

Board of Directors Meeting Minutes

June 23-24, 2017

Directors Present: Lucy Drake, Chairman, Amanda Blanks, George Dunlap, Nancy Fey-Yensan, Ethel Fuller, Carolyn Hoskins, Fred McClure, John Moon, Marcelle Smith, Bryan Thompson, Danny Wright, and Steve Yuhasz

Directors Absent: Bill Burgin

Staff Present: Richard Topping, Pete Murphy, Amy Kendall, Will Woodell, Chuck Hollowell, Ranota Hall, James Otterberg, Rob Bryan, and Callan Skinner

Guests: Benita Purcell

1. Welcome and Call to Order

Lucy Drake, Chairman, called the meeting to order at 6:33 p.m.

- i. Benita Purcell addressed the State Audit Report with the Board of Directors.
- ii. Lucy Drake, Chairman, invited members of the public to address the Board of Directors on the Company's proposed budget for FY 2018.

Pursuant to § 159-12(b) of the General Statutes, a motion was made and seconded to hold a public hearing on the Company's proposed budget for FY 2018.

All in favor. Motion approved.

- iii. No member of the public came forward to address the Board of Directors on the Company's proposed budget for FY 2018.

A motion was made and seconded to close the public hearing on the Company's proposed budget for FY 2018.

All in favor. Motion approved.

- iv. Chuck Hollowell, General Counsel and Secretary, reviewed the Board of Directors Meeting Schedule for FY 2018.

2. Consent Agenda

Ms. Drake reviewed the Consent Agenda items with the Board of Directors.

A motion was made and seconded to approve the Consent Agenda items as presented, consisting of: (i) the open and closed meeting minutes from the February 17-18, 2017 Board of Directors meeting, (ii) the open and closed meeting minutes from the March 29, 2017 Special Called Board of

Directors meeting, (iii) the open meeting minutes from the June 1, 2017 Special Called Board of Directors meeting, (iv) the 2016 Consumer Perception of Care Survey, and (v) the April 2017 Board of Directors Management Report.

All in favor. Motion approved.

A motion was made and seconded to go into closed session pursuant to § 143-318.11 and § 122C-126.1 of the General Statutes to discuss competitive health care information.

All in favor. Motion approved.

3. CEO Report

The meeting returned to open session.

A motion was made and seconded by the Board to approve the engagement of independent legal counsel to facilitate its review of the opportunities available to the Company as it continues preparations to compete in Medicaid Reform.

All in favor. Motion approved.

A motion was made and seconded to recess and continue the meeting on Saturday, June 24, 2017.

All in favor. Motion approved.

Ms. Drake called the meeting to order on Saturday, June 24, 2017 at 8:40 a.m.

4. Corporate Real Estate and Facilities Report

- i. Rob Bryan, Senior Vice President, Corporate Strategy and Real Estate, provided an update on the sale of the Company's real property and improvements located at 203 Old Lexington Road in Thomasville, North Carolina.**

A motion was made and seconded to adopt the resolution authorizing the sale of the Company's real property and improvements located at 203 Old Lexington Road in Thomasville, North Carolina.

All in favor. Motion approved.

- ii. Mr. Bryan provided an update on the 2013 Board Resolution covering authorized powers and signatories for real estate transactions.**

A motion was made and seconded to approve the revised 2013 Board Resolution covering authorized powers and signatories for real estate transactions as presented.

All in favor. Motion approved.

A motion was made and seconded to go into closed session pursuant to § 143-318.11 and § 122C-126.1 of the General Statutes to discuss competitive health care information.

All in favor. Motion approved.

5. Ad hoc Committee Report

The meeting returned to open session.

A motion was made and seconded by the Board to approve the following: (i) that Lucy Drake is authorized to inform Secretary Cohen that the full Board concurs with the actions taken by the Ad hoc Committee in response to the specific audit issues raised in Secretary Cohen's June 12th correspondence, and (ii) that the Board will continue to review the findings of the State Audit Report and respond as appropriate.

All in favor. Motion approved.

6. Finance Committee Report

- i. Steve Yuhasz, Chair, Finance Committee, and James Otterberg, Chief Financial Officer and Treasurer, reviewed the proposed FY 2018 Budget Ordinance.

Upon the recommendation of the Finance Committee, a motion was made and seconded by the Board to approve the FY 2018 Budget Ordinance as presented.

All in favor. Motion approved.

- ii. Mr. Yuhasz and Mr. Otterberg reviewed the draft April 2017 financial statements.

A motion was made and seconded to approve the draft April 2017 financial statements as presented.

All in favor. Motion approved.

7. Governance Committee Report

- i. John Moon, Chair, Governance Committee, reviewed the nomination for Board Chairman for FY 2018.

Upon the recommendation of the Governance Committee, a motion was made and seconded by the Board to re-elect Lucy Drake to serve as Board Chairman for FY 2018.

All in favor. Motion approved.

- ii. Mr. Moon provided an update on professional development opportunities for directors.

A motion was made and seconded by the Board to forgo Charleston, South Carolina as a possible destination for the FY 2018 Board of Directors Retreat and to focus instead on retreat options in North Carolina.

All in favor. Motion approved.

8. Compensation and Evaluation Committee Report

- i. Amy Kendall, Chief Administrative Officer, provided an update on the Company's CEO Succession Assessment.

Upon the recommendation of the Compensation and Evaluation Committee, a motion was made and seconded by the Board to approve the appointment of Pete Murphy, Chief Information Officer, to serve as interim CEO if necessary in the event of an emergency.

All in favor. Motion approved.

A motion was made and seconded to go into closed session pursuant to § 143-318.11 and § 122C-158 of the General Statutes to consider personnel matters.

All in favor. Motion approved.

The meeting returned to open session.

Upon the recommendation of the Compensation and Evaluation Committee, a motion was made and seconded by the Board to approve the following items related to the Chief Executive Officer's compensation for FY 2017: (i) the full 40% annual performance award, and (ii) the full long-term incentive as approved by the Board of Directors in June 2016.

All in favor, with the exception of Mr. Thompson who voted against the 40% annual performance award. Motion approved.

A motion was made and seconded to adjourn the meeting.

All in favor. Motion approved.

Meeting adjourned 10:55 a.m.



Callan Skinner, Clerk



Date