

Township Representatives:							
<input checked="" type="checkbox"/>	George "Bud" Banker, Bear Lake	<input checked="" type="checkbox"/>	Michael Cox, 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 (arrived 5:07 PM)	<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 checked="" type="checkbox"/>	Jeremy Holmes, DO (arrived 5:03 PM)	<input checked="" type="checkbox"/>	Kevin Rogols	<input checked="" type="checkbox"/>	Laura Zingg (arrived 5:04 PM)
<input checked="" type="checkbox"/>	Doreen Birgy	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	
Community:							
<input checked="" type="checkbox"/>	Jodi Magee	<input checked="" type="checkbox"/>	Barbara Klimek	<input checked="" type="checkbox"/>	Annie Wallace	<input checked="" type="checkbox"/>	Sonja Dunham
<input checked="" type="checkbox"/>	Wade Tanner	<input checked="" type="checkbox"/>	Sherry Taylor	<input type="checkbox"/>		<input type="checkbox"/>	

TOPIC	SUMMARY	ACTION ASSIGNMENT
Call to Order	Mr. Bruce Zenner called the meeting to order at 5:01 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; Michael Cox, no; Gregory	

	<p>Bradley, 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, no; Kim Stephens, no; Bruce Zenner, no</p>	
<p>Public Comment Regarding Agenda Topics</p>	<p>There was no public comment at this time.</p>	
<p>Act 47 Versus Not-for-Profit Discussion Act 47 Decision Matrix</p>	<p>Mr. Zenner started the meeting by providing a brief background on the Act 47 versus not-for-profit journey that the Board has been on for approximately the last 8 months.</p> <p>It began when Munson provided KMHC a notice of non-renewal of the affiliation agreement between the two entities. This created a need for the Board to gain a better understanding of the limitations and options for an Act 47 hospital, which began the 8-month endeavor to investigate what it would mean for KMHC to be a not-for-profit entity and what possible options were available moving forward.</p> <p>The purpose of this special meeting was to allow the Full Board to have a focused discussion on the specific topic of Act 47 versus not-for-profit.</p> <p>Mr. Zenner then introduced Mr. Rogols.</p> <p>Mr. Rogols thanked the public for their attendance of the meeting. He then provided a brief history of Act 47 that was put in in place in 1945 as well as KMHC's affiliation with Munson Healthcare.</p> <p>Mr. Rogols also reinforced that the Board of Trustees, KMHC Leadership and the Medical staff have no interest in selling KMHC.</p> <p>Mr. Rogols reviewed in detail the booklet that had been provided to the Board Members prior to the meeting for review. The booklet contained all of the documents that have been provided to the Board members over the last 8 months during their investigation of Act 47 versus not-for-profit to help facilitate the evening's discussion.</p> <p>The board was also reminded of the following:</p> <ul style="list-style-type: none"> • When the notice of non-renewal was received from Munson Healthcare; KMHC Leadership was requested by the Board to investigate alternative health system partnerships and the outcome of the investigations. 	

	<ul style="list-style-type: none"> • The board established a goal and a timeline to become educated on the topic of becoming a not-for profit. • The Board can not make the final decision to change KMHC to a not-for-profit. A change to a not-for-profit would require a vote of the electorate. <p>Mr. Rogols then shared the Act 47 Decision Matrix that was created based on a recommendation of the Board's Vice-Chairman to help assist the Board in expressing their thoughts on the topic of Act 47 versus not-for-profit.</p> <p>Mr. Rogols briefly explained the three structure options of the Act 47 Decision Matrix; Structure A (remain an Act 47 Hospital Authority while maximizing vendor relationships), Structure B (remain an Act 47 Hospital Authority while minimizing vendor relationships by expanding internal operations), and Structure C (Transition to a not-for-profit). As well as the three categories of governance, operations, and elements of prior success.</p> <p>The results were compiled from 14 out of 17 of the Board Members. Mr. Rogols then shared the summaries of the results for the Board of each of the three categories. The averages were also reviewed for the whole Board, the Strategic Planning Committee, the Executive Finance Committee, and the Board excluding the above Committee Members.</p> <p>A comment was made from a Board Member that the results of the Act 47 Decision Matrix Survey show the perception that KMHC moving forward in the current structure state is not the best option for the hospital.</p>	
<p>Open Dialogue from Members</p>	<p>Comment from a Member of the Audit and Compliance Committee: Being that the hospital is a municipal entity and having asked the question of the auditors at the last Audit and Compliance Committee Meeting, would like to request an opinion of another attorney regarding how the by-laws can be written for a not-for-profit entity.</p> <p>Comment from a Board Member: Request to make a motion.</p> <p><u>Motion was made and duly supported to form a subcommittee that would include the following members Michael Cox, Stuart McKinnon and Bruce Zenner and to contact the law firm Cohl, Stoker, and Toskey to</u></p>	

see if they would be interested in working with the Board on the decision of Act 47 versus not-for-profit.

Extensive discussion ensued regarding the proposed motion and explanation of not-for-profit boards.

The initial motion was amended.

After Amendment, motion was made and duly supported to form a subcommittee that would include the following members Michael Cox, Stuart McKinnon, Bruce Zenner, Karl Klimek and Tracy Nichol for the purpose of the investigation of By-laws and structure of a not-for-profit Hospital Board. The committee will contact and work with a law firm regarding this investigation. A roll call vote was taken as follows: George "Bud" Banker, yes; Nelson "Jerry" Cannon, yes; Dale De Korne, yes; Michael Cox, yes; Gregory Bradley, yes; Paul Erickson, yes; Eric Hendricks, yes; Dr. R. Troy Stobert, no; Karl Klimek, yes; Tracy Nichol, yes; Stuart McKinnon, yes; Diana Needham, yes; Melanie Pauch, yes; Robert "Bob" Barr, no; Kim Stephens, no; Bruce Zenner, yes. 13 "AYES." 3 "NAYS". Motion Passed.

Discussion:

Q: Why is an Act 47 entity unable to enter into equity joint ventures?

A: Joint Ventures were not likely as common in 1945 as they are today. Also, co-mingling municipal and private funds is at issue. Note: Leadership discussed options of changing Act 47 with the Honigman Law firm and presented such findings to the Board last month.

Q: Would reimbursement change for KMHC if the hospital decided to become a not-for-profit?

A: There is no impact to service reimbursement. KMHC's Critical Access Designation is not at all connected to Act 47 or Not-for-profit.

Q: While we have discussed governance issues at length, should we not be focusing on how KMHC can better provide care to our communities?

A: As a township appointee, we need to decide what is the best thing to continue to grow this hospital going forward, not the fear of what the Board composition will be. The basis for this decision should be what structure will best position the hospital for future success.

Q: Seems like structure B was the popular choice (Remain Act 47 while minimizing vendor relationships). Munson does not want to be a vendor. Are

there other options for getting these services from other places for a lower cost?
A: Multiple health systems were contacted, and none demonstrated in vendor relationships.

Q: What if Munson decides to extend the affiliation agreement instead ending it and starting the wind down period in June of 2024?
A: Munson's current focus is the recently announced Regional Transformation Plan. While Munson may consider another extension, KMHC is not their priority.

Q: With the knowledge that some vendor services can be done internally at KMHC, and some cannot; which services cannot be done internally at KMHC and would still require a vendor partnership?
A: Likely information systems.

Q: There is concern that future joint ventures, as a not-for-profit, could turn into minority ownership for KMHC versus majority ownership.
A: Unlikely due to joint ventures likely being subsidiaries of KMHC. KMHC could only become a minority partner if it chose to be a minority partner.

While many of us are appointed by our respective townships, we are fiduciaries of KMHC, and thus expected to make best decision for KMHC. As a business owner, I understand it is getting harder and harder to operate independently every day and you can't do it without partnerships.

Q: If the hospital ends up in Structure B (Remain Act 47 while minimizing vendor relationships), and start to do more vendor services internally, could this cost KMHC more money, which would give the hospital less money to do other things, and KMHC would still have to do some vendor relationships and we do not know what those relationships will cost.
A: Correct. KMHC would weigh the advantages and disadvantages, including cost of internal operations vs. vendor agreements.

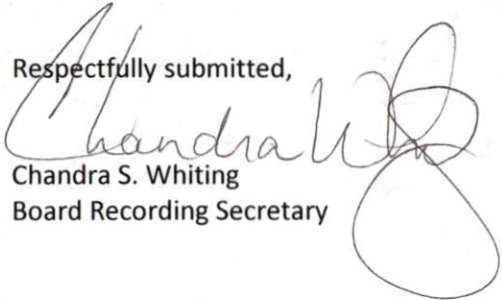
Q: Is there a difference in grant funding opportunities between an Act 47 versus a not-for-profit?
A: Certainly. Grand funding is much more available for not-for-profits. Mr. Rogols reminded the Board of initial PPP loans which, at first, excluded municipal hospitals.

Comments:

	<p>Our whole focus needs to be what is best for the community. The Board member then referenced the document containing vendor relationship issues and stated these are real issues that KMHC has already experienced that are affecting the community.</p> <p>The Board member then addressed the community members that attended the meeting letting them know that keeping the community involved in KMHC was never an issue.</p> <p>Another member stated that KMHC has done well as an Act 47 hospital. If we become a not-for-profit, we cannot change it back. Further, if the KMHC enters partnerships, there is still the possibility to encounter problems.</p> <p>There were 33 Act 47 hospitals in the state at one time and now KMHC is the only one left. Why? Because other structures were more beneficial.</p>	
<p>Public Comment</p>	<p>Comment: Would like to thank everyone for the hard work and please keep digging. Is there a middle of the road to have Legislature change Act 47 with some type of amendments to Act 47 possibly?</p> <p>Comment: We have one of the best EMS services here in Northern Michigan and fear that changing to a not-for-profit and will mean loss of control of EMS. Munson did the same thing with their EMS, and they lost half their staff when they longer provided the service they promised.</p> <p>Comment: Agree with the statement from a Board Member, that we have what we have because people a long time ago sacrificed. I am a Township Supervisor, and it is a township facility. This hospital has to be a voice of the township. Have heard different discussion on what a board could look like. Needs to be who is paying the bill.</p> <p>Mr. Zenner thanked the public for attending.</p> <p>An announcement was made regarding the next Full Authority Board of Trustees Meeting on October 24, 2023, from 6-8 PM at the William W. Kitti Education Center.</p>	
<p>Adjournment</p>	<p>Upon proper motion the meeting was adjourned at 7:04 PM.</p>	

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Respectfully submitted,



Chandra S. Whiting
Board Recording Secretary