



Tuesday, August 8, 2023 at 7:30am PDT
SPECIAL BOARD OF DIRECTORS MEETING
MINUTES
Virtual Attendance Option Available

Attendees: Colleen Todd, Board Chair; Dan Mast, Board Secretary/Treasurer; Mark Libby, Board Member; Dr. James Sinnott, Board Vice-Chair; Jeff Lang, CEO; Michelle Reyna, CFO; Terri Brandt-Correia, CNO;
Via Zoom: Shala Kudlac, CVH General Counsel; Tom Schroeder, Special Projects Counsel;

1. Call to Order 7:39am
2. Public Comments and Correspondence - None
3. CVH Governance Transition Project
 - a. The Board discussed the Articles of Incorporation for the new 501 (c)(3) operating corporation for the hospital. Significant discussion occurred concerning the name of the new entity. It was decided to use the name "Coquille Valley Health" for now with the understanding the name can be changed at a later time prior to the effective date of the lease. 501 (c) 3 Articles of Incorporation
 - b. The Board reviewed the final Bylaws for "Coquille Valley Health" with the name being updated based on the decisions made during the discussion related to the Articles of Incorporation.
 - c. The Board reviewed the Approval of Unanimous Written Consent of the Board of Directors, with Legal Council (Tom Schroeder) waking through the document.
 - d. The Board reviewed the Approval of Consent of the Incorporator, again with legal counsel explanation.
 - e. Tom Schroeder provided an overview of the different documents and the process going forward to effect creation of the new entity, Coquille Valley Health. Tom explained the documents will be filed with the Secretary of State for Oregon if approved. Tom explained the documents provide the authority to create the entity, seat the first Board of Directors (the current CVH Board of Directors) and give the newly appointed CEO of the corporation (Jeff Lang) the authority to attend to certain administrative matters such as establishing bank accounts and seeking tax exempt status.
 - f. The Board elected to keep the same officer positions for the new corporation as currently exists with the CVH District Board.

Motion: To approve the unanimous consent to incorporate Coquille Valley Health and to approve the Bylaws and Articles of Incorporation of Coquille Valley Health.
Action: Mast/Libby - Unanimous Consent

There was a question regarding D&O coverage and liability changes for new entity. Tom Schroeder explained Governmental entities have additional protections that the new entity does not have, but the new entity will likely purchase D&O coverage very similar to what is currently in place.

Tom explains that the Board will serve a dual role for now, serving as the Board for Coquille Valley Hospital District and as the Board for Coquille Valley Health, two separate entities. Tom explained that there will be no operational business for the new corporation (Coquille Valley Health) until lease is executed. The additional board members will be appointed when we become operational concurrent with the lease.

4. Review of the Draft Lease Document – Tom Schroeder

- a. Tom reviewed the typical lease document, the district has all the assets such as real estate, equipment and Bank accounts will convey it in a lease to the non-profit. if the lease is terminated the assets revert back to the district.
- b. There will be meetings and district business that will have continued expense. The payment of the debt currently held will be paid by the non-profit.
- c. The non-profit assumes all the district existing liability in total.
- d. Michelle noted the BPO of a dollar, the not for profit will assume and depreciate all the assets as if they owned them. Tom said this acts as an ownership transfer to the non-profit. The lease interest will be encumbered and the cost report will be filed by the new entity.
- e. Article 1 to 1.7 - effective date of July 1, 2024 is a clean accounting date. It could be sooner, however this is the expectation. The Board questioned if we can we still conduct business outside the district, which we can with no permission being necessary.
- f. Article 2 - purchase option Real estate - lease conveyance, all assets, real property is conveyed to the non-profit for 40 years.
- g. Article 2.2 is personal property conveyed. Section 1.20 - paragraphs A-Z were noted as all assets associated with the district with a catch-all. Tom explained the put rights go back to district on personaltee conveyed.

There was a question related to current contacts and if current vendors could renegotiate terms upon assignment to the new corporation. Jeff explained that in his past experience only a very small percentage chose to update their agreements versus reassigning, and in those cases there was not a material change to the contracts other than updating the name of the parties.

- h. Section 3.1 - Rent provisions are explained. Rent includes all debt service payments and ongoing expenses for the District.
- i. Section 3.2 - assumed obligations – non-profit is picking up all assumed liabilities including pre-existing liabilities in the lease detailed in Section 2. Excluded liabilities are district covered insurance liability items. District

- governmental immunity items are excluded. Non-profit will accept liability above the governmental immunity cap.
- j. Article 4 – non-profit will pay the taxes going forward - our tax exempt status will be retained and no change in tax status, we will apply for 501c(3) status for the non-profit.
 - k. Article 5 – non-profit will maintain facility and equipment and submit a plan to do so.
 - l. Article 6 – Non-profit will be required to carry necessary insurance.
 - m. Articles 7-10 - policies to provide district the certificates of insurance.
 - n. Article 7- addressing non-profit obligations to restore damages after disaster.
 - o. Article 8 - Governmental awards and benefit to the district will be forwarded to the non-profit.
 - p. Article 9 - non-profit will upkeep the real estate.
 - q. Article 10 - discharge of liens by non-profit.
 - r. Article 11- non-profit cannot use the property for anything other than healthcare purposes without district consent.
 - s. Article 14 - Indemnity from harm for district from non-profit.
 - t. Articles 15 – discusses limitations on the transfer of property such as selling off a piece of land in the future.
 - u. Article 16 - 17: Stock holdings, arrests and warrants, all necessary provisions for this type of document.
 - v. Article 18 – details certain requirements of the operating entity.
 - w. Article 19 – Requires new entity to continue accreditation status.
 - x. Article 20 – Outlined that the district could cancel the lease, take back the assets, and begin to operate the hospital again.
 - y. Article 26 - opportunity to terminate Before the 40-year term expires was explained. Tom reviewed scenarios that could play out in 5 years to buy out the lease and a 10 year first possible quit date from the district. Board asked if this is the first opportunity for the district to dissolve. The district could dissolve day one. Meeting frequency was noted as well - can meet by email or consent.
 - z. The district board meeting agenda's will be to attend to items such as lease oversight. The CV Health entity board meetings will be operational in nature – such as what the current board meetings are like Tom asked for any comment or concern by dates and articles. Jeff noted the timing of the district and new corp transaction. After the 5 years it's an annual consideration.
 - aa. Article 28.6 - critical access status is retained.

Next steps were noted by Tom – consensus is that the language in the draft is acceptable. Tom will file the articles and bylaws complete the necessary paperwork for tax exemption from IRS. The lease will be finalized just prior to the effective date of the transfer and will include all required insurance amounts, VIN numbers and parcel numbers of property owned. Jeff noted operationally, he and Michelle will notice our employee health insurance plan and find new insurance and other options outside the district specific insurance benefits.

Shala noted that she had no concerns with the lease or other documents finalized today.

Jeff noted the need to communicate this change to the public as we get closer to the effective date. In the meantime he will develop a communications plan. Dan stated the simplest explanation is that the new entity is the operating entity. Dr. Sinnott noted that we can more easily operate the Myrtle Point Clinic and the Pharmacy. Jeff will talk with the marketing company for suggestions on name.

Jeff would like to report the changes out to the employees first and foremost.

5. Adjourn Board Meeting at 9:28am

Respectfully submitted:



Dan Mast, Secretary/Treasurer

Attested to:



Colleen Todd, Chairman