC has been very thoughtful about the culture within the facility which is a big difference compared to other facilities.
- On the most recent Great Place to Work survey, KMHC had a score of 92%, which is a great score.
- However, KMHC is limited on growth opportunities for employees due to the limited services and new areas to experience.
- The ability to participate in joint ventures would allow KMHC to offer more services and in turn more opportunities for employees and providers to grow in their roles. Growth and opportunities for KMHC staff will increase retention.
- Providers have shared that they are big supporters of the ability for KMHC to do joint ventures.
- Joint ventures also allow KMHC to choose who to partner with, to ensure the partner aligns with the KMHC culture.

Ms. Zingg:

- Ms. Zingg has been in healthcare for 16 years.
- Ms. Zingg believes there is concern that if KMHC were to become a not-for-profit, it would change KMHC's ongoing focus on responding to the needs of the communities we serve. This is not the case; KMHC is

very different than other health care organizations and planning is driven by culture and Leadership. KMHC will not stop listening to the community.

- Ms. Zingg noted that as a not-for-profit, KMHC would be required by the IRS to periodically complete a community health needs assessment. It would be more in-depth than that of an Act 47 (which does not have the requirement). It would also publicly elevate community benefit information focusing specifically on KMHC's service area.
- While not-for-profits are not subject to the open meetings act, not-for-profits are required to file a form 990 as a public document. Among other things, form 990's record financial condition, highest wages, directorships, and contractors of those working in and with the not-for-profit.
- Ms. Zingg concluded that as a not-for-profit, KMHC would have enhanced information to drive the decision making for better partnerships and joint ventures.

Mr. Rogols then recommended that the Board take the next step and authorize KMHC Leadership to start the not-for-profit due diligence process. Board Members were again reminded that information would be brought back to the Board monthly regarding the progress of the due diligence with the outcome of the due diligence process presented to the Full Board in May of 2024. At that time, the Board can make an informed decision regarding remaining an Act 47 entity or transitioning to a not-for-profit entity.

Motion was made and duly supported to move to acknowledge the potential benefits of becoming a not-for-profit and authorizing the leadership to commence in-depth due diligence.

Discussion ensued regarding the proposed motion including:

The Board chairman made a recommendation as part of due diligence to reach out to other hospitals that had transitioned from Act 47 to not-for-profit to get commentary on the pros as well as the cons of the transition and what factors drove their decision. The Board chairman volunteered to complete this part of due diligence.

Extensive discussion ensued among the members regarding the role of the previously created Ad-Hoc committee and the desire by a few members, to obtain an additional legal opinion from a municipal attorney. No conclusion was reached.

| | | |
|---|--|---|
| | <p><u>Motion was made and duly supported to move to acknowledge the potential benefits of becoming a not-for-profit and authorizing the leadership to commence in-depth due diligence. A roll call vote was taken as follows: George "Bud" Banker, yes; Nelson "Jerry" Cannon, yes; Dale De Korne, yes; Gregory Bradley, yes; Paul Erickson, no; Eric Hendricks, no; Dr. R. Troy Stobert, yes; Karl Klimek, yes; Tracy Nichol, yes; Stuart McKinnon, no; Diana Needham, yes; Melanie Pauch, yes; Robert "Bob" Barr, yes; Kim Stephens, yes; Bruce Zenner, yes. 12 "AYES." 3 "NAYS". Motion carried.</u></p> | |
| Membership Not-for-Profit versus Directorship Not-for-Profit | This topic was not discussed. | |
| Recommendations from the Strategic Planning Committee and the Executive/Finance Committee | This topic was not discussed. | |
| LTC Facility Plan Update | *Deferred to January 2024 Board Agenda. | Ms. Whiting will move this topic to the January 2024 Board Meeting agenda per the request of the Board Chair, Mr. Zenner. |
| Go Into Closed Session | *No closed session discussion. | |
| Come Out of Closed Session | *No closed session discussion. | |
| Credentialing Discussion | *Deferred to January 2024 Board Agenda. | Ms. Whiting will move this topic to the January 2024 Board Meeting agenda per the request of the Board Chair, Mr. Zenner. |
| Open Dialogue from Members | A Board member requested that the approved motion regarding acknowledging the potential benefits of becoming a not-for-profit and authorizing the leadership to commence in-depth due diligence be sent out to the Board. | Ms. Whiting will send out the verbiage of the approved motion regarding the Act 47 due diligence to all Board Members. |
| Public Comment | Community Member inquired about the discussion from the October meeting pertaining to the Act 47 versus Not-for-Profit Ad-Hoc Committee. An update | |

| | | |
|------------------------------------|--|--|
| | <p>was provided by committee members from the Act 47 versus Not-for-Profit Ad-Hoc Committee.</p> <p>A Board Member requested that notifications be provided to the Board when a new Board Member joins or when a member has stepped down from the Board.</p> <p>Mr. Zenner reported to the Board that the Board Member representing Oliver Township has stepped down and there is now an opening for that township. Mr. Zenner also reported that there are currently three at-large vacancies on the KMHC Board. The KMHC Nominating Committee will be meeting in the near future to work on addressing the at-large vacancies.</p> | |
| <p>Upcoming Events/Conferences</p> | <p>Next Full Authority Board of Trustees Meeting on January 23, 2024.</p> | |
| <p>Adjournment</p> | <p>Upon proper motion the meeting was adjourned at 8:23 PM.</p> | |

Respectfully submitted,

 Chandra S. Whiting
 Board Recording Secretary
