

# Board of Directors Meeting Minutes

## September 16-17, 2016

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

**Directors Absent:** Nancy Fey-Yensan

**Staff Present:** Richard Topping, Pete Murphy, Amy Kendall, Will Woodell, Chuck Hollowell, Ranota Hall, James Otterberg, Amber Burris, Callan Skinner, and Karen Omohundro

### 1. Call to Order

Lucy Drake, Chairman, called the meeting to order at 6:38 p.m.

- i. Gary W. Bass, Chief Executive Officer, Pride In North Carolina, Inc., addressed the Board of Directors.
- ii. John Moon, Chair, Governance Committee, provided an overview of the Director nomination process and recommended, on behalf of the Governance Committee, that the Directors elect Bryan C. Thompson to the Cardinal Innovations Healthcare Board of Directors.

**A motion was made and seconded, upon the recommendation of the Governance Committee, to elect Bryan C. Thompson to the Cardinal Innovations Healthcare Board of Directors.**

**All in favor. Motion approved.**

- iii. Chuck Hollowell, General Counsel and Secretary, installed Bryan C. Thompson as a Director to the Cardinal Innovations Healthcare Board of Directors.

### 2. Consent Agenda

Lucy Drake, Chairman, 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 June 24-25, 2016 Board of Directors meeting, (ii) the FY 2016 Year-End Compliance Report, (iii) the FY 2016 Enterprise Risk Management Report, (iv) the FY 2017 Quality Assurance/Performance Improvement (QA/PI) Plan, and (v) the July 2016 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.

The meeting returned to open session.

A motion was made and seconded to grant the executive leadership team the authority to: (i) continue pursuing partnerships that will allow the Company to continue its mission of serving the needs of special populations during, and after, Medicaid Reform, (ii) consolidate the Company's real estate footprint in North Carolina and move away from an ownership strategy in favor of an approach focused on leasing property, and (iii) consolidate the Company's corporate operations in the Charlotte, North Carolina market, with the leased premises at NASCAR Plaza serving as the Company's corporate headquarters beginning on or about January 1, 2017.

All in favor. Motion approved.

A motion was made and seconded to recess and continue the meeting on Saturday, September 17, 2016.

All in favor. Motion approved.

Lucy Drake, Chairman, called the meeting to order on Saturday, September 17, 2016 at 8:31 a.m.

### 3. General Counsel Report

- i. Chuck Hollowell, General Counsel and Secretary, provided an overview of the Company's ban on concealed weapons.

A motion was made and seconded to maintain the Company's current policy and ban on concealed weapons.

All in favor. Motion approved.

- ii. Chuck Hollowell provided an update to the Board of Directors on the timeline and status of the State Audit.

A motion was made and seconded to go into closed session pursuant to § 143-318.11(a)(3) to discuss the lawsuit between Molly Kirkpatrick, on behalf of herself and all others similarly situated, as plaintiffs, and Cardinal Innovations Healthcare, the defendant.

All in favor. Motion approved.

The meeting returned to open session.

### 4. CMO Report

Dr. Ranota Hall, Chief Medical Officer, presented an update on the Company's management of substance use disorders.

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## 5. Finance Committee Report

- i. Lucy Drake, Chairman, presented her recommendation for the Board of Directors to re-elect Steve Yuhasz, Danny Wright, and Nancy Fey-Yensan to the Finance Committee, with Steve Yuhasz serving as Chair.

**A motion was made and seconded to re-elect Steve Yuhasz, Danny Wright and Nancy Fey-Yensan to the Finance Committee, with Steve Yuhasz serving as Chair.**

**All in favor. Motion approved.**

- ii. Steve Yuhasz, Chair, Finance Committee, presented the FY 2016 Company Financial Statements to the Board of Directors.
- iii. Steve Yuhasz reviewed the Company's Investment Policy Statement.

**A motion was made and seconded to approve the Company's Investment Policy Statement as presented.**

**All in favor. Motion approved.**

**Upon the recommendation of the Finance Committee, as part of the Company's investment strategy, a motion was made and seconded to approve the payoff of the current \$3.2 million mortgage on the Company's Milestone property (which has a 3.8% interest rate), as the Company would not earn a comparable return on its investments.**

**All in favor. Motion approved.**

- iv. Steve Yuhasz reviewed the revised Finance Committee Charter and Budget Amendment Guidelines with the Board of Directors.

**A motion was made and seconded to approve the revised Finance Committee Charter and Budget Amendment Guidelines as presented.**

**All in favor. Motion approved.**

- v. Amber Burris, Corporate Compliance Officer, presented the Enterprise Risk Management Report.

## 6. Governance Committee Report

John Moon, Chair, Governance Committee, presented the Board of Directors Plan of Work and Annual Meeting Schedule for FY 2017.

**7. Compensation and Evaluation Committee Report**

Bill Burgin, Chair, Compensation and Evaluation Committee, presented the Chief Executive Officer Interim Succession Plan.

**A motion was made and seconded to approve the Chief Executive Officer Interim Succession Plan as presented.**

**All in favor. Motion approved.**

**A motion was made and seconded to adjourn the meeting.**

**All in favor. Motion approved.**

**Meeting adjourned.**

Callan Skinner

Callan Skinner, Clerk

11/21/16

Date